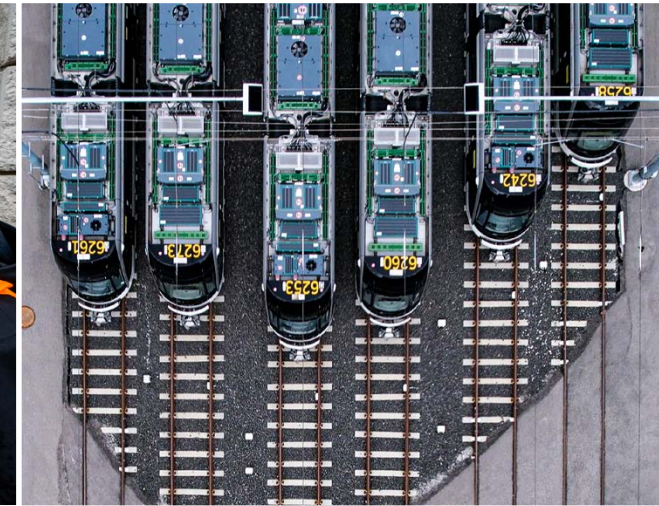


AECON



Building a Sustainable Future

2022 SUSTAINABILITY REPORT

About Aecon

Aecon Group Inc. (TSX: ARE) is a national Canadian construction and infrastructure development company with global experience and is proud to be recognized as one of the Best 50 Corporate Citizens in Canada¹. Aecon delivers integrated solutions to private and public sector clients through its Construction segment in the Civil, Urban Transportation, Nuclear, Utility and Industrial sectors, and provides project development, financing, investment and management services through its Concessions segment.

¹ Corporate Knights, 2022





Aecon employee at Chief William Commanda Bridge Rehabilitation project, Ontario

About This Report

SCOPE

This Report is for Aecon Group Inc. and includes information regarding its subsidiaries and joint ventures. Unless otherwise noted: (i) all information in this Report is presented as at, and for, the year ended December 31, 2022; and (ii) the data and analysis relates to Aecon and not its suppliers or clients. All dollar amounts are expressed in Canadian currency (CAD). References to “we,” “our,” “us,” “the Company” and “Aecon” mean Aecon Group Inc. and its subsidiaries.

REPORTING STANDARDS

Aecon supports and aligns to the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) Engineering and Construction Services Standard and the United Nations Sustainable Development Goals (SDGs). Our TCFD and SASB compliance summaries are set out in the Reporting Appendices.

MATERIALITY

Materiality, in the context used for this Report, refers only to the relative significance of environmental, social and governance (ESG) priorities and their potential impacts (both positive and negative) on our business and our stakeholders. Issues deemed material from an ESG perspective may or may not be material to Aecon’s business, operations, capital or market value. Details on our approach to materiality with respect to ESG can be found on [page 10](#) of this report and on pages 8–9 of our [2021 Sustainability Report](#), which describes a formal materiality assessment we undertook in 2021 based on the Global Reporting Initiative (GRI) guidance on materiality.

FURTHER INFORMATION

Additional information about our sustainability approach is available at: www.aecon.com/sustainability.

Please direct questions to:

Prabh K. Banga, Vice President, Sustainability
at sustainability@aecon.com.

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Photos, clockwise from top left:

Aecon employee installing Bell gigabit fibre services as a part of our work with Bell Canada on the fibre-to-the-home program

John Hart Generating Station Replacement project

Aecon employees at the Darlington Nuclear Generating Station project

Aecon employee at the Residential Solar Pilot Program installation

Rendering of the Oneida Energy Storage project

Aecon employee at EV Charger Installation project

Eglinton Crosstown Light Rail Transit project

In This Report

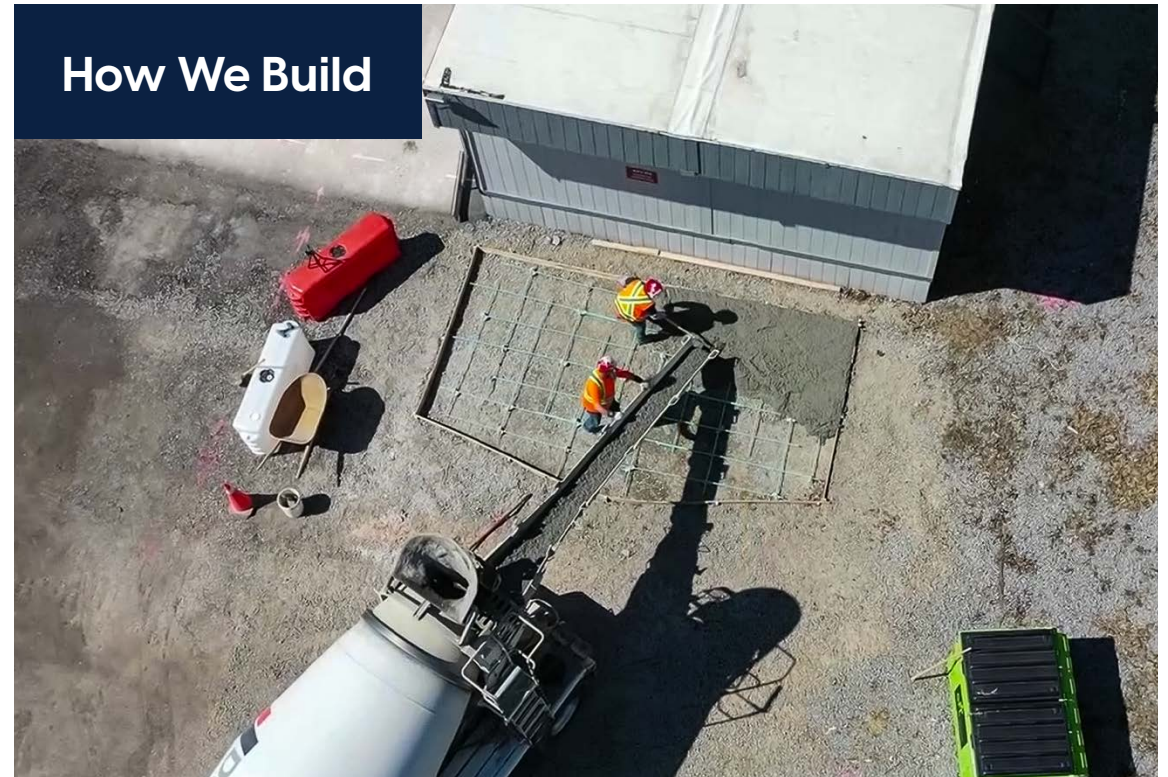
What we build is vital not only to meeting today's needs but also to addressing tomorrow's complex challenges. In addition to building infrastructure of the future, we're also committed to reducing our own impact by acting responsibly in every aspect of our business. This Sustainability Report describes the two key ways in which Aecon is contributing to a more sustainable future – what we build and how we build it.

What We Build



Aecon is building infrastructure projects that are driving the transition to a net zero future – from advanced transit networks and utility-scale sustainable energy systems to green home energy technology. See [pages 11–15](#) for an overview of how we're partnering with our clients to work towards a net zero future.

How We Build



In addition to what we build, we are focused on how we build. Aecon continues to build expertise in sustainable construction practices by adopting zero-emission equipment and piloting new technologies such as low-carbon construction materials. See [pages 17–39](#) to read about how Aecon is integrating sustainable construction practices across our business and operations.



Aecon employee at Bow River Bridge project, Alberta

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2022 Performance Highlights

\$4.7B

annual revenue

1.13

Total Recordable Injury Frequency

193,650

tCO₂e greenhouse gas emissions –
total scope 1, 2 and 3

\$375M

backlog from renewable
energy projects*

8

internal Environmental Health &
Safety Audits performed in 2022

14%

year-over-year reduction since 2020 in
scope 1 and 2 emissions based on
revenue intensity

\$945M

backlog from non-energy
projects associated with
climate change mitigation*

\$200M+

in goods and services procured
from the Indigenous economy

\$981,000

total donations to charities
and non-profits

33%

women directors on our Board

148

total Indigenous vendors

IN 2022, AECON WAS PROUD TO RECEIVE THE
FOLLOWING AWARDS AND RECOGNITION:

Sustainable Infrastructure Company of the Year – Canada

by the North America Business Awards

One of Canada's

Best 50 Corporate Citizens

by Corporate Knights

Best of the Best Award

in the Green Building Culture Award category of the
Toronto Construction Association

Platinum recognition

from ReNew Canada for delivering 6 of Canada's
10 largest infrastructure projects, and 16 of the top 100



Aecon employees at Eglinton Crosstown West Extension Advance Tunnel, Ontario

* SASB reporting metric.



Message from the CEO

For decades, Aecon has helped clients meet important objectives – from building water treatment infrastructure to delivering mass transit projects that improve mobility and serve communities for generations. Today, a growing share of our work is focused on the urgent goal of decarbonizing energy systems in support of a net zero future.

We're proud to work with governments, utilities and other major clients as they navigate the complexities of the energy transition. Delivering essential infrastructure for a sustainable future is a vivid expression of our Company's purpose: *building what matters to enable future generations to thrive.*

WE'VE BEEN BUILDING TOWARD THIS MOMENT

The energy transition is a vast transformation that demands investment and expertise from across all sectors of society. Aecon has been investing for decades to ensure that we're prepared to meet this moment alongside our clients.

First, we've developed skills and technical capabilities in areas like geothermal energy solutions (see [page 29](#)) and in infrastructure related to battery storage systems, including at the utility scale (see [page 13](#)).

Second, we've built on long-standing capabilities and existing relationships in new ways. In our 2021 Sustainability Report, we described our work with Enbridge on a pilot project to bring low-carbon fuel to one Ontario community using traditional natural gas pipelines. In 2022, we announced further collaboration with Enbridge – this time on a new business to deliver green energy solutions for homes and businesses across the province (see [page 12](#)).

Third, we've adapted the structure of our business, establishing a single point of entry for clients to access our full range of sustainability solutions. This structural change also supports enhanced collaboration on sustainable innovation across our teams (see [page 12](#)).

WHAT WE BUILD – AND HOW WE BUILD IT – ARE BOTH EVOLVING

As the mix of what we build continues to evolve, so, too, do our tools and approaches. We continue to build expertise in sustainable construction practices by piloting zero-emission equipment and low-carbon materials (see [page 20](#)). Every year, we strive for continuous improvement in the environmental performance of our operations, in areas ranging from cutting construction waste (see [page 24](#)) to reducing our greenhouse gas (GHG) emissions (see [page 25](#)).

Aecon continues its focus on achieving its GHG emissions reduction goals, including a 30% intensity-based reduction in scope 1 and 2 CO₂ emissions by 2030 (compared to 2020 levels) and reaching net zero by 2050. Aecon's GHG emissions per revenue was unchanged relative to 2021, maintaining a 14% reduction since 2020. Aecon remains on track to achieve its target of a 30% reduction in scope 1 and 2 emissions by 2030. This intensity-based target is based on economic output: it represents tonnes of CO₂ per million dollars of revenue.

PEOPLE ARE INTEGRAL TO OUR VISION OF SUSTAINABILITY

Animating all of these efforts is a shared commitment to building a future in which people can thrive, including those who work with us and those who live in the communities where we operate.

This year, Aecon took an important next step in a journey of Reconciliation with Indigenous peoples through the development and publication of our first Reconciliation Action Plan (see [page 28](#)). This plan outlines Aecon's commitment to advancing Reconciliation across our operations by ensuring our employees, projects and initiatives are aligned with the priorities of Indigenous communities.

I extend my personal thanks to the Indigenous leaders, partners and communities who contributed to the development of the plan, including many who have long-standing relationships with our Company. We're committed to moving forward together in a spirit of respect, learning and accountability.

BUILDING A SUSTAINABLE FUTURE

As we anticipate the coming year, we're energized by the opportunities ahead to continue collaborating with clients, partners and communities to deliver infrastructure across Canada with a strategic focus on projects linked to the energy transition. We look forward to building a sustainable future together – delivering electrified mass transit projects, new low-carbon energy solutions and resilient community infrastructure to support thriving communities for generations to come.

Jean-Louis Servranckx,
President and Chief Executive Officer

Message from the Board Chair

Aecon's Board and executive team have long recognized that delivering essential infrastructure for communities in Canada and around the world requires more than quality and efficiency in project execution. It requires delivering construction excellence while helping infrastructure investments achieve other positive results at the same time: supporting economic inclusion, realizing community benefits, building climate resilience and protecting the environment.

This Sustainability Report is a comprehensive look at not only our ESG performance but also the positive results Aecon is delivering. As we have continued to improve our sustainability performance, external stakeholders have recognized our efforts and results. We recently earned recognition as Sustainable Infrastructure Company of the Year – Canada from the North America Business Awards and were named by Corporate Knights as one of the Best 50 Corporate Citizens.

SUPPORTING ECONOMIC INCLUSION

Our commitment to the communities we serve has never been stronger. This commitment is demonstrated in Aecon-Golden Mile (A-GM), a community-led joint venture between Aecon and community organizations in Scarborough's Greater Golden Mile. By providing sustainable opportunity through four avenues – prioritization of local hiring, employee investment, community growth and community investment – A-GM builds community prosperity and helps to address the surging demand for skilled trades in the Greater Toronto Area.

WORKING TOWARD RECONCILIATION

In addition to this Sustainability Report, which includes information about the Indigenous-led joint ventures in which Aecon is a partner (see [page 29](#)) as well as the Company's investments in procurement through the Indigenous economy (see [page 28](#)), this year Aecon also released its first Reconciliation Action Plan. This plan formalizes and extends the Company's commitments regarding Reconciliation with Indigenous peoples. As with other aspects of Aecon's work, the Board is responsible for overseeing progress against the commitments and goals laid out in the Reconciliation Action Plan and is committed to ensuring transparency and accountability in the advancement of the plan.

ACCOUNTABILITY FOR SUSTAINABILITY

As sustainability priorities have become increasingly central to Aecon's business strategy, the Company has evolved its management and oversight approach. In 2022, oversight of sustainability matters was moved from the Risk Committee to the entire Board. In addition, Aecon's sustainability expertise now falls under the umbrella of a larger division that oversees and addresses all stakeholder relations. As stakeholder relations play a crucial role in Aecon's overall sustainability strategy, this structural change creates cohesion in our organizational communication and relationship management. The Company's environmental, social and governance disclosures have also become more comprehensive, with a sharpened focus on GHG emissions reduction and reporting.

My Board colleagues and I are committed to rigorous and continuous oversight of the Company's risks and opportunities, including those associated with climate change. Aecon's 2022 Sustainability Report, our fourth such annual release, shares some of the year's key ESG results. Compliance summaries related to key frameworks such as those of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) are contained in appendices to this Report.

Once again, Aecon is delivering important infrastructure projects across Canada and internationally, with a focus on harnessing the opportunities to come from the transition to a net zero economy. We're proud of our role in helping to reduce society's GHG emissions while enabling people and communities to live more sustainably in the years ahead. My Board colleagues and I are committed to ensuring that Aecon has the leadership, strategies and policies it needs to continue to play a pivotal role in the transformation of critical infrastructure in Canada and internationally.



John M. Beck
Chairman of the Board



Leadership Perspective

Four Aecon leaders on the trends they're navigating today in building a sustainable future.

THE ENERGY TRANSITION

"For years, we've been investing to ensure that we're ready to help clients navigate the energy transition. Everyone, from governments to utilities to developers, is contending with uncertainty as society navigates this complex change. By investing in new solutions – like developing expertise and capabilities in battery storage – and using our established construction strengths in new ways, we believe we're a more nimble and capable partner for clients taking their next steps toward lower-carbon infrastructure and operations."



– Eric MacDonald, Executive Vice President, Utilities

For more on how Aecon is focused on the energy transition alongside our clients and partners, see pages [12](#), [13](#) and [15](#).

TOMORROW'S WORKFORCE

"We're seeing demand for new infrastructure, and therefore skilled trades. To respond, we're partnering to expand access to opportunities in our sector, especially for young, diverse talent. We're also investing in initiatives for existing employees at every career stage to provide opportunities to build new skills and keep growing with us. We work hard to show everyone who works with Aecon that we see strong relationships as the path to shared success."



– Gordana Terkalas, Senior Vice President, Human Resources

For more on Aecon's work to build teams ready to deliver tomorrow's major infrastructure projects, see pages [30](#), [31](#) and [32](#).

TRANSPORTATION TRANSFORMATION

"Aecon has been delivering major transit projects for more than half a century – helping communities move around more safely and affordably, and with reduced environmental impacts. Today, our transit projects are becoming more advanced and increasingly focused on sustainability, using electrification to further improve mobility and connectivity with reduced emissions."



– Manuel Rivaya, Senior Vice President, Urban Transportation Solutions

For a look at Aecon's latest transit projects, see [page 14](#).

