

**AECON**

# Building Innovation

2021 Sustainability Report





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**As a Canadian leader in construction and infrastructure development with global expertise, Aecon Group Inc. (TSX: ARE) strives to be the number one Canadian infrastructure company.**

Aecon safely, profitably and sustainably delivers integrated solutions to private and public sector clients through its Construction segment in the Civil, Urban Transportation Solutions, Nuclear, Utilities and Industrial sectors, and provides project development, financing, investment, and operations and maintenance services through its Concessions segment.

 Aecon employee at Enwave District Energy project

Aecon 2021 Sustainability Report



# About This Report

This Report has been prepared under the direction of Aecon's Board of Directors and senior management.

## 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, 2021; 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 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, the Sustainability Accounting Standards Board (SASB) Standards, Canada's Expert Panel on Sustainable Finance (Expert Panel) and the United Nations Sustainable Development Goals (SDGs). Our TCFD and SASB compliance summaries are set out in the Reporting Appendices.



Annacis Island Wastewater Treatment Plant

## 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. Aecon conducted a formal *materiality assessment* based on guidance provided by the Global Reporting Initiative (GRI). Further details relating to our approach and outcomes can be found in Engagement and Materiality on [pages 8–9](#).

## Further information

Additional information about our sustainability approach is available at: [www.aecon.com/sustainability](http://www.aecon.com/sustainability).

Please direct questions to: Yonni Fushman, EVP, Chief Legal Officer and Chief Sustainability Officer at [sustainability@aecon.com](mailto:sustainability@aecon.com).

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# Performance Highlights



\$3.98<sub>B</sub>

Revenues



\$295<sub>M</sub>

Renewable energy projects



\$1.43<sub>B</sub>

Non-energy projects associated with climate change mitigation



30%

Board level gender diversity: women



0.92

Total recordable injury frequency



\$121<sub>M</sub>

Indigenous goods and services procured



174,159 tCO<sub>2</sub>e

Greenhouse gas emissions – total Scope 1, 2 and 3



15%

Year-over-year reduction in Scope 1 and 2 emissions – revenue intensity



\$631,000

Total donations to charities and non-profits

# Message from the CEO

Recognizing the importance of connecting what we do with why we do it, at Aecon we've articulated our purpose as *building what matters to enable future generations to thrive*. The infrastructure we build is vital not just to meeting today's needs but also to addressing tomorrow's complex challenges. And we build not so future generations can get by, but so they can thrive, assured that they will have the resilient infrastructure they need to create an even better future for their own children.

Ever mindful of our purpose, Aecon has taken a number of significant steps in our sustainability journey this year that I'm pleased to share with you in this, our third annual Sustainability Report – *Building Innovation*.

## Sustainable infrastructure for the future

This year we continued to advance key sustainability projects, from building clean-powered mass transportation networks to delivering North America's first distribution system for natural gas blended with hydrogen (see [page 13](#)). We also expanded our work in Green Home Energy Services, delivering clean

energy solutions to a growing number of residences (see [page 14](#)). Many of our established strengths – technical, operational and organizational – are in demand as we seize the business opportunities associated with the transition to sustainable infrastructure and energy systems.



## Innovation across Aecon

Our teams are galvanized by the opportunity to contribute to the net zero transition. In addition to embracing company-wide sustainability efforts described throughout this report, Aecon team members continually generate their own ideas for new and better ways of working – often with a strong emphasis on sustainability. In 2021, a call for innovative ideas drew dozens of smart, actionable proposals from employees in a range of roles ([page 16](#)). Some of these ideas led to promising pilots, such as the replacement of diesel-powered equipment with solar-powered equipment ([page 22](#)).

Innovation is not limited to equipment, either. In 2021, we became the first Canadian construction company to adopt a sustainability-linked credit facility tied to our environmental, social and governance goals. Gaining access to that kind of facility was only possible because of the proactive steps we've taken in the last few years, and our success in securing it proves that sustainability is more than just good citizenship, it's good business.

## #30by30

We know our stakeholders expect our operations to be just as innovative and future-ready as the projects we deliver. In 2021, we adopted one of the most ambitious greenhouse gas (GHG) targets

in our industry: 30% reduction by 2030 (compared to 2020 levels) and net zero by 2050. Those targets are more than just numbers on a page; in 2021, we reduced our emissions by 15% (GHG intensity by revenue) and have already started to trial and adopt the new technologies that will us get the rest of the way to our 2030 target ([pages 23–24](#)). By collaborating with cutting edge innovators on our world class projects, we will lead the way in making zero-emission construction sites a reality.

Today, the combination of our technical expertise, our commitment to sustainability and reducing emissions, and our culture of innovation and collaboration make us a preferred partner to those who share our purpose of *building what matters to enable future generations to thrive*. As we move forward on this journey, we will continue to share our progress in our Sustainability Report. This year, we're proud to share our latest progress on GHG reductions, next-generation infrastructure and a range of other sustainability dimensions in the report that follows.

**Jean-Louis Servranckx**  
President and Chief Executive Officer

# Message from the Chairman

When world leaders gathered in Glasgow for the COP26 summit in late 2021, targets and commitments were inevitably centre stage – but it will be the follow-through that matters most. Successful climate action will be determined by the actions governments and firms take to transform energy systems, transportation networks and other essential infrastructure. It is in this urgent transformation that Aecon stands to play a key role, delivering the projects that will form the backbone of net zero emissions economies and communities in Canada and beyond.

Many of these projects are already underway. Aecon’s pipeline and drilling capabilities are being deployed in geexchange projects across Canada. Our capacity to support mining operations has new relevance as clients develop mineral resources for advanced batteries. Our ability to deliver turnkey electrification solutions for transit, rail, and transmission and grid systems offers enormous value for our clients and the communities they serve.

