2021 ANNUAL REPORT

Driven by Excellence

On the Cover
The New Bridge over the Richmond River at Broadwater, Woolgoolga to Ballina Pacific Highway Upgrade. See page 17.
Image courtesy of Transport for NSW

Chairman's Message

I am pleased to report that WSP continued to make excellent progress in 2021. All our business sectors worldwide performed well last year. Despite the uncertain global situation, we can take pride in the fact that WSP is positioned for further success.

I believe our 2019-2021 Global Strategic Plan and related decisions underpinned last year's performance. As a result, we are entering a new strategic planning cycle with a robust balance sheet and strong franchises in Transportation & Infrastructure, Earth & Environment and Property & Buildings.

Last year, we consolidated our platform further, committed to achieve net zero emissions by 2040, welcomed colleagues from several acquisitions and moved forward with our Future Ready® program.

On behalf of the Board, I would like to express my sincere appreciation to the Management and our employees for their tireless efforts in making WSP such an outstanding company.

A Vibrant and Growing Company

WSP is all about people. Our success is directly linked to our employees' ingenuity, expertise and passion. In that regard, we are very pleased with the integration of Golder and of additional companies into the WSP family.

These acquisitions reinforced our capacity in many markets, especially Earth & Environment, and provided a sense of positive energy across WSP. Our business is based on sharing intellectual knowledge, and now more than ever, this principle increasingly applies to climate change management, sustainability, decarbonization and other ESG services.

Today, we are a vibrant and growing company known for our maturity and entrepreneurship in our global leadership role.

> "WSP is all about people. Our success is directly linked to our employees' ingenuity, expertise and passion.

* Future Ready® is registered in Canada, United States and New Zealand.
WSP Future Ready (Logo)® Is registered in Europe, Australia and in the United Kingdom

> Today, we are a vibrant and growing company known for our maturity and entrepreneurship in our global leadership role.

Governance
As WSP's stewards, the Board responsibly complemented and challenged management in 2021.

We have a strong governance framework which successfully supports and protects our innovative culture. We will remain focused on this important dynamic as we grow.

Risk management
The last 24 months have shown that society in general, including businesses of all kinds, must expect the unexpected. As the most unlikely events can create the highest risks, we recognize that it is imperative to have a high standard of governance supporting our diverse operations, agility and resilience.

Our corporate culture and stewardship ensure that we are vigilant in all matters of compliance to ensure the wellbeing of all our stakeholders.

Leadership
The market expects us to be leaders in our industry; we strive to meet this expectation which underpins our global strategic ambitions. WSP has a history of questioning the status quo, and we believe our expertise can make a difference in shaping the future. In my view, the best companies in the post-pandemic world will be good corporate citizens, acting with purpose and integrity.

Under Alexandre L'Heureux's leadership as CEO, the past year was characterized by consistency, stability and growing strength. Our senior management team remained largely intact while adding several key appointments derived primarily from internal advancement as well as talent joining through acquisitions and recruitment.

Strategic Planning

As the final year of our strategic planning cycle, 2021 was marked by a number of important milestones. We set and achieved ambitious goals, even though the prospect of a pandemic was not on the table when our plan was drawn up in 2018.

We take strategic plans seriously, and the 2022-2024 cycle is no exception. Many stakeholders were involved in the planning process, representing different markets and geographies. I know they invested a lot of time and energy. I would therefore like to express my gratitude to everyone — employees, clients, investors and partners— who took part in this process.

The successful evolution of WSP is a tribute to their efforts. Putting our knowledge to good use is how we make a difference; building on our strong foundation enables us to keep on growing.

Our Future Ready® approach continues to differentiate us. We look at future trends, predict how they will impact our work, and strive for solutions with positive generational impact. We will continue to invest in knowledge while sharing our professional know-how and making it available everywhere.

Driven by Excellence

I believe the title of this annual report – Driven by Excellence – is a powerful description and perfectly encapsulates what we are all about. Today, WSP is regarded as a leading global consultancy firm where people are proud to work on sustainable solutions for all stakeholders.

We have the right platform to continue our successful journey.

I would like to thank our employees, shareholders, investors and all stakeholders for placing their trust in WSP.

CHRIS COLE
CHAIRMAN OF THE BOARD

President and CEO's Message

I am thrilled to provide this report on 2021. Over the past year, we continued our disciplined acquisition strategy, strengthened our ESG and sustainability ambitions and ramped up our support to clients and communities.

It was also the last year of WSP's 2019-2021 strategic plan, entitled "Expanding Our Horizons". Despite world events, I am pleased to report that it is exactly what we did.

In 2019, our business was led by our two core sectors (Transportation & Infrastructure and Property & Buildings), as well as by our engineering and design services. Thanks to smart diversification, organic growth and acquisition strategy, we built a more resilient platform while expanding our reach, offerings and expertise to better serve our clients.

Following the addition of six acquisitions in 2021, WSP continued to develop its leading Earth & Environment franchise. Today our business is more diversified than ever, striking a better balance between our engineering, design and strategic advisory services.

In 2021, we continued to make significant progress across our four strategic pillars (Clients, People & Culture, Expertise and Operational Excellence), we deepened our commitment to a more sustainable future.

> "In 2021, we continued to make significant progress across our four strategic pillars and deepened our commitment to a sustainable future.

Today, we take a common approach to thinking generations ahead as we strive to fulfill our promise to future-proof our clients and communities. In light of global discussions about the pandemic's impact, our distinctive philosophy has already proved its worth.

Strengthening Our Leadership in ESG

Sustainability is a core element of our business strategy. In April 2021, we pledged to achieve net zero emission across our value chain by 2040. We also set science-based GHG emission reduction targets, superseding the objectives in our 2019-2021 Global Strategic Plan and aligning with the most ambitious aims of the Paris Agreement. One thing was essential to us: WSP's commitment had to be ambitious, credible and science-based, and it had to resonate with our clients, employees and shareholders.

Drawing on WSP's expertise, we have an opportunity to make a meaningful contribution to reducing built environment emissions through our design and advisory services. We believe that embedding our Future Ready® approach throughout the project delivery process will significantly benefit climate change mitigation while supporting our clients' transition to a low-carbon economy.

As we continue to advance our ESG agenda, we are proud to garner recognition for our ongoing efforts. In 2021, we were named one of Corporate Knights' Best 50 Corporate Citizens in Canada. For the third year in a row, we were recognized as the Most Sustainable Company in the Engineering Industry by World Finance magazine. We were also included in S&P's 2022 Sustainability Yearbook as a Member and Industry Mover, based on its 2021 Corporate Sustainability Assessment.

"Given WSP's expertise, we have an opportunity to make a meaningful contribution to reducing built environment emissions through our design and advisory services.

Focusing on Our People

Since the beginning of the pandemic, work environments and talent expectations have evolved. Now more than ever, we must focus on talent attraction and retention.

In light of the workplace changes our people have faced, in 2021 we launched a global employee engagement and feedback survey, in which over 80% of our employees participated. This is emblematic of our culture of openness: our people feel empowered, enabled, safe and supported by their managers and colleagues.

WSP is fundamentally a people business. For that reason, investing in our employees' personal and professional success serves to further our own business goals. In 2021, over 80% of our leadership roles were filled internally through career advancement or by onboarding talent via acquisitions, exceeding our ambitious goal of 75%. In addition to developing and adopting a common job architecture, we rolled out a pathway model with a view to assisting employees seeking career development advice and insight into how they can shape their future within WSP.

> We will drive the energy transition and response to climate change by providing resilient and sustainable solutions to our clients.

Delivering for Our Clients

Clients are the lifeblood of our company. Forging strong relationships and interacting with our clients are the twin keys to our success.

More than ever in 2021, providing insightful advice, cutting-edge expertise and smart designs paved the way for an industry-leading client experience. We grew our key accounts and boosted our client satisfaction by focusing on our major clients. We also achieved favourable or excellent net promoter scores in our primary regions.

Looking forward, it is clear to us that one of the ways we can be most effective is through the services and advice we provide to support our clients' transition to a low-carbon world. We will drive the energy transition and respond to climate change by devising resilient and sustainable solutions for our clients.

Growing Through Acquisitions

In 2021, we completed six acquisitions, including the transformative addition of Golder. Thanks to Golder, we doubled the size of our environmental sector to more than 14,000 professionals dedicated to advancing the world's green transition. We are winning more and more projects in all regions and across all sectors. Capitalizing on best practices, we are now better equipped to help our clients face their biggest challenges.

Additional acquisitions in 2021 helped us to reinforce our market-leading position and geographic footprint in the United States, with the additions of tk1sc, EarthCon, Knight and Englekirk, as well as in Switzerland with b+p baurealisation.

Focusing on our key objectives, we executed our strategy and grew the WSP family with 17 successful acquisitions during the 2019-2021 Global Strategic Plan while strengthening our existing capabilities and expanding into new geographic regions. More than ever, we offer a broad array of services to clients around the world.

Delivering on Our Financial Ambitions

WSP delivered strong results in 2021. Organic revenue growth in all segments met or exceeded management's outlook for the year. We also achieved the financial ambitions set out in our 2019-2021 Global Strategic Plan.

Revenues and net revenues* for the year reached $10.3 billion and $7.9 billion, up 16.8% and 14.7% respectively compared to 2020. Our healthy backlog* stood at $10.4 billion, representing 11.8 months of revenues, up 23.8% from one year ago. We also reported an adjusted EBITDA* of $1.32 billion, up 25.5%, compared to $1.05 billion in 2020, surpassing expectations. Our adjusted EBITDA margin* rose to 16.8% in 2021 from 15.4% in 2020. Also, earnings before net financing expense and income taxes increase by 57.7% to $724.6 million in 2021.

* Non-IFRS and other financial measures without standardized definitions under IFRS, which may not be comparable to similar measures used by other issuers. Refer to section 4, "Financial Highlights" on page M-7 of the Management's Discussion and Analysis, as well as section 22, "Glossary of segment reporting, non-IFRS and other financial measures" on page M-50 of the Management's Discussion and Analysis, for references to quantitative reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures, as well as to explanations of the composition and usefulness of non-IFRS and other financial measures. The Management's Discussion and Analysis is also available on SEDAR at www.sedar.com under WSP's profile.

	2019-2021 Ambitions	Results
Net revenues	$8B to $9B	✓
Annual net revenue growth (organic and acquisitions)	>10%	✓
Adjusted EBITDA margin	14.0% to 15.0%	✓
Days sales outstanding (DSO)*	Less than 80	✓
Net debt/adjusted EBITDA ratio*	1.0x to 2.0x	✓

As regards other metrics, we are pleased to report that we maintained strong days sales outstanding (DSO) at 66 days, well below our outlook range of 73 to 77 days. Free cash flow* of $646.1 million for the year represented 1.4 times net earnings attributable to shareholders. Cash inflows from operating activities were $1.06 billion for the year ended December 31, 2021, compared to $1.13 billion in 2020.

Entering a New Strategic Cycle

During 2021, we worked hard on our next strategic cycle while tracking important market trends and engaging with stakeholders, from employees to regional leaders and clients to investors. The publication of our 2022-2024 Global Strategic Action Plan on March 9, 2022 would not have been possible without their assistance and feedback.

We enter this new strategic cycle with good momentum. Fuelled by our successful achievements and our clear long-term vision, we will keep building on our strong foundation. Our long-term vision sets an ambitious destination while capitalizing on transformational market trends.

In this context, I strongly believe we are well positioned to make a significant impact on our global and local communities as we face a collective turning point in our climate, societies and resources.

I invite you to review our 2022-2024 Global Strategic Action Plan and to learn more about our long-term vision and three-year action plan.

Thank you to our clients, shareholders and the Board for their trust and continued support. To our 55,300 employees, thank you for your unwavering dedication and commitment to our organization and for the work you do to improve our communities. I look forward to continuing this journey together and seizing the opportunities that lie ahead.

ALEXANDRE L'HEUREUX
PRESIDENT AND CEO

* Non-IFRS and other financial measures without standardized definitions under IFRS, which may not be comparable to similar measures used by other issuers. Refer to section 4, "Financial Highlights" on page M-7 of the Management's Discussion and Analysis, as well as section 22, "Glossary of segment reporting, non-IFRS and other financial measures" on page M-50 of the Management's Discussion and Analysis, for references to quantitative reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures, as well as to explanations of the composition and usefulness of non-IFRS and other financial measures. The Management's Discussion and Analysis is also available on SEDAR at www.sedar.com under WSP's profile.

2021 in Review

In 2021, we continued our disciplined acquisition strategy, strengthened our ESG and sustainability ambitions, and elevated our support to clients and communities.

JANUARY 27

tk1sc Acquisition

The acquisition of tk1sc further consolidated WSP's Property and Buildings business in the complex healthcare, life science and technology markets in the western United States.

FEBRUARY 22

Earth Consulting Group Acquisition

The acquisition of US-based EarthCon added highly specialized technical expertise in remediation to WSP's existing suite of services.

MARCH 25

Compliance Leader Verification

WSP earned the coveted Compliance Leader Verification for 2021-2022 from the Ethisphere Institute in recognition of its outstanding commitment to implementing a best-in-class ethics and compliance program.

APRIL 7

Appointment of Marie-Claude Dumas as President and CEO of WSP in Canada

Marie-Claude Dumas brings a proven track record as a global engineering and construction executive with over 20 years of multi-disciplinary management and consulting experience acquired with various multinationals.

APRIL 8

Golder Acquisition Closing

With the closing of the Golder acquisition, WSP increased its workforce by approximately 7,000 people and became a leading global environmental consulting firm with approximately 14,000 professionals dedicated to accelerating the world's green transition.

APRIL 15

Private Offering

WSP announced that it has priced an offering of $500 million aggregate principal amount of 2.408% senior unsecured notes.

APRIL 21

Net Zero Commitment
WSP announced ambitious climate action through a commitment to achieve net zero emissions across its value chain by 2040, supported by science-based greenhouse gas emissions reduction targets.

APRIL 21

b+p baurealisation Acquisition
The acquisition of Zurich-based b+p baurealisation expanded our service offering into strategic advisory areas, in addition to increasing our footprint in Switzerland.

JUNE 21

Acquisition of Knight Partners in the US
This transaction bolstered our Transportation and Infrastructure offering in the United States thanks to Knight's established brand strength, namely in the Chicago area. The transaction allowed Knight's experimented team capable of delivering program/construction management, planning and design services at all project stages for all client types to join forces with WSP's U.S. workforce.

JULY 6

Best 50 Corporate Citizens in Canada
WSP ranked 24 out of 271 Canadian companies, reflecting our commitment and contribution to ESG and the UN Sustainable Development Goals.

JULY 7

World Finance Magazine Sustainability Award
WSP was named the most sustainable company in the engineering industry by World Finance Magazine thanks to our commitment to Environmental, Social and Governance (ESG).