NEW IMPERATIVES FOR PUBLIC INVESTMENTS

"The procurement landscape for major infrastructure and concessions projects is evolving. Governments and public agencies are thinking in new ways about the kinds of value their investments can deliver to stakeholders. They're looking for even more than a strong value-for-money proposition. Increasingly, they're seeking innovative approaches to project delivery that excel in areas such as community benefits and environmental impact. This evolving landscape creates new opportunities for Aecon and our sustainability program sets us apart."



– Steve Nackan, Aecon Executive Vice President and President, Concessions

For a look at Aecon's latest Concessions projects, see pages 17 and 18 of our [2021 Sustainability Report](#).

Engagement and Materiality

Aecon uses a range of approaches to proactively engage, inform and solicit input from our stakeholder groups. Our engagement strategies are tailored to the needs of specific stakeholder groups – whether we’re communicating with union partners as we collaborate to promote diversity in the building trades, or fielding staff surveys to learn about the experiences and perspectives of our team members.

POLICIES

Our [Stakeholder Engagement Policy](#) guides our engagement activities and supports our Disclosure Policy, which details our commitment to accurate and timely disclosure regarding our business and affairs, in compliance with relevant securities laws.

KEY STAKEHOLDERS

In 2022, in addition to initiating and sustaining joint ventures and other relationships with Indigenous Rights-holders (please see [pages 28–29](#) for more on this unique set of commitments and relationships), we engaged with the following stakeholder groups:

- Aecon employees
- Business partners
- Clients (private and public sector)
- Community groups
- Competitors
- Governments
- Insurers
- Investors and analysts
- Service providers
- Suppliers and vendors
- Union and association groups

ENGAGING SHAREHOLDERS

Our Investor Relations team is the primary point of contact for shareholders, communicating through quarterly and annual reports, our annual information form, management information circular and quarterly earnings conference calls. Aecon’s Investor Relations team presents an annual report to the Corporate Governance, Nominating and Compensation Committee of the Board, which summarizes stakeholder engagement activities; evaluates the team’s performance, including third-party input, regarding stakeholder engagement; and outlines future plans.

KEY ISSUES

One important aspect of our engagement is to ensure that our sustainability strategy, targets and reporting align with the priorities of our stakeholders as well as those of Indigenous Rights-holders.

In a materiality assessment conducted in 2021 informed by best practices identified by the Global Reporting Initiative (GRI), five areas emerged as key priorities for both internal and external stakeholders. Our 2022 Sustainability Report reflects our continued focus on these areas, among others.

TOPIC	IN THIS REPORT
Health and safety	See page 32
Integrity and transparency	See pages 36–39 , 41–51
Sustainable infrastructure projects	See pages 11–15
Risk management	See pages 37 , 38 , 43 , 44 , 45 , 46
Reduction and responsible management of construction waste	See page 24

EXCELLENCE IN SUSTAINABILITY REPORTING AND INVESTOR RELATIONS

For the second consecutive year, Aecon won a **MarCom Award** for sustainability reporting. Our 2021 Sustainability Report, *Building Innovation* (published in 2022), earned Gold in the “Digital Communication and E-Communication” category.



Our 2021 report also earned Bronze in the **North American Corporate Content Awards** in the category for “Best content targeted to the CSR (corporate social responsibility) community.”



Winner of the **Best ESG Reporting** (Small Cap) category for our 2021 Sustainability Report at the *IR (Investor Relations) Magazine Awards, Canada*



Winner of the **Best Investor Relations Officer** (Small Cap) category at the *IR Magazine Awards, Canada*



Winner of the **Best Overall Investor Relations** (Small Cap) category at the *IR Magazine Awards, Canada*

What We Build

Aecon delivers infrastructure projects that are driving the transition to a net zero future – from advanced transit networks and utility-scale sustainable energy systems to green home energy technology.

As we realize some of today's ambitious construction initiatives, we continue to invest in new skills and capabilities to meet the needs of tomorrow.

IN THIS SECTION

- **A Single Point of Entry to Our Sustainability Capabilities**
- **Delivering Infrastructure for the Energy Transition**
- **Building for a Net Zero Future**



John Hart Generating Station Replacement project, British Columbia

A Single Point of Entry to Our Sustainability Capabilities

Integrating our sustainability offerings to support clients and deepen our impact.

The sustainable infrastructure field is advancing rapidly as technology evolves and as organizations and communities work to build climate resilience while minimizing adverse environmental impacts. We're proud to partner with clients to deliver critical infrastructure projects powered by sustainable innovation. In 2022, we established a single point of entry to our sustainability capabilities, offering integrated project management throughout the project lifecycle; this approach helps our clients navigate the complexities of decarbonization and seize opportunities related to the energy transition.

OUR SUSTAINABILITY OFFERINGS: THREE AREAS OF OPPORTUNITY

Our sustainability offerings are concentrated in three key areas:

Climate change adaptation and mitigation: Delivering resilient and critical infrastructure is more complex than ever. Our climate and sustainability insights complement the core construction capabilities that have helped us build essential infrastructure across Canada in areas including transportation, power generation and water treatment.

Pathways to net zero: We're recognized for implementing some of the technologies driving the energy transition, from renewable energy generation to geexchange. We've been investing for years – including in our Training and Innovation Centre – with the aim of building teams and technologies that serve municipalities, utilities, transportation agencies and other clients as they accelerate toward net zero.

Sustainable construction: We have the tools and expertise to support clients seeking to meet or exceed the highest expectations in the industry. We're fluent in LEED, Envision (see [page 20](#)) and leading practices in Environmental Management Plans, as well as a range of sustainable project financing and funding strategies.

Each area includes new offerings, such as geexchange systems, and long-established offerings taking on new forms amid the transition to a low-carbon economy. For example, our pipeline-construction

capabilities, once used to deliver fossil fuels, were deployed as we worked with Enbridge on a pilot project that blended hydrogen for home energy into an existing natural gas pipeline.

AECON GREEN ENERGY SOLUTIONS

The transition to a low carbon future requires the integration of sustainable energy solutions across all sectors, including residential and commercial. Responding to newly available government and private sector investments and incentives, more homeowners and businesses are exploring and investing in energy-efficient technologies and green energy solutions.

We are responding strategically to these new opportunities to deploy our expertise and capabilities. Aecon has formed strategic partnerships and expanded our portfolio of green energy projects for homeowners and businesses throughout Canada. Through these partnerships and our direct-to-customer approach, we offer a range of products and turnkey services, including procurement, design and engineering. We also install energy solutions such as solar, electric vehicle charging, battery storage, and heating and cooling using geothermal or dual fuel systems.

We were pleased to launch a new partnership with Enbridge this past year, through Enbridge Sustain, a new energy-as-a-service business model that offers dependable and convenient energy solutions for homeowners, developers and commercial customers in Ontario who want to reduce their GHG emissions and energy costs. The partnership builds on Aecon's long-standing relationship with Enbridge and focuses on end-to-end turnkey solutions for customers pursuing new construction and retrofits. Aecon's scope of services include technical expertise, design and engineering services, material procurement, construction, installation and long-term asset maintenance.



Delivering Infrastructure for the Energy Transition

A partnership to deliver Canada's battery storage project.

In Ontario, population growth is driving increased energy demand. To respond to this growing need, the Ontario government is promoting the creation of assets that will expand the province's electricity generation and storage resources. The new Oneida Energy Storage Project (OESP) is part of this move.

The OESP will be a 250 megawatt/1,000 megawatt hour, energy storage facility – the largest battery storage project in Canada. The system will provide a reliable source of capacity and energy balancing services for Ontarians and will contribute to the decarbonization of the province's energy grid.

As Ontario navigates the energy transition, like other jurisdictions globally, it faces the challenge of how to store energy from sustainable sources. Low-carbon solutions can be effective; indeed, wind and hydroelectricity already compose large shares of Ontario's energy supply – albeit it's difficult to ensure a reliable supply of energy based on inherently variable resources like wind.

This is why utility-scale battery storage projects like the OESP, which combine sustainability and reliability, are critical. It's also why Aecon has been investing for years to develop the technical capabilities to support advanced battery energy storage technologies.

Aecon is helping to drive the delivery and long-term success of this project in a number of ways:

- Aecon has been awarded the Engineering, Procurement and Construction contract with an arrangement that maximizes subcontracting opportunities for Indigenous-led joint venture Aecon-Six Nations (A6N) (see [page 28](#)).
- Aecon Concessions will be an equity partner in Oneida Limited Partnership (Oneida LP), the entity created to deliver the OESP.
- Oneida LP has entered into a 20-year Energy Storage Facility Agreement with the Independent Electricity System Operator, the Crown corporation responsible for Ontario's electricity system.

SPOTLIGHT

PARTNERS IN SUSTAINABLE INNOVATION

Electricity storage services will be provided by Oneida LP, owned by:

- **The Six Nations of the Grand River Development Corporation**
- **Aecon Concessions**
- **NRStor**
- **Northland Power**

The battery supplier is Tesla.



Located in Nanticoke, Ontario, near the shores of Lake Erie, the OESP is an important step toward a decarbonized electricity grid in Ontario.

SPOTLIGHT

MONTREAL'S RÉSEAU EXPRESS MÉTROPOLITAIN (REM)**Collaborating to deliver a 67-kilometre electric light rail system.**

The transportation sector accounts for about 28% of [Canada's greenhouse gas emissions](#). According to [climate action network C40](#), public transportation solutions, including light rail systems, are "essential for any transport sector emissions reduction strategy." This year, Aecon continued to deliver important transit infrastructure across Canada including Montreal's Réseau express métropolitain (REM).

The REM is the first fully automated transit system in the Montreal region and the largest transit project undertaken in Québec in the last 50 years. It will include 67 kilometres of electrified rail, making its operations emissions-free. Service will span the island of Montreal and extend onto the South and North Shores.

A CONNECTED CITY

Well integrated with existing transportation infrastructure, the new REM system will link into the city's existing Metro network at three stations, on three different lines. One station – delivered under a separate contract by an Aecon-led consortium with EBC – will service the Montreal-Trudeau International Airport, offering a 25-minute journey to and from downtown.

Aecon is delivering the REM project as part of a consortium that also includes Dragados Canada, SNC-Lavalin, Pomerleau and EBC. In addition to the construction of the rail lines themselves – composed of elevated segments as well as segments underground and at grade – civil works connected to the project include the modernization of 10 existing structures, including railway viaducts and the century-old Mont-Royal tunnel.

SUSTAINABILITY HIGHLIGHTS OF THE REM

- **34,000 direct and indirect jobs during construction**
- **1,000+ jobs during operations**
- **All stations universally accessible**
- **Fully electric (zero-emissions) service**
- **For every 10 trees removed to enable construction, 11 new trees will be planted**
- **Land purchase near Rive-Sud station will form an agricultural land trust**
- **Numerous biodiversity measures including habitat measures for protected birds, grass snakes and Western Chorus Frogs as well as close monitoring of effluents**

COMBINING LEADING-EDGE AND CENTURY-OLD INFRASTRUCTURE

Our technical depth and experience with major transit projects have aided in implementing a range of innovative [construction techniques](#). These have been especially important as teams have integrated modern electric rail technology with infrastructure that's been in use for up to 100 years. Integrating new, low-carbon technology with existing assets will be vital in the transition to a zero-carbon economy.

By the end of 2022, 85% of civil work and 63% of station work had been completed. The 67-kilometre network contained more than 30 active worksites. Service across the network is expected to come online gradually starting in 2023, eventually providing service 20 hours a day, seven days a week, at a frequency of two and a half minutes during peak hours and every five minutes off-peak. The system is capable of delivering service as often as every 90 seconds, should future demand require it.

The REM is the latest in Aecon's portfolio of major urban transit projects, which began with the delivery of Toronto's Bloor-Danforth subway in the 1960s and will extend into the future with the recently initiated Scarborough Subway Extension Stations, Rail and Systems project in Ontario, and the expansion and electrification of Ontario's GO Rail network, the province's largest-ever transit infrastructure investment. Collectively, these projects are making a long-term contribution to the sustainability of transportation in Canadian cities.

THE TRANSPORTATION TRANSFORMATION CONTINUES

As Aecon advanced the REM project in Québec in 2022, we also took early steps toward an innovative rail expansion and electrification project in Ontario. As part of a consortium, ONxpress Transportation Partners, we were selected by Metrolinx and Infrastructure Ontario to deliver system-wide infrastructure upgrades to the GO Rail network across the Greater Golden Horseshoe Area, which will include:

- **205 km of new track**
- **electrification of 600 km of the network**
- **platform and track enhancements**
- **new control and signalling systems to enable more frequent service**



Réseau express métropolitain project, Québec

Building for a Net Zero Future

Aecon is working with clients to deliver infrastructure projects that are driving the energy transition.



DTE Stelco Lake Erie Works Power Generation Project, ON

Co-Generation

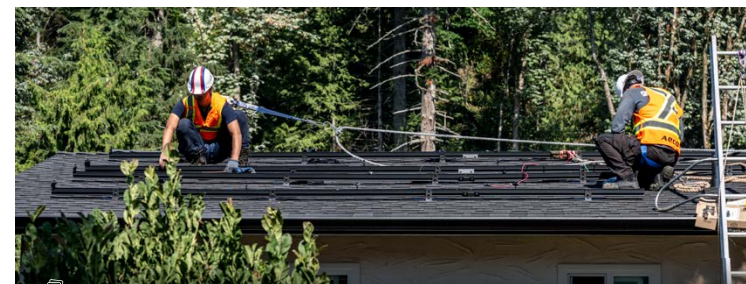
This project is one recent example of Aecon's engineering and construction work on boiler and power systems, including gas-fired co-generation power plants, biomass-fired facilities and district energy heating and cooling systems.



Darlington New Nuclear Plant, ON

Small Modular Reactor

Aecon is partnering to deliver North America's first grid-scale Small Modular Reactor, shown here in a digital rendering. We're bringing a wide range of expertise to support the delivery of this new nuclear build, which will help to advance the production of clean, reliable and affordable electricity in Ontario.



Residential Solar Pilot, BC

Green Energy Services

Aecon provides an array of services, including installation of solar energy systems and electric vehicle charging stations, to help commercial and residential customers transition to a cleaner, more cost-effective future. Here, Aecon crews in B.C. install solar panels on a residential roof as part of a pilot program that's building our capacity to provide solar energy services directly to homeowners.



John Hart Generating Station Replacement, BC

Hydroelectric

Aecon brings full engineering, procurement and construction services to some of Canada's largest hydroelectric power projects, helping our clients convert clean, safe energy that powers communities.



GO Expansion Project, ON

Transit Electrification

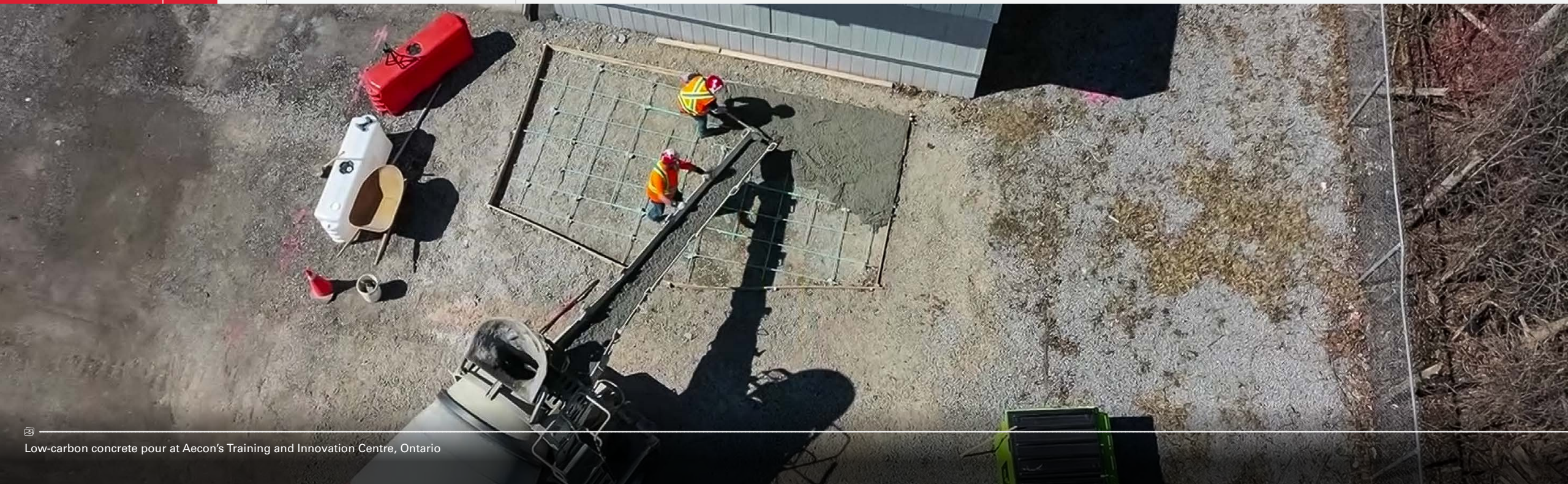
Aecon is delivering the technologically advanced transit systems needed to meet transportation demand in growing cities and regions, from LRT to subways to commuter rail systems. This digital rendering shows our work on the On-Corridor Works aspect of Ontario's GO Expansion project.