It is important to note that the capabilities Aecon brings to this period of infrastructure transformation are not only technical or operational. The Company’s history of working responsibly and respectfully in and with communities of all sizes – and of meeting high standards of governance and compliance – have helped to build and sustain strong relationships that have supported our success.

Aecon’s collaborative and mutually beneficial relationships with Indigenous communities, including a growing number of Indigenous-led joint ventures, are one important area in which a long-standing commitment to respectful relationships and responsible business approaches have yielded widely shared benefits.

Even as Aecon embraces – and shares – the business opportunities associated with the transition to a net zero carbon economy, it must, like other firms, navigate a range of climate-related business risks. My Board colleagues and I are committed to continuous oversight of these risks and opportunities. Aecon’s 2021 Sustainability Report, our third such annual release, lays out the mechanisms and processes that guide this work as well as the Company’s broader environmental, social and governance (ESG) program.

Transparency is an important part of our commitment to sustainability and to our stakeholders. Aecon supports the principles and recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) and of the Sustainability Accounting Standards Board (SASB); our compliance summaries related to these frameworks are included as appendices to this report. We also recently became the first Canadian construction company to commit to have our greenhouse gas emissions reduction targets validated by the globally recognized Science Based Targets initiative (SBTi).

These practices reflect a widely shared commitment to continuing Aecon’s leadership in sustainable construction while we work to deliver ambitious infrastructure projects that will help communities, societies and economies build their own sustainability and resilience in the decades ahead.



**John M. Beck**  
Chairman of the Board





# Introduction

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 Kicking Horse Canyon – Phase 4 project in Golden, British Columbia

# Engagement and Materiality

Guided by our [Stakeholder Engagement Policy](#), Aecon engages with our stakeholder groups in a range of ways – from staff surveys and focus groups to digital media platforms and regular conference calls with shareholders. One important aspect of our engagement work 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 and treaty-holders. The full stakeholder engagement chart and topics can be found [here](#).

In 2020, we conducted a research-based materiality assessment, identifying topics of material importance for Aecon’s sustainability program and reporting practices. In 2021, we expanded the process, seeking input directly from stakeholders. This expanded materiality assessment was informed by best practices identified by the Global Reporting Initiative (GRI). In addition to helping us gain deeper insight into which priorities among the material topics identified in 2020 were most important to stakeholders, our 2021 process was designed to identify new topics that may be unique to Aecon’s context or operations.

This year, in addition to initiating and sustaining joint ventures and other relationships with Indigenous treaty-holders and rights-holders, we engaged the following stakeholder groups:

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

After orienting participants to the objectives of the exercise and providing definitions for each material topic, our survey invited respondents to identify their relationship to Aecon and to indicate – through ranking – the relative importance they thought Aecon should assign to each topic.

## Excellence in Sustainability Reporting

In 2021, Aecon’s second annual sustainability report, *Building Better Together 2020*, earned a Platinum MarCom Award, the highest level of recognition in an international competition recognizing excellence in marketing and communications.



📍 Peace River Bridge Twinning

## Materiality Matrix

We received over 100 responses to the survey we fielded in 2021 (see [previous page](#)). The materiality matrix at right shows the importance assigned to each topic by Aecon’s internal stakeholders (the left-right axis) and external stakeholders (the up-down axis). We find significant alignment between Aecon employees’ key priorities and the topics that are likely to be significant in shaping the decisions and impressions of Aecon’s external stakeholders. The five sustainability priorities in the upper-right quadrant of the plot are those that matter most to both groups: Health and Safety; Integrity and Transparency; Sustainable Infrastructure Projects; Risk Management; and the reduction and responsible management of Construction Waste.



### People

1. Health and Safety
2. Diversity and Inclusion
3. Career Opportunities
4. Employee Engagement
5. Corporate Citizenship and Volunteerism

### Environment

6. Climate Change
7. Energy Efficiency
8. Construction Waste
9. Sustainable Infrastructure Projects
10. Environmental Management and Biodiversity

### Communities

11. Indigenous Relations
12. Community Investment and Philanthropy
13. Servicing Underserved Communities

### Governance and Ethics

14. Integrity and Transparency
15. Risk Management
16. Board Composition
17. Shareholder, Stakeholder and Indigenous Engagement
18. Responsible Supply Chain
19. Economic Performance
20. Research and Innovation