AUGUST 10

ENR Rankings
For the first time since 2017, WSP achieved the top spot in Engineering News-Record Magazine's List of Top 225 International Design Firms while keeping our #1 position in the Buildings and Transportation sector rankings.

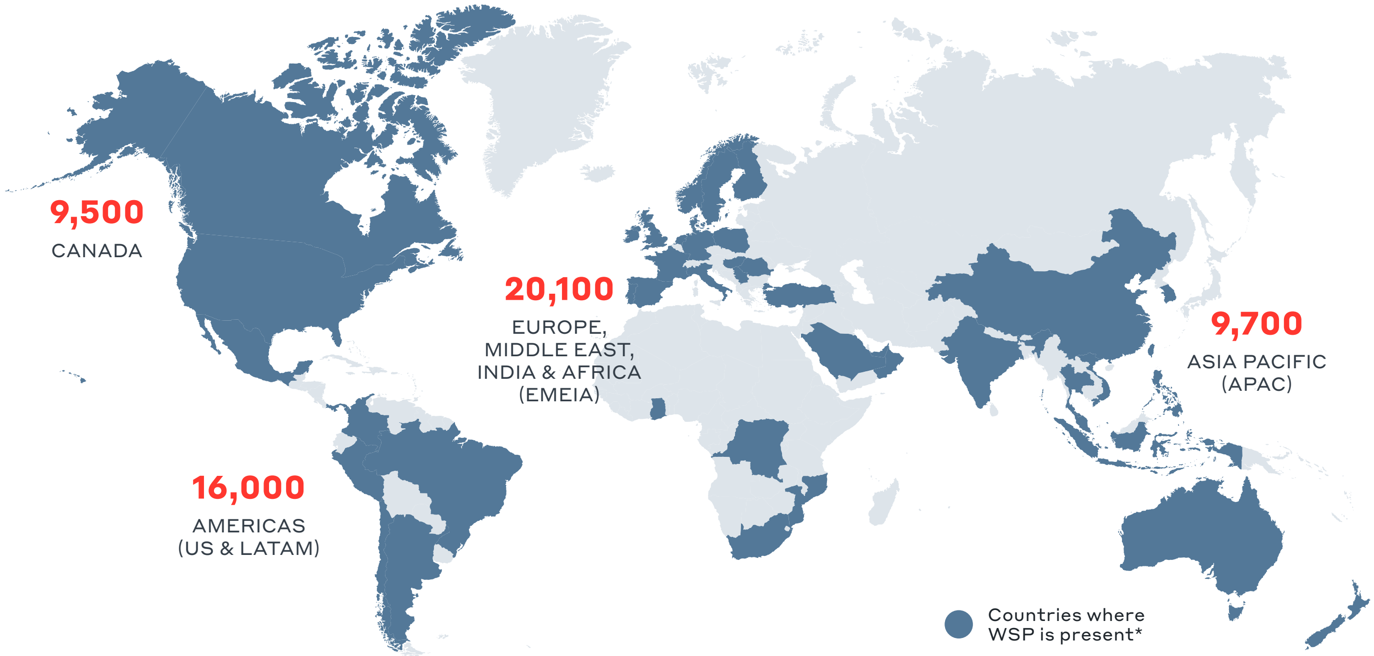
OCTOBER 5

Appointment of Eric Peissel as Global Director of Transport and Infrastructure
After a long and successful career in our Canadian operations, Eric Peissel is now in charge of spearheading the Global Strategy for Transportation and Infrastructure.

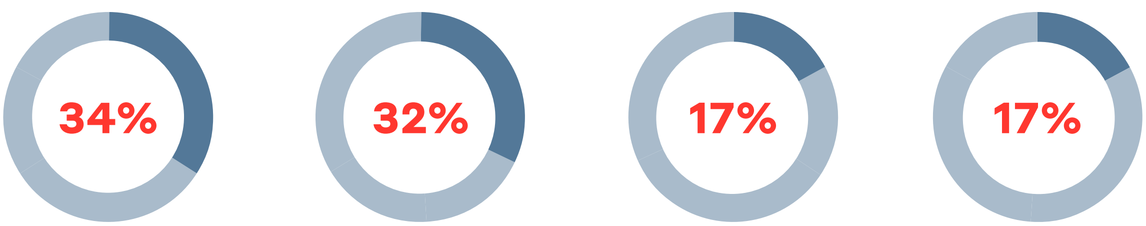
OCTOBER 7

Englekirk Acquisition
This transaction added significant structural engineering capabilities for the building sector, drawing on Englekirk's expertise designing structures in high-seismic regions while growing WSP's structural engineering practice on the West Coast.

WSP Today



Net Revenues by Region



AMERICAS (US & LATAM) | EUROPE, MIDDLE EAST, INDIA & AFRICA (EMEIA) | CANADA | ASIA PACIFIC (APAC)

Revenues by Market Sector

TRANSPORTATION & INFRASTRUCTURE | EARTH & ENVIRONMENT | PROPERTY & BUILDINGS | POWER & ENERGY, RESOURCES, INDUSTRY

* As of December 31, 2021.

Financial Highlights

$10.3 B	Revenues (CAD)
$7.9 B	Net Revenues (CAD)
3.3%	Organic growth in Net Revenues
$473.6 M	Net Earnings (CAD)
$4.07	Net Earnings Per Share (CAD)
$1.32 B	Adjusted EBITDA (CAD)
$724.6 M	Earnings before net financing expense and income taxes
16.8%	Adjusted EBITDA Margin
66	Days Sales Outstanding (DSO)
$10.4 B	Backlog (CAD)

We had set ambitious goals, and thanks to the ingenuity of our people, we're pleased to report solid financial results meeting or exceeding Management's outlook for the year.

2022-2024 Global Strategic Action Plan

On March 9, 2022, WSP unveiled its 2022-2024 Global Strategic Action Plan which directs the next phase of our evolution, and introduces a long-term vision that provides us with an aspirational destination.

Long-Term Vision

We aspire to become the undisputed leader in our industry. Looking beyond 2024, we aim to double in size sustain mid-to-high single-digit net revenue organic growth and achieve adjusted EBIDTA margin in excess of 20%.

Change Agent

WSP is a positive and bold agent of change in our communities.

Trusted Partner

Our professionals, clients, suppliers and shareholders seek us out.

Employer of Choice

We attract the brightest minds to solve our clients' most complex challenges.

Diversity Advocate

We raise up and empower the diversity of our communities.

Key ESG / Sustainability Ambitions by 2024

Our commitments to ESG are fundamental and non-negotiable.

40%	Decrease in absolute scope 1 and 2 (operations) market-based GHG emissions
15%	Decrease in absolute scope 3 (supply chain) GHG emissions
>50%	Clean revenues, defined as having a positive impact on the environment and supporting the UN SDGs
5%	Year-over-year increase in the representation of women and under-represented groups
100%	Integration of ESG criteria as part of global leader compensation
10%	Decrease in the total recordable incident rate per year

Key Financial Ambitions by 2024

Our ambition is to grow net revenues, adjusted EBITDA and adjusted net earnings.

>$10B	Net revenues (CAD)
>5%	Annual organic net revenue growth
17.5-18.5%	Adjusted EBITDA margin
1x-2x	Net debt to adjusted EBITDA ratio
>100%	Free cash flow to net earnings
$150-200M	Investment in digital tools and systems (CAD)

Our 2022-2024 Global Strategic Action Plan outlines how we will make significant progress towards our long-term vision by evolving our core pillars.

People and Culture

Foster the ingenuity of our people

- Create a fulfilling and inclusive environment
- Invest in career and professional development
- Leverage our collective talent

Expertise

Lead through technical excellence and expertise

- Advance our core sectors and expand in new areas
- Accelerate digital expertise and solutions
- Continue our disciplined focus on acquisition strategy

Clients

Elevate the standard of client experience

- Mature our enterprise-wide client program
- Achieve industry-leading client engagement and experience
- Align our platform and processes

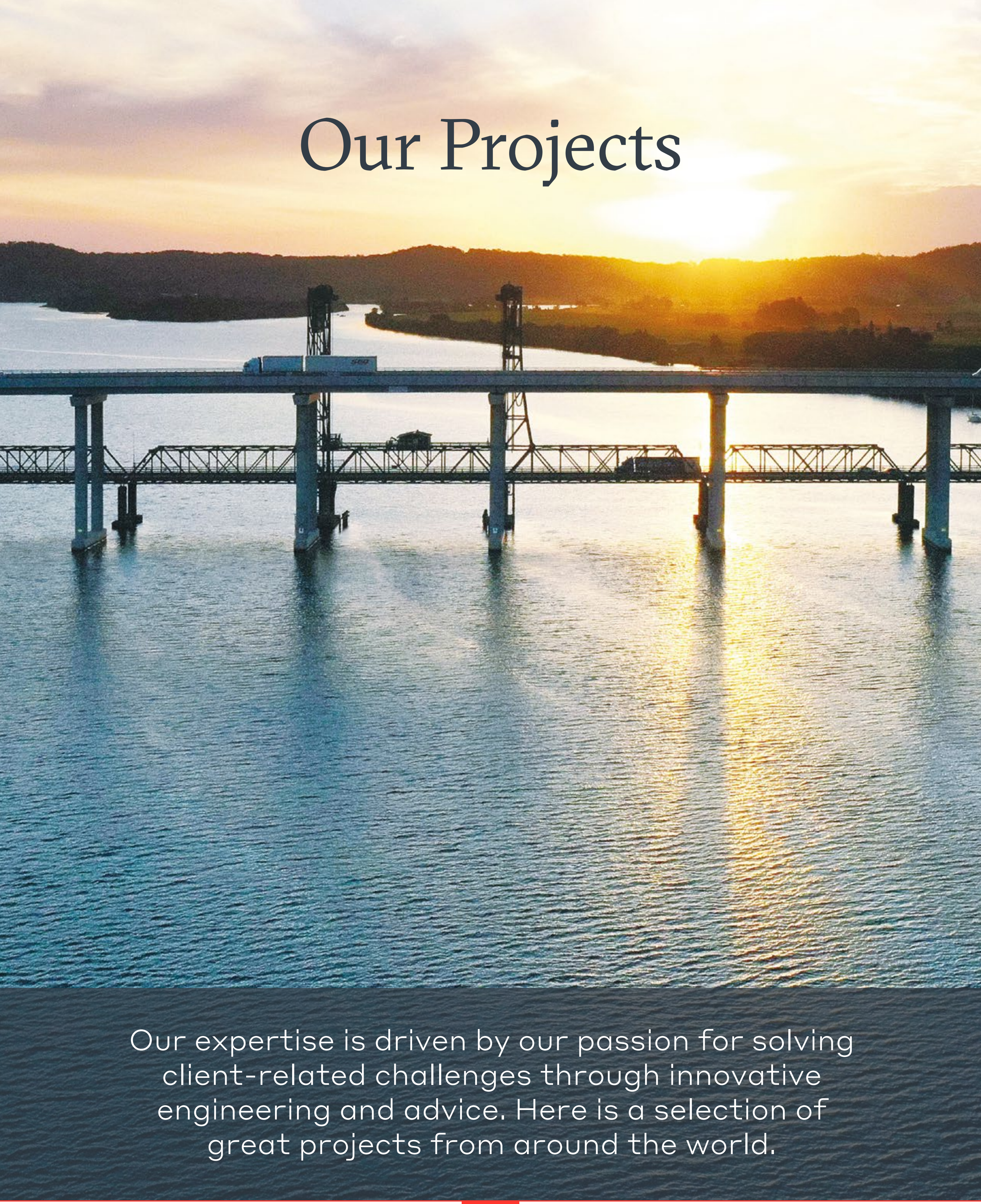
Operational Excellence

Drive leading performance and efficiency through **Transformation**

- Simplify our way of working
- Enhance project delivery
- Boost our digital platform and evolve our workplace

For more information on our
2022-2024 Global Strategic Action Plan, please visit wsp.com

Our Projects



Our expertise is driven by our passion for solving client-related challenges through innovative engineering and advice. Here is a selection of great projects from around the world.

Image: Water Supplies Department, HKSAR Government

Delivering Freshwater

TSEUNG KWAN O DESALINATION PLANT, HONG KONG

WSP's engineers are working on a desalinization plant designed to provide Hong Kong with 135,000 m^3 of freshwater per day, thus enhancing the city's climate resilience. Working alongside AJC Joint Venture and the Water Supplies Department, WSP is delivering an array of future-ready services. Innovation is the watchword, as seen in efforts to minimize seawall impacts and flooding risks. Green features, including the use of renewable energy, rainwater harvesting, solar panels, smart street lighting poles and roof greenery, will contribute to a sustainable built environment.

Making Travel Safer

WOOLGOOLGA TO BALLINA PACIFIC HIGHWAY UPGRADE, AUSTRALIA

Working jointly with Laing O'Rourke as Pacific Complete, WSP was a delivery partner for the Woolgoolga to Ballina Pacific Highway upgrade, the final stretch to be expanded to four lanes. Overseen by Transport for NSW, the 155 km-long project includes nine interchanges, in addition to 170 bridges and 350 fauna connections. In addition to making travel much safer, the upgrade will reduce drive times while improving local community amenities. We helped achieve strong Aboriginal participation – 1 million hours across 300 Indigenous people. This project won an International Road Federation award for ground engineering.

Image: Transport for NSW

Creating Iconic Landmarks

ADDRESS RESIDENCES JUMEIRAH RESORT, DUBAI, UNITED ARAB EMIRATES

WSP was appointed by Mirage Leisure & Development as the lead consultant, architect of record, structural engineer, security consultant, and fire & life safety consultant for Address Residences Jumeirah Resort. Designed by Killa Architectural Design, WSP helped solve engineering complexities of the project which included hoisting a 650-tonne skybridge to the top of the 77-storey structure. Inaugurated in 2021, Address Residences Jumeirah Resort – home to the world's highest infinity pool – offers breathtaking views across notable Dubai landmarks such as Jumeirah Beach Residence, Palm Jumeriah, and Bluewaters Island.

Designing Healthcare

NEW DUNEDIN HOSPITAL, NEW ZEALAND

WSP is providing civil engineering, seismic restraint and construction monitoring services on New Zealand's largest hospital development, showcasing its ability to provide critical engineering design for complex healthcare projects. The team must ensure that the sewer/stormwater systems can accommodate increased demand, made possible in part by clever use of soft landscaping. Since the new facility requires 72-hour self-sufficiency in the event of an earthquake, water storage tanks must also be constructed on site. This project is in the design phase.

Working for Safety

TAILINGS MANAGEMENT FACILITY FOR QB2, CHILE

WSP Golder designed and is providing quality assurance and engineer of record services for the tailings management facility (TMF) at Teck Resources' Quebrada Blanca Phase 2 Project (QB2), in Chile. QB2 is one of the world's largest undeveloped copper resources. The 140,000 tpd operation has a 120 m high starter dam that will be raised to 310 m during 25 years of operation. Its robust design is aligned with the global industry standard focused on safety.