Geoexchange Installation at Condominium Complex, ON

GeoExchange

Demand is growing for geexchange systems, energy efficient alternatives to traditional heating, ventilation and air conditioning (HVAC) systems. Aecon GeoExchange Solutions (AGS) is uniquely positioned in the ground-source heat pump market to provide complete geexchange system installation goods and services.



Low-carbon concrete pour at Aecon's Training and Innovation Centre, Ontario

How We Build

ENVIRONMENT

Using environmental management practices (aligned with ISO 14001) and low- or zero-emission equipment to minimize adverse environmental impacts of construction projects.

SOCIAL

Partnering with Indigenous Rights-holders, engaging with communities, building a diverse and inclusive team and putting safety first on every project every day.

GOVERNANCE

Achieving high levels of performance and accountability through governance, compliance, ethics and risk management.

QUICKLINKS

[Environment](#)[Social](#)[Governance](#)

Environment

Aecon works closely with our clients to meet standards of environmental performance. Across our projects and operations, we use advanced equipment and carefully developed processes to minimize waste, GHG emissions and other environmental impacts.

IN THIS SECTION

- **Management Approach**
- **Harnessing Creativity and Innovation from Across Our Teams**
- **Adopting Recognized Standards in Sustainable Infrastructure**
- **Building Smarter Through Continuous Improvement**
- **Managing Our GHG Emissions**
- **Managing Waste Across Our Sites**
- **Working Towards Net Zero Construction**



Management Approach

As we deliver complex projects across Canada and internationally, we identify and mitigate the adverse environmental impacts of our activities, equipment, facilities and processes. We're focused on:

1. Continual improvement of the Aecon Environmental, Health and Safety (EHS) Management System.
2. Mitigating adverse environmental impacts from our projects with a particular focus on impacts associated with Aecon's significant environmental aspects: spills, waste management, soil management, air quality and emissions management, water quality and effluent management, terrestrial and aquatic wildlife and habitat management, erosion, sediment and surface water control, noise and vibration, and archaeology and cultural heritage management.
3. Understanding and reducing our potential contributions to climate change and assessing our climate change risks.

Our work to improve our environmental performance is guided by a **Sustainability Policy**, an Environmental Policy and an Environment, Health and Safety Management System (EHSMS). Our EHSMS, aligned to ISO 14001 and 45001, sets out the key elements of our approach to ensure we are complying with applicable standards and regulations and managing risk. In addition to using our management system to mitigate EHS risks and ensure compliance, we focus on sustainability topics that are most important to our stakeholders (see materiality discussion on [page 10](#)), including waste management and GHG emissions.

We evaluate our success in this area by:

- Using a consistent and credible sustainability reporting approach (this is our fourth annual sustainability report).
- Adopting, monitoring and reporting on environmental performance indicators and targets and tracking our progress against them. In early 2021, Aecon proudly announced an aspirational target of net zero emissions by 2050, with an interim target of a 30% reduction in direct CO₂ emissions by 2030 relative to a 2020 baseline.
- Developing and beginning to implement strategies to deliver on our GHG emissions reduction targets.
- Incorporating environmental aspects into risk management processes at the level of our projects, work scopes and tasks.
- Building awareness and knowledge of environmental issues and Aecon's environmental program requirements. The "Environmental Learning Series" (three training modules focused on Aecon's significant environmental aspects) has been incorporated into the EHS program's professional learning path for Front Line Supervisors and EHS Professionals. In addition, environmental awareness workshops are offered to Aecon employees.
- Including environmental elements in the recently implemented EHS internal auditing program.
- Continuing to measure the results of specific environmental efforts, such as waste diversion on individual projects, to spread effective practices and pursue further opportunities for improvement.



Aecon employee at our Kicking Horse Canyon project, British Columbia

Harnessing Creativity and Innovation from Across Our Teams

A new program is drawing valuable ideas for process enhancements from employees.

In 2021, Aecon introduced a new employee engagement initiative in our Utilities business, the Innovation and Sustainability Rewards Program, encouraging employees to submit their ideas for innovation and enhanced sustainability performance. As Aecon employees have unique insight into the tools and processes they use daily, they're also well positioned to identify opportunities to boost efficiency, reduce waste and generally improve the work we do together.

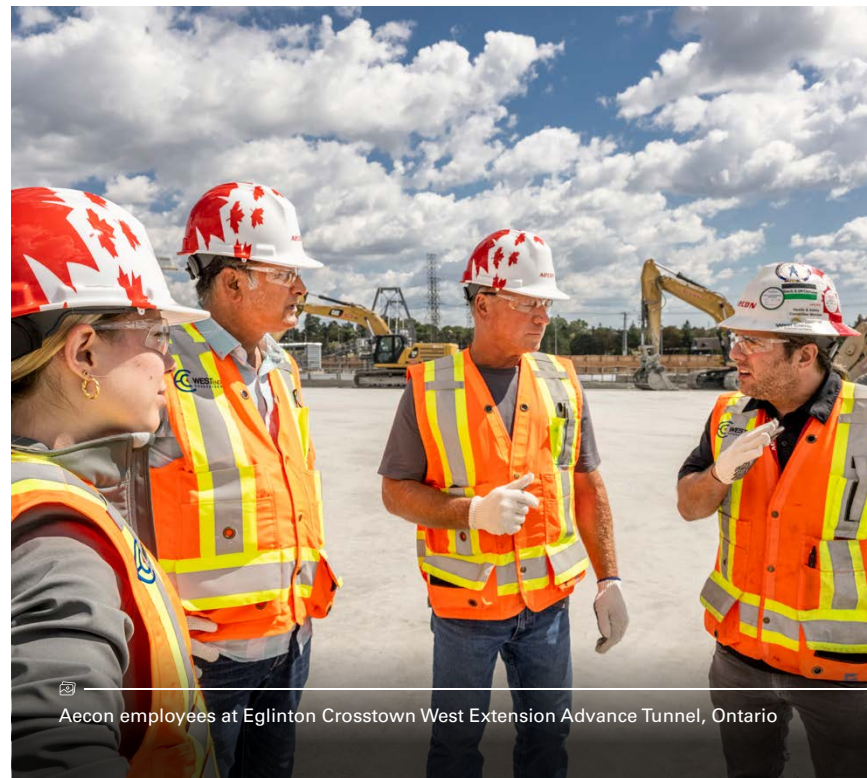
The response to the program was enthusiastic. Employees submitted dozens of actionable suggestions in areas ranging from new partnerships to technical adjustments that would reduce energy consumption. Building on this solid start in Utilities, in 2022 we rolled the program out to all Aecon employees and plan to continue evaluating and implementing suggestions in 2023.

Here are a few examples of employee-proposed initiatives that we're in the process of adopting:

Using our facilities for safe battery disposal. In response to an employee suggestion, we're preparing to offer our Training and Innovation Centre in Holland Landing, Ontario, as a battery return depot. As we train employees on-site to safely use and handle batteries to support our clients' utility-scale projects and prepare for the growing market in battery storage for home energy, our facility has the capabilities and equipment to handle battery returns.

Innovation in staff recruitment. As we work to respond to the growing demand for infrastructure services related to telecommunications, we're often seeking new team members – especially labourers. An Aecon employee suggested designing a QR code to be displayed at our job sites, allowing passers-by to scan the code, learn about opportunities with Aecon and even submit resumes on the spot.

Cutting vehicle emissions and staff time related to pre-construction notifications. In residential areas, municipalities and/or clients (such as telecom providers) often require Aecon to advise residents of upcoming work in their neighbourhood by going door to door. Connecting with neighbours and obtaining consent can take several visits; multiplied across tens of thousands of homes, the process can consume considerable fuel and staff time. An Aecon employee suggested mailing postcards to households before the door-to-door outreach begins. The postcards describe the planned work and give residents the option to consent in advance online. To date, about 10% of residents consent to local work this way, eliminating the need for thousands of door-knocks and related vehicle trips.



Aecon employees at Eglinton Crosstown West Extension Advance Tunnel, Ontario

SPOTLIGHT

ROAD TO NET ZERO: AECON'S NEW SUSTAINABILITY PODCAST

In addition to sharing sustainability insights among our teams to enhance our operations, Aecon aims to advance the sustainability conversation across our industry. In 2022, we launched a new podcast, "[Road to Net Zero](#)," to host relevant discussions about the practices that are leading the way to a more sustainable construction industry. Each episode features an interview with a guest specialist and covers topics such as:

- strategies for reducing GHG emissions from concrete
- the intersection of ESG and investor relations
- the growing adoption of the Envision framework for sustainable infrastructure and construction
- trends in sustainability reporting

"Road to Net Zero" is co-hosted by Prabh K. Banga, Vice President, Sustainability, and Adam Borgatti, Senior Vice President, Corporate Development & Investor Relations.



**Road to
Net-Zero**

AN AECON PODCAST

Adopting Recognized Standards in Sustainable Infrastructure

Aecon is proud to partner on a growing number of projects using the Envision framework to enhance sustainability performance.

Many industries rely on sustainability frameworks to establish shared performance criteria and evaluate projects against key ESG dimensions. Envision is an increasingly important infrastructure and civil engineering standard that's used to guide and support sustainability performance on major projects for municipalities, ports and institutions with substantial campuses.

It was recently referenced by Infrastructure Canada as a recommended framework for infrastructure delivery and has been formally adopted by entities from the Halifax Port Authority to Hydro Québec to the City of Red Deer, which are integrating Envision requirements into their procurement processes. Aecon is delivering projects that earn Envision awards. We increasingly work with clients and partners to align our sustainable construction practices to the Envision standard, using the framework as a tool to structure collaboration for shared impact. Notably, Envision can be applied to individual projects and to entire asset portfolios – supporting enhanced coordination and alignment of sustainability practices across regions and systems.



The Gordie Howe International Bridge project was awarded the Envision Platinum award in 2021. The award is the highest distinction granted by the Institute for Sustainable Infrastructure. The project was assessed across a range of categories, including community quality of life, mobility, planning, materials, energy, water, economic prosperity, environmental impacts, air pollution, GHG emissions and resilience.



The reconstruction of the 2nd Concession in Ontario's York Region earned an Envision Bronze award, becoming one of the first infrastructure projects in Canada to be recognized under the framework. Guided by York Region's Sustainability Principles, the project included bridge construction, excavation and grading, sewer and sanitary sewer installation and other works. The aspects of the project that drove strong Envision performance included effective community consultation, long-term mobility enhancements, recycling of construction materials, habitat protection and creation, and climate resilience and flood protection measures.

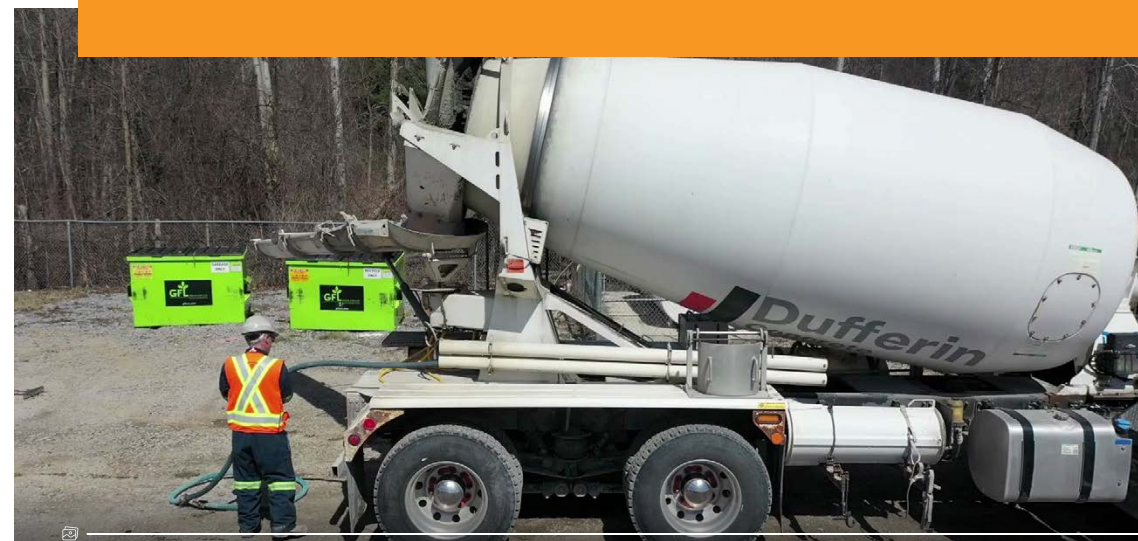
SPOTLIGHT

SUSTAINABLE EQUIPMENT AND MATERIALS

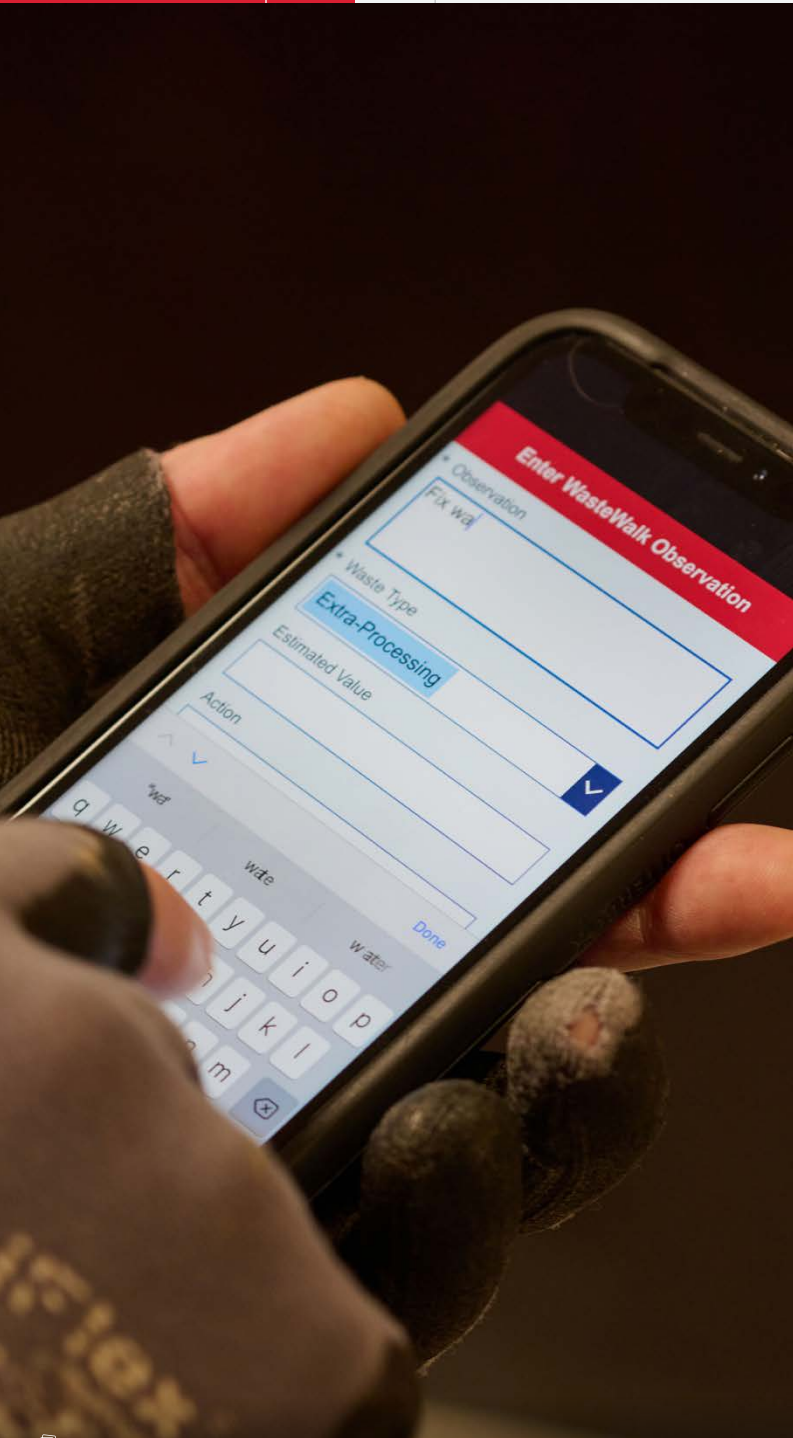
As we align our work with recognized sustainability standards and frameworks, we continually seek opportunities to build sustainability into our operations. Innovative equipment and materials are essential tools for success in this area. Two examples in 2022 include:

Zero-emissions equipment. We worked with Volvo to trial an electric compact wheel loader on our Finch West LRT project site. This vehicle performs the same functions as a conventional diesel-powered loader, but with reduced greenhouse gas emissions and air quality impacts, as well as dramatically reduced noise emissions. Following a similar pilot project in 2021, we purchased a Volvo electric mini-excavator in 2022, our first piece of electric construction equipment.