# The 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 six of the SDGs:

SDG	SDG Targets Connected to Our Work	Our Contribution
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<p><b>6.1</b> Universal and equitable access to safe and affordable drinking water</p> <p><b>6.3</b> Improve water quality, wastewater treatment, recycling and safe reuse</p>	<p>When it comes to the delivery of innovative water and wastewater solutions for public and private sector clients, Aecon leads the way. For example, in 2021, we completed the Comox Valley Water Treatment project, a new system that will comply with the Province of British Columbia’s water treatment objectives and guidelines. The project will deliver three main benefits: eliminating the need for turbidity-related boil-water notices, removing the risk of viruses and bacteria in drinking water and providing a secure supply of reliable, high-quality drinking water for decades to come.</p>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>7.1</b> Universal access to affordable, reliable and modern energy</p> <p><b>7.2</b> Increase global share of renewable energy</p> <p><b>7.3</b> Double the global rate of improvement in energy efficiency</p>	<p>We support private and public sector clients that deliver affordable, clean energy for residential use and at major infrastructure facilities (see <a href="#">pages 13–14</a> of this report). We continue to build our capabilities in renewable energy, battery storage and other progressive energy solutions (<a href="#">page 14</a>). On an operational level, we are also working to incorporate renewable energy into our facilities and practices (<a href="#">page 21</a>).</p>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>8.1</b> Sustainable economic growth</p> <p><b>8.2</b> Diversify, innovate and upgrade for economic productivity</p> <p><b>8.4</b> Improve resource efficiency in consumption and production</p> <p><b>8.5</b> Full employment and decent work with equal pay</p> <p><b>8.6</b> Reduce the proportion of youth not in employment, education or training</p>	<p>Aecon fosters a company culture that supports decent work. See <a href="#">pages 27–28</a> for information on Health and Safety and <a href="#">pages 29–34</a> for information on our commitments and activity related to Diversity and Inclusion.</p> <p>We also strive for efficiency in production. We have an active continuous improvement program, and seek to boost efficiency by operationalizing sustainability (<a href="#">page 20</a>) and pursuing innovation (<a href="#">page 15</a>).</p>
 <p><b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p><b>9.1</b> Develop sustainable, resilient and inclusive infrastructures</p> <p><b>9.2</b> Promote inclusive and sustainable industrialization</p> <p><b>9.4</b> Upgrade infrastructure and industry for sustainability</p> <p><b>9.5</b> Enhance research and upgrade industrial technological capabilities</p> <p><b>9.C</b> Significantly increase access to information and communications technology</p>	<p>Part of Aecon’s core business is to develop sustainable, resilient and inclusive infrastructure and to expand access to essential services. We have a particular focus on the use of clean and efficient technologies and processes, both in the projects we deliver for clients and in our operations (<a href="#">page 20</a>). Through our Training and Innovation Centre, we are building our capacity to innovate and increasing our team members’ fluency with emerging tools and technologies (<a href="#">page 26</a>). For example, Aecon has supported a working group (see <a href="#">page 30</a>) focused on establishing Canada as a global leader in low-carbon cement and net zero carbon concrete.</p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>11.2</b> Affordable and sustainable transport systems</p> <p><b>11.3</b> Inclusive and sustainable urbanizations</p> <p><b>11.5</b> Reduce the adverse effects of natural disasters</p> <p><b>11.6</b> Reduce adverse environmental impacts of cities</p>	<p>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 LRT and Finch LRT, and the Réseau express métropolitain (REM) in Montreal. We delivered and continue to operate the L.F. Wade International Airport, which includes a range of <a href="#">sustainable innovations</a>.</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>12.2</b> Sustainable management and efficient use of natural resources</p> <p><b>12.5</b> Substantially reduce waste generation</p> <p><b>12.6</b> 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, and we are in the process of strengthening the environmental governance and operational controls in our Environmental, Health and Safety Management System (<a href="#">page 27</a>). We make responsible and conservative use of resources (<a href="#">page 27</a>), assess and reduce our contributions to climate change, minimize waste and respect biodiversity (<a href="#">page 20</a>). Aligning our reporting to established sustainability frameworks including TCFD and SASB reflects our commitment to transparency and governance best practices.</p>

# Innovation

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📍 Solar tracker installed at Aeon's Training and Innovation Centre in Holland Landing, Ontario

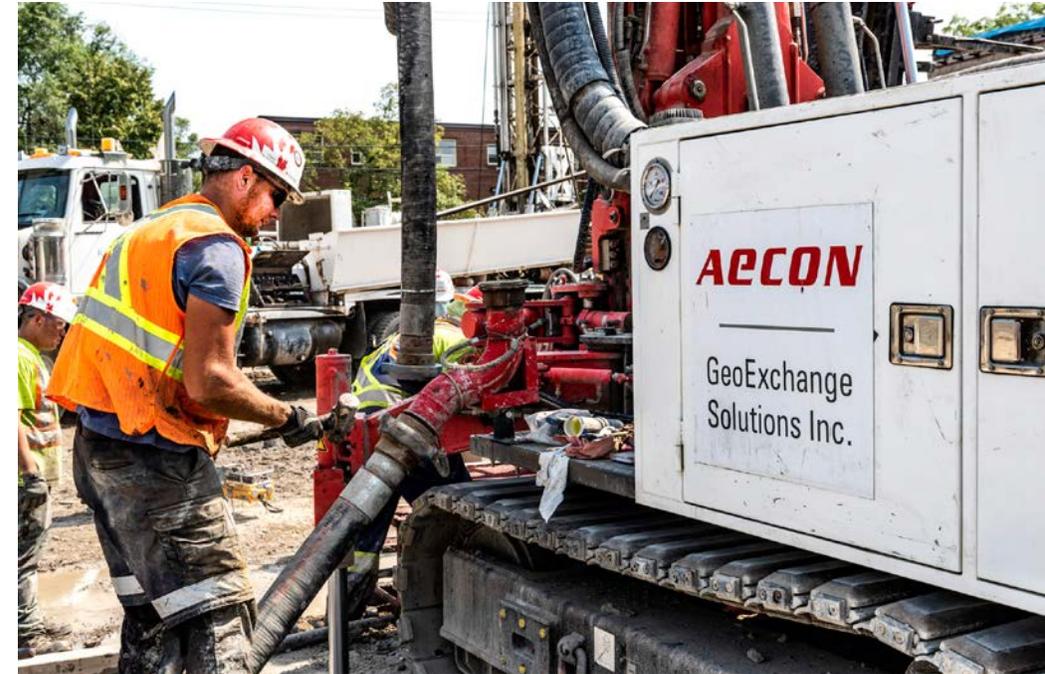
# Ready Partners in the Energy Transition

**Working with our clients, partners and leading-edge suppliers, Aecon's teams are playing a vital role in the global effort to transition energy systems away from fossil fuels.**

As our clients develop infrastructure and other major projects for a low-carbon future, Aecon brings the advanced capabilities required to deliver them. Our **management approach** is reflected in our current strategic plan. In 2019, Aecon adopted the Aecon Forward 2022 Strategic Plan, stating our ambition to be the number one Canadian infrastructure company. In 2021, we began to build upon this plan with the Moving Aecon Forward Together 2022–2024 Strategic Plan, articulating our purpose: to build what matters to enable future generations to thrive. The Strategic Plan guides our response to opportunities associated with, for example, the rise of distributed energy and the growing demand for electric vehicle charging infrastructure. Our plan reflects an awareness that opportunities to grow our business are increasingly intertwined with our clients' climate-related concerns, including the need for resilient infrastructure and the imperative to adopt low-emissions energy and transportation systems.