Image: Teck

Supporting the Future

KATTEGAT SOUTH – STRATEGIC SUPPORT, SWEDEN

As environmental consultant, WSP supported Vattenfall during the consultation/permitting process for the Kattegat South offshore wind farm (southwest Sweden). The project is destined to be Northern Europe's largest wind farm, with a capacity corresponding to 2.3% of Sweden's current total energy production. WSP prepared the consultation and permit application documents, including environmental impact assessments for the wind farm and for Natura 2000, a European Union-supported network of nature protection areas for rare and endangered species. Fish ecology and commercial fisheries studies were also conducted.

Image: HS2

Finding the Way

OLD OAK COMMON STATION DESIGN FOR H2, UNITED KINGDOM

Designed by WSP and architects WilkinsonEyre, Old Oak Common station in northwest London will be a super-hub, connecting to central London and Heathrow Airport, as well as to HS2 and mainline rail services extending up to Scotland. The innovative use of virtual reality is a game-changer: CAD drawings were used to create an immersive environment replicating the station design. Members of the public were invited to navigate through this "digital twin" while surrounded by 5,000 virtual passengers. This project demonstrated how transformative virtual reality can be.

Decarbonizing Buildings

MODERNIZATION OF THE NATIONAL CAPITAL REGION'S DISTRICT ENERGY SYSTEM, CANADA

As part of Innovate Energy, a private partner consortium, WSP is converting the steam heat used in 80 government buildings in the National Capital Region to a more energy-efficient hot water-based system. The goal is to reduce greenhouse gas emissions in the Ottawa/Gatineau area. Built 50-100 years ago, the original system uses outdated technologies. During the construction period (through to 2025), Innovate Energy will design and build the new system while operating the existing facilities. Upon completion, GHG emissions will be reduced by 63%.

Restoring Water Quality

STORMWATER MANAGEMENT
IN FLORIDA'S EVERGLADES, USA

In November 2021, the South Florida Water Management District (SFWMD) marked the completion of the C-44 Reservoir/Stormwater Treatment Area, designed to restore and preserve water quality within and around the Everglades. WSP served as program/construction manager for this project, which is the largest environmental restoration in U.S. history. The ground breaking solution combines engineered structures and nature-based solutions on a massive scale – in the form of 6,300 acres of wetlands, 32 miles of berms, 30 miles of canals and 63 water control structures – to remove pollutants and improve water quality, provide ecological uplift, and support the health and economic vitality of communities in the region. +

WSP Global Inc.

Management's Discussion and Analysis

For the fourth quarter and year ended December 31, 2021

ABOUT US

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

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TABLE OF CONTENTS

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 March 9, 2022, 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, 2021. The Corporation's audited consolidated financial statements for the year ended December 31, 2021 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, 2021. 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 26, 2021 to December 31, 2021 and the comparative fourth quarter results include the period from September 27, 2020 to December 31, 2020.

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 AND OTHER FINANCIAL MEASURES

The Corporation reports its financial results in accordance with IFRS. WSP uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. Regulation 52-112 respecting Non-IFRS and Other Financial Measures Disclosure ("Regulation 52-112") prescribes disclosure requirements that apply to the following types of measures used by the Corporation:

i. non-IFRS financial measures;
ii. non-IFRS ratios;
iii. total of segments measures;
iv. capital management measures; and
v. supplemental financial measures.

In this MD&A, the following non-IFRS and other financial measures are used by the Corporation: net revenues; total adjusted EBITDA by segment; total adjusted EBITDA margin by segment; 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 segment reporting, non-IFRS and other financial 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 and other financial 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 and other financial 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 strategic advisory, engineering and design services to clients in the Transportation & Infrastructure, Earth & Environment, Property & Buildings, Power & Energy, Resources and Industry sectors. WSP experts include advisors, engineers, environmental specialists, scientists, technicians, architects and planners, in addition to other design and program management professionals. With approximately 55,300 talented people globally, WSP is favourably 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, together with 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 and assets. 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, social equity, digital project and design.

- **Earth & Environment:** The Corporation has specialists working with and advising businesses and governments in all key areas of earth sciences and environmental consultancy, including Environmental, Social and Governance ("ESG") matters. These experts deliver a wide range of environmental services, including air, land, water, health and climate change. They work with and advise clients on environmental matters ranging from due diligence, permitting approvals and regulatory compliance, to consulting on management of waste and hazardous materials, land remediation, geotechnical engineering, 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 every stage of the project or asset's life-cycle from planning to decommissioning, and span various service areas like field data collection and site-based services, to advisory services to help our clients make the best ESG decisions.

- **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 digital 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.

- **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 mine life-cycle – from exploration and development, through operations and closure. WSP’s mining expertise spans the major service areas of resource geology, mine engineering, mine waste, stability, mine water, mine environment, mineral processing, mine infrastructure and mine closure. In oil and gas, WSP delivers engineering and environmental services to companies operating in upstream exploration and production, midstream transportation and storage, or downstream refining and distribution. The Corporation supports its clients through the full life-cycle of projects, from permitting, planning and design to remediation and decommissioning of assets.

- **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

	Fourth quarters ended		Years ended	
(in millions of dollars, except percentages, per share data, DSO and ratios)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenues	$2,891.0	$2,248.3	$10,279.1	$8,803.9
Net revenues[(1)]	$2,147.4	$1,688.3	$7,869.6	$6,859.1
Earnings before net financing expense and income taxes	$185.2	$105.3	$724.6	$459.4
Adjusted EBITDA[(2)]	$361.2	$262.1	$1,322.5	$1,053.7
Adjusted EBITDA margin[(3)]	16.8 %	15.5 %	16.8 %	15.4 %
Net earnings attributable to shareholders of WSP Global Inc.	$126.7	$68.9	$473.6	$276.0
Basic net earnings per share attributable to shareholders	$1.08	$0.61	$4.07	$2.51
Adjusted net earnings[(2) (4)]	$171.7	$93.0	$592.9	$394.6
Adjusted net earnings per share[(3) (4)]	$1.46	$0.82	$5.09	$3.59
Cash inflows from operating activities	$513.2	$381.8	$1,060.1	$1,125.1
Free cash flow[(2)]	$369.9	$264.5	$646.1	$735.3

As at	December 31, 2021	December 31, 2020
Backlog[(5)]	$10,425.6	$8,421.3
DSO[(5)]	66 days	63 days
Net debt to adjusted EBITDA ratio[(6)]	0.6	0.1

(1) Total of segments measure. Refer to section 8.1, “Net revenues” for a reconciliation to revenues.

(2) Non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Refer to sections 8.3, “Adjusted EBITDA”, 8.8, “Adjusted net earnings”, 9.1, “Operating activities and free cash flow”, as well as section 22, “Glossary of segment reporting, non-IFRS and other financial measures”, for quantitative reconciliations to the most directly comparable IFRS measures, as well as explanations of the composition and usefulness of these non-IFRS financial measures.

(3) Non-IFRS ratio without a standardized definition under IFRS, which may not be comparable to similar ratios used by other issuers. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues. Adjusted net earnings per share is the ratio of adjusted net earnings divided by the basic weighted average number of shares outstanding for the period. Refer to section 22, “Glossary of segment reporting, non-IFRS and other financial measures” for references to the non-IFRS financial measures which are components of these non-IFRS ratios, and the use of these non-IFRS ratios.

(4) Management has amended its definition of adjusted net earnings, effective January 1, 2021, to exclude amortization of intangible assets related to acquisitions. The comparative periods have been restated. Refer to section 8.8, “Adjusted net earnings” for further explanation.

(5) Supplemental financial measure. Backlog represents future revenues stemming from existing signed contracts to be completed. 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.

(6) This capital management measure is the ratio of net debt to adjusted EBITDA for the trailing twelve-month period. Net debt is defined as long-term debt, including current portions but excluding lease liabilities, and net of cash.

5 EXECUTIVE SUMMARY

WSP delivered very strong results in 2021, with organic net revenue growth in all segments, as well as significant growth in backlog (10.1% organic growth), adjusted EBITDA (up 25.5% or 140 basis points) and adjusted net earnings per share (up 41.8%).

Fourth quarter 2021 financial highlights

- Revenues and net revenues for the quarter reached $2.9 billion and $2.1 billion, up 28.6% and 27.2%, respectively, compared to Q4 2020. Organically, net revenues grew 9.7% in the quarter.
- Backlog as at December 31, 2021 stood at $10.4 billion, with substantial order intake of $3.3 billion in the quarter.
- Adjusted EBITDA in the quarter of $361.2 million, up 37.8%, compared to $262.1 million in Q4 2020.
- Adjusted EBITDA margin for the quarter reached 16.8%, compared to 15.5% in Q4 2020, an increase of 130 basis points, attributable to the strong performance of the platform and solid contribution from recent acquisitions.
- Earnings before net financing expense and income taxes in the quarter of $185.2 million, up $79.9 million, or 75.9%, compared to Q4 2020, mainly attributable to higher adjusted EBITDA.
- Adjusted net earnings for the quarter of $171.7 million, or $1.46 per share, up $78.7 million and $0.64, respectively, compared to Q4 2020. The respective increases of 84.6% and 78.0% in these metrics are mainly attributable to higher adjusted EBITDA.
- Net earnings attributable to shareholders for the quarter of $126.7 million, or $1.08 per share, up 83.9% and 77.0%, respectively, when compared to Q4 2020. The increase is mainly attributable to higher adjusted EBITDA, partially offset by higher amortization of intangible assets and net financing expense.
- Quarterly dividend declared of $0.375 per share, or $44.2 million, with a 51.5% Dividend Reinvestment Plan (“DRIP”) participation.

Fiscal year 2021 financial highlights

- Revenues and net revenues for the year reached $10.3 billion and $7.9 billion, up 16.8% and 14.7%, respectively, compared to 2020. The Golder Acquisition was the main contributor to the acquisition growth in net revenues of 15.3%, while net revenue organic growth of 3.3% was in line with Management's previously disclosed outlook.
- Backlog as at December 31, 2021 stood at $10.4 billion, representing 11.8 months of revenues, up 23.8% in the year. On a constant currency basis, backlog grew organically by 10.1% compared to backlog as at December 31, 2020.
- Adjusted EBITDA in the year of $1.32 billion, up 25.5%, compared to $1.05 billion in 2020. Adjusted EBITDA exceeded the higher end of Management's most recent outlook range.
- Adjusted EBITDA margin increased to 16.8% in 2021, compared to 15.4% in 2020, an increase of 140 basis points. The improvement in adjusted EBITDA margin is attributable to the strong performance of the platform and solid contribution from recent acquisitions.
- Earnings before net financing expense and income taxes in 2021 of $724.6 million, up 57.7% compared to 2020, mainly due to higher adjusted EBITDA and lower acquisition, integration and reorganization costs.

- Adjusted net earnings in 2021 of $592.9 million, or $5.09 per share, up $198.3 million or $1.50 per share, compared to 2020. The respective increases of 50.3% and 41.8% in these metrics are mainly attributable to higher adjusted EBITDA.

- Net earnings attributable to shareholders of $473.6 million in 2021, or $4.07 per share, up $197.6 million, or $1.56 per share, compared to 2020. The increase was mainly due to higher adjusted EBITDA and lower acquisition, integration and reorganization costs, partially offset by higher amortization and depreciation expense.

- DSO as at December 31, 2021 stood at 66 days, compared to 63 days as at December 31, 2020, significantly outperforming Management's most recent outlook range of 73 to 77 days.

- Free cash flow of $646.1 million for the year, representing 1.4 times net earnings attributable to shareholders.

- Cash inflows from operating activities of $1.06 billion in the year ended December 31, 2021, compared to $1.13 billion in 2020. The variance is mainly due to the fact that 2020 benefitted from a deferral of income tax and other remittances in some jurisdictions.

- The net debt to adjusted EBITDA ratio stood at 0.6x, compared to 0.1x as at December 31, 2020, increasing mainly due to the acquisition of Golder Associates. The ratio is well below Management's target of 1.0 to 2.0, due to strong free cash flow in 2021.

- Full year dividend declared of $1.50 per share, or $174.9 million, with cash payout of $81.9 million or 46.8% as a result of the DRIP participation.

6 KEY EVENTS

The following are highlights from January 1, 2021 to March 9, 2022, the date of the MD&A for the year ended December 31, 2021.

COVID-19 pandemic

The Corporation continues to actively monitor the COVID-19 pandemic and WSP operates without significant interruption. While certain WSP locations remain in various stages of lockdown, signs of normalcy are returning in a number of locations. Our regional management teams are rolling out hybrid return-to-office programs and our teams have resumed a modified travel schedule. Our focus is on developing competitive, flexible, agile, yet structured work environments that capitalize on the lessons we have learned about being productive with a largely remote workforce, as well as maximizing in-person team engagement. WSP's primary objective remains to ensure the health, safety and wellbeing of its employees and families, of its clients and of the communities in which it operates while remaining focused on delivering on client expectations and pursuing new assignments.

Golder Acquisition

On April 7, 2021, WSP completed the acquisition of Enterra Holdings Ltd., the holding company of Golder Associates (“Golder” and the “Golder Acquisition”). Golder is an engineering and consulting firm with 60 years of experience in the geosciences sector; a global engineering firm focused on earth and environmental conditions. 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. The aggregate cash consideration paid in connection with the Golder Acquisition was US$1.2 billion (C$1.5 billion).

Private placements and financing arrangements

On January 14, 2021, the Corporation closed the private placements of subscription receipt financings to fund a portion of the Golder Acquisition purchase price. 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 $310.0 million (the "Private Placements"). Upon completion of the Golder Acquisition on April 7, 2021, each of GIC and BCI received one common share of WSP for each Subscription Receipt held, plus an amount per common share equal to any dividend payable by WSP on the common shares between the date of issuance of the Subscription Receipts and the closing of the Golder Acquisition.

The Golder Acquisition and other related transaction costs were financed using the proceeds from the Corporation's Private Placements and new bank financing term loans entered into on January 29, 2021.

On April 19, 2021, WSP issued senior unsecured notes at par for aggregate gross proceeds of $500 million, due April 19, 2028 (the "Notes"). The Notes bear interest at a fixed rate of 2.408% per annum, payable semiannually until maturity on the 19th day of April and October in each year beginning on October 19, 2021. The Notes were assigned rating of BBB (high), with a stable trend, by DBRS Morningstar. On April 23, 2021, the Corporation used the net proceeds of the offering to repay existing indebtedness.

Other acquisitions

In January 2021, WSP acquired tk1sc, a 240-employee mechanical, electrical and plumbing engineering firm based in California, US. The acquisition of tk1sc further expands WSP's building sector capabilities in the complex US healthcare and science and technology markets.