Lower-carbon building materials. Our 2021 GHG emissions inventory identified concrete as a key contributor to our scope 3 GHG emissions. As a result, in 2022, Aecon partnered with Carbon Upcycling and Dufferin Concrete to trial low-carbon concrete. We're currently testing the product's performance at our Training and Innovation Centre and exploring the potential to use it more widely.



Low-carbon concrete pour at Aecon's Training and Innovation Centre, Ontario



Building Smarter Through Continuous Improvement



Fostering the skills, practices and mindset to maximize the value we deliver.

Aecon uses Continuous Improvement and Lean Construction methods to optimize the efficiency and effectiveness of our teams across every project we deliver. In addition to maximizing value for clients, the relentless focus on efficiency in every form – with respect to materials, energy, water, time and any other resource we use – has sustainability benefits.

FIVE PRINCIPLES OF OUR PROGRAM

- 1. Deliver value for the client.** We think from the client’s perspective and aim to maximize the value we deliver to them, focusing on dimensions like safety, quality, time and/or project cost.
- 2. Eliminate waste.** We define anything that doesn’t add value as waste. The first step is to recognize waste when it occurs (see “WasteWalks” at right).
- 3. Focus on process and flow.** Flow is continuous, unobstructed work enabled by removing bottlenecks and reducing variation.
- 4. Pull action in response to demand.** “Pull” is about initiating work at the right time – neither too early nor too late, but rather when the work is needed and when others are ready to take it to the next stage.
- 5. A mindset of Continuous Improvement.** We’re committed to experimenting, observing and learning to make each day’s work better than the last.

A NEW AWARD FOR CONTINUOUS IMPROVEMENT

Aecon’s Achievement Awards program (see [page 30](#)) included recognition for excellence in Continuous Improvement for the first time in 2022. The inaugural award went to the Cambridge Fabrication and Paint Facility Team, which executed a comprehensive process to reconfigure a workspace layout and process in early 2021. As a result of carefully considered adjustments large and small, the team’s efficiency in delivering a given unit of work had improved by 36% by January 2022.

WASTEWALKS: SPOTTING AND REDUCING “THE EIGHT WASTES”

WasteWalks are a leading Continuous Improvement practice in which site leaders walk project sites to proactively identify processes that could be enhanced for greater efficiency. The WasteWalks target eight primary forms of waste, including such factors as overproduction, wasted motion and non-utilized talent. The most common form of waste identified through our own analysis was waiting, namely when people, equipment or materials wait for other processes or people to finish.

To complement our regular program of WasteWalks, we occasionally launch a larger event to invite even more team members to participate and appreciate the benefits of this practice. In November 2022, Aecon hosted its second company-wide WasteWalk Challenge, inviting participants to take a 30-minute site walk on a given day, submitting observations of waste and suggestions for improvement through our Building Smarter App. The results were impressive: participants submitted 237 observations of waste, which collectively presented opportunities to deliver about \$20 million in time and cost savings for the Company.

All in all, by the end of 2022, employees from more than 80 Aecon sites and yards had identified more than \$35 million in potential savings from waste – and initiatives were already underway to achieve a large share of the recommended efficiencies.

The Eight Wastes



Managing Our GHG Emissions

Aecon continues its focus on achieving its GHG emissions reduction goals, including a 30% intensity-based¹ reduction in scope 1 and 2 CO₂ emissions by 2030 (compared to 2020 levels) and reaching net zero by 2050.

We have committed to setting a science-based target in line with the Paris Agreement's climate goals. These targets will be independently validated by the Science Based Targets initiative (SBTi). This commitment will also involve analysis of material emissions sources from our supply chain (our scope 3 emissions), expanding on our existing 2030 target.

AECON'S GHG INVENTORY

Our inventory is prepared in accordance with the Greenhouse Gas Protocol by an independent third-party consultant. It includes corporate and construction project activities over which we have direct and indirect operational control. Emissions sources are defined as follows:

- **Scope 1:** Emissions generated directly from our operations, including the operation of vehicles and equipment at our project sites and heating at Aecon's offices and project sites
- **Scope 2:** Emissions indirectly associated with electricity consumption at our offices and project sites
- **Scope 3:** Emissions indirectly associated with our corporate business activities, construction materials (i.e., steel, concrete and bitumen) and other purchased goods and services (e.g., subcontractors, office/site equipment, materials other than key construction inputs listed above)
- **Biogenic:** Emissions generated directly by Aecon through the consumption of biofuels by vehicles and equipment on our project sites; biogenic emissions do not contribute to our total scope 1 and 2 emissions

HOW WE MEASURE

We use bill data, meters, fuel tracking systems and estimates to quantify GHG emissions. Emissions of CO₂, methane (CH₄) and nitrous oxide (N₂O) are calculated using emission factors and conversions provided by the Government of Canada, Energy Star Portfolio Manager and the U.S. Environmental Protection Agency. We use the location-based method set out in the Greenhouse Gas Protocol's scope 2 Guidance to calculate indirect emissions from purchased electricity. Total GHG emissions, represented in CO₂ equivalents (CO₂e), are calculated using Global Warming Potentials from the Intergovernmental Panel on Climate Change's Fourth Assessment Report.

Aecon was able to calculate our scope 1 and 2 GHG emissions using over 93% primary data. The remaining emissions were estimated using cost-based estimates, revenue-based estimates or industry benchmarks published by the U.S. Energy Information Administration².

ADDRESSING INDIRECT EMISSIONS FROM OUR SUPPLY CHAIN

In 2022, Aecon worked to refine the quantification of scope 3 emissions by piloting the distribution of supplier ESG surveys and systems for tracking supplier activity. Tracking scope 3 emissions in this way allows us to understand and influence the supply chain of our operations. In 2023, we aim to continue refining our scope 3 emissions accounting processes.

ON THE WAY TO #30BY30

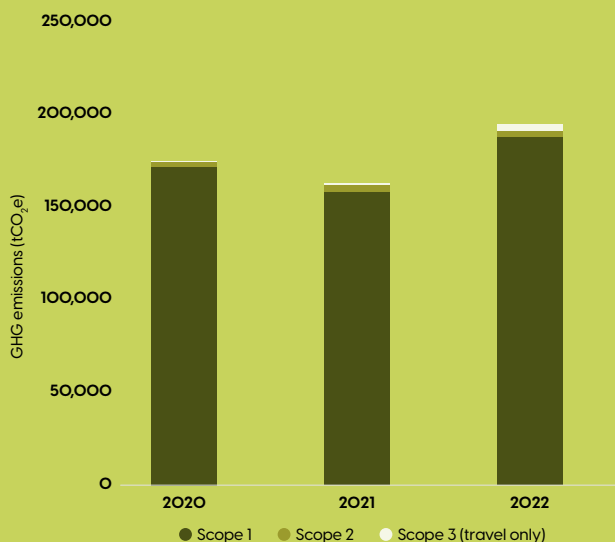
In 2022, Aecon's GHG emissions per revenue stabilized, relative to 2021, maintaining our 14% reduction since 2020. Aecon remains on track to achieve our 2030 intensity-based target of a 30% reduction in scope 1 and 2 emissions. We also understand the need to go further, by ultimately reducing absolute GHG emissions to net zero. This will be the focus of our upcoming science-based target.

The largest contributor to our emissions is diesel consumption, largely tied to increased project work in 2022. GHG emissions from diesel consumption are also a function of several other variables, including type of work, phase of project, equipment used, type of fuel consumed and proportion subcontracted, all of which fluctuate year over year. While those variables may see emissions rise in some years and fall in others, our goal is to move the overall trend line downward, consistent with our targets of a 30% reduction by 2030 and reaching net zero by 2050.

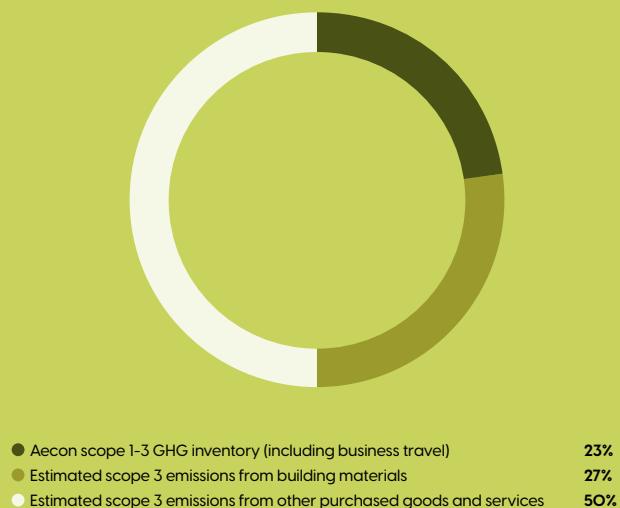
¹ The 2030 target is an intensity-based target (CO₂ equivalent per million dollars of revenue).

² U.S. Energy Information Administration – Commercial buildings energy consumption survey

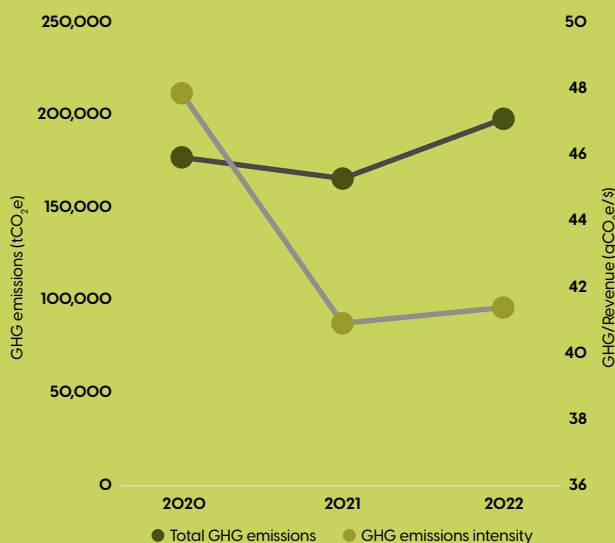
GHG EMISSIONS INVENTORY¹



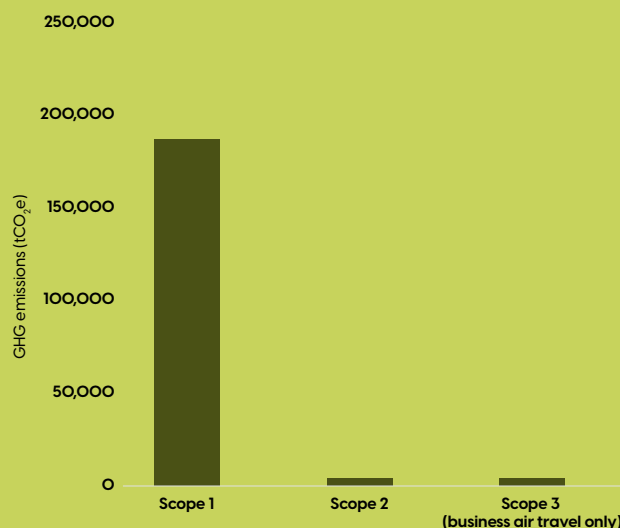
ESTIMATED SCOPE 3 EMISSIONS RELATIVE TO AECON'S GHG INVENTORY



YEAR-OVER-YEAR GHG EMISSIONS¹



2022 GHG INVENTORY RESULTS¹



ACTING ON THE EVIDENCE

Based on our emissions inventory each year, a majority of our scope 1 and 2 emissions result from construction activities. These include activities involving diesel-powered construction equipment and fleet vehicles. Many initiatives described in this report and past sustainability reports, such as fleet-usage optimization and the pilot testing of electric, solar and biodiesel-fuelled construction equipment, focus on these key opportunities to improve our performance as we work to meet our targets.

In 2022, we increased the granularity and coverage of our GHG inventory to allow us to better identify reduction opportunities. Aecon is now able to track project-level GHG emissions over time for our major projects as well as the uptake of biodiesel consumption, a near-term strategy for reducing fleet emissions. We also continued the rollout of our fleet telematics program (see p. 34 of our 2020 Sustainability Report), which will allow us to more precisely quantify performance improvements through the collection of real-time equipment data.

Continuing to increase the granularity and coverage of our inventories and reports will be essential for Aecon to meet our GHG reduction targets.

¹ 2020 and 2021 GHG emissions have been restated following the acquisition of historical data.

Managing Waste Across Our Sites

Minimizing our environmental footprint, reducing costs and contributing to a more circular economy.

We proactively seek opportunities to reduce construction waste. In addition to diverting material from landfill, cutting waste delivers other benefits simultaneously, such as reducing the costs, traffic and emissions related to hauling. In cases where recyclable material can be sold, reducing our waste can even generate revenue. The Aecon Environment, Health and Safety framework lays out company-wide waste reduction requirements. Depending on project scope and requirements, we also develop waste management plans tailored to the materials and operations for specific projects.

ROAD BASE REUSE

Aecon is leading the West Corridor Constructors consortium delivering an 18-kilometre reconstruction and widening of Highway 401, between Mississauga and Milton, a key transportation corridor in the Greater Toronto Area (GTA). In 2021 and 2022, we removed and reused 925,000 tons of road base material on this project. Instead of hauling away material from the existing road and bringing in new granular, we've used onsite crushers to break down and separate the different materials, keeping asphalt and concrete on-site for reuse and separating steel into bins for off-site recycling. This approach has delivered numerous benefits, including reduced emissions from hauling, diminished safety risks from truck traffic, cost savings from purchasing new granular and an accelerated schedule.

PVC PIPE RECYCLING

In 2022, the team at our Finch West LRT project site – a major GTA public transportation project – began recycling polyvinyl chloride (PVC) pipes through CCE Recycling. This local firm helps promote circularity in the construction industry by recycling PVC and High-Density Polyethylene (HDPE). In just four months, the team was able to recycle a total of 5,000 pounds of PVC scrap. Of the total material collected, typically less than 1% ends up in a landfill; nearly 70% is shredded and remanufactured into pipe, while about 30% is cut and resold as PVC couplings. The material recycled from the Finch West LRT project has produced about a kilometre and a half of recycled pipe for use on future projects.

ONE SIMPLE RECYCLING PRACTICE, MANY BENEFITS

Aecon Utilities has an active slate of projects across Alberta, with multiple sites and hundreds of workers. This year, we launched a recycling initiative to benefit nearby communities and the environment. By directing non-construction recyclables (such as cans and plastic bottles used by workers) to a local recycling facility, Aecon crews in the area have reduced landfill, emissions, energy usage and other environmental impacts. Their efforts have also generated revenue from the high-value recyclables, which were donated to Youth Empowerment and Support Services (YESS) through the ATCO EPIC program.

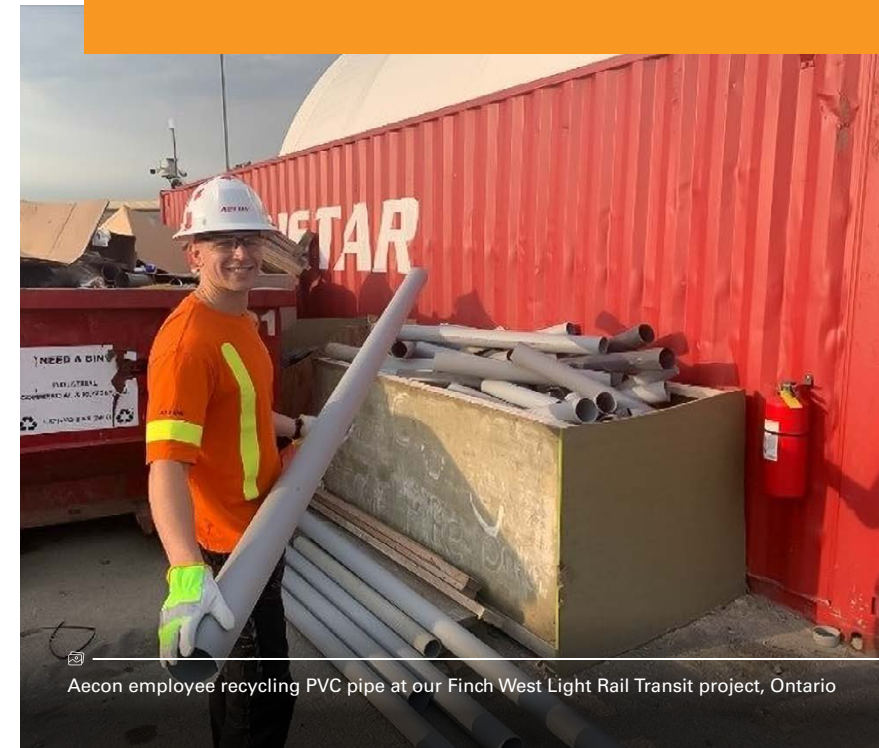
SPOTLIGHT

A DEEP DIVE ON DIVERSION

In 2022, Aecon engaged waste reduction consultants to audit nine of our project sites across Ontario, Manitoba, Alberta and British Columbia. Using haulage data as well as on-site physical sampling, the analysis concluded that:

- Our approximate average waste diversion rate across the nine projects was 70%.
- The most significant opportunity we have for improvement is in the handling of organics, including organic food waste and compostable fibres/tissues.