**We evaluate our success in this area by monitoring:**

- The share of our revenue derived from projects that support the energy transition.



 Aecon employees installing a GeoExchange system



# Leading the Delivery of Sustainable Infrastructure

Creating infrastructure that reduces carbon emissions is a vital step in the transformation of our economies and societies. Working at the forefront of next-generation infrastructure construction projects, Aecon is helping governments, utilities, developers and other major clients realize dramatic reductions in emissions at the local, regional and national scales. We're on the ground – and often deep underground – working with innovative clients to lay the foundations for a lower-emissions future that will benefit everyone.



📍 North America's first hydrogen blending project

## 2021 Project Highlights:

### North America's first hydrogen blending project

When Enbridge embarked on a groundbreaking energy pilot in Markham, Ontario, the company turned to Aecon to construct the pipeline that will deliver an advanced low-emission fuel: clean, renewable hydrogen gas. The fuel, produced at Enbridge's Power-to-Gas facility, is injected into the existing natural gas distribution network, a step that reduces the system's overall carbon footprint. In addition to providing lower-carbon fuel to 3,600 customers – and demonstrating the viability of this approach for millions of others – this project is a powerful reminder that technical skills such as pipeline construction and management, once applied to oil and gas distribution, can be adapted to support a green-energy future.

### Underground energy reaches for the sky

Mississauga, Ontario will soon be home to the tallest geexchange-powered tower in the province – and one of the tallest in North America. Diverso, a provider specializing in geothermal energy solutions, engaged Aecon GeoExchange Solutions to construct the large-scale system for developer Camrost Felcorp. To deliver geexchange energy to the 66-storey EX3 tower and an adjacent 51-storey residential and hotel tower, we drilled a total of 186 boreholes and completed all lateral scope, which supports the construction of the advanced Variable Refrigerant Flow (VRF) system delivered by Mitsubishi Electric. In addition to a radically reduced carbon footprint, the system produces less noise and requires less maintenance than a conventional heating and cooling system. The developer also expects this energy system to provide residents with significant direct cost savings over a 30-year period.

### A district energy landmark – cooled by lake water, connected by Aecon

In 2021, Aecon continued our long-standing work with energy innovator Enwave, delivering the distribution piping to expand one of the world's largest district energy systems. Aecon was extensively involved in the creation of the existing Enwave system in downtown Toronto, which already displaces 55 megawatts of energy per year from the grid by distributing naturally and consistently cool water from Lake Ontario to about 80 buildings, including commercial and residential towers, hospitals and other facilities. The latest project to join the network is The Well, a mixed-use, multi-tower development that includes millions of square feet of commercial, residential and retail space. At the centre of the development is, in a sense, an actual well: a hole cut deep into bedrock, with the capacity to hold 7.6 million litres of fluid. This enormous thermal battery will support extreme efficiency in Toronto's latest landmark in low-carbon heating and cooling – an innovative and successful project we were proud to support.

# A Residential Revolution in Clean Energy

Technologies used in residential settings can make major contributions to the energy transition. Aecon expanded our commitment to innovative residential energy solutions in 2021 with the creation of a new Green Home Energy Services group. Drawing on extensive internal capabilities and expertise, this new business unit will help to improve energy efficiency and facilitate the adoption of clean energy technologies where change is most personal: in Canadian homes. We're already at work with homeowners, homebuilders, utilities and technology providers to bring the energy transition home.

## Building on our strengths

The new Green Home Energy Services unit extends our record of success working at the intersection of infrastructure, technical services and new technology. Aecon has more than 20 years of experience in both energy and in-home services for residences, including rooftop solar arrays for existing buildings, geexchange systems for new developments and close collaborations with home telecommunications providers. From technology enablement, procurement and installation to deployment of solutions at scale, our operational strengths make us exceptionally well equipped to help meet the growing demand for green home energy.

## Ready to grow

Tapping into the ability of homes to generate, store, share and better manage their energy can make a substantial contribution to the decarbonization of the energy grid. We're ready to support the growing number of households and institutional clients seeking to make cleaner choices in the residential sector. Our product and service portfolio includes:

- Home energy consultation
- Retrofits and upgrades for efficiency
- Solar and geexchange renewable energy solutions
- Electrification support (e.g., electric vehicle charging, heat pumps)
- Energy management: battery storage, home automation and load management.

## Promising pilot

In July of 2021, we launched a pilot program offering a suite of clean energy solutions to homeowners in three British Columbia cities: Victoria, Nanaimo and Kelowna. The offering included rooftop solar panels, electric vehicle charging stations, and home battery energy storage. Extending the existing operational and technical expertise of our teams, we provided dedicated training to 44 technicians selected to support the pilot, ensuring our teams were ready to deliver comprehensive service, from customer enrollment through installation and ongoing support. The insights we've gained through the pilot, including a deeper understanding of barriers to the adoption of green home energy (notably financing), are already helping us shape our approach to commercially scalable models for distributed home energy.