In February 2021, WSP acquired Earth Consulting Group, Inc. ("EarthCon"), a 90-employee US-based environmental and engineering consulting firm. The acquisition of EarthCon adds highly specialized technical expertise in remediation to WSP's existing suite of services further strengthening WSP's capabilities in strategic environmental engineering and consulting services, compliance, due diligence, and data management, while expanding its geographic presence in the southeastern US.

In April 2021, WSP acquired b+p baurealisation ("b+p"), a 100-employee engineering and consulting firm based in Zurich, Switzerland. B+p offers primarily project & construction management and cost management services to both public and private sector clients.

In June 2021, WSP acquired Knight Partners, LLC ("Knight"), a 150-employee engineering and consulting firm based in Illinois, US. The acquisition of Knight complements WSP's service offerings in the transportation market sector, delivering planning, design and program and construction management at multiple project stages for various client types.

In October 2021, WSP acquired Englekirk Structural Engineers, a 90-employee consulting firm based in California, US, adding significant capabilities in structural engineering for the buildings sector, with expertise designing structures in high-seismic regions, while growing WSP's structural engineering practice on the US West Coast.

These five acquisitions were financed using WSP's available cash and credit facilities.

Leadership announcements

In April 2021, Marie-Claude Dumas was named President and CEO of WSP in Canada. Since joining WSP in January 2020, Ms. Dumas had served as Global Director, Major Projects & Programs/Executive Market Leader – Quebec, working closely with our Global and Canadian operations and leadership.

In May 2021, Megan Van Pelt was named Chief Human Resources Officer. Ms. Van Pelt joined WSP in 2017 as Chief Human Resources Officer for WSP in the US. With over 20 years of experience in human resources, she brings proven expertise in directing Human Resources programs.

Wendy Stoveland was appointed to the role of Global Communications Director, Senior Vice President in June 2021. Ms. Stoveland has three decades of experience in the field and served as Golder's Global Director of Communications from 2016-2021.

In September 2021, Dean McGrail was appointed Chief Executive Officer of WSP in the Middle East, replacing Greg Kane, who assumed the role of Chief Operating Officer of WSP in Australia. Mr. McGrail previously held the role of Managing Director of Property & Buildings for the Middle East business.

Effective October 2021, WSP appointed two successors to replace Magnus Meyer, who previously held the dual role of WSP's CEO for the Nordics and Managing Director, Central Europe. Anna-Lena Öberg-Högsta was named CEO of the Nordics and Eric van den Broek as CEO for Central Europe. Ms. Öberg-Högsta formerly served as Golder's Regional President for Europe and the Nordics. Mr. van den Broek most recently served and will continue to serve as WSP's Managing Director for the Netherlands.

In October 2021, Eric Peissel was named Global Director of Transportation & Infrastructure. Since joining WSP in 2001, Mr. Peissel has held many senior transportation leadership roles across Canada, most recently as the Canadian Executive Vice President and Global Manager for Transportation and Infrastructure Networks.

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, 2021	**December 31, 2020**	**Variance**	**December 31, 2021**	**December 31, 2020**	**Variance**
Net revenues	$360.6	$224.7	60.5 %	$1,304.5	$952.1	37.0 %
Organic growth			13.8 %			8.1 %
Acquisition growth			46.7 %			31.9 %
Divestiture impact			— %			(3.0) %
Adjusted EBITDA by segment	$76.6	$51.0	50.2 %	$272.0	$183.2	48.5 %
Adjusted EBITDA margin by segment	21.2 %	22.7 %	(150) bps	20.9 %	19.2 %	170 bps
As at				**December 31, 2021**	**December 31, 2020**	**Variance**
Backlog				$1,817.3	$1,022.4	77.7 %
Organic backlog growth in the year						13.6 %
Approximate number of employees				9,500	7,000	35.7 %

bps: basis points

Net revenues

In the quarter ended December 31, 2021, net revenues in Canada were $360.6 million, an increase of $135.9 million, or 60.5%, compared to the same quarter in 2020. Acquisition growth and organic growth were 46.7% and 13.8%, respectively.

In the year ended December 31, 2021, net revenues in Canada were $1.3 billion, an increase of $352.4 million, or 37.0%, compared to 2020. Acquisition growth and organic growth were 31.9% and 8.1%, respectively.

Organic growth reached the high end of Management's outlook assumptions of mid-single-digit growth for 2021. This healthy improvement is mainly due to continued positive momentum stemming from most market sectors.

Acquisition growth is due to the Golder Acquisition completed in April 2021. The divestiture impact of 3.0% in 2021 relates mainly to the reorganization of a business into a joint venture in the third quarter of 2020.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 89% of net revenues for the year ended December 31, 2021. Public sector clients accounted for 33% of net revenues, for the same period.

Backlog

Backlog increased significantly compared to December 31, 2020, due to the Golder Acquisition, as well as organic growth of 13.6%.

Adjusted EBITDA margin

For the quarter ended December 31, 2021, adjusted EBITDA margin in Canada decreased 150 bps, mainly due to government subsidies received in the fourth quarter of 2020, as well as lower levels of office lock-downs and COVID-19 travel restrictions in 2021. For the year ended December 31, 2021, adjusted EBITDA margin in Canada increased 170 bps, mainly due to increased productivity and the higher margin profile of the Golder business.

AMERICAS

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2021	**December 31, 2020**	**Variance**	**December 31, 2021**	**December 31, 2020**	**Variance**
Net revenues	$763.3	$578.8	31.9 %	$2,709.2	$2,372.8	14.2 %
Organic growth*			9.9 %			2.6 %
Acquisition growth*			27.1 %			19.6 %
Foreign currency exchange impact**			(5.1) %			(8.0) %
Adjusted EBITDA by segment	$148.3	$111.0	33.6 %	$533.1	$436.2	22.2 %
Adjusted EBITDA margin by segment	19.4 %	19.2 %	20 bps	19.7 %	18.4 %	130 bps

As at	**December 31, 2021**	**December 31, 2020**	**Variance**
Backlog	$4,536.5	$4,017.8	12.9 %
Organic backlog growth in the year			7.6 %
Approximate number of employees	16,000	12,900	24.0 %

* 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 the Canadian equivalent amount, net of organic growth, acquisition growth and divestiture impact.
bps: basis points

Net revenues

In the quarter ended December 31, 2021, net revenues in the Americas reportable segment were $763.3 million, an increase of $184.5 million, or 31.9%, compared to the same quarter in 2020. Acquisition growth and organic growth were 27.1% and 9.9%, respectively, both on a constant currency basis.

In the year ended December 31, 2021, net revenues in the Americas reportable segment stood at $2.7 billion, an increase of $336.4 million, or 14.2%, compared to 2020. Acquisition growth and organic growth were 19.6% and 2.6%, respectively, both on a constant currency basis.

In the fourth quarter and year ended December 31, 2021, organic growth stemmed from both the US and Latin American operations, slightly lower than Management's outlook assumptions, due to delays in public sector infrastructure spending in our US operations. The organic growth in both periods was partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the US dollar.

Acquisition growth in the quarter and year stems mainly from the acquisitions of Golder in April 2021, kW Mission Critical Engineering in December 2020, tk1sc in January 2021, Earthcon in February 2021, Knight in June 2021 and Englekirk Structural Engineers in October 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 95% of net revenues for the year ended December 31, 2021. Public sector clients accounted for 60% of net revenues, for the same period.

Backlog

Backlog for the Americas segment increased compared to December 31, 2020, due to acquisition growth and organic growth, partially offset by the negative impacts of foreign exchange rates. Organically, backlog grew 7.6% in the year, mainly due to substantial order intake in our US operations in the fourth quarter.

Adjusted EBITDA margin

In the quarter ended December 31, 2021, adjusted EBITDA margin for the Americas segment increased 20 bps as compared to the corresponding quarter in 2020, mainly due to higher margin profile of the Golder business in both the US and Latin America and other recent US acquisitions.

In the year ended December 31, 2021, adjusted EBITDA margin for the Americas segment increased 130 bps as compared to 2020, mainly due to the higher margin profile of the Golder business in both the US and Latin America and of other recent US acquisitions, increased productivity, as well as realized gains on foreign exchange hedges in 2021 versus losses in 2020.

EMEIA

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2021	December 31, 2020	Variance	December 31, 2021	December 31, 2020	Variance
Net revenues	$658.1	$600.8	9.5 %	$2,528.4	$2,378.4	6.3 %
Organic growth*			5.9 %			2.5 %
Acquisition growth*			8.3 %			5.6 %
Divestiture impact*			(0.2) %			(0.3) %
Foreign currency exchange impact**			(4.5) %			(1.5) %
Adjusted EBITDA by segment	$92.3	$69.5	32.8 %	$370.3	$316.9	16.9 %
Adjusted EBITDA margin by segment	14.0 %	11.6 %	240 bps	14.6 %	13.3 %	130 bps

As at	December 31, 2021	December 31, 2020	Variance
Backlog	$2,442.5	$2,043.9	19.5 %
Organic backlog growth in the year			10.8 %
Approximate number of employees	20,100	18,500	8.6 %

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

Net revenues

In the quarter ended December 31, 2021, net revenues in the EMEIA reportable segment were $658.1 million, an increase of $57.3 million, or 9.5%, compared to Q4 2020. Acquisition growth and organic growth were 8.3% and 5.9%, respectively, both on a constant currency basis.

In the year ended December 31, 2021, net revenues in the EMEIA operating segment stood at $2.5 billion, an increase of $150.0 million, or 6.3%, compared to 2020. Acquisition growth and organic growth were 5.6% and 2.5%, respectively, both on a constant currency basis. Organic growth for the year was in line with Management's outlook assumptions.

In the quarter and year, organic growth was led by the economic recovery in the UK, which saw its third consecutive quarter of double-digit organic growth, and good performance across all market sectors in the Middle East, partially offset by lower results in the Nordics. The organic growth in the quarter was partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the Swedish krona and pound sterling.

In the quarter and year, acquisition growth stemmed mainly from the Golder Acquisition, as well as the acquisition of b+p, both completed in April 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 91% of net revenues for the year ended December 31, 2021. Public sector clients accounted for 55% of net revenues, for the same period.

Backlog

Backlog for the EMEIA reportable segment increased mainly due to organic growth of 10.8%, when compared to December 31, 2020, predominantly driven by significant order intake in the Nordics and the UK. Additionally, acquisition growth in backlog was due to the acquisitions of Golder and b+p.

Adjusted EBITDA margin

In the quarter ended December 31, 2021, adjusted EBITDA margin for the EMEIA segment increased compared to the corresponding period in 2020, mainly due to productivity improvement and to a lower fourth quarter of 2020 explained by margin erosion on certain contracts and additional accrual for discretionary employee compensation.

In the year ended December 31, 2021, adjusted EBITDA margin for the EMEIA segment increased compared to 2020, mainly due to increased productivity and favorable market conditions in the UK and the Middle East.

APAC

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2021	December 31, 2020	Variance	December 31, 2021	December 31, 2020	Variance
Net revenues	$365.4	$284.0	28.7 %	$1,327.5	$1,155.8	14.9 %
Organic growth*			14.2 %			2.3 %
Acquisition growth*			18.8 %			12.6 %
Foreign currency exchange impact**			(4.3) %			— %
Adjusted EBITDA by segment	$72.3	$51.7	39.8 %	$246.3	$202.7	21.5 %
Adjusted EBITDA margin by segment	19.8 %	18.2 %	160 bps	18.6 %	17.5 %	110 bps

As at	December 31, 2021	December 31, 2020	Variance
Backlog	$1,629.3	$1,337.2	21.8 %
Organic backlog growth in the year			13.2 %
Approximate number of employees	9,700	8,600	12.8 %

* Organic growth (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 the Canadian equivalent amount, net of organic growth, acquisition growth and divestiture impact.
bps: basis points

Net revenues

In the quarter ended December 31, 2021, net revenues in the APAC reportable segment were $365.4 million, an increase of $81.4 million, or 28.7%, when compared to the same quarter in 2020. Acquisition growth and organic growth were 18.8% and 14.2%, respectively, both on a constant currency basis.

In the year ended December 31, 2021, net revenues in the APAC reportable segment stood at $1.3 billion, an increase of $171.7 million, or 14.9%, when compared to 2020. Acquisition growth and organic growth were 12.6% and 2.3%, respectively, both on a constant currency basis.

The organic growth in the quarter spanned the region, and was driven mainly by better market conditions in Australia and Asia, as well a lower fourth quarter of 2020 due to cumulative adjustments to account for margin erosion in certain projects mostly in Asia. The organic growth in the quarter was partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the Australian dollar.

The organic growth in the year is in line with Management's outlook assumptions for the region. Organic growth in Asia and New Zealand was partially offset by Australia, where demobilization-at-completion of certain large projects in the Transportation & Infrastructure market sector affected net revenues in the first half of 2021.

Acquisition growth is due to the Golder Acquisition completed in April 2021.

The Transportation & Infrastructure, Earth & Environment and Property & Buildings market sectors accounted for 93% of net revenues for the year ended December 31, 2021. Public sector clients accounted for 53% of net revenues, for the same period.

Backlog

Backlog for the APAC segment increased mainly due to organic growth of 13.2% compared to December 31, 2020, across the region. Additionally, acquisition growth in backlog was due to the Golder Acquisition.

Adjusted EBITDA margin

In the quarter and year ended December 31, 2021, adjusted EBITDA margin for the APAC reportable segment increased, relative to the comparable periods in 2020. The increase in the quarter is mainly attributable to our New Zealand and Asian operations, while the increase for the year is mainly due to our Australian operations, including the impact of the higher margin profile of the Australian Golder business.