We'll use these findings to continue our journey to minimize waste on every project.



Aecon employee recycling PVC pipe at our Finch West Light Rail Transit project, Ontario

Working Towards Net Zero Construction

Today, the construction industry is responsible for about 10% of greenhouse gas emissions worldwide¹, and faces many opportunities for increased efficiency and lower emissions. Aecon is working to make construction activity more sustainable through innovative equipment, data-driven work processes and enhanced management of materials and waste. This is a summary of key initiatives we're using to reduce emissions and work towards net zero construction:

¹ The 2020 Global Status Report for Buildings and Construction.
² See 2021 Sustainability Report for some of our past initiatives.

14%
direct, intensity-based
reduction to date

30%
direct, intensity-based
reduction target

Net Zero
scopes 1, 2 & 3 by 2050

NOTABLE SUSTAINABILITY INITIATIVES

2022



EV Charger Installations on Aecon Properties



GeoExchange Installation



Low-Carbon Concrete Pilot



Zero-Emission Wheel Loader Pilot

2020 & 2021²



Solar tracker



Solar panels on trucks



Solar-powered road signs



Solar-powered light barrels



Solar light tower



Electric charging stations



Battery-powered tools



Lower-emissions vehicles



Biodiesel



Trialling of zero-emission equipment



Recycled asphalt



Battery-powered generator



Eco road salts

FUTURE CONSIDERATIONS



Increase trials and use of low-carbon and zero-emission equipment



Continue to explore low-carbon construction materials



Alternative power for construction sites

2020

2022

2030

2050

Social

Aecon touches millions of lives as we build critical infrastructure that delivers essential services such as mobility and clean water. As we perform this vital work, we also strive to build strong relationships with employees, clients, suppliers and community members.

We love our work, and so we actively share the benefits and opportunities connected to our industry. Aecon promotes inclusive economic development, partnering with communities and creating new pathways into the construction industry for traditionally underrepresented groups. In everything we do, we're mindful of our responsibilities to the Truth and Reconciliation process. We seek to work respectfully with Indigenous Rights-holders through joint ventures, community partnerships and other collaborations.

IN THIS SECTION

- **Management Approach**
- **Indigenous Relationships**
- **Talent Attraction, Development and Support**
- **Equity, Diversity and Inclusion**
- **Putting Safety First Every Day**
- **Community Investments and Volunteerism**



Aecon employee on site



Aecon employees at Training and Innovation Centre in Ontario

Management Approach

Healthy, engaged teams are critical to every aspect of our success. The first of four key focus areas in our current strategic plan, Moving Aecon Forward Together 2022–2024, is unlocking our people’s potential. Guided by this strategic direction, we aim to:

1. Develop advanced project execution competency
2. Safeguard Aecon from future labour shortages in the construction industry
3. Drive progressive leadership skill development
4. Elevate succession and career development outcomes
5. Introduce a focused engagement and development strategy for critical, high-risk roles

We evaluate our success in this area by:

- Tracking staff engagement scores through regular surveys and undertaking additional targeted engagement activities as appropriate.
- Monitoring internal mobility rates and critical roles with identified successors to ensure we are strategically investing in and developing our employees. Successors are identified through our talent review process and metrics are used to inform leadership programs and development plans.
- Monitoring the composition of our teams and how they’re changing. For example, our diversity census, now in its third year, helps us understand how the diversity of our teams compares to the diversity of available talent in the construction industry. We go beyond recruitment, analyzing whether members of diverse groups are advancing into more senior roles; where we see gaps, we develop interventions to address them.

Indigenous Relationships

Aecon is committed to building respectful, mutually beneficial relationships with Indigenous Rights-holders and communities.

Our relationships with Indigenous peoples take several forms. In addition to carrying out community engagement, we also continue to develop and sustain:

- long-standing joint venture partnerships (see [next page](#))
- procurement relationships with Indigenous suppliers
- sponsorship and community investment relationships

OUR FIRST RECONCILIATION ACTION PLAN

In 2022, Aecon embarked on an important new chapter with the creation and release of its inaugural [Reconciliation Action Plan \(RAP\)](#). Strongly endorsed by our leadership team and board, the RAP was developed in consultation with Indigenous changemakers, partners, subject matter experts and leaders and with the support of a consultant who specializes in Reconciliation. It includes specific, measurable commitments – as well as schedules and deadlines – in areas ranging from partnership and engagement to procurement to recruiting and retaining Indigenous talent.

Grounded in five key pillars – Leadership, Respect, Recognition, Commitment and Empowerment – the RAP is the next step in Aecon’s decades-long journey of deepening engagement and partnership with Indigenous peoples, communities and partners. It reaffirms our commitments, supports action and accountability, and extends and formalizes our goals through 2025.

A RECORD YEAR FOR PROCUREMENT

In 2022, Aecon’s total procurement from the Indigenous economy exceeded \$200 million for the first time. In prior years, our highest total annual investment stood at \$160 million. Two factors explain the improvement in our procurement from Indigenous-owned or affiliated companies this year. First, as the supply chain disruptions of the past couple of years begin to ease, many of our projects are accelerating – and so is our investment in the goods and services required to complete them. Also notably, however, is our continued efforts to proactively grow our list of Indigenous suppliers, which currently includes about 150 businesses, and seek out opportunities to include Indigenous enterprises in our projects wherever possible.

SUPPORTING TOMORROW’S BUILDERS AND INNOVATORS

Aecon has a long-standing relationship with the [Six Nations of the Grand River](#), Canada’s most populous First Nation, including through our joint venture, A6N. Aecon also supports a range of training initiatives at Six Nations. In 2022, we:

- Donated a range of equipment and machinery, including an outdoor welding rig, to Six Nations Polytechnic (SNP), an Indigenous-led, Indigenous-focused learning institution in Brantford, Ontario, that offers trades programs for young people. We also partnered with SNP to support their women-focused welding program, *We Are Welders*.
- Proudly sponsored a team from Six Nations Polytechnic to participate in a robotics competition in Hamilton, Ontario, which drew teams from across the province and the United States. Under the team name *Brainstorm Robotics*, the SNP crew was part of the winning alliance – marking their third consecutive year as champions.



Aecon Six Nations (A6N) employee on site

SPOTLIGHT

GROUND SOURCE ENERGY (GSE) AECON GEOEXCHANGE

A new Métis-led joint venture supports energy sustainability and Indigenous economic autonomy.

Geoexchange technology uses ground-source heat to help to reduce buildings' carbon footprint, optimize energy costs and reduce or eliminate fossil fuel dependence. As businesses, governments and households seek more sustainable ways to heat, cool and ventilate buildings, a new joint venture is prepared to meet growing demand by combining the strengths of a Métis-led specialist provider and Aecon.

Ground Source Energy (GSE) is a Certified Aboriginal Business based in Cochrane, Alberta. With over 40 years of experience, GSE has earned its place in geoexchange and geothermal drilling with clients and other contractors alike, achieving success on some of the largest geothermal projects across Canada.

In 2022, Aecon was proud to commence operations of a joint venture formed with GSE at the end of 2021: GSE Aecon GeoExchange. This new partnership will continue to serve a

national market, extending GSE's record of excellent project delivery while expanding the capacity of Aecon's geoexchange business. The venture expands Aecon's network of Indigenous-led joint ventures – one important aspect of our broader set of relationships and activities involving Indigenous businesses, communities and individuals.

Before forming this joint venture, Aecon GeoExchange Solutions (AGS) was already providing geoexchange system installation goods and services, including design build, for projects at a range of scales. With the creation of GSE Aecon GeoExchange, clients across sectors and industries will now gain access to an Indigenous-led solution for geoexchange installations and other key services.

A PORTFOLIO OF JOINT VENTURES

In September 2022, Aecon Utilities entered into an agreement with Aamjiwnaang First Nation and Chippewas of the Thames First Nation, forming **A3F (Aecon Three Fires)**. This new partnership will provide Indigenous-led solutions for Utilities construction work and associated support services in Southwestern Ontario and beyond.

A3F is innovative in two ways. First, we've made procurement activity the first focus of the venture in order to ramp up our collaboration quickly. From September through the end of 2022, we began working together on procurement aspects of the Chatham by Lakeshore Hydro Transmission project being completed by Aecon. In the coming months, we'll work together to expand A3F's construction activity, which has greater training and equipment demands.

The second innovative aspect of A3F is that it involves two First Nations. As with other Aecon joint ventures with Indigenous partners, Aecon's partners own a majority stake. In the case of A3F, instead of one First Nation or Indigenous organization being the sole partner, in this case, the 51% ownership stake is evenly divided among the Indigenous partners.

A3F is the latest in a growing portfolio of Indigenous-led JVs with Aecon:

- **AGN** is a joint venture between Six Nations of the Grand River Development Corporation and Aecon.
- **Chipewyan Prairie Aecon JV** is a multi-trade solution for industrial construction and maintenance, serving the Regional Municipality of Wood Buffalo in northeastern Alberta.
- **Enoch Aecon JV**, established between Enoch Construction, an enterprise of Enoch Cree First Nation, and Aecon, provides industrial construction, maintenance and fabrication services.



It was with profound sadness Aecon announced the sudden passing of Geewadin Elliott nDizhinikaaz, Senior Manager, U.S. Tribal Relations on Tuesday, April 4, 2023. Geewadin was a proud Potawatomi Anishinabe member of the Chippewas of Nawash Unceded First Nation at Neyaashiinigmiing, ON. As a valued member of Aecon's Indigenous Relations team, he played an important role in bringing truth, social responsibility and leadership to Aecon. All of his friends and colleagues at Aecon will miss Geewadin's counsel and friendship.

Talent Attraction, Development and Support

Engaging talent to build a more sustainable future.

Aecon's success has always been powered by the skill and dedication of our people. Today, as we respond to demand for infrastructure delivery – amid a complex environment both technically and ecologically – our ability to attract and retain outstanding team members is more critical than ever.

Our people strategy is at the heart of our business strategy.

To continue building our project execution capabilities, we need to keep attracting and training highly skilled people – especially in the skilled trades. For Aecon, building our talent pipeline in support of our business strategy means:

- Attract young workers across Canada.
- Collaborate to ensure that Canada's immigration program is helping to connect global talent with Canadian infrastructure opportunities (including by recognizing foreign credentials).
- Proactively dismantle barriers that have caused women and members of some communities to be historically underrepresented in our industry (see [page 31](#) for more on our diversity, equity and inclusion initiatives).

Celebrating achievement. Each year, we honour outstanding achievements with the Aecon Achievement Awards. Individuals and teams within Aecon are nominated by peers for exceptional contributions in areas such as innovation, inclusion and project execution. This year, for the first time, we invited nominations for a Sustainability Award; three teams were ultimately recognized for their success in reducing the environmental impacts of operations through planning and innovation. The inaugural Platinum Award recipient went to the London Line Replacement Team, whose carefully designed soil management approach diverted more than 7,000 tons of excavated soil from landfill.

Promoting health and wellness. We continue to expand the health and wellness supports available to Aecon employees and their families. In 2022, we:

- Increased the level of coverage as well as expanded the criteria for resources available through our health and wellness benefits program
- Invested in a mental health awareness committee, which shares information with employees about mental health topics in general as well as the specific supports available through Aecon
- Increased employees' vacation entitlements, making time-off options more flexible

Supporting all families. This year we revised our parental leave benefit programs and policies to make them more comprehensive and inclusive. We clarified and formalized the availability of parental leave to all Aecon employees who become parents, regardless of gender, including adoptive parents and same-sex partners.

Helping employees bring sustainability home. This year, Aecon introduced the Green Home Energy Benefit to all employees. This new benefit subsidizes purchases such as solar panels, Energy Star appliances and electric vehicles, to name but a few examples. Offering employees the opportunity to save fuel and energy costs while reducing their household environmental impact accomplishes two vital goals at once: supporting our team members' well-being while promoting sustainability in the communities in which we live and work.

SPOTLIGHT

LEADER OF AECON'S PEOPLE PROGRAMS EARNS NOTICE

In 2022, Aecon's Senior Vice President of Human Resources, Gordana Terkalas, was recognized as one of the Top 50 Women Leaders of Toronto by the editors at Women We Admire. The award committee noted the "...agility and progressive thinking..." Gordana brings to her contributions across a range of people-focused areas, including diversity and inclusion, ethics and compliance, and change management.



Gordana Terkalas, Aecon's Senior Vice President of Human Resources



Aecon employee at the Darlington Nuclear Refurbishment project, Ontario

Equity, Diversity and Inclusion

Building a workplace that works for everyone.

Building a diverse and inclusive organization is one of our top priorities. Excellence in this area is an essential expression of our values and an important driver of our business success, which relies on our ability to attract and support talented people of all backgrounds and experiences.

Learning and development. This year, Aecon University, our online learning platform, added materials to support the widely shared organizational goal of building an inclusive workplace. In 2022, we added four new learning modules: “Anti-Black Racism in Construction,” “Introduction to Gender,” “Accessibility for Canadians” and “Gender in the Workplace.”

Connecting diverse talent with opportunities in construction.

In 2022, Aecon’s efforts to train new workers from two historically underrepresented groups in construction – women and Indigenous people – were advanced through the Ministry of Labour, Immigration, Training and Skills Development Fund. This partnership supported the training of an expanded number of cohorts through Aecon Women in Trades (AWIT) program through collaboration with our Union partners and Aecon’s Training and Innovation Centre in Holland Landing, Ontario. In 2022, Aecon brought on over 150 women into trades roles through the AWIT Program and other means.

Building diversity in leadership. Building on the success of a similar program focused on women launched in 2021, in 2022, we launched Champions for Diversity in Leadership, a program to support the career development and, ultimately, the promotion of diverse talent into leadership roles at Aecon. The first cohort comprises 12 diverse, high-potential, mid-career employees; participants are sponsored by some of Aecon’s most senior executives and receive tailored career development support to prepare them to assume positions of increasing responsibility.

Supporting and engaging Employee Resource Groups.

Aecon’s Employee Resource Groups have been active for several years. In 2022, we took steps to ensure the continued engagement and efficacy of these important bodies, introducing executive sponsors for each group, promoting the groups’ activities to facilitate the recruitment of new members, and formalizing their mandates to support clear, achievable outcomes. One important outcome in 2022 arising from Employee Resource Group activity was the creation of a new Workplace Accommodation Policy; the development of a more formal and detailed policy was a specific recommendation of the PeopleWith Disabilities ERG, which had a significant role in shaping the policy. We expect it to be formally adopted in 2023.

Measuring our progress in attracting and supporting diverse talent.

In 2022, we fielded our diversity census for the third consecutive year. Growing completion rates signal trust in the survey and its value year over year. A critical area of focus is how we’re progressing in the diversity of our workforce relative to the availability of diverse talent in construction. The results suggest we’re moving in the right direction on all dimensions of diversity we measure; our EDI (Equity, Diversity and Inclusion) practices remain works in progress and we continue to take steps to accelerate our gains.

DIVERSITY AWARDS

- Mosaic Transit Group, the consortium in which Aecon is a partner to deliver the Finch West LRT, was honoured to be recognized at the Toronto Community Benefits Network (TCBN)’s Building Diversity Awards Gala in May 2022. In recognition of diversity initiatives connected to the project, Mosaic was awarded the Leading on Diversity Award in the Contractor category.
- Also in 2022, Ontario’s LiUNA Local 183 recognized the Aecon Women in Trades program with the Vic Soncin Employer Recognition Award, which celebrates organizations or programs committed to advancing the trades. Since 2019, AWIT has prepared dozens of women for careers in the skilled trades.

Putting Safety First Every Day

Keeping every worker safe on every job is our number one Core Value.

Aecon uses industry practices and evidence-based tools to promote safety on every task, work site and project. Deploying rigorous governance and oversight protocols as well as carefully designed training tools and risk mitigation systems, we aim to identify and implement the best safety practices to keep workers safe and reinforce a zero-injury culture.

Our EHS goals for 2022 were concentrated in three key areas:

Critical risk management: continuing to roll out our evidence-based “Fatal 8” program. Introduced last year, the program includes prevention practices and targeted communications to enhance safety on eight specific operations involving critical risks, such as working at heights and near energized systems. In 2022, we launched a rigorous field verification practice, completing more than 6,000 verifications to ensure that all intended controls are in place. We also carried out focus groups to evaluate current communications and identify further opportunities for improvement.

EHS systems: driving ongoing, systematic improvement in our operational standards related to environment, health and safety, as well as our audit and assurance program and safety-related digital systems (such as in-field reporting tools and information/training resources).

Leadership, people and culture: celebrating excellence in safety practices and reporting and continuing to build our safety capabilities through talent development, leadership training and communications. This area of our safety practice is especially vital today as we grow our teams to meet the demand for infrastructure delivery. One practice that helps to ground our safety culture is Aecon Safety Week, which engaged more than 110 sites this year, including our headquarters. Observed annually, Aecon Safety Week features a range of special programming, with talks, videos, posters, hardhat stickers and a Toolbox Talk by our CEO all reinforcing the year’s theme, such as mental health or safety planning. Our 2022 theme was Embracing Safety Excellence.