One of the services offered by Aecon's Green Home Energy Services group is solar PV panel installation

# Fuelling a Culture of Innovation

**We're dedicated to exploring and testing new tools and approaches – from technical innovations to collaborative practices – as we work to deliver outstanding results for our clients.**

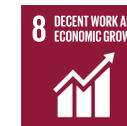
From its roots as one of Canada's largest and most dynamic construction firms, Aecon grew to become a pioneer of public-private partnerships and an innovative leader in the planning, financing and operation of sustainable infrastructure projects in Canada and internationally. Today, our **management approach** to sustaining our culture of innovation involves a range of practices – from awards and incentives for new ideas from our teams to formal collaborations focused on new tools, practices and opportunities. Investments in training, technology and leadership development also continue to extend our capabilities – preparing our teams to keep delivering extraordinary project outcomes at the forefront of environmental management and sustainable innovation.

**We evaluate our success in this area by monitoring:**

- The number of ideas we receive from our employees through the Innovation and Sustainability Rewards Program.
- Nominations for our Aecon Sustainability and Paul P. Koenderman Innovation Awards.
- The number of pilot programs we have underway as we adopt, test and evaluate innovations developed internally or proposed by our partners.



📍 Aecon employees at Enwave District Energy project



# Innovation Through Collaboration

For Aecon, innovation is about more than leading-edge technology. Innovation is also about collaborating with partners and suppliers – sharing ideas, resources and opportunities in order to accelerate the adoption of sustainable practices and achieve positive impacts together.

## **A Métis-led joint venture in geexchange**

This year, Aecon and Ground Source Energy (GSE), a Métis-owned and operated business, formed a partnership to pursue geexchange energy projects across Canada. The new venture combines GSE's 40 years of success in geexchange and geothermal drilling projects with Aecon's capabilities in turnkey geexchange solutions, design assistance and ground source heat pumps. Aecon's growing slate of joint ventures with Indigenous communities (see [page 31](#)) reflects not only a culture of collaborative business innovation, but a commitment to finding better ways to work together in every sense. We're committed to building shared prosperity as part of the journey toward lasting reconciliation with Indigenous peoples.

## **Bringing industry insights to a research partnership**

Researchers at Queen's University are exploring engineering adaptations to reduce the quantity of carbon-intensive cement used in construction. To promote awareness and adoption of more efficient building practices, the researchers engaged construction industry partners, including Aecon, to participate in the design, construction and testing of a demonstration structure. If the team succeeds in our shared goal of using 50% less cement compared to conventional building approaches, the implications could be significant: applying a similar approach to projects worldwide would result in an emissions reduction equivalent to eliminating the entire airline industry – twice.

## **Supporting Canadian leadership on lower-carbon building materials**

Cement production is one of the largest sources of industrial greenhouse gas (GHG) emissions worldwide. In 2021, Aecon was proud to support a working group that included the Government of Canada and key players in Canada's cement industry, with technical activity led by the National Research Council. The goal of the group was to create a roadmap to establish Canada as a global leader in low-carbon cement and net zero carbon concrete. The group's founders see the potential for a cumulative GHG reduction of more than 15 megatonnes by 2030, and ongoing reductions of over 4 megatonnes annually thereafter.

## **Sustainable energy for employees and their families**

Every day, Aecon team members bring ideas, energy and deep personal commitment to sustainability initiatives across the Company. To share some of the tangible benefits of our sustainable energy work, we've launched a pilot program that encourages our team members to make use of Aecon's solar rooftop array installation services. This program is designed to be a win-win-win: helping our new Green Home Energy Services team build their installation portfolio and refine their processes, delivering energy cost savings to our employees and their families, and making the communities where we live and work more sustainable.

## **Collaborating to cut vehicle emissions**

To date, we've brought 95% of Aecon vehicles into our fleet telematics program, a monitoring initiative designed to optimize the use of vehicles and equipment (for example, by reducing idling). In 2021, we began extending fleet monitoring to partners and suppliers – collaborating to reduce total vehicle emissions wherever we work. Also this year, the fleet telematics initiative won Aecon's highest award for a groundbreaking new practice or approach within the Company: the Paul P. Koenderman Innovation Award.

## **Harnessing Innovative Insights from Our Teams**

Aecon employees have unique insight into the tools and processes they use every day – and frequently suggest adjustments and adaptations to boost efficiency or deliver other benefits. This year, our Utilities & Sustainability Rewards Program to encourage the sharing of ideas that specifically enhance our sustainability performance. We received dozens of strong suggestions – including replacing common single-use plastic products on job sites, using solar power in new ways and forging new training and employment partnerships with First Nations, to name just a few.

# Building Momentum

**At the Gordie Howe International Bridge project, construction is in full swing and our consortium's sustainability program is attracting notice.**

In 2021, the Crown corporation responsible for oversight of the project and the consortium working to deliver the Gordie Howe International Bridge connecting Windsor, Ontario and Detroit, Michigan marked the 1,000th day of construction on the bridge and the associated Ports of Entry to Canada and the United States.

The Gordie Howe International Bridge is the latest in a growing list of successful projects realized through Aecon's Concessions group, including the Quito International Airport in Ecuador, the L.F. Wade International Airport Redevelopment in Bermuda, and the Cross Israel Highway. Building on our traditional strengths as a developer and builder of major infrastructure projects, since 1990 Aecon has become increasingly active in the financing, operations and long-term maintenance of these major assets.