8 FINANCIAL REVIEW

	Fourth quarters ended		Years ended	
(in millions of dollars, except number of shares and per share data)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenues	**$2,891.0**	**$2,248.3**	**$10,279.1**	**$8,803.9**
Personnel costs	$1,582.1	$1,292.2	$5,851.2	$5,221.8
Subconsultants and direct costs	$743.6	$560.0	$2,409.5	$1,944.8
Other operational costs	$218.0	$144.5	$745.8	$606.1
Depreciation of right-of-use assets	$65.5	$71.0	$265.8	$268.3
Amortization of intangible assets	$46.8	$25.0	$139.1	$104.7
Depreciation of property and equipment	$29.8	$25.2	$113.6	$103.3
Acquisition, integration and reorganization costs	$23.6	$30.3	$60.8	$103.4
ERP implementation costs	$6.8	$—	$6.8	$—
Exchange loss (gain)	($3.8)	$0.1	($18.6)	$10.3
Share of income of associates and joint ventures, net of tax	($6.6)	($5.3)	($19.5)	($18.2)
Earnings before net financing expense and income taxes	**$185.2**	**$105.3**	**$724.6**	**$459.4**
Net financing expense	$14.3	$1.9	$79.5	$73.5
Earnings before income taxes	**$170.9**	**$103.4**	**$645.1**	**$385.9**
Income tax expense	$44.1	$33.4	$171.0	$108.5
Net earnings	**$126.8**	**$70.0**	**$474.1**	**$277.4**
Net earnings attributable to:				
Shareholders of WSP Global Inc.	$126.7	$68.9	$473.6	$276.0
Non-controlling interests	$0.1	$1.1	$0.5	$1.4
Basic net earnings per share attributable to shareholders	**$1.08**	**$0.61**	**$4.07**	**$2.51**
Diluted net earnings per share attributable to shareholders	**$1.07**	**$0.61**	**$4.05**	**$2.50**
Basic weighted average number of shares	117,661,970	113,472,584	116,479,695	110,020,798
Diluted weighted average number of shares	118,082,536	113,751,792	116,901,686	110,263,100

8.1 NET REVENUES

	Fourth quarters of 2021 vs 2020				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues - 2021	$360.6	$763.3	$658.1	$365.4	$2,147.4
Net revenues - 2020	$224.7	$578.8	$600.8	$284.0	$1,688.3
Net change %	60.5 %	31.9 %	9.5 %	28.7 %	27.2 %
Organic growth*	13.8 %	9.9 %	5.9 %	14.2 %	9.7 %
Acquisition growth*	46.7 %	27.1 %	8.3 %	18.8 %	21.8 %
Divestiture impact*	— %	— %	(0.2)%	— %	(0.1)%
Foreign currency exchange impact**	— %	(5.1)%	(4.5)%	(4.3)%	(4.2)%
Net change %	60.5 %	31.9 %	9.5 %	28.7 %	27.2 %

	Fiscal years 2021 vs 2020				
(in millions of dollars, except percentages and number of employees)	Canada	Americas	EMEIA	APAC	Total
Net revenues - 2021	$1,304.5	$2,709.2	$2,528.4	$1,327.5	$7,869.6
Net revenues - 2020	$952.1	$2,372.8	$2,378.4	$1,155.8	$6,859.1
Net change %	37.0 %	14.2 %	6.3 %	14.9 %	14.7 %
Organic growth*	8.1 %	2.6 %	2.5 %	2.3 %	3.3 %
Acquisition growth*	31.9 %	19.6 %	5.6 %	12.6 %	15.3 %
Divestiture impact*	(3.0)%	— %	(0.3)%	— %	(0.6)%
Foreign currency exchange impact**	— %	(8.0)%	(1.5)%	— %	(3.3)%
Net change %	37.0 %	14.2 %	6.3 %	14.9 %	14.7 %
	As at				
Approximate number of employees - December 31, 2021	9,500	16,000	20,100	9,700	55,300
Approximate number of employees - December 31, 2020	7,000	12,900	18,500	8,600	47,000
Net change %	35.7 %	24.0 %	8.6 %	12.8 %	17.7 %

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

During the fourth quarter of 2021, the Corporation achieved net revenues of $2.1 billion, up 27.2% compared to the fourth quarter of 2020. The increase was driven by acquisition growth of 21.8%, across all segments, as well as overall organic growth of 9.7%, mainly in the US, Canada, the UK, Australia and Asia, with all segments showing positive organic growth.

In the year ended December 31, 2021, net revenues increased to $7.9 billion, up 14.7% over 2020. The Golder Acquisition was the main contributor to the acquisition growth of 15.3%, while organic growth of 3.3%, in line with Management's outlook, was mainly led by Canada and the UK.

The increase in the number of employees is mainly due to the addition of employees from acquisitions completed in 2021.

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.

	Fourth quarters ended		Years ended	
(in millions of dollars)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenues	**$2,891.0**	**$2,248.3**	**$10,279.1**	**$8,803.9**
Less: Subconsultants and direct costs	$743.6	$560.0	$2,409.5	$1,944.8
Net revenues[1]	**$2,147.4**	**$1,688.3**	**$7,869.6**	**$6,859.1**

[1] Total of segments measure. Refer to section 22, "Glossary of segment reporting, non-IFRS and other financial measures".

8.2 BACKLOG

(in millions of dollars)	Canada	Americas	EMEIA	APAC	Total
Backlog, as at December 31, 2020	$1,022.4	$4,017.8	$2,043.9	$1,337.2	$8,421.3
Revenues	$(1,690.3)	$(3,955.7)	$(3,070.2)	$(1,562.9)	$(10,279.1)
Organic order intake	$1,829.6	$4,243.0	$3,285.7	$1,734.7	$11,093.0
Net order intake through business acquisition	$655.2	$498.7	$215.6	$131.6	$1,501.1
Foreign exchange movement	$0.4	$(267.3)	$(32.5)	$(11.4)	$(310.8)
Backlog, as at December 31, 2021	$1,817.3	$4,536.5	$2,442.5	$1,629.3	$10,425.6
Organic backlog growth in the year	13.6 %	7.6 %	10.8 %	13.2 %	10.1 %

As at December 31, 2021, backlog stood at $10.4 billion, representing 11.8 months of revenues[1], an increase of 23.8% as compared to December 31, 2020. In the year ended December 31, 2021, acquisition growth of 18.6%, mainly due to the Golder Acquisition, was a key driver of the increase in all reportable segments. Organically and on a constant currency basis, backlog grew significantly by 10.1% compared to backlog as at December 31, 2020. Since the beginning of the year, we have seen positive momentum in all regions and the fourth quarter has seen a substantial increase in order intake amounting to $3.3 billion, led by the Americas reportable segment where the pipeline of opportunities remains strong. In 2021, the volume of unfunded contract awards not yet included in backlog has increased by approximately 70% as compared to December 31, 2020.

(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, 2021				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$360.6	$763.3	$658.1	$365.4	$2,147.4
Adjusted EBITDA by segment(1)	$76.6	$148.3	$92.3	$72.3	$389.5
Adjusted EBITDA margin by segment(1)	21.2%	19.4%	14.0%	19.8%	18.1%
Head office corporate costs					$28.3
Adjusted EBITDA(2)					$361.2

	Fourth quarter ended December 31, 2020				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$224.7	$578.8	$600.8	$284.0	$1,688.3
Adjusted EBITDA by segment(1)	$51.0	$111.0	$69.5	$51.7	$283.2
Adjusted EBITDA margin by segment(1)	22.7%	19.2%	11.6%	18.2%	16.8%
Head office corporate costs					$21.1
Adjusted EBITDA(2)					$262.1

	Year ended December 31, 2021				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$1,304.5	$2,709.2	$2,528.4	$1,327.5	$7,869.6
Adjusted EBITDA by segment(1)	$272.0	$533.1	$370.3	$246.3	$1,421.7
Adjusted EBITDA margin by segment(1)	20.9%	19.7%	14.6%	18.6%	18.1%
Head office corporate costs					$99.2
Adjusted EBITDA(2)					$1,322.5

	Year ended December 31, 2020				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues	$952.1	$2,372.8	$2,378.4	$1,155.8	$6,859.1
Adjusted EBITDA by segment(1)	$183.2	$436.2	$316.9	$202.7	$1,139.0
Adjusted EBITDA margin by segment(1)	19.2%	18.4%	13.3%	17.5%	16.6%
Head office corporate costs					$85.3
Adjusted EBITDA(2)					$1,053.7

(1) Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, presented in the "total" column of the table, are total of segments measures.
(2) Non-IFRS financial measure.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at $389.5 million and 18.1%, respectively, for the fourth quarter ended December 31, 2021, compared to $283.2 million and 16.8%, respectively, for the corresponding period in 2020.

For the year ended December 31, 2021, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment stood at $1.4 billion and 18.1%, respectively, compared to $1.1 billion and 16.6%, respectively, in 2020.

In both the quarter and the year, adjusted EBITDA and adjusted EBITDA margins increased largely due to the strong performance of the WSP platform and the strong contribution of recent acquisitions. In the year, realized gains on foreign exchange hedges in 2021 versus losses in 2020 also contributed to the increase in EBITDA. 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, 2021 stood at $28.3 million and $99.2 million, respectively, in line with Management's outlook assumptions, but higher than the comparable periods in 2020 mainly due to the long-term incentive plans.

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, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Earnings before net financing expense and income taxes	**$185.2**	**$105.3**	**$724.6**	**$459.4**
Acquisition, integration and reorganization costs	$23.6	$30.3	$60.8	$103.4
ERP implementation costs	$6.8	$—	$6.8	$—
Depreciation of right-of-use assets	$65.5	$71.0	$265.8	$268.3
Amortization of intangible assets	$46.8	$25.0	$139.1	$104.7
Depreciation of property and equipment	$29.8	$25.2	$113.6	$103.3
Share of depreciation and taxes of associates	$2.1	$3.7	$9.4	$9.4
Interest income	$1.4	$1.6	$2.4	$5.2
Adjusted EBITDA*	**$361.2**	**$262.1**	**$1,322.5**	**$1,053.7**

* Non-IFRS financial measure.

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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Personnel costs	73.7 %	76.5 %	74.4 %	76.1 %
Other operational costs	10.1 %	8.6 %	9.5 %	8.8 %
Exchange loss (gain) and interest income	(0.2)%	(0.1)%	(0.3)%	0.1 %
Share of earnings of associates and joint ventures before depreciation and income taxes	(0.4)%	(0.5)%	(0.4)%	(0.4)%
Adjusted EBITDA margin	**16.8 %**	**15.5 %**	**16.8 %**	**15.4 %**
Depreciation of right-of-use assets	3.1 %	4.2 %	3.4 %	3.9 %
Depreciation of property and equipment	1.4 %	1.5 %	1.4 %	1.5 %
Amortization of intangible assets	2.2 %	1.5 %	1.8 %	1.6 %
Acquisition, integration and reorganization costs and ERP implementation costs	1.4 %	1.8 %	0.9 %	1.5 %
Share of depreciation and taxes of associates	0.1 %	0.2 %	0.1 %	0.1 %
Earnings before net financing expense and income taxes	**8.6 %**	**6.2 %**	**9.2 %**	**6.7 %**
Net financing expense	0.7 %	0.1 %	1.0 %	1.1 %
Income tax expense	2.0 %	2.0 %	2.2 %	1.6 %
Net earnings	**5.9 %**	**4.1 %**	**6.0 %**	**4.0 %**

In the fourth quarter of 2021, adjusted EBITDA margin increased to 16.8%, compared to 15.5% for the fourth quarter of 2020. For the year ended December 31, 2021, adjusted EBITDA margin increased to 16.8%, compared to 15.4% in 2020. The increases are largely due to lower personnel costs, as a result of the strong performance of the WSP platform and the strong contribution of recent acquisitions. In the year, realized gains on foreign exchange hedges in 2021 versus losses in 2020 also contributed to the increase in EBITDA.

In the fourth quarter and year ended December 31, 2021, earnings before net financing expense and income taxes increased as a percentage of net revenues, mainly due to higher adjusted EBITDA. As a percentage of net revenues, total amortization and depreciation was lower in both the quarter and the full year. In the year ended December 31, 2021, acquisition, integration and reorganization costs were lower mainly due to 2020 severance costs stemming from adjustments to cost structures and a gain on sale of an investment in an associate in 2021.

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.

For the quarter and year ended December 31, 2021, despite inflation pressure, personnel costs decreased as a percentage of net revenues, as compared to the corresponding periods in 2020, mainly attributable to the strong performance of our existing businesses and the higher margin profile of recent acquisitions.

During the fourth quarter and year ended December 31, 2021, the Corporation recorded government subsidies of $0.9 million and $14.4 million, respectively ($28.2 million and $53.0 million, respectively, during the corresponding periods in 2020), mostly offset by additional discretionary employee compensation.

Other operational costs

Other operational costs include fixed costs such as, but not limited to, non-recoverable client service costs, technology costs, professional insurance costs and office space related costs (mainly utilities and maintenance costs).

Other operational costs for the quarter and year ended December 31, 2021, as a percentage of net revenues, were higher than the comparable periods in 2020, mainly due to the fact that prior to achieving full integration and synergies, corporate costs of recently acquired businesses are higher proportionate to net revenues.

Exchange gains and losses and interest income

In the quarter and year, operational foreign exchange gains of $3.8 million and $18.6 million, respectively, had a positive impact in 2021, as compared to losses of $0.1 million and $10.3 million, respectively, in the corresponding periods in 2020. This variance is mainly attributable to the US dollar.

Depreciation and amortization

Depreciation of right-of-use assets, as a percentage of net revenues, decreased in both the quarter and year ended December 31, 2021 when compared to the corresponding periods in 2020, mainly due to lease terminations and lease modifications in connection with office closures and downsizing, as the Corporation achieves synergies with newly acquired businesses and works toward a hybrid workplace model. Amortization of intangible assets, as a percentage of net revenues, increased in both periods, when compared to the corresponding periods in 2020, mainly due to intangible assets recognized as part of the Golder Acquisition.

Acquisition, integration and reorganization costs and ERP implementation costs

Acquisition, integration and reorganization costs include, if and when incurred, transaction and integration costs related to business acquisitions, any gains or losses on disposals of non-core assets, outsourcing program costs pertaining mainly to redundancy and transition costs resulting from the outsourcing of the Corporation's infrastructure or other functions, restructuring costs, and severance costs stemming from adjustments to cost structures. In the table above, these costs are combined with ERP implementation costs.

Acquisition, integration and reorganization costs and ERP implementation 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 reorganization costs of $23.6 million and $60.8 million, respectively, in the quarter and year ended December 31, 2021, compared to $30.3 million and $103.4 million, respectively, in the corresponding periods in 2020. The decrease for the year in 2021 is mainly due to 2020 severance costs stemming from adjustments to cost structures, as well as a gain in 2021 on sale of an associate. Acquisition, integration and reorganization costs for the year were in line with Management's outlook range of $55 million to $65 million.

8.5 FINANCING EXPENSES

Net financing expense for the fourth quarter ended December 31, 2021 was higher than the fourth quarter of 2020, mainly attributable to lower non-cash gains in value of investments related to a US-employees' deferred compensation plan, lower gains from derivative financial instruments, and higher interest on long-term debt.

For the year ended December 31, 2021, net financing expense was higher than in 2020, mainly due to losses from derivative financial instruments in 2021 compared to gains in 2020, partially offset by lower interest on lease liabilities, long-term debt and other interest and bank charges.

8.6 INCOME TAXES

In the fourth quarter of 2021, an income tax expense of $44.1 million was recorded on earnings before income taxes of $170.9 million, representing an effective income tax rate of 25.8%.

For the year ended December 31, 2021, an income tax expense of $171.0 million was recorded on earnings before income taxes of $645.1 million representing an effective income tax rate of 26.5%, within Management's outlook range for 2021.