MILESTONES TO CELEBRATE

Excellent safety performance means that nothing happens: every worker goes home safely at the end of the day. To remind our teams that this kind of “nothing” is a hard-won achievement – and the most important thing we do together – Aecon celebrates incident-free milestones. Some of our proudest moments in 2022 include:

- The team at Aecon’s Cambridge Fabrication Facility in Ontario reached 25 years – 4.9 million hours of work – without a lost-time injury (LTI), an injury for which a worker requires a leave of absence.
- Our Shoreline Power Group joint venture team marked four million LTI-free hours on the Bruce Power Fuel Channel and Feeder Replacement.
- The Steam Generator Replacement Team (SGRT) working on the Bruce Power Nuclear Generating Station in Ontario completed 1 million hours without an LTI.

WALKING THE WALK

Aecon’s leaders regularly participate in Onsite Insight Walks, safety exercises where they observe operational execution across a work site and engage workers on day-to-day challenges and successes with respect to safety. These walks help leaders see exactly how safety protocols are functioning on the ground (and identify opportunities for improvement). They also reinforce the understanding among workers and leaders alike that safety is truly everyone’s job, including every executive team member; participation in Onsite Insight Walks is tracked as part of each sector’s monthly EHS performance dashboard.

KEY SAFETY STATISTICS

0.01

Lost-Time Injury Frequency

1.13

Total Recordable Injury Frequency (TRIF)

Goal



Actual



Significant Incidents involving Aecon employees or subcontractors where Aecon was Safety Lead (High/Severe – Actual Severity)

791

Site visits by senior leadership

6,090

Number of Critical Control Verifications undertaken

8

Number of internal EHS Audits undertaken

8,446

Safety Opportunities (incidents without injury or damage)

110+

Number of sites engaged in our annual Safety Week



Aecon employees on our Aecon-Golden Mile Joint Venture project

SPOTLIGHT:

AECON-GOLDEN MILE JOINT VENTURE

Advancing economic inclusion today as we build for a sustainable future.

In 2022, the Aecon-Golden Mile Joint Venture (A-GM) became the preferred contractor for utilities-related work in a new mixed-use community in the West Don Lands, an area being revitalized on Toronto's waterfront.

A-GM began in 2021 as a pilot project connected to the United Way's Inclusive Local Economic Opportunity (ILEO) initiative. Its mission is to pursue local construction opportunities, support local workers in accessing training and employment and reinvest a portion of its profits in community economic development.

LOCAL COLLABORATION

Under the pilot, Aecon entered into a joint venture with the Centre for Inclusive Economic Opportunity – Golden Mile, a coalition of non-profit organizations operating in and around the Greater Golden Mile area in Scarborough, Ontario. The venture is majority-owned by the community (51%), with Aecon owning the remaining stake.

The ILEO initiative emerged from a collaboration between the City of Toronto, the United Way Greater Toronto and BMO, which sought to identify innovative ways to support local economic development. The Golden Mile is the first neighbourhood where the ILEO is implementing its approach, which aims to help new entrants access the opportunities connected to nearby construction activity.

HIRING NOW

The A-GM Joint Venture was named as the preferred contractor in a Memorandum of Understanding (MOU) with Kilmer Group, which is developing portions of Toronto's waterfront revitalization area with Tricon Residential and Dream Unlimited. A-GM has been engaged to perform hydrovac excavation work and install fibre optic cable to support digital connectivity in the mixed-use area.

In the latter part of 2022, A-GM was recruiting Greater Golden Mile residents for unionized construction jobs associated with this work. The newest cohort of workers began training in January 2023, contributing to economic empowerment in the community and helping address the surging demand for skilled trades throughout the region.

“

Aecon-Golden Mile is on track to be a real game-changer for the Greater Golden Mile neighbourhood by not just providing jobs but creating on-ramps to financial security and self-sufficiency for residents.”

Daniele Zanotti, President & CEO, United Way Greater Toronto



Aecon-Golden Mile
Joint Venture

**Building Prosperity through
Inclusive Economic Opportunities**

Community Investments and Volunteerism

Supporting and participating in communities where we live and work.

Aecon has an active community investment program, concentrating our corporate philanthropic and volunteer activity in five key areas: Indigenous peoples, young people, poverty, mental health and the environment.

In addition to our corporate giving in these areas, we're proud to support (and, in many cases, provide matching funds to) employee-led charitable efforts across a range of causes. Aecon employees and project teams identify and act on opportunities to support others – in Aecon's areas of focus and other areas, such as cancer research.

Community Investment Overview

Aecon corporate giving total:

\$981,000

(including investments and sponsorships)

GRASSROOTS GIVING BY THE NUMBERS

Here are just a few of this year's employee-led initiatives across Aecon:

1,000 shoeboxes – For several years, Aecon has supported the Shoebox Project, which provides shoeboxes full of essential items to women experiencing homelessness. Responding to the exceptional need organizers reported in 2022, Aecon employees nearly doubled their contribution this year.

7 homes – In the fall of 2022, teams from Aecon's Bruce Power Fuel Channel and Feeder Replacement Team (Shoreline Power Group) and Steam Generator Replacement Team (SGRT) partnered with Habitat for Humanity to build seven safe and affordable homes at the Saugeen First Nation in Ontario.

200+ km – Dedicated community members and athletes representing Aecon participated in the two-day Princess Margaret Ride to Conquer Cancer, a 200 km cycling event that also welcomes at-home virtual participation by runners, walkers and cyclists. Aecon participants raised nearly \$60,000 for the cause, which will support cancer research in Alberta and Ontario. Our total cumulative contribution since our first outing in 2012 topped \$1 million this year.

420 golfers – Teams from Aecon Civil and Aecon Nuclear supported successful charity golf tournaments this year. The two events, which involved 420 golfers, raised about \$97,000 for the organizers' chosen charities: Indspire, the Canadian Mental Health Association, Autism Ontario, the Children's Cottage Society and Girls E-Mentorship.

300+ students – Project employees working on a port modernization project in Kingstown, Saint Vincent and the Grenadines volunteered to deliver a safety awareness program to more than 300 students aged five to 12 at a school near the project site. Volunteers covered construction topics and information relevant to kids, such as neighbourhood traffic safety. The arrival of a dump truck was a program highlight, helping students learn about moving safely around large vehicles.



Aecon employees partnered with Habitat for Humanity to build homes at the Saugeen First Nation in Ontario.

Governance

Aecon adheres to rigorous standards of governance, ethics, compliance and risk management. We frequently update our policies and protocols to ensure we're keeping pace with leading practices in areas such as diversity and anti-corruption. We also work closely with our teams and suppliers to ensure that everyone associated with Aecon is prepared to achieve high levels of both performance and accountability. This means ensuring that our teams and suppliers are well informed about Aecon's rules and expectations and that they have the tools and training they need to manage risk in their individual areas of work – for example, by maintaining good cybersecurity practices.

IN THIS SECTION

- **Management Approach**
- **Board of Directors and Committees**
- **Responsibility for Sustainability**
- **Ethics and Leadership Diversity**



Aecon employee on site



Management Approach

We evaluate our success in governance and oversight dimensions by monitoring the following:

- Complaints submitted to our anonymous, third-party-administered complaints hotline. Since activating the platform in 2021, we have promptly investigated reports, applying appropriate governance mechanisms and controls.
- The compliance of our suppliers with our Supplier Code of Conduct and, since 2021, our ESG screening requirements.
- The compliance of our employees and partners with our requirements for international projects.
- The efficacy of our cybersecurity training and awareness program, #AeconSecure, as measured by employees' responses to simulated cybersecurity threats.
- The composition of our Board and how it's evolving regarding diversity dimensions.
- Monetary losses, if any, from anti-competitive practices or corruption-related penalties.
- Our team members' completion of key training initiatives, such as anti-corruption programs.

Board of Directors and Committees

Aecon's Board of Directors is composed of nine experienced members. Apart from the Chairman and the President & CEO, all directors are independent. Our Director Overboarding Policy ensures that all Board members possess the capacity for full and active engagement. Our Board is committed to a healthy governance culture of openness, candour and constructive dissent.

In order to balance the advantages of experience and renewal, a Director Term Limit Policy sets a ceiling for the number of years directors may serve, with allowances for targeted, short-term renewals in exceptional circumstances.

Our governance approach helps to drive effective management and sustainable business practices. In 2022, oversight of Aecon's Environmental, Social and Governance (ESG) program and sustainability matters shifted from the Risk Committee to the Board.

COMMITTEES OF THE BOARD

Corporate Governance, Nominating and Compensation Committee

Oversees the Corporation's overall corporate policy related to executive compensation and incentive plan design; develops an effective governance system for the Corporation; and reviews and assesses the Corporation's governance practices and public disclosure on an ongoing basis. Areas of oversight: Governance; Cybersecurity; Succession Planning; Diversity and Inclusion; Employee Engagement; Integrity and Transparency.

Audit Committee

Monitors the integrity of the Corporation's financial statements and reporting, the compliance by the Corporation with applicable legal and regulatory requirements relating to audit and internal controls, the independence, qualifications and performance of the Corporation's external auditors, and the Corporation's internal controls and audit function. Areas of oversight: Financial Risk and Auditor Oversight, Compliance, Pension Plan Oversight, and Integrity and Transparency.



John M. Beck
Chairman



Anthony P. Franceschini
Lead Director



J.D. Hole
Corporate Director



Susan Wolburgh Jenah
Corporate Director



Eric Rosenfeld
Corporate Director



Jean-Louis Servranckx
President and
Chief Executive Officer



Monica Sloan
Corporate Director



Deborah S. Stein
Corporate Director



Scott Thon
Corporate Director

Environmental, Health and Safety Committee

Supports continuous improvement of healthy and safe workplaces. Responsible for annual review and approval of the Corporation's EHS Strategic Plan and quarterly review and assessment of the Corporation's EHS performance. Areas of oversight: Health and Safety; Environmental Management.

Risk Committee

Oversees the framework for managing project risks arising from the Corporation's operations and business. Reviews and monitors the Corporation's Enterprise Risk Management program. Areas of oversight: Risk Management and Mitigation; Major Project Approvals; and Project Performance.



Responsibility for Sustainability

The tables below lay out which areas of Aecon’s Board are responsible for various aspects of the Corporation’s ESG (Environmental, Social and Governance) program.

ENVIRONMENTAL

Climate Change Risks and Opportunities
Sustainability Report
Sustainability Policy
Environmental Targets

Environmental Management
Environmental Incident Reporting

Financial Reporting in Sustainability Report (SASB, TCFD and similar disclosures)

SOCIAL

Community Investment/Philanthropy
Indigenous Strategy
Diversity and Inclusion
HR Management Matters Generally

Health & Safety Policies and Programs
Health & Safety Performance

Stakeholder Engagement Activities

GOVERNANCE

Shareholder Engagement Strategy

Enterprise Risk Management
Insurance Coverage
Cybersecurity

Executive and Director Compensation
Compensation-Related Risk
Setting Compensation Peer Group
Board and Committee Composition
Process re New Director Candidates
Director Education and Onboarding
Position Descriptions
Board Annual Performance
CEO/CFO/NEO Annual Performance
Shareholder/Stakeholder Engagement
Corporate and Board Policies
Succession Planning
Continuous Disclosure: MIC and AIF

Continuous Disclosure: F/S and MD&A
Whistleblower Hotline Oversight

Sustainability Report
Annual Review of Key Business Risks

Board and Board Committee Coverage

Board
 Risk
 EHS
 Audit
 CGNCC
 Risk/Audit/CGNC

Ethics and Leadership Diversity

Aecon's leadership team is composed of experienced industry professionals committed to extending our record of business excellence, execution of complex projects and high standards for ethical conduct.

ETHICS

Guided by our Core Values and our commitment to protecting the interests of our stakeholders, Aecon upholds high ethical standards and actively seeks ways to detect and correct unethical conduct and non-compliance.

We follow all applicable lobbying laws and regulations, engaging with government officials and public representatives honestly, responsibly and transparently. Our lobbying activities are reported to the Audit Committee quarterly.

In 2021, we launched a third-party ethics hotline platform that allows anyone to report ethical concerns without fear of reprisal; the platform supports reporting anonymously online or via a 24/7/365 toll-free, multilingual support line.

We require all vendors and subcontractors to adhere to our Supplier Code of Conduct, which sets clear expectations in areas such as safety and information security and prohibits workplace harassment, bullying and discrimination. In 2021, we added an ESG questionnaire, which includes Diversity and Inclusion dimensions, to our screening apparatus for preferred suppliers.

Aecon has a robust compliance program for international projects, starting at the bid or pursuit stage. Procedures are customized for each geographic location during the active construction and/or operations stage. For example, as part of our port modernization project in Kingstown, Saint Vincent and the Grenadines, we delivered tailored in-person training to the project team in January 2023.

ETHICS QUICK FACTS FOR 2022

2022 was the most recent update to our Code of Ethics and Business Conduct, regularly reviewed and evaluated.

100% of managers responsible for compliance have completed the Anti-Corruption Certificate Program from the Canadian network of the UN Global Compact.

Zero monetary losses from bribery and corruption were incurred.

Zero monetary losses from anti-competitive practices were incurred.

29 potential partners and major subcontractors; **7** potential agents or consultants; and **2** potential counterparties were screened by a third-party provider for corruption, bribery and other ethical violations.

100% of relevant employees completed mandatory annual in-person anti-corruption and anti-bribery training.

100% of relevant employees complied in each quarter of 2022 with tracking of their international business travel and contact with public foreign officials.

Leadership diversity. In 2022, 25% of our executive officers were women. Guided by our Corporate Diversity Policy, we are working to increase gender balance and diversity in every part of Aecon, including our senior management team.

Executive team. We have a dedicated sponsorship program to help mid-career women with strong leadership potential identify and pursue specific career development goals. Launched in 2019, the Champions for Women in Leadership Program has already led to the promotion of 10 women into more senior roles. In 2022, we launched a similar program, Champions for Diversity in Leadership, focused on increasing other dimensions of diversity at the leadership level.

Board of Directors. In addition to a wide range of industry and professional experience, our Board of Directors includes 33% women directors and 11% racially diverse directors.



Aecon employee at utilities project site in Ontario

Appendices

IN THIS SECTION

Appendix A

- **Sustainability Performance Dashboard**

Appendix B

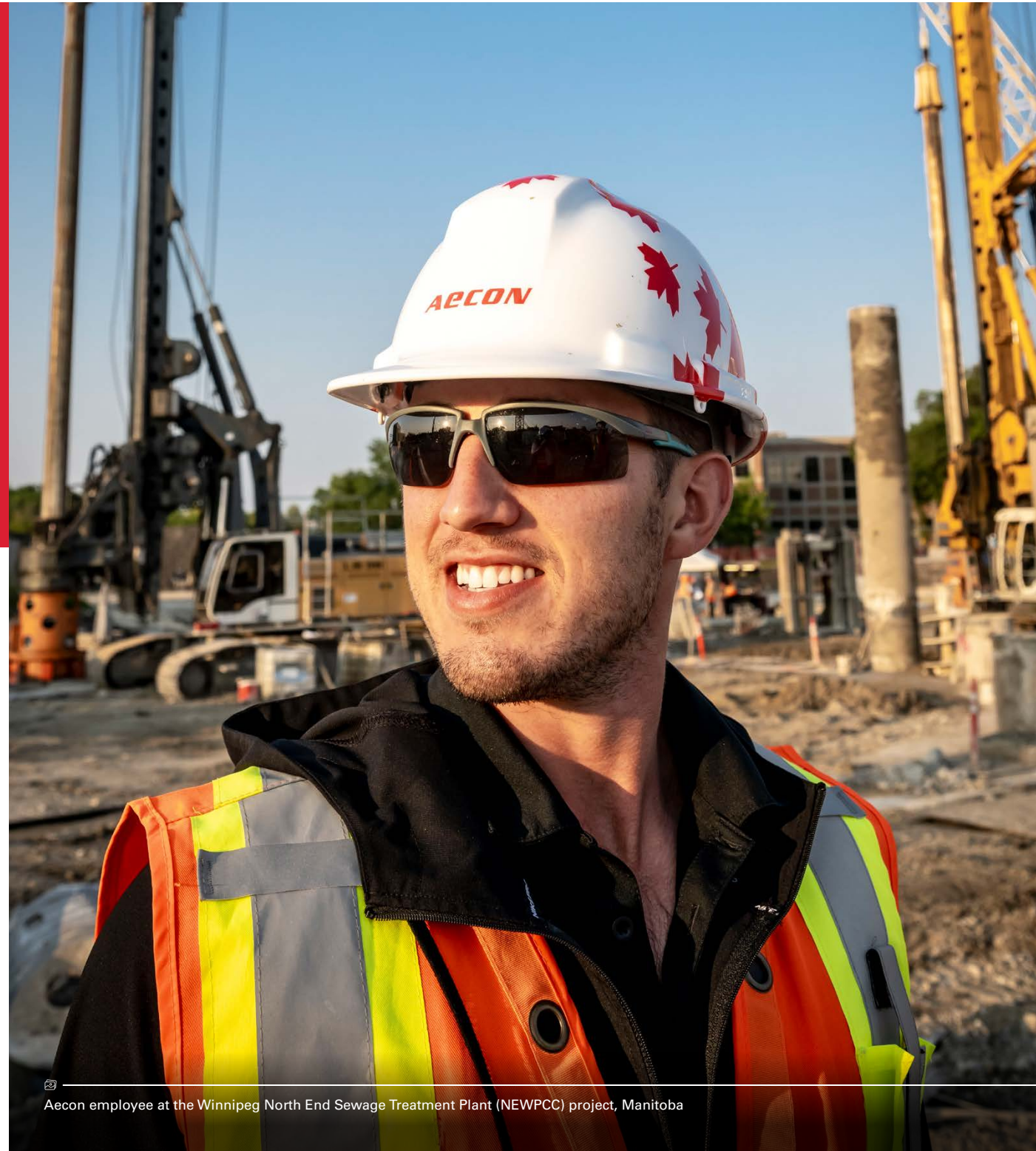
- **Task Force on Climate-related Financial Disclosures (TCFD) Response**
- **Climate Change Risks**
- **Climate Change Opportunities**