📷 Ongoing construction of the Gordie Howe International Bridge

## Top Honours

In 2021, the Gordie Howe International Bridge project won the **Envision Platinum Award**, the highest honour of the Institute for Sustainable Infrastructure, for the sustainability features of the Gordie Howe International Bridge. The project also won the **John M. Beck Award** from Ontario's Infrastructure Health & Safety Association, which recognizes outstanding contributions of a Joint Health and Safety Committee on an Ontario construction project.

## Empowered to innovate

On projects where Aecon helps to define the fundamentals of planning and financing and takes on long-term responsibilities as a stakeholder and operator (30 years is a typical concession period), we're able to prioritize sustainability from the outset.

Incorporating ambitious environmental performance goals and community benefits plans into the earliest stages of project planning often leads to stronger results. When the Gordie Howe International Bridge project was recognized with the highest honour of the Institute for Sustainable Infrastructure in 2021, the Institute's managing director, Melissa Peneycad, singled out "the degree to which sustainability has been baked into the design and decision-making processes of this project."

In addition to empowering us to innovate on specific projects, adopting a wider range of roles through Aecon's Concessions practice has helped to fuel a culture of innovation across the Company. "We build every project with long-term performance in mind, whether we're delivering it for a client or taking on a larger role ourselves," says Steve Nackan, Executive Vice President and President, Aecon Concessions. "But when we're involved in defining the fundamentals of the project – and we know we'll be involved

as operators for a generation – it creates exciting opportunities for holistic, whole-life-cycle thinking. When your whole team starts thinking that way, it sharpens your insights across the board."



📍 The Gordie Howe International Bridge project showing the progress of the Canadian bridge site

### Sustainability Quick Facts

**3,900 workers** (46% local) involved to date

**145 local businesses** (Windsor and Detroit) involved to date

**80 initiatives** underway to connect local workers with opportunities

**\$250 million** of value of design-build work procured locally

**2 Port of Entry** facilities targeting LEED Silver

**30% energy savings** achieved by exterior LED lights

**40% of construction waste recycled** to date (approximate running tally)

**12 prairie plant species planted** on riverbanks and around naturalized stormwater management ponds

**0 in-water bridge foundations and piles** (these will be situated on the riverbank, reducing the risk of river contamination)



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# Operationalizing Sustainability



Major MacKenzie Drive reconstruction and widening

# Sustainable Innovation Across Our Operations

**Aecon continuously seeks opportunities to reduce emissions and incorporate sustainable innovations into our day-to-day functions – from adopting zero-emissions equipment to refining our operating procedures.**

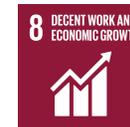
Our management approach is grounded in our **sustainability policy**, our **environmental policy**, our environmental, health and safety management system and our **commitment** to reducing greenhouse gas (GHG) emissions. We pursue operational improvements at every scale. Over the past couple of years, we've implemented a comprehensive program to measure and reduce our GHG emissions, an initiative that affects every aspect of our work. On a smaller scale, we've introduced a number of low-tech process tweaks, achieving small benefits that add up over time. Together, these efforts result in operations that grow more sustainable every year – delivering positive results for our business, our communities and the planet.

**We evaluate our success in this area by monitoring:**

- Our progress against Aecon's GHG emissions reduction targets
- Quantity of material recycled (e.g., aggregate, steel)<sup>1</sup>
- Diversion of construction waste from landfill<sup>2</sup>



Trialling a solar-powered light tower at the Kicking Horse Canyon – Phase 4 project



<sup>1</sup> Not measured on all projects at present; we're in the process of expanding our measurement efforts.

<sup>2</sup> Not measured on all projects at present; we're in the process of expanding our measurement efforts.

# Working Towards Net Zero Construction

Today the construction industry is responsible for about 10% of greenhouse gas emissions worldwide<sup>3</sup>, and faces many opportunities for increased efficiency and lower emissions. Aecon is among the industry leaders 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:

● **Current Practice**  
 ● **Aspirational Practice**



<sup>3</sup> The 2020 Global Status Report for Buildings and Construction.

# Advanced Equipment: High Performance, Lower Impact

To stay at the forefront of sustainable construction, Aecon seeks out technology and equipment that help us deliver ambitious construction projects while reducing our emissions and energy requirements. This year, we tested improvements large and small – from lower-impact road salt to a first-in-Canada innovation in excavation.

## Excavation goes electric

When Aecon crews used Volvo's ECR25 Electric Excavator to dig a trench for a new telecommunications conduit in downtown Toronto this year, we became the first construction company to operate a zero-emissions electric excavator on a Canadian project site.



📍 Aecon employees with the Volvo ECR25 Electric Excavator. Aecon was the first construction company to operate a zero-emissions excavator on a Canadian project site.

We were proud to partner with Volvo CE to pilot-test this innovative machine, whose power and performance relative to traditional diesel-powered excavation equipment impressed our crews. "With this environmentally friendly excavator, we're able to get the job done just as well," noted Dereck Oikawa, VP Telecommunications, at the project site. Adopting this kind of equipment is an important part of Aecon's program to cut our direct greenhouse gas emissions by 30% by 2030.

"Construction equipment is one of the most substantial contributors to greenhouse gas emissions from construction projects, and over time we plan to convert a significant proportion of our fleet to zero-emission equipment like the ECR25," says Yonni Fushman, Aecon's EVP, Chief Legal Officer and Chief Sustainability Officer.

Fuel emissions aren't the only ones the ECR25 avoids: its noise emissions are dramatically lower, too. Operating almost silently, the electric excavator helped us complete our work with minimal disruption to the surrounding neighbourhood.

## Biodiesel for tools, generators and vehicles

In a partnership with 4Refuel, a mobile on-site refuelling company, we piloted the use of biodiesel in vehicles and equipment at five project sites. The trial's goal was to determine whether the lower-emission fuel could let equipment perform as well as conventional diesel. The results were promising and work proceeded as usual – with a smaller carbon footprint.