8.7 NET EARNINGS

In the fourth quarter of 2021, the Corporation’s net earnings attributable to shareholders increased to $126.7 million, or $1.07 per share on a diluted basis, compared to $68.9 million, or $0.61 per share on a diluted basis for the comparable period in 2020. The increase is mainly attributable to higher adjusted EBITDA, partially offset by higher amortization of intangible assets and net financing expense.

For the year ended December 31, 2021, the Corporation’s net earnings attributable to shareholders were $473.6 million, or $4.07 per share, compared to $276.0 million, or $2.51 per share in 2020. The increase is mainly due to higher adjusted EBITDA and lower acquisition, integration and reorganization costs, partially offset by higher amortization and depreciation expense.

8.8 ADJUSTED NET EARNINGS

Management has amended its definition of adjusted net earnings, effective January 1, 2021, to exclude amortization of intangible assets related to acquisitions. The amendment was made in the context of the Golder Acquisition completed in April 2021. The comparative period results have been restated to apply the current definition.

Management believes that adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group. In the context of highly acquisitive companies or consolidating industries such as engineering and construction, this non-IFRS measure isolates amortization of intangible assets related to acquisitions (created from the allocation of purchase price between goodwill and intangible assets). In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable.

Adjusted net earnings stood at $171.7 million, or $1.46 per share, in the fourth quarter of 2021, compared to $93.0 million, or $0.82 per share, in Q4 2020. In the year ended December 31, 2021, adjusted net earnings stood at $592.9 million, or $5.09 per share, compared to $394.6 million, or $3.59 per share, in 2020. The increases in these metrics are mainly attributable to higher adjusted EBITDA.

Reconciliation of adjusted net earnings

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

(in millions of dollars, except per share data)	Fourth quarters ended December 31, 2021	Fourth quarters ended December 31, 2020	Years ended December 31, 2021	Years ended December 31, 2020
Net earnings attributable to shareholders	**$126.7**	**$68.9**	**$473.6**	**$276.0**
Amortization of intangible assets related to acquisitions	$32.1	$17.8	$95.1	$77.5
Acquisition, integration and reorganization costs	$23.6	$30.3	$60.8	$103.4
ERP implementation costs	$6.8	$—	$6.8	$—
Gains on investments in securities related to deferred compensation obligations	$(4.0)	$(11.6)	$(14.0)	$(15.8)
Unrealized (gains) losses on derivative financial instruments	$(1.7)	$(7.5)	$7.7	$(11.5)
Income taxes related to above items	$(11.8)	$(4.9)	$(37.1)	$(35.0)
Adjusted net earnings*	**$171.7**	**$93.0**	**$592.9**	**$394.6**
Adjusted net earnings per share*	**$1.46**	**$0.82**	**$5.09**	**$3.59**

* Non-IFRS financial measure or non-IFRS ratio.

9 LIQUIDITY

(in millions of dollars)	Fourth quarters ended December 31, 2021	Fourth quarters ended December 31, 2020	Years ended December 31, 2021	Years ended December 31, 2020
Cash inflows from operating activities	$513.2	$381.8	$1,060.1	$1,125.1
Cash inflows (outflows) from financing activities	$(138.3)	$(453.8)	$790.2	$(746.3)
Cash outflows from investing activities	$(76.1)	$(85.2)	$(1,344.9)	$(185.3)
Effect of exchange rate change on cash	$(4.6)	$(0.3)	$(13.8)	$3.9
Change in net cash and cash equivalents	**$294.2**	**$(157.5)**	**$491.6**	**$197.4**
Dividends paid to shareholders of WSP Global Inc.	$(20.1)	$(19.7)	$(80.6)	$(88.3)
Net capital expenditures*	$(60.6)	$(29.7)	$(110.8)	$(88.5)

* 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 decrease in cash inflows from operating activities in the year ended December 31, 2021 is mainly due to the fact that 2020 benefitted from a deferral of income tax and other remittances in some jurisdictions. In addition, organic growth in revenues in 2021 resulted in an increased investment in working capital.

Free cash flow

The free cash inflow for the year ended December 31, 2021 was $646.1 million, compared to $735.3 million in 2020. Free cash inflows represent 1.4 times net earnings attributable to shareholders. Lower free cash flow in 2021 was mainly driven by the fact that 2020 benefitted from a deferral of income tax and other remittances in some jurisdictions. In addition, organic growth in revenues in 2021 resulted in an increased investment in working capital.

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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Cash inflows from operating activities	**$513.2**	**$381.8**	**$1,060.1**	**$1,125.1**
Lease payments in financing activities	$(82.7)	$(87.6)	$(303.2)	$(301.3)
Net capital expenditures*	$(60.6)	$(29.7)	$(110.8)	$(88.5)
Free cash flow**	**$369.9**	**$264.5**	**$646.1**	**$735.3**

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

** Non-IFRS financial measure.

9.2 FINANCING ACTIVITIES

In the fourth quarter of 2021, cash outflows from financing activities of $138.3 million were mainly due to lease payments, net repayments of borrowings under credit facilities, and dividends paid to shareholders of the Corporation.

In the year ended December 31, 2021, cash inflows from financing activities of $790.2 million were due to issuance of senior unsecured notes, net proceeds of borrowings under credit facilities and issuance of common shares, partially offset by lease payments.

9.3 INVESTING ACTIVITIES

In the fourth quarter of 2021, cash outflows used for investing activities relate mainly to net capital expenditures and business acquisitions.

In the year ended December 31, 2021, cash outflows used for investing activities relate mainly to business acquisitions. Cash outflows used for investing activities were higher due to more business acquisitions in 2021 compared to 2020. Net capital expenditures in 2021 came in below Management's outlook range of $150 million to $170 million.

9.4 NET DEBT TO ADJUSTED EBITDA RATIO

As at December 31, 2021, the Corporation's statement of financial position remained strong, with a net debt position of $849.3 million and a net debt to adjusted EBITDA ratio of 0.6x.

The net debt to adjusted EBITDA ratio increased following the closing of the Golder Acquisition. To finance a portion of the purchase price of the Golder Acquisition, which closed on April 7, 2021, the Corporation drew on its US$960 million committed bank financing facility in the form of term loans with various maturity dates up to April 2025.

Additionally, on April 19, 2021, WSP issued senior unsecured notes at par for aggregate gross proceeds of $500 million, due April 19, 2028 (the "Notes"). The Notes bear interest at a fixed rate of 2.408% per annum, payable semiannually until maturity on the 19th day of April and October in each year beginning on October 19, 2021. In April 2021, the Corporation used the net proceeds of the offering to repay existing indebtedness.

9.5 CAPITAL RESOURCES

(in millions of dollars)	As at December 31, 2021	As at December 31, 2020
Cash and cash equivalents	$927.4	$437.1
Available syndicated credit facility	$1,442.9	$1,453.1
Other operating credit facilities	$182.4	$128.1
Available short-term capital resources	**$2,552.7**	**$2,018.3**

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

9.6 CREDIT FACILITIES

The Corporation has in place, as at December 31, 2021, a credit facility with a syndicate of financial institutions providing for a maximum amount of US$1,400 million and a US$750 million fully committed bank financing with maturities up to December 2025. The US$1,400-million credit facility is available for general corporate purposes and for financing business acquisitions. The US$750-million credit facility was used to finance a portion of the purchase price of the Golder Acquisition.

Under these credit facilities, 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 agreements and do not correspond to the Corporation's metrics described in section 22, "Glossary of segment reporting, non-IFRS and other financial 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 facilities. All covenants were met as at December 31, 2021.

9.7 DIVIDENDS

On November 9, 2021, the Corporation declared a quarterly dividend of $0.375 per common share to holders of common shares on record as of December 31, 2021, which was paid on January 17, 2022. The total amount of the dividend for the fourth quarter of 2021 was $44.2 million, paid subsequent to the end of the year.

Following the payment of dividends declared on November 4, 2020, February 24, 2021, May 12, 2021 and August 10, 2021, $92.6 million was reinvested in 696,892 common shares under the DRIP during the year ended December 31, 2021.

Subsequent to the end of the year, holders of 60,695,657 common shares, representing 51.5% of all outstanding shares as at December 31, 2021, elected to participate in the DRIP. As a result, on January 17, 2022, $22.8 million of the fourth quarter dividend was reinvested in common shares of the Corporation. The net cash outflow on January 17, 2022 for the fourth quarter dividend payment was $21.4 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. 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 March 8, 2022, 729,314 stock options were outstanding at exercise prices ranging from $41.69 to $180.65.

10 EIGHT QUARTER SUMMARY

(in millions of dollars, except per share data)	Fiscal year 2021	2021 Q4 Fourth quarter ended December 31	2021 Q3 Third quarter ended September 25	2021 Q2 Second quarter ended June 26	2021 Q1 First quarter ended March 26	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
Results of operations									
Revenues	$10,279.1	$2,891.0	$2,650.2	$2,633.1	$2,104.8	$2,248.3	$2,137.8	$2,207.8	$2,210.0
Net revenues	$7,869.6	$2,147.4	$2,026.6	$2,028.8	$1,666.8	$1,688.3	$1,687.6	$1,747.1	$1,736.1
Adjusted EBITDA*	$1,322.5	$361.2	$377.7	$342.6	$241.0	$262.1	$297.1	$276.1	$218.4
Net earnings attributable to shareholders	$473.6	$126.7	$139.0	$120.0	$87.9	$68.9	$104.3	$88.6	$14.2
Basic net earnings per share**		$1.08	$1.18	$1.03	$0.77	$0.61	$0.92	$0.83	$0.13
Diluted net earnings per share**		$1.07	$1.18	$1.02	$0.77	$0.61	$0.92	$0.83	$0.13
Backlog		$10,425.6	$10,032.4	$9,632.4	$8,430.9	$8,421.3	$8,505.8	$8,611.0	$8,481.0
Dividends									
Dividends declared	$175.0	$44.2	$44.1	$44.0	$42.7	$42.5	$42.5	$42.4	$39.8
Dividends declared, per share	$1.50	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375

* Non-IFRS financial measure.

** 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. It is currently not possible to reliably estimate the impact of the COVID-19 pandemic on the Corporation's historical seasonality trends described above.

11 SELECTED ANNUAL INFORMATION

For the years ended December 31	2021	2020	2019
(in millions of dollars, except per share data)			
Revenues	$10,279.1	$8,803.9	$8,916.1
Net revenues	$7,869.6	$6,859.1	$6,886.3
Net earnings attributable to shareholders of WSP Global Inc.	$473.6	$276.0	$286.5
Net earnings per share attributable to shareholders of WSP Global Inc.			
Basic	$4.07	$2.51	$2.72
Diluted	$4.05	$2.50	$2.71

As at December 31	2021	2020	2019
Total assets	$11,250.4	$8,837.4	$8,676.1
Non-current financial liabilities (1)	$2,245.4	$1,062.6	$1,930.8
Dividends declared per share to holders of common shares of WSP Global Inc.	$1.50	$1.50	$1.50

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

Revenues and net revenues were stable from 2019 to 2020, as the impact of the COVID-19 pandemic were mostly offset by acquisition growth. In 2021, the Golder Acquisition was the main contributor to the acquisition growth of 15.3%, while organic growth of 3.3%, in line with Management's outlook, was mainly led by Canada and the UK.

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 reorganization costs, partially offset by lower net financing expense. Net earnings attributable to shareholders and net earnings per share attributable to shareholders increased from 2020 to 2021 mainly due to higher adjusted EBITDA and lower acquisition, integration and reorganization costs, partially offset by higher amortization and depreciation expense.

From December 31, 2019 to December 31, 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. From December 31, 2020 to December 31, 2021 total assets and non-current financial liabilities increased mainly due to business acquisitions.

12 GOVERNANCE

Internal controls 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, 2021.

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, 2021.

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.

The CEO and the CFO have limited the scope of their design of DC&P and ICFR to exclude controls, policies and procedures of Golder, which was acquired on April 7, 2021, as permitted by the Canadian Securities Administrators' National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* for 365 days following an acquisition. Note 5, Business acquisitions, of the Corporation's audited consolidated financial statements for the year ended December 31, 2021 present summary financial information with respect to Golder.

There were no changes in the Corporation's ICFR that occurred during the period beginning on September 26, 2021 and ended on December 31, 2021 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 many 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, 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, 2021, 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 Corporation's audited consolidated financial statements for the year ended December 31, 2021.

14 SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICY EFFECTIVE IN 2021

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

Configuration or customization costs in a cloud computing arrangement (IAS 38 Intangible assets)

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

Interest rate benchmark reform - Phase 2

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

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

Refer to note 3, Accounting policy developments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2021, 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 14, Financial instruments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2021 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 14, Financial instruments, to the Corporation's audited consolidated financial statements for the year ended December 31, 2021, 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 30, Related party transactions, to the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

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, 2021:

(in millions of dollars)	**2022**	**2023**	**2024 and thereafter**	**Total**
Long-term debt	$326.2	$180.1	$1,347.0	$1,853.3
Lease liabilities	$294.1	$237.5	$718.3	$1,249.9

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, 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 the date such statements were made, including assumptions set out through this MD&A and assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; the anticipated impacts of the COVID-19 pandemic on the Corporation’s businesses, operating results, cash flows and/or financial condition, including the effect of measures implemented as a result of the COVID-19 pandemic; the expected benefits of the Golder Acquisition and other acquisitions, and the expected synergies to be realized as a result thereof; 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. 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”; “Availability and Retention of Qualified Professional Staff”; “Adequate Utilization of Workforce”; “Global Operations”; “Competition in the Industry”; “Professional Services Contracts”; “Revenues from Contracts with Government Agencies”; “Challenges Associated with Size”; “Growth by Acquisitions”; “Acquisition Integration and Management”; “Controls and Disclosure”; “Current or Future Legal Proceedings”; “Reputation”; “Extreme Weather Conditions and the Impact of Natural or Other Disasters”; “Ecological and Social Impacts of Projects”; “Implications of Setting and Announcing ESG Targets”; “Work Stoppage and Labour Disputes”; “Joint Arrangements”; “Reliance on Suppliers and Subconsultants”; “Economic Environment”; “Changes to Regulations”; “Insurance Limits”; “Changes to Backlog”; “Protection of Intellectual Property Rights”; “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 Share Price Volatility”; “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 securities commissions 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. The Corporation may also make oral forward-looking statements from time to time. The Corporation advises that the above paragraphs and the risk factors set forth in section 20, “Risk factors” of this MD&A should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from the results expressed or implied in any oral 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 2022-2024 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 and/or pay 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 and/or pay dividends on the shares.

RISKS RELATED TO THE BUSINESS

Impact of the COVID-19 Pandemic

Global economic recovery from the effects of the COVID-19 pandemic is progressing; however, given the possibility of new variants and global imbalances with respect to immunization, COVID-19 could still 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. The likelihood and magnitude of such impacts are inherently difficult to predict, though economic stimulus in many of our geographies should mitigate such impacts.