Appendix C

- **SASB Disclosure:
Engineering and Construction Services Industry Standard**

Appendix D

- **United Nations Sustainable Development Goals**



Aecon employee at the Winnipeg North End Sewage Treatment Plant (NEWPCC) project, Manitoba

Appendix A

Sustainability Performance Dashboard

TOPIC/ISSUE	METRIC/UNIT	2020	2021	2022	SASB CODE
Financial/Operational					
Revenue	\$ billions	3,644	3,977	4,696	
Number of projects completed	number	467	435	478	IF-EN-000A
Project backlog	\$ billions	6,454	6,198	6,371	IF-EN-000C
Hydrocarbon-related projects (backlog)	\$ millions	895	623	535	IF-EN-410b.1
Renewable energy projects (backlog)	\$ millions	250	295	375	IF-EN-410b.1
Non-energy projects associated with climate change mitigation (backlog)	\$ millions	1,613	1,426	945	IF-EN-410b.3
Governance					
Gender diversity – Executive level	%	25	25	25	
Gender diversity – Board level	%	30	30	33	
Gender diversity – Company level	%	<i>Permanent: W-30, M-69, O-1 Union: W-6, M-94</i>	<i>Permanent: W-30, M-69, O-1 Union: W-6, M-94</i>	<i>Permanent: W-32, M-68 Union: W-4, M-96</i>	
Code of conduct – Employee training	%	99	100	100	
Our People and Suppliers					
Aecon Women in Trades Program (graduates)	number	31 (to date)	4	76	
Racial diversity – Board level	%	10	10	10	
Employee training (instructor led and e-learning/virtual) ¹	course completions	14,096	16,416	23,711	
Total recordable injury frequency	number	0.88	0.92	1.13	
Lost-time injury frequency rate	number	0.04	0.01	0.01	
Fatalities	number	1	0	0	
Indigenous goods and services procured	\$ millions	158	121	234	
Total Indigenous Vendors	number	141	175	148	
Suppliers screened for ethical compliance	number	10	25	175	
Suppliers that were screened using environmental ESG criteria	%	N/A	5	30	

¹ Criteria was adjusted in 2022 to improve accuracy; 2020 and 2021 numbers presented above have been adjusted from previous reports to reflect updated criteria.

TOPIC/ISSUE	METRIC/UNIT	2020	2021	2022	SASB CODE
Environment					
GHG emissions – Total	tCO ₂ e	173,340 ¹	162,142 ¹	193,650	
GHG emissions – scope 1	tCO ₂ e	170,189 ¹	157,396 ¹	186,875	
GHG emissions – scope 2	tCO ₂ e	2,453 ¹	3,892 ¹	3,528	
GHG emissions – scope 3 (business air travel only)	tCO ₂ e	698	855	3,247	
GHG intensity (scopes 1 and 2) (revenue basis)	tCO ₂ e/\$ millions	47 ¹	41 ¹	41	
Year-over-year reduction in scope 1 and 2 emissions	%	N/A	14.3 ¹	0.1	
Community Investment					
Donations to charities and non-profits	\$ thousands	700	631	981	

¹ In 2021, GHG emissions were reported as 186,592 and 174,160 for 2020 and 2021, respectively. The new 2020 and 2021 GHG inventory results presented above are restated to replace estimated data with actual data. The updated data results in a decrease in our 2020 and 2021 GHG emissions. Restating the 2020–2021 inventory results improves inventory quality and comparability between reporting years.

Appendix B

Task Force on Climate-related Financial Disclosures (TCFD) Response

TOPIC	DISCLOSURES	2022 RESPONSE
Governance	<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p> <p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>The Board oversees Aecon’s enterprise risk management process, which includes climate change-related risks and opportunities. This includes ensuring appropriate management systems are in place to identify and manage our risk, and helping to ensure adequate Board oversight of our risk management policies, programs and practices. All of the members of the Risk Committee have significant sustainability experience. Management delivers a climate change and sustainability update to the Board on a quarterly basis. Aecon’s Sustainability Team is responsible for reporting to the Board, providing an update on climate-related risks and opportunities, energy and fuel consumption and performance, progress against key ESG metrics such as GHG emission reduction, and the overall sustainability strategy implementation. The Board considers climate-related issues when reviewing and guiding strategy, action plans, policies, budgets, business plans, objective setting, and capital expenditures. The Corporate Governance, Nominating and Compensation Committee (CGNC Committee) of the Board oversees Aecon’s corporate governance, public disclosure and management of compensation-related risk, and Aecon’s people matters and diversity and inclusion initiatives. Read more on our climate-related risks in our 2022 Annual Report (page 52); and for more information on the Risk Committee and the CGNC Committee of the Board of Directors, please see page 37 of our 2022 Sustainability Report, page 11 of our 2022 Annual Information Form (AIF) and page 34 of our 2022 Management Information Circular (MIC).</p> <p>Day-to-day management of climate-related risks and opportunities is managed by Aecon’s Sustainability Team. The team is responsible for quarterly reporting to the Board via presentations and memos, monitoring energy and fuel consumption and performance, strategy implementation and conducting risk assessment of climate-related risks and opportunities. The Senior VP of Corporate Development and Investor Relations has the ultimate responsibility for the assessment and management of climate-related issues and reports to the Board. The VP, Sustainability reports to the SVP of Corporate Development and IR, and is responsible for engaging with internal and external stakeholders to keep track of risks and opportunities related to climate change. Other executives and management teams within our organization are responsible for managing specific areas of the business which may affect or be affected by climate change. There is an executive-level committee focused on the energy transition. The executive-level committee includes the Aecon Executive Vice President and President of Concessions, the Executive Vice President of Utilities, the Executive Vice President of Civil and Nuclear, and the Vice President/General Manager of Industrial East Operations. This committee is responsible for evaluating opportunities related to climate change mitigation and adaptation and the energy transition. For a breakdown of the organizational structure in relation to sustainability issues, including climate risk, please see page 38 in our 2022 Sustainability Report. Management is informed about climate-related issues through stakeholder engagement and by actively assessing risks and opportunities. The Sustainability Team engages with relevant management teams across the organization to understand and assess developing risks, opportunities and trends which may impact the organization. We also actively monitor emerging technologies and innovative solutions that drive the transition to a net zero carbon economy.</p>
Strategy	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>For a description of climate-related risks, please see Climate Change Risks on pages 45–46 of Appendix B. For a description of climate-related opportunities, please see Climate Change Opportunities on page 44 of Appendix B in our 2021 Sustainability Report. Please see page 10 of our 2022 Annual Information Form and page 35 of our Management Information Circular.</p> <p>For a description of the impacts concerning climate-related risks, please see Climate Change Risks on pages 45–46 of Appendix B. For a description of the impacts concerning climate-related opportunities, please see Climate Change Opportunities on page 47 of Appendix B.</p> <p>We are in the early stages of our assessment of different pathways towards a net zero carbon future and are awaiting action on the recommendation of the Final Report of the Expert Panel on Sustainable Finance to coordinate a government-sponsored research effort to develop two or three base climate-related scenarios (including a 2°C or lower scenario). While such scenarios may not be fully applicable to our industry, we would view them as a starting point for building our own analysis, understanding our impacts and contextualizing what sustainability means for Aecon. Please see page 44 of Appendix B in our 2021 Sustainability Report for more information on external climate scenario analyses performed that we have considered in assessing the climate change risks and opportunities relevant to our business. For a description of how our strategies might address climate-related risks, please see Climate Change Risks on pages 45–46 of Appendix B. For a description of how our strategies may address climate-related opportunities, please see Climate Change Opportunities on page 47 of Appendix B.</p>

TOPIC	DISCLOSURES	2022 RESPONSE
Risk Management	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organization’s processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>Our initial climate impact assessment has been undertaken as part of our broader enterprise risk management process and management risk assessment across 11 categories, including climate change. Our objective is to reduce, insofar as reasonably practicable, the significant risks associated with our business. Our management strives to achieve this objective by identifying risks and the ways in which they arise, assessing the potential impacts of each risk, and considering the effectiveness of existing or readily available control measures. The VP, Sustainability reports to the Senior VP of Corporate Development and Investor Relations, and is responsible for engaging with internal and external stakeholders to keep track of risks and opportunities related to climate change. We also take a research-based approach by looking at our peer companies to determine the most material climate change risks to the industry. The risks are logged in our corporate Risk Register, which is a living document that is reviewed and updated every financial quarter and reported to the Board. Read more on our climate-related risk management in our 2022 Sustainability Report (page 43) and Annual Report (page 52).</p> <p>Our management considers specific and relevant processes for managing climate-related risks as outlined in Appendix B of this Sustainability Report.</p> <p>Climate change-related risks are integrated in our global risk management processes and form one of the drivers of our pursuit of business opportunities, in conjunction with our clients and our partners, to develop infrastructure which is resilient and adaptable to climate change. Climate-related risks are incorporated into our Project Risk Committee reviews of prospective projects.</p>
Metrics and Targets	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>In supporting the assessment of transition-related climate risks, we track the climate impacts of our business mix. A key component of this is tracking and evaluating our project backlog, which includes hydrocarbon, renewable energy and non-energy related climate change mitigation projects among many others. Please see SASB IF-EN-410b.1, IF-EN-410b.2 and IF-EN-410b.3 on page 49 of Appendix C. We are committed to continuing to refine our processes for identifying relevant climate change metrics and targets and will continue to report on our process through our sustainability reporting.</p> <p>Please see page 41 in this Sustainability Report for our scope 1, scope 2 and scope 3 greenhouse gas emissions (GHG) for 2022. Please also see Transition Risks on page 45 for more information on the risks associated with our GHG emissions.</p> <p>In April 2021, we announced our GHG emissions reduction targets. Using 2020 as our baseline year, we have committed to reducing our emissions by 30% by 2030 (scope 1 and 2, economic-intensity based) and set an aspirational target of net zero for scope 1, 2 and 3 by 2050. In 2021, we also made a commitment through the Science Based Target initiative (SBTi) to adopt (and report our progress against) emissions reduction targets that are independently validated and consistent with the Paris Agreement goal of limiting global warming to less than 2°C above pre-industrial levels. We will continue to explore and add additional climate change metrics as we develop our sustainability strategy.</p> <p>Aecon tracks the following ESG metrics:</p> <ul style="list-style-type: none"> • Emissions reduction of 30% by 2030 and net zero by 2050 (2020 baseline) • ESG screening of 100% of our preferred suppliers by 2025 • Environmental Management training for employees • ESG ratings/awards (Corporate Knights, CDP, S&P Global, MSCI) • Renewable energy project backlog (SASB) • Non-energy projects associated with climate change mitigation backlog (SASB) • Hydrocarbon project backlog (SASB)

Appendix B

Climate Change Risks

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION, MITIGATION MECHANISMS(S) AND FINANCIAL IMPACT(S)	TIME HORIZON OF IMPACT
Transition	Policy and Legal	Increased compliance costs due to new regulatory schemes targeting climate change	Government action to address climate change may involve economic instruments such as carbon and energy consumption taxes, restrictions on economic sectors, such as cap-and-trade, increasing efficiency standards and more stringent regulation and reporting of greenhouse gas emissions, which could also impact Aecon's current or potential clients operating in industries that extract, distribute and transport fossil fuels. Enhanced emissions reporting regulations could increase operational spend on reporting activities, which could include greater stakeholder scrutiny of scope 3 emissions reporting throughout the value chain. The risk that there are increased compliance costs related to new mandates affecting our operations is mitigated through proactive engagement with governments, regulators and industry organizations, regular monitoring of regulatory trends and adequate compliance preparation.	Medium-term
	Market	Materially higher insurance premiums and changes in underwriting criteria and coverage	Government action to address climate change could also impact insurance premiums, causing them to rise, and cause material changes in underwriting criteria and coverage. This risk is mitigated through proactive engagement with governments, regulators and industry organizations, regular monitoring of regulatory trends and adequate compliance preparation.	Long-term
		Market-changing client behaviour	Aecon's private and/or public sector clients may shift their infrastructure priorities due to changes in project funding or public perception of sustainable projects. This risk is mitigated by identifying changing market demands to reposition risks as opportunities, forming strategic partnerships and pursuing sustainable innovations. This risk is also mitigated to an extent by identifying changing market demands to offset lower demand in some sectors with opportunities in others, forming strategic partnerships and pursuing sustainable innovations.	Long-term
	Technology	Risk of increased costs due to technological shifts in existing products and services	Technological shifts in the transition to a net zero carbon economy could result in increased costs as existing products and services shift to more energy-efficient ones that deliver lower greenhouse gas emissions. This risk is mitigated through our efforts in operational continuous improvement, sustainable innovation, planning and strategy.	Medium-term
	Reputation	Reputational risk due to clients' climate change concerns and their perception of our efforts to reduce our carbon footprint	Aecon's private and/or public sector clients may shift their infrastructure priorities due to changes in public perception of sustainable projects. Clients and other stakeholders in Canada and worldwide are becoming more attuned to climate change action and sustainability matters, including the efforts made by issuers to reduce their carbon footprint. Aecon's reputation may be harmed if it is not perceived by its stakeholders to be sincere in its sustainability commitment and its long-term results may be impacted as a result. This risk is mitigated by seeking advice from expert consultants, adoption of a formal ESG framework and committing to reporting on our emissions in an annual Sustainability Report. It is also mitigated through our efforts in operational continuous improvement, sustainable innovation, planning and strategy.	Medium-term

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION, MITIGATION MECHANISMS(S) AND FINANCIAL IMPACT(S)	TIME HORIZON OF IMPACT
Physical	Acute	Operational disruption from severe weather events	The risk that operations could be interrupted by severe storms or series of storms, widespread fires, flooding or similar natural disasters. This risk is mitigated contractually whenever possible and with insurance to some extent, but extensions of time do not provide compensation for overhead under-recovery.	Short-term
		Reduced revenue from business disruption	Projects, assets, infrastructure or supply chain operations could be materially disrupted or damaged by the increased frequency and intensity of extreme weather events, a change in the expected seasonal length, and regional epidemics or global pandemics. These risks are mitigated to some extent by building in additional schedule time that considers the short-term impacts of weather, such as ice cover, for example.	Short-term
		Costs related to repairing damaged projects		Short-term
	Disruptions due to the effects of epidemics and pandemics	Short-term		
	Chronic	Increased costs related to cooling and heating needs due to changing temperatures	The risk of such increased costs is mitigated to some extent by incorporating energy efficiency and energy procurement considerations as part of due diligence for any new office location and by developing operational innovations.	Long-term
		Extreme variability in weather patterns	The probability and unpredictability of extreme weather events and other associated incidents may continue to increase due to climate change, and we may continue to see longer-term shifts in climate patterns. Increases in the severity and/or frequency of weather conditions due to climate change such as earthquakes, hurricanes, tornadoes, fires, floods, droughts and similar events may cause more regular and severe interruptions in Aecon's business. Severe weather events may also impact the availability and cost of raw materials and may impact the raw materials supply chain and disrupt key manufacturing facilities. Additionally, chronic shifts in climate influence the energy requirements of buildings and the suitability of locations for new development projects. This risk is mitigated contractually to some extent, but extensions of time do not provide compensation for overhead under-recovery.	Long-term