## Solar-powered equipment for project sites

Since our work happens everywhere from remote project sites to Canada's largest cities, mobile equipment powered by the sun is invaluable. This year we piloted three innovative technologies:

- In a partnership with Finning Canada, we tested an SLT-6 Solar Light Tower at the Kicking Horse Canyon, Phase 4 project in British Columbia. The tower, which illuminated our project site at night, ran on solar energy instead of traditional diesel fuel.
- We continued to test the use of solar panels on top of our fitter vans to charge batteries that in turn power our crews' tools; this lets teams work without relying on idling vehicles for power.
- We promoted safe conditions for work crews on highway projects by testing a solar-powered digital radar scan device. Mounted on a custom trailer that allows it to move with workers, the device shows drivers their speed as they approach the construction area. After it was installed, average vehicle speeds in the area fell noticeably.

## Gaining traction with a road salt replacement

Rock salt used for deicing roads, parking areas and pedestrian routes can harm waterways and wildlife. With repeated use, it can also damage concrete. This year, Aecon began pilot-testing a salt-free alternative: a volcanic mineral that's non-toxic, free of chlorides and dyes, and safe on concrete. Results to date from this environmentally friendly product have been positive.

# Measuring Our Greenhouse Gas Emissions

In 2021, Aecon announced a goal of achieving a 30% reduction in our greenhouse gas (GHG) emissions by 2030, relative to a 2020 baseline. This target is a key milestone on our journey to net zero emissions by 2050.

In 2021, we also made a commitment through the [Science Based Targets Initiative \(SBTi\)](#) to adopt (and report our progress against) emissions reductions 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.

Measurement and reporting are vital to our GHG reduction work – and this year for the second time we are publishing the findings of our annual emissions inventory.

## Aecon's GHG inventory

Our inventory is prepared by an independent third-party consultant in accordance with the Greenhouse Gas Protocol.<sup>4</sup> It includes corporate and construction project activities over which we have direct and indirect operational control:

**Scope 1:** Emissions generated directly from our operations, including the operation of vehicles and equipment at our project sites and heating at Aecon's four regional headquarters.

**Scope 2:** Emissions indirectly associated with electricity consumption at our offices and project sites.

**Scope 3:** Emissions indirectly associated with our corporate business activities and construction materials (steel, concrete and bitumen).

## How we measure

We use bill data, meters, fuel tracking systems, and estimates to quantify GHG emissions. Emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) are calculated using emission factors and conversions provided by the Government of Canada and the U.S. Environmental Protection Agency. We use the Greenhouse Gas Protocol – Scope 2 Guidance<sup>5</sup> location-based method to calculate indirect emissions from purchased electricity. Total GHG emissions, represented in CO<sub>2</sub> equivalents (CO<sub>2</sub>e), are calculated using Global Warming Potentials from the Intergovernmental Panel on Climate Change's Fourth Assessment Report. Project site GHG emissions include emissions from purchased goods and services (construction materials).

## #30by30

Aecon is committed to a **30% reduction in our GHG emissions by 2030**. Learn more about how we aim to [get there](#).



Solar panels on fleet vans to reduce idling

<sup>4</sup> The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (World Resources Institute/World Business Council – Revised Edition).

<sup>5</sup> The Greenhouse Gas Protocol: Scope 2 Guidance (World Resources Institute/World Business Council).

## A first-in-Canada measurement practice

Understanding the GHG effects of our current operations is vital to reaching net zero. In 2021, Aecon became the first construction company in Canada to conduct a scan of our indirect GHG emissions (Scope 3), such as those arising from our supply chain and the “embodied carbon” in our building materials. The scan assessed the 15 Scope 3 categories defined by the GHG Protocol to identify our most material Scope 3 emission sources. Through this scan, we identified that purchased steel, concrete and bitumen (collectively, “building materials”) represent the most material sources of Scope 3 emissions at our construction projects.

This is the latest phase in our journey to develop an increasingly detailed and comprehensive picture of our emissions, and a step toward aligning our measurement practices with the requirements of the Science Based Targets initiative. This work began in 2019 with measurement of emissions from corporate activities such as business travel and offices, and expanded in 2020 to include project sites, manufacturing, production and fleet vehicles. Our increased focus on indirect emissions in 2021 – and on how to reduce these emissions, including through collaboration across our supply chain – is important because Scope 3 emissions in the construction industry often exceed those in Scopes 1 and 2.

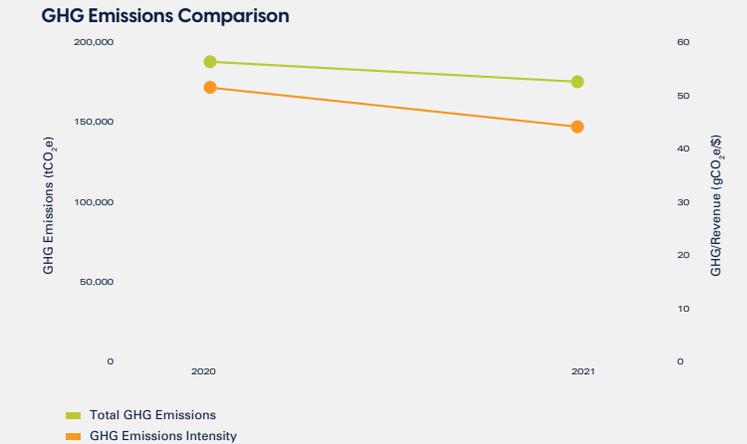
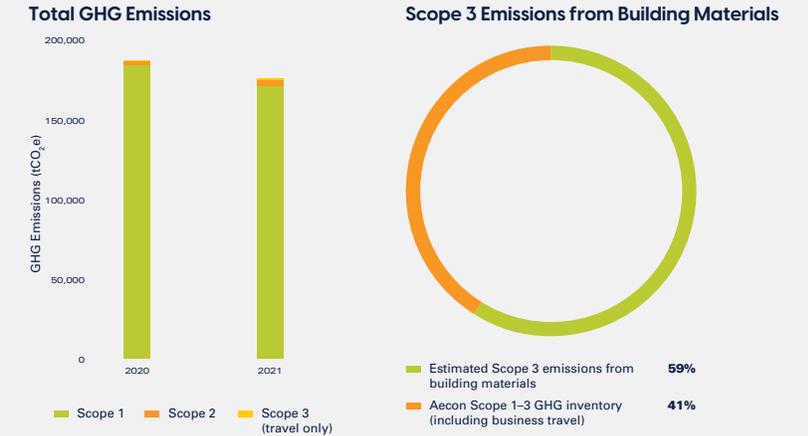
## Acting on the evidence