The containment efforts taken by authorities worldwide to fight this health crisis, including implementation of travel bans, border closings, quarantine periods, capacity limits and social distancing, as well as considerable general concern and uncertainty, have diminished somewhat, but could lead to disruption in the future if new measures are put in place or if planned reopenings slow down.

The long-term effects of the mitigation measures implemented in light of the COVID-19 pandemic, including flexible working arrangements, may impact not only the Corporation’s business and operations but also its workforce’s overall engagement, outlook and productivity. Additional long-terms effects of the COVID-19 pandemic 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.

Furthermore, the global supply chain disruption has caused worldwide shortages and price increases of certain goods and services. Although the global supply chain is beginning to show signs of recovery, the effects and severity of this supply chain disruption on the global economy could impact the Corporation’s ability to procure certain goods and services necessary to adequately render its services.

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 accurately 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 and its variants, a prolonged period during which any current or future measures are kept in place or the imposition of further restrictions or conditions on the Corporation's ability to fully 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, safety and wellbeing 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 the Corporation 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. Project sites can present significant health and safety risks to our employees.

In the ordinary course of the Corporation’s business, the Corporation's employees frequently make professional judgments and recommendations about environmental and engineering conditions of project sites for the Corporation's 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.

The Corporation operates in all regions across the world in a global capacity, working in some very high risk and challenging environments and geographies, which present numerous risks including security issues, political unrest, country stability and varying degrees of medical risk to personnel, all combined with differing cultures, regional legislative requirements and regional operating standards. 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.

In addition, the Corporation’s employees have been increasingly exposed to wellbeing risks as a result of COVID-19 and others contributing factors, which may lead to deteriorating work-life balance, reduction in productivity, decline in workforce mental and physical health, increase in absenteeism, work incidents and accidents. This may impact the delivery of our professional services and consequently adversely impact the Corporation’s business objectives and financial position.

Non-Compliance with Laws or Regulations

The Corporation faces risks relating to non-compliance with laws, regulations, rules and other current, new or changing legal requirements enforced by governments or other authorities, including with respect to trade restrictions, export control, false claims, protection of classified information, lobbying or similar activities, securities, antitrust, data privacy, tax, environmental and labour relations, as well as laws related to corruption, 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, the coordination of the Corporation’s activities to address 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 and manage contracts in a transparent, competitive, efficient and non-discriminatory manner in these jurisdictions. These rules can also provide for verification processes and disclosure requirements, as well as address national security concerns, among other matters. WSP can be subject to audits and investigations by government departments and agencies with respect to compliance with these rules. Non-compliance with these requirements may result in the Corporation incurring penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the government, and fines. 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.

Across its global operations and in connection with its M&A activities, the Corporation must comply with numerous privacy and data protection laws and regulations applicable in multiple jurisdictions designed to protect personal information. As the global data protection landscape continues to evolve, and new laws emerge and increasingly conflict among the various countries in which the Corporation operates, the Corporation is impacted by greater compliance risk and cost. Failing to protect privacy and personal information in compliance with those laws, including the EU and UK General Data Protection Regulation (GDPR), the Canadian federal Personal Information Protection and Electronic Documents Act (PIPEDA) and the California Consumer Privacy Act (CCPA), could result in the Corporation being subject to significant regulatory penalties, legal liability and remediation costs.

Systems, Network Infrastructure and Data Failure, Interruption and Breach

In order to operate properly, ensure adequate service delivery to its clients and meet its business objectives, the Corporation relies heavily on information technologies. Within these technologies, the Corporation processes proprietary information relating to its business, client information and information in relation to other third parties. This may include proprietary, sensitive and personal information limited to the nature of professional services it provides and personal information relating to employees.

The Corporation faces numerous threats that are constantly evolving, increasingly sophisticated and increasingly difficult to detect and successfully defend against. This includes cyber threats from criminal hackers, ransomware, denial of service and other forms of malicious attacks, hacktivists, state sponsored organizations and industrial espionage, phishing and other social engineering techniques, physical or electronic security breaches, computer viruses, unauthorized access, employee misconduct, human or technological errors, or similar events or disruptions. Any of these threats may lead to 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, financial reporting capabilities and other financial loss.

The Corporation relies on industry-accepted security measures and technical and organizational controls to protect its information and information technology systems. The Corporation may be required to allocate increasingly and significant resources, and additional security measures, to protect against the cyber threats referenced above.

The Corporation's operations could be interrupted or delayed if the Corporation is unable to continually and adequately maintain its information technologies, 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 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 have a material adverse effect on the Corporation's operations and its ability to deliver services to clients. Furthermore, the Corporation may incur additional costs to remediate errors or failures by third parties.

The number of employees working remotely and using online collaboration systems has significantly increased as a result of the global pandemic. Investment in systems and infrastructure has facilitated this transition and has minimized the impact to productivity, however remote working increases the Corporation's exposure to cybersecurity threats such as physical device loss, data leakage and account compromise through phishing.

The Corporation's digital services are permanently in an evolving state and increasingly utilize emerging technologies such as cloud computing, machine learning and artificial intelligence. In addition, our client deliveries increasingly use innovative technologies such as SMART buildings and automated robotics. These technologies come with additional risks that require investment to protect their use, and any cybersecurity incident of these systems may expose the Corporation and its clients to remediation and litigation costs.

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. Furthermore, some of the Corporation's personnel hold government granted clearance in certain regions that may be required in order to work on specific government projects. If the Corporation were to lose some or all of these personnel, such staff would be difficult to replace. Loss of the services of, or failure to recruit, qualified technical and leadership personnel with governmental clearances could limit the Corporation's ability to successfully complete existing projects and/or compete for new projects requiring such clearances.

When the Corporation's key personnel retire or otherwise depart the Corporation, the roles and responsibilities of such employees need to be filled, which 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 expend significant time and resources 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.

Over the past several years, as attention to issues of societal inequity and racial injustice have increased globally, the Corporation has continued to emphasize its commitment to inclusion, equity and diversity. The Corporation is committed to promoting a culture that empowers its people through a work environment where inclusion, equity and diversity are expected and valued. Although the Corporation has set inclusion, equity and diversity standards that are to be observed by its employees when conducting business, the Corporation remains subject to the risk of misconduct, non-compliance or other improper behaviour by its employees, agents or partners.

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 does not utilize its workforce effectively, it could impact employee attrition, safety and project execution, which could result in a decline in future profitability.

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;
- difficulties and costs of staffing and managing global operations and changes in labour conditions;
- difficulties, delays and expenses 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

In a people-based 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 brand 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. Other competitors are smaller and more specialized and concentrate their resources in particular areas of expertise.

Moreover, 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 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.

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 labour, equipment and materials and other requirements. 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 the volume 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 design, certain 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 may have pending claims made 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 or a dispute could arise which could be detrimental to the Corporation.

Moreover, 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 such projects for 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. 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, 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 political deadlock, may adversely affect the Corporation’s business, prospects, financial condition and results of operations.

The success and further development of the Corporation’s business depend, 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 decide not to fund these programs for diverse political reasons.

Most government contracts are awarded through a rigorous competitive process which may result in the Corporation facing significant additional pricing pressure, uncertainties, and additional costs. As such:

- Government contracts in most regions are based on strict regulatory and statutory foundations of public procurement. Non-compliance with these regulatory requirements by the Corporation may result in termination of contracts, suspension or debarment from future governmental projects and/or other sanctions including the imposition of penalties or fines.
- Government contracts are typically 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 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 costs already recognized exceed the contractual entitlements, as audited by the relevant government agency.

Our inability to win new contracts or be awarded additional work under existing contracts could have a material adverse impact on the Corporation's 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, 2021, had approximately 55,300 employees globally. 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.

In addition, the size and scope of the Corporation's operations heighten 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 and/or it may suffer reputationally. 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, to adapt to the needs and size of its business evolution. If the Corporation does not successfully and timely implement any such changes, its business and results of operation may be negatively impacted.

Growth by Acquisitions

A key part of our growth strategy is through M&A activities; that is, acquiring firms that align with our strategic objectives and/or that operate in geographies and/or specialties that are complementary to our existing operations. Management believes that growth through acquisitions can enhance the Corporation's value proposition and can accelerate our ability to achieve our strategic objectives. However, a variety of factors may adversely affect the anticipated benefits of a given acquisition or prevent these from materializing to the extent envisaged or from occurring within the time periods forecasted by the Corporation. Cultural differences, including but not limited to differences in corporate cultures, may also present barriers to the success of the integration plans of the acquisitions completed by the Corporation. In addition, entities the Corporation acquires may have liabilities, contingencies, incompatibilities or other obstacles to successful integration that the Corporation failed to discover or was unable to accurately quantify in the due diligence conducted prior to completion of an acquisition and which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

In addition, it may prove increasingly challenging to identify attractive targets for acquisitions, and such firms may only be available with pricing and/or other terms and conditions that are unfavourable, which may negatively impact our ability to successfully pursue our growth strategy.

Further, the Corporation may enter into new markets or make available new service offerings, including as a result of its M&A activities. This carries risks that the Corporation may struggle to efficiently or effectively exploit such new markets or services and/or to comply with laws and regulations applicable thereto, or it may misjudge market readiness for such new offerings.

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 and timely integrate acquired businesses, including the integration of personnel, culture, values, operations, standards, controls, procedures, policies and systems, including IT systems, could lead to, among other matters: 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; the loss or disengagement of certain key personnel; and 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 morale and the Corporation's operations. In particular, the Corporation may seek to require as a condition of completion of one or more acquisitions that key personnel and professionals from the acquired business enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings; however, there are risks that such commitments will not be respected 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, all acquisitions carry the risk of the potential loss of key personnel.

Integration requires the dedication of substantial management effort, time and resources, which may divert Management's focus and resources from other strategic opportunities (including other potential acquisitions) and from operational matters during the integration process. The acquisition integration process may also result in the disruption of ongoing business, client, 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 its 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 a restatement of 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.

Current or Future Legal Proceedings

In the ordinary course of conducting its business, the Corporation is threatened from time to time with, or named as a defendant in, or may become subject to, various legal proceedings. These legal proceedings often allege professional errors and omissions or other incidents that may occur during project delivery.

As part of its service offerings, 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.

In addition, legal proceedings may result from the business historically carried on by the Corporation's predecessors as well as employees' or former employees' failure to comply with applicable 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 The Louis Berger Group, Inc. and Louis Berger International, Inc. (collectively, "LB") which the Corporation acquired in December 2018, alleging that between 2009 and 2017, LB had violated the Anti-Terrorism Act. The Corporation is of the view that LB has a strong defense on both the legal aspects of the litigation and the factual underpinnings in this complex and rarely litigated statute. Preliminary motions to dismiss the proceedings have been filed by the Defendants. However, the Corporation cannot, at this preliminary stage, predict the outcome of this suit, potential losses or the impact on its reputation.

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.

Reputation

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, subconsultants, 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, data breaches, 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

As an organization providing consultancy services with no significant real estate assets, the Corporation believes its financial exposure to acute physical impacts from climate change is limited. However, there is the potential that changes in climate such as extreme weather events, storm-related flooding or extended drought could disrupt its clients' projects and its work, namely its IT systems and the ability of its employees to travel, particularly in locations near or at sea level.

Generally, the Corporation occupies modern offices in well-connected locations. It also has significant regional, national and global presence to ensure that all offices would not be disrupted by adverse climate impacts. Business continuity procedures, as well as the diverse geography of the Corporation's locations, enable employees to work from other offices, which minimizes operational disruptions and keeps productivity losses to a minimum. In addition, the Corporation's revenues are not concentrated in one specific region, which prevents regional disruptions from unduly influencing its global operations.

However, the Corporation does conduct outdoor field activities in the course of its projects, including but not limited to professional surveying, resident engineering services, field data surveys and collection, archeology, geotechnical investigations and exploratory geological or geo-environmental drilling, construction oversight and inspection, and plant start-up, testing and operations. Extreme weather events may hinder the ability of its field employees to perform their work, which may result in delays or loss of revenues, while certain costs continue to be incurred.

Ecological and Social Impacts of Projects

WSP works in industries including Transportation & Infrastructure, Property & Buildings and Power & Energy, where related projects may impact the environment or local communities. Such impacts may include a reduction in biodiversity, deforestation, water pollution and loss of territories claimed by certain groups. Beyond abiding by all applicable laws and regulations, the Corporation's clients must gain social acceptance for its projects from a wide number of stakeholders. Failure to involve concerned citizens and impacted communities in decision-making could lead to negative publicity, protests, litigation, policy changes, or even cancellation of projects, which could adversely impact the Corporation's business, financial condition, or its reputation.

Implications of Setting and Announcing ESG Targets

Through its designs and advisory services, as well as through its own actions, WSP is committed to helping address and solve some of the most pressing environmental and social issues. The Corporation has pledged to reduce its greenhouse gas ("GHG") emissions, create a more inclusive and diverse workplace and protect the health, safety and wellbeing of our workforce, among other Environmental, Social and Governance ("ESG") commitments.

The achievement of these goals is subject to some risks and uncertainties, notably for targets that are not under the Corporation's direct control, such as the GHG emissions reductions of its business partners and suppliers (also known as Scope 3 emissions).

If the Corporation misses its stated ESG targets, this could have financial and reputational repercussions. For example, the Corporation's activities are rated by ESG rating agencies, and the resulting scores and rankings are used as an investment tool, notably among institutional investors. Failure by WSP to reach its ESG targets could potentially lead to downgrades in its ratings, which could influence investor behaviour.

Work Stoppage and Labour Disputes

As at December 31, 2021, employees predominantly in the Nordics, Brazil and Continental Europe, representing less than 13% 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 with unaffiliated third parties 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 or to provide the required levels of financial support could impose financial and performance obligations on the Corporation that could result in increased costs and adversely affect the Corporation's reputation, business and financial condition. If these circumstances occur, the Corporation may be required to pay financial penalties or liquidated damages, provide additional services outside of its responsibilities, or make additional investments to ensure adequate performance and delivery of the contracted services. Under agreements with joint and several (or solidary) liabilities with our contract partners, the Corporation could be liable for both its own obligations and those of its partners. These circumstances could also lead to disputes and litigation with the Corporation's partners or clients.

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 the work delivered by the Corporation to its clients. If these subconsultants do not perform to acceptable standards or fail to deliver as per the agreed schedule, the Corporation may be required to hire other subconsultants in order to complete the subcontracted deliverables and the Corporation's ability to fulfill its obligations may be jeopardized, which may add additional costs to a contract, may impact profitability on a specific job and in certain circumstances may lead to significant losses and claims.