Appendix B

Climate Change Opportunities

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION, MITIGATION MECHANISMS(S) AND FINANCIAL IMPACT(S)	TIME HORIZON OF IMPACT
Products and Services	Construction of energy storage solutions	As energy needs in our growing communities rise, energy storage solutions may increasingly be used for short-term peak power and ancillary services such as providing a frequency-response reserve to minimize the chance of power outages. Major industrial companies are beginning to explore the considerable potential for stationary energy storage, and we may see a rise in construction of such sites and increased revenue.	Short-term
	Deployment of carbon capture technology	Carbon capture, utilization and storage are capable of mitigating GHG emissions from power plants and industrial facilities. Commercial-scale carbon capture projects include, for example, coal gasification, ethanol production, fertilizer production, natural gas processing, refinery hydrogen production and retrofitting coal-fired power generation. Seizing this opportunity could lead to increased revenue.	Long-term
	Delivery of resilient infrastructure	The transition to a net zero carbon economy may bring significant commercial opportunities for companies that deliver resilient infrastructure – infrastructure that is, together with its ecosystem and social system, able to adapt to extreme weather, natural disasters and climate change impacts and still retain its basic function and structural capacity. Structural climate-resilient infrastructure adaptation measures include, for example, changing the composition of road surfaces to minimize deformation in high temperatures, building seawalls, using permeable paving surfaces to reduce water run-off, constructing airports to be resilient to category 5 hurricanes in areas prone to storm formation and activity, and protecting the integrity of electrical grids by burying overhead lines. This opportunity can lead to increased revenue. Some of these opportunities have been heightened by the COVID-19 pandemic. For example, in early 2021, the Canadian government announced a national infrastructure assessment initiative to invest in long-term infrastructure projects to help move the country to grow economically and drive the country to a low-carbon future.	Short-term
	Flood diversion	Extreme weather events and the impacts of urbanization, which alters natural drainage systems or builds infrastructure on floodplains, have resulted in a global increase in catastrophic flooding and an increased need for flood diversion infrastructure. Opportunities related to flood diversion may include projects to construct levees, lakes, floodway systems and channels, dams, reservoirs and retention ponds. These projects can lead to increased revenues.	Medium-term
	Deployment of hydrogen technology	The drive to net zero emissions has pushed many jurisdictions, including Canada, to consider hydrogen technology as a low-carbon power source. For example, the Canadian government released its Hydrogen Strategy in 2021, which includes the use of hydrogen as a transportation fuel, for power generation and storage, as a heating source and as a feedstock for industry. Due to the emergence of hydrogen technology and Aecon's expertise in renewable energy and power generation, numerous opportunities exist that could lead to increased revenue.	Medium-term
	Transition to a net zero carbon economy/ net zero targets	As clients and prospective clients set and pursue net zero targets, broad opportunities may present themselves (e.g., access to new markets, ability to diversify business activities and the development and/or expansion of low-emission goods and services) that can lead to a positive financial impact on the organization.	Medium-term
	Provision of renewable energy services	Canada has substantial renewable resources that can be used to produce energy, including water, wind, biomass, solar, geothermal and ocean energy. There may be significant opportunities tied to investment in production and use of energy from renewable resources at the provincial and federal levels. For example, geothermal systems use the constant temperature of the earth as a heat source in winter and heat sink in summer and could supply some or all of a building's space heating and cooling needs. District energy systems are networks of hot- and cold-water pipes, buried underground, that are used to efficiently heat and cool buildings using less energy than if the individual buildings were to each have their own boilers and chillers. District heating and cooling combined with renewable energy sources can help meet rising urban energy needs, improve efficiency, reduce emissions and improve local air quality. In 2022, Aecon expanded our commitment to innovative residential energy solutions, forming partnerships with our Green Home Energy Services Group and energy service providers, which will help improve energy efficiency and facilitate the adoption of clean energy technologies in Canadian homes.	Medium-term
Resource Efficiency	Vehicle telematics devices	When vehicles are idling or otherwise operated in an inefficient manner, engines consume fuel, produce GHG emissions and hydrocarbons, emit pollutants and particulate matter, and contribute to climate change. This presents significant opportunity to save money at the fleet level.	Short-term
	Fuel reduction initiatives	If fuel costs continue to rise with carbon tax legislation, businesses will increasingly look to reduce fuel consumption. Opportunities for cost savings in the long term include initiatives such as replacing carbon-based fuel for vehicles and equipment (including generators) with renewable, hydrogen and other low-emission sources.	Long-term

Appendix C

SASB Disclosure: Engineering and Construction Services Industry Standard

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	2022 RESPONSE
Environmental Impacts of Project Development ¹	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	number	IF-EN-160a.1	<p>Environmental incident reporting with respect to spills has increased substantially in 2022, which is a result of the spills program implementation throughout 2022. In previous years, spills were underreported within the organization. Of 150 spills registered in 2022, 10 were classified as regulatory reportable.</p> <p>There was 1 reportable non-spill environmental incident.</p> <p>There were no incidents classified as high or severe (actual or potential) under Aecon's Incident Classification System.</p>
	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Discussion and Analysis	n/a	IF-EN-160a.2	<p>In 2022, an update to the Risk Management standard in the Environment, Health and Safety Management System was undertaken which included piloting updated risk management tools at project/business unit, scope and task levels. This included the incorporation of environmental risk and controls into the tools. These tools will be implemented across the organization in 2023.</p> <p>From a training perspective, a second computer-based training module (CBT) (called Environmental Management Module 1) was developed and rolled out into the organization (to Supervisors, EHS personnel and project coordinators) in Q3. This covered environmental aspects such as waste management, soil management, water and effluent quality and air quality and emissions management, as well as associated Best Management Practices (BMPs) / operational controls.</p> <p>A third CBT was developed during Q4 to cover the following environmental aspects and associated BMPs / operational controls: erosion, sediment and surface water control, terrestrial and aquatic wildlife and habitat protection, archaeology and cultural resources and noise and vibration. This will be rolled out in 2023 as part of the overall EHS training package.</p>
Structural Integrity & Safety ²	Amount of defect and safety-related rework costs	Quantitative	reporting currency	IF-EN-250a.1	\$0 for safety-related rework costs \$6,291,000 for defect-related rework costs ³
	Total amount of monetary losses as a result of legal proceedings associated with defect and safety-related incidents ⁴	Quantitative	reporting currency	IF-EN-250a.2	\$0
Workforce Health & Safety ⁵	(1) Total recordable incident rate (TRIR); and	Quantitative	rate	IF-EN-320a.1	0.92
	(2) Fatality rate for (a) direct employees and (b) contract employees				0

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	2022 RESPONSE
Lifecycle Impacts of Buildings and Infrastructure ⁶	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Quantitative	number	IF-EN-410a.1	LEED (1) Envision (2) LEED (2) Envision (3)
	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	n/a	IF-EN-410a.2	Energy and water efficiency considerations are based on clients' specifications and are incorporated into project planning and design per their requirements. The commitments associated with these requirements are incorporated into the project Environmental Management Plan approved by the Client.
Climate Impacts of Business Mix ⁷	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Quantitative	reporting currency	IF-EN-410b.1	Aecon's backlog as of December 31, 2022 for: (1) hydrocarbon-related projects was \$535 million; and (2) renewable energy projects was \$375 million.
	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	reporting currency	IF-EN-410b.2	\$0
	Amount of backlog for non-energy projects associated with climate change mitigation	Quantitative	reporting currency	IF-EN-410b.3	The amount of backlog for non-energy projects associated with climate change mitigation as of December 31, 2022 was \$945 million.
Business Ethics	(1) Number of active projects; and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index ⁸	Quantitative	number, reporting currency	IF-EN-510a.1	In 2022 Aecon was executing a total of 1028 active projects- 0 of which are located in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index. Aecon has \$0 of backlog in countries that have the 20 lowest rankings in the CPI.
	(2) Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices ⁹	Quantitative	reporting currency	IF-EN-510a.2	\$0 for both
	(3) Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	Discussion and Analysis	n/a	IF-EN-510a.2	New anti-corruption and anti-bribery policy – March 1st – To demonstrate our commitment to prompt handling of reports, Anti-Corruption and Anti-Bribery Policy was updated to set stringent parameters around the procedures and timelines of whistleblower investigations. <u>Code of Ethics and Business Conduct</u> , pp.6-8 plus a new Conflicts of Interest Declaration is required of all key individuals on Major Project pursuits starting in 2023.

1 Effectively assessing environmental impacts prior to construction may help mitigate unforeseen issues that can raise operational project costs and cost of capital and result in construction delays. Also, failure to comply with environmental regulations can result in costly fines and delays and damage a company's reputation, thereby harming its ability to secure new business contracts in a competitive industry. An analysis of the number of incidents of non-compliance with environmental permits and regulations is a lagging indicator of how well companies have managed these risks in the past. In tandem with a description of Aecon's processes to assess and manage these risks during project design, siting and construction, analysts may be able to better adjust a company's risk profile.

2 The SASB standard acknowledges that companies in the engineering and construction space often carry out technically complex projects. Accordingly, should make judgments and recommendations in accordance with professional standards and proper quality-control procedures. The expected increased frequency and severity of climate-change related events are likely to exacerbate the importance of a project's structural integrity and safety. Accordingly, construction companies have an increasing professional and legal obligation to consider climate change in their work.

3 Refers to the cost of warranty re-work incurred in 2022 related to Aecon's warranty obligations in respect of its construction contracts.

4 Disclosure must include a description of fines and settlements and corrective actions implemented in response to events.

5 Ultimately, acute and chronic safety-related events can impact a company's reputation and brand value. These factors may also exclude companies from bidding in government or private contracts, or at least reduce the competitiveness of their bids, and can contribute to a loss of revenue and market share. Analysts may consider companies with high or increasing recordable injury and fatality rates to be riskier, due to potential acute and chronic costs associated with safety incidents.

6 General focus on sustainable building and infrastructure design. Particular focus on developing and using sustainable materials for construction, including major infrastructure projects. Also focus on reducing environmental footprint of buildings and infrastructure during their daily use, especially as it related to use of energy and water + the generation of waste. Look at LEED, Envision, BREEAM and CEEQUAL. A description of the processes to incorporate operational-phase energy and water efficiency considerations into project planning and design can provide analysts with a sense of how companies are addressing opportunities stemming from this issue.

7 Companies that dedicate research and development resources and develop expertise in low-carbon energy segments, such as renewable energy infrastructure, may be able to create a competitive advantage, capturing new revenue opportunities as capital investments flow into these growing market segments.







8 Must provide a brief description of approach to managing ethical risks specific to the countries referenced above where Aecon have active projects and/or backlog.



9 Disclosure must include a description of fines and settlements and corrective actions implemented in response to events.

Appendix D

United Nations Sustainable Development Goals

Aecon embraces our responsibility to contribute to a more prosperous and sustainable future. We believe the nature of our work and our priorities as an organization are aligned with eight of the SDGs.

SDG	SDG TARGETS CONNECTED TO OUR WORK	OUR CONTRIBUTION
	4.4 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	We support Indigenous learning at Six Nations Polytechnic through a range of sponsorships and equipment and machinery donations (see page 28) and contribute to scholarship programs and other learning initiatives through our corporate philanthropy program (see page 34). Aecon works to develop employee skills through diversity-oriented training programs, including our AWIT program and Champions for Diversity in Leadership program (see page 31). We also aim to promote economic inclusion in the communities where we operate, highlighted by the A-GM Joint Venture with the Centre for Inclusive Economic Opportunity (see page 33).
	6.1 Universal and equitable access to safe and affordable drinking water 6.3 Improve water quality, wastewater treatment, recycling and safe reuse	Aecon has significant experience delivering innovative water and wastewater solutions for public and private sector clients. For example, in 2022, we were at work on the Annacis Water Supply Tunnel in British Columbia, which involves the construction of two deep vertical shafts, one on each side of the Fraser River, connected by a 2,350-metre tunnel between New Westminster and Surrey. This work will ensure a sustainable, reliable supply of clean drinking water for growing communities.
	7.1 Universal access to affordable, reliable and modern energy 7.2 Increase global share of renewable energy 7.3 Double the global rate of improvement in energy efficiency	We support private and public sector clients in delivering affordable, clean energy for residential use and at major infrastructure facilities. We continue to build our capabilities in renewable energy, battery storage and other progressive energy solutions (pages 13, 15). We also support nuclear power clients in the construction and maintenance of their facilities. Currently, we're at work on the Bruce Power Fuel Channel and Feeder Replacement as well as the Darlington Nuclear Refurbishment, both in Ontario. On an operational level, we are working to incorporate renewable energy into our facilities and practices (page 25).
	8.1 Sustainable economic growth 8.2 Diversify, innovate and upgrade for economic productivity 8.4 Improve resource efficiency in consumption and production 8.5 Full employment and decent work with equal pay 8.6 Reduce the proportion of youth not in employment, education or training	Aecon fosters a company culture that supports decent work. See page 32 for information on health and safety, page 30 for general employee support information, and page 31 for information on our commitments and activity related to diversity and inclusion. We support the Indigenous economy through our Indigenous-led joint ventures (see pages 28–29). We also support economic inclusion for communities facing barriers to employment through joint ventures led by community partners such as Centre for Economic Opportunity – Golden Mile.
	9.1 Develop sustainable, resilient and inclusive infrastructures 9.2 Promote inclusive and sustainable industrialization 9.4 Upgrade infrastructure and industry for sustainability 9.5 Enhance research and upgrade industrial technological capabilities 9.C Significantly increase access to information and communications technology	Part of Aecon's core business is to develop sustainable, resilient and inclusive infrastructure and to expand access to essential services. We continue to build our capacity to deliver infrastructure that supports the energy transition (page 15) and we collaborate to drive innovation in areas such as low-carbon construction practices and materials (page 25). We strive for efficiency in production. We have an active continuous improvement program (page 21) and seek to boost efficiency by operationalizing sustainability and pursuing innovation (pages 19–21).
	11.2 Affordable and sustainable transport systems 11.3 Inclusive and sustainable urbanizations 11.5 Reduce the adverse effects of natural disasters 11.6 Reduce adverse environmental impacts of cities	Aecon delivers diverse infrastructure and transportation systems to support urban sustainability. We focus on infrastructure that provides essential services while minimizing adverse environmental impacts associated with construction and operations activities. This year, we've been at work on some of Canada's largest mass transit projects, including Toronto's Eglinton Crosstown LRT and Finch West LRT, and the Réseau express métropolitain (REM) in Montreal (see page 14). We were selected as part of the ONxpress Transportation Partners consortium to deliver – under a progressive design, build, operate and maintain (DBOM) contract model – the largest infrastructure project in Ontario's history: an expansion of the GO rail network, involving extensive civil works and electrification. We were also selected to deliver, as part of a 50/50 consortium with FCC Canada Limited, the Scarborough Subway Extension Stations, Rail and Systems (SRS) project in Ontario.

SDG	SDG TARGETS CONNECTED TO OUR WORK	OUR CONTRIBUTION
	<p>12.2 Sustainable management and efficient use of natural resources</p> <p>12.5 Substantially reduce waste generation</p> <p>12.6 Encourage companies to adopt sustainable practices and sustainability reporting</p>	<p>Aecon recognizes the importance of measuring and mitigating the environmental impacts of our operations. We strive to make responsible and conservative use of resources (page 24), assess and reduce our contributions to climate change (see pages 22–23, 25), and minimize waste (page 24). Aligning our reporting to established sustainability frameworks including TCFD and SASB reflects our commitment to transparency and governance best practices.</p>
	<p>13.2 Committed to indicator 13.2.2 – overall reduction of total GHG emissions per year</p>	<p>With greater emphasis this year on the energy transition, renewable energy and emission-free energy generation, Aecon is making an impact on SDG 13 by setting a goal of 30% reduction of overall carbon footprint and direct CO₂ emissions by 2030 with a number of initiatives. Some of our initiatives include:</p> <ul style="list-style-type: none"> • Promoting energy efficiency in buildings by improving insulation across facilities • Partnership with Carbon Upcycling and Dufferin Concrete to trial low-carbon cement • Installation of EV charging stations at Aecon facilities across Ontario

aecon.com/sustainability

AECON GROUP INC.

Vancouver

1055 Dunsmuir Street, Suite 2124
Vancouver, BC V7X 1G4
☎ 604 235 1398

Calgary

28 Quarry Park Blvd SE, Suite 310
Calgary, Alberta T2C 5P9
☎ 403 695 3085

Toronto (Headquarters)

20 Carlson Court, Suite 105
Toronto, Ontario M9W 7K6
☎ 416 297 2600

Montreal

2015 rue Peel, Bureau 600
Montreal, Québec H3A 1T8
☎ 514 352 0100

☎ (Toll-Free) 1 877 232 2677
✉ aecon@aecon.com



Sustainability Inquiries

✉ sustainability@aecon.com

Investor Relations Inquiries

✉ ir@aecon.com

Media Relations Inquiries

✉ corpaffairs@aecon.com

Registrar and Transfer Agent

Computershare Investor Services Inc.
☎ 514 982 7555
☎ (Toll-Free) 1 800 564 6253
✉ service@computershare.com

Ethics Hotline

(Toll-Free) 1 844 980 2967
✉ aecon.ethicspoint.com

AECON



 Aecon employee on site