The failure of the Corporation to adequately and proportionately flow down its contractual liability to its suppliers and subconsultants and 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

Demand for the Corporation's services can be impacted by economic factors and events. Global and local capital and credit markets and global and local economies may experience significant uncertainty, characterized by the bankruptcy, failure, collapse or transactions in one or more market 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, in some cases with little or no prior notice. 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, currency and 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.

Compliance with information security standards such as NIST, DFAR and ISO27001, etc. are increasing the requirements to bid for projects. Inability to meet such requirements would limit our ability to pursue certain business opportunities. Further, the Corporation provides services that may be highly sensitive or that may relate to critical national security matters; if a security breach were to occur, our ability to procure future government contracts could be severely limited. The precautions the Corporation takes to prevent and detect these activities may not be effective and the Corporation could face unknown risks or losses.

Insurance Limits

The Corporation maintains comprehensive insurance coverage for various aspects of its business and operations, to provide indemnity for its losses and liabilities. The Corporation's insurance programs are subject to varying coverage limits, retentions as well as exclusions that are customary or reasonable given the cost of procuring insurance, and current operating conditions, and other relevant considerations. As a result, the Corporation may be subject to future liability for which it is only partially insured, or completely uninsured. The Corporation is of the view that its insurance programs address all material insurable risks and provides coverage that is in accordance with what would be maintained by a prudent operator of a similar business. However, there can be no guarantee 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 or will be insurable, or that the amounts of insurance will always be sufficient to cover 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.

Protection of Intellectual Property Rights

Where appropriate, the Corporation seeks to protect its technology, including trademarks, patents, and industrial designs, by relying on licensing and other mechanisms available under applicable law as well as by implementing the proper legal contractual arrangement and non-disclosure agreements. However, the Corporation may not be able to fully protect its intellectual property rights or detect unauthorized use of same, which can disturb operations and adversely impact the Corporation's capacity to differentiate itself from its competitors.

Clients and third parties occasionally provide the Corporation with access to their technology and intellectual property, and although the Corporation takes reasonable steps to protect such information from improper use or distribution, there is a risk that it may not be adequately protected. In addition, the Corporation publishes numerous articles and reports, in a variety of websites, journals or magazines and may, even unintentionally, entail copyright infringement. The Corporation may face allegations or claims by clients and third parties of infringement, misappropriation or other violations of their intellectual property rights that could result in costly litigation and substantially harm our business, financial results and overall reputation.

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, letters of credit and/or performance and payment bonds 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 (such as the issuance of debentures, bonds or notes), or the availability of bank guarantees, letters of credit and/or bonding 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 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 other 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, capital expenditures, 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 among 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 such 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. While the Corporation maintains provisions to account for projected collection issues, such provisions are based on estimates and projections which may differ significantly from actual results.

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 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 or may issue other debt instruments, such as bonds, to fund its activities, including acquisitions it may complete from time to time. Depending on its level of indebtedness, 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;
- it may negatively impact the Corporation's credit ratings;
- the Corporation may not be able to declare and pay dividends on its shares; and
- the Corporation may be vulnerable in a downturn in general economic conditions.

Under the terms of the contracts governing its indebtedness, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. Under its credit facility and trust indenture, 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, which are non-IFRS measures. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing and reporting requirements under its credit facility and trust indenture.

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 high levels of 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 issue equity as a means of financing 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, 2021, the Corporation had $4.8 billion of goodwill, representing 42% of its total assets of $11.3 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 of an asset or liability or future cash flows 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 cash flows in a foreign currency carry the risk that the foreign currency will fluctuate in value before the transaction in question is completed and the currency 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.

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 Share Price Volatility

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 finance and complete targeted acquisitions or to fund its operations, capex, or other activities, the Corporation may issue additional equity securities or securities convertible into common shares 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. WSP cannot predict the likelihood or size of future equity issuances or the effect that such future issuances may have on the market price of the Corporation's securities. Issuances of a substantial number of additional common shares (or securities convertible into common shares), or the perception that such issuances could occur, may adversely affect the prevailing market price for the common shares.

Share prices are inherently volatile, and the market price of our common shares is accordingly subject to wide fluctuations in response to numerous factors, many of which are beyond our control, and in some cases heightened in the context of the COVID-19 pandemic and related uncertainty. Such factors include, but are not limited to, announcements or rumors surrounding new strategic initiatives or other material information, actual or anticipated fluctuations in our operating results, sales of common shares in the marketplace, changes in forecasts, estimates or recommendations of securities research analysts regarding our future operating results or financial performance, changes in the economic performance or market valuations of other issuers that investors deem comparable to WSP, arrivals or departures of our executive officers and other key personnel, the declaration and payment of dividends, news reports relating to trends, concerns, technological or competitive developments, the impact of various tax laws or rates and general market conditions or the worldwide economy. In certain circumstances, stock markets experience significant price and volume fluctuations which are entirely unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the common shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to our performance.

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, 2021 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, 2021, the Corporation had 117,783,015 common shares outstanding. As at March 8, 2022, the Corporation had 117,916,486 common shares outstanding.

The Corporation has no other shares outstanding.

22 GLOSSARY OF SEGMENT REPORTING, NON-IFRS AND OTHER FINANCIAL MEASURES

Net revenues

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

Net revenues is a segment reporting measure and a total of segments measure, without a standardized definition within IFRS, which 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 8.1, "Net revenues", 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, acquisition, integration and reorganization costs and ERP implementation costs. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues.

Adjusted EBITDA is a non-IFRS financial measures. Adjusted EBITDA margin is a non-IFRS ratio. These measures have no standardized definitions under IFRS, 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 and total of segments 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.

These metrics provide 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, 2021, to exclude amortization of intangible assets related to acquisitions. The amendment was made in the context of the Golder Acquisition completed on April 7, 2021. The comparative period results have been restated to apply the current definition.

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

- amortization of intangible assets related to acquisitions;
- acquisition, integration and reorganization costs;
- ERP implementation 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 is a non-IFRS financial measure and adjusted net earnings per share is a non-IFRS ratio. These measures have no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.

The exclusion of acquisition, integration and reorganization costs and amortization of intangible assets related to acquisitions 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 reorganization costs and as a result of which the Corporation's amortization expense may increase due to recognition of intangible assets which would not normally be recognized outside of a business combination. Management also excludes ERP implementation costs as such costs are not representative of the operating activities of the business. In addition, this non-IFRS financial measure is adjusted for certain non-cash items related to market volatility, which are inherently unpredictable. 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 supplementary financial measure without a standardized definition within IFRS. Backlog is different from the IFRS definition of unfulfilled performance obligations, as backlog also includes cost-plus contracts without stated ceilings, and cost-plus contracts with ceilings and fixed-price contracts on which work has not yet commenced. 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 financial 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 supplementary financial 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 capital management measure. Net debt is defined as long-term debt, 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 the trailing twelve-month adjusted EBITDA.

WSP Global Inc.

Consolidated Financial Statements

For year ended December 31, 2021

ABOUT US

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

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Independent auditor's report

To the Shareholders of WSP Global Inc.

Our opinion

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

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

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

Basis for opinion

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

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

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

Key audit matters

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

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 9, 2022

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

CONSOLIDATED STATEMENTS OF EARNINGS

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)

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

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

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

Approved by the Board of Directors

(signed) Alexandre L'Heureux Director

(signed) Louis-Philippe Carrière Director

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)

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

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

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

NOTES

1 BASIS OF PRESENTATION

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

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

STATEMENT OF COMPLIANCE

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CONSOLIDATION, JOINT ARRANGEMENTS AND ASSOCIATES

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

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

SUBSIDIARIES

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

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

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

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

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

JOINT ARRANGEMENTS

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

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

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

ASSOCIATES

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

FOREIGN CURRENCY

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

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

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

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

SEGMENT REPORTING

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

REVENUE RECOGNITION

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

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

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

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

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

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

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

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

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

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

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

PERSONNEL COSTS

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

SUBCONSULTANTS AND DIRECT COSTS

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

OTHER OPERATIONAL COSTS

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

ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

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

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

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

LEASE ACCOUNTING

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

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

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

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT

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

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

Financial assets

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

Financial liabilities

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

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

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

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

EXPECTED CREDIT LOSSES

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

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

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

DEFERRED FINANCING FEES

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

DETERMINATION OF FAIR VALUE

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

OFFSETTING FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

Fair value hedge

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

Cash flow hedge

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

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

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

Net investment hedge

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

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

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES

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

INVESTMENTS IN SECURITIES

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

PROPERTY AND EQUIPMENT

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

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

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

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

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

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

INTANGIBLE ASSETS

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

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

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

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

IMPAIRMENT OF LONG-LIVED ASSETS

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

GOODWILL

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

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

TRADE PAYABLES

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

PROVISIONS

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

LONG-TERM INCENTIVE PLANS (“LTIPs”)

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

INCOME TAXES

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

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

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

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

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

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

GOVERNMENT GRANTS AND INVESTMENT TAX CREDITS (ITCs)

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

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

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

PENSION SCHEMES

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

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

SHARE CAPITAL

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

DIVIDENDS

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

EARNINGS PER SHARE

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

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

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

3 ACCOUNTING POLICY DEVELOPMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2021

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

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

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

INTEREST RATE BENCHMARK REFORM - PHASE 2

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

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

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

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

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

REVENUE RECOGNITION

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

IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

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

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

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

LEGAL CLAIMS PROVISIONS

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

RETIREMENT BENEFIT OBLIGATIONS

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

INCOME TAX PROVISION

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

DEFERRED INCOME TAX ASSETS

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

GOVERNMENT ASSISTANCE AND ITCs

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

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

LEASES

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

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

5 BUSINESS ACQUISITIONS

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

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

2021 TRANSACTIONS

GOLDER ASSOCIATES

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

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

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

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

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

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

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

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

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

OTHER ACQUISITIONS IN 2021

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

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

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

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

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

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

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

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

2020 TRANSACTIONS

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

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

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

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

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

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

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

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

6 OPERATING SEGMENTS

SEGMENTED INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

GEOGRAPHIC INFORMATION

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

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

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

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

7 REVENUES

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

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

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

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

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

8 LONG-TERM INCENTIVE PLANS ("LTIPs")

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

STOCK OPTIONS

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

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

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

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

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

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

PSUs, RSUs and DSUs

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

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

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

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

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

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

9 PENSIONS SCHEMES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net retirement obligations deficit summary, as at December 31:

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

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

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

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

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

10 ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

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

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

11 GOVERNMENT GRANTS

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

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

12 NET FINANCING EXPENSE

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

13 INCOME TAXES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at December 31, 2021, the Corporation had $143.4 million ($133.3 million as at December 31, 2020) of unrecognized deferred income tax assets. Of these, a portion relates to tax loss carry forwards of $324.1 million, of which $52.1 million expire between 2022 and 2041 and the remainder of which having no expiry ($288.3 million and $36.2 million, respectively, as at December 31, 2020) and a portion relates to gross temporary differences with no expiry of $65.2 million ($64.6 million as at December 31, 2020). Additionally, $40.4 million of unrecognized deferred income tax assets relate to tax credits that expire between 2027 and 2031 ($38.6 million as at December 31, 2020). The Corporation considers the recovery of those unrecognized deferred income tax assets as not probable.

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

14 FINANCIAL INSTRUMENTS

FAIR VALUE

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

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

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

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

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

FINANCIAL RISK MANAGEMENT

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

CREDIT RISK

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

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

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

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

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

FOREIGN CURRENCY RISK

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

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

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

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

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

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

The Corporation enters into derivative financial instruments with Canadian financial institutions to limit the Corporation's exposure to the variability of cash-settled long-term incentive plan (“LTIP”) share unit compensation plans caused by fluctuations in its common share price. The value of the derivative financial instruments fluctuates in accordance with the movement of the Corporation's common share price and are classified as fair value through profit or loss. As such, they are measured at fair value on the consolidated statement of financial position and the mark-to-market gain or loss pertaining to derivative financial instruments is recorded in personnel costs. As at December 31, 2021, the Corporation had hedges outstanding for 710,000 of its common shares, with total fair value of $41.2 million. In 2021, $41.6 million of mark-to-market gains on LTIP hedging instruments were recorded in personnel costs, which partially offset compensation expense related to the LTIP.

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

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

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

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

INTEREST RISK

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

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

LIQUIDITY RISK

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

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

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

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

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

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

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

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

15 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

16 CONTRACT BALANCES

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

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

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

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

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

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

17 OTHER FINANCIAL ASSETS

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

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

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

18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

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

LEASE LIABILITIES

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

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

19 INTANGIBLE ASSETS

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

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

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

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

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

20 PROPERTY AND EQUIPMENT

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

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

21 GOODWILL

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

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

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

IMPAIRMENT TEST OF LONG-LIVED ASSETS

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

VALUATION TECHNIQUE

FAIR VALUE LESS COSTS TO SELL ("FVLCS")

The recoverable amount of each CGU has been determined based on the FVLCS. Fair value measurement is a market-based measurement rather than an entity-specific measurement. The fair value of a CGU must be measured using the assumptions that market participants would use rather than those related specifically to the Corporation. In determining the FVLCS of the CGUs, an income approach using the discounted cash flow methodology was utilized. The inputs used in the discounted cash flows model are Level 3 inputs (inputs not based on observable market data). In addition, the market approach was employed in assessing the reasonableness of the conclusions reached.

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

INCOME APPROACH

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

MARKET APPROACH

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

SIGNIFICANT ASSUMPTIONS USED IN DETERMINING THE FVLCS

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

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

CASH FLOW PROJECTIONS

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

(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 WACC. Determining the WACC requires analyzing the cost of equity and debt separately, and takes into account a risk premium that is based on the applicable CGU.

TERMINAL GROWTH RATE

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

COSTS TO SELL

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

SENSITIVITY TO CHANGES IN ASSUMPTIONS

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

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

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

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

22 OTHER ASSETS

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

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

23 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

24 PROVISIONS

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

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

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

25 LONG-TERM DEBT

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

CREDIT FACILITIES

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

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

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

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

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

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

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

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

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

SENIOR UNSECURED NOTES

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

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

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

26 SHARE CAPITAL

AUTHORIZED

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

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

ISSUED AND PAID

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

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

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

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

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

27 CAPITAL MANAGEMENT

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

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

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

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

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

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

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

(1) Including current portion.

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

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

28 DIVIDENDS

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

DIVIDEND REINVESTMENT PLAN (DRIP)

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

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

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

29 STATEMENTS OF CASH FLOWS

CASH AND CASH EQUIVALENTS, NET OF BANK OVERDRAFT

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

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

ADJUSTMENTS

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

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

CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

30 RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

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

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

JOINT VENTURES AND ASSOCIATES

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

31 CONTINGENT LIABILITIES

LEGAL PROCEEDINGS

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

REGULATORY INVESTIGATION AND ACTION

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

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

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

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