Our GHG inventories affirmed that over 90% of our Scope 1 and 2 emissions result from construction activities. Within that category, diesel-powered construction equipment and fleet vehicles are collectively the largest emitters. Many initiatives described in this report, 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 newly adopted **targets**. Next year we aim to further expand and refine our measurement practices, for example by deepening our understanding of Scope 3 emissions across our supply chain and by more precisely quantifying the performance improvements we’re achieving through our fleet telematics program.

## On the way to #30by30

In 2021, Aecon saw a 6.7% reduction in year-over-year greenhouse gas emissions across our operations notwithstanding an 8% increase in revenue, resulting in a 14.5% reduction in GHG intensity by revenue. The main driver for achieving these reductions was a 16% decrease in diesel consumption, largely tied to the different mix of work in 2021 as compared to 2020. That is consistent with our understanding of Aecon’s emissions profile, which is that our Scope 1 emissions are a function of several variables, including type of work, phase of project, equipment used, type of fuel consumed and proportion subcontracted, all of which will fluctuate in the normal course from one year to the next. While those variables may see emissions rise in some years and fall in others, in the long run we plan to see a trend emerge consistent with our target to achieve a 30% reduction by 2030.

## 2021 Scope 1, 2 and 3 Inventory Results





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# Our People and Communities

**Aecon enables communities to prosper. We do this through both what we build – infrastructure that supports economic growth and improves quality of life – and how we operate as an employer and community member. In addition to meeting high standards of sustainability and responsible operation, we take active steps to help people and communities share in the benefits and opportunities associated with our work.**

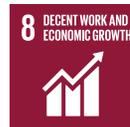


 Aecon Transportation West employee – Medicine Hat, Alberta

## We evaluate our success in supporting and engaging our people and communities by monitoring:

- A range of safety measures, including lost-time injuries and total recordable injury frequency. In 2021, we also began tracking incidents that presented a material risk of serious harm; we deeply study the root causes of these events to further enhance our safety practices.
- The composition of our teams and how they're changing. In 2021, we fielded our second diversity census, and we continued to use an HR dashboard adopted in 2020 to track equity and diversity in our promotions and leadership development activities.
- Our procurement of goods and services from Indigenous vendors and tracking our progress through the certification stages of the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business.
- Our procurement of goods and services from diverse suppliers, including but not limited to minority-owned, women-owned, veteran-owned, LGBTQ+-owned, women-owned small business and Indigenous businesses.
- Tracking the scale of our Company's and team members' philanthropic and volunteer activity.
- The number of apprenticeships and job placements that arise from community benefits and economic inclusion initiatives we support, as well as graduations from our diversity-oriented training programs for new tradespeople.

Learn more about our [management approach](#).



📷 Graduates of the Aecon Women in Trades (AWIT) program

# Safety Governance and Security

Aecon’s number one Core Value is safety. In addition to promoting safe operations through rigorous training and oversight practices, we use advanced risk-mitigation protocols and predictive analytics tools to prevent injuries and build a zero-injury culture.



**A** Aecon employee at the Eglinton Crosstown Light Rail Transit project site

## Redbook refresh

This year we continued our project of updating and enhancing the Aecon Redbook, our Environment, Health and Safety (EHS) system and reporting framework. Through a process we initiated last year and expect to conclude in 2022, we are transforming and digitizing the Redbook, moving toward a comprehensive online EHS management system that will dramatically enhance and streamline our record-keeping. The new system enhances oversight, enables faster corrective action, supports continual improvement, improves accountability and enables various business and accessibility improvements. A major training initiative associated with the Redbook Refresh launched in November 2021, focusing on the first of 10 environmental topics that will each be subject to systematic review and revision. We started with a key environmental risk in our industry: spill management. Roughly 1,800 people across our organization – including supervisors, project coordinators and EHS advisors – are set to complete spill management training.

## #AeconSecure: Aecon’s cybersecurity awareness program

To reduce the operational risk that cyber criminals pose to Aecon’s business information and systems, the Company launched a comprehensive internal education and awareness program in April 2021. The program focused on sharing cybersecurity knowledge and best practices with employees to reinforce their online responsibilities and empower them in their roles on Aecon’s virtual frontlines every day.

Eight months into the program’s implementation, employees’ average “click rate” on suspicious links in Aecon-generated phishing simulations decreased from 11% to 6% and the average “report rate” – percentage of employees who reported the suspicious emails to Aecon’s security team – increased from 30% to 43%. These measurements matched or exceeded not only the program’s strategic goals for 2021 but, most importantly, best-in-class<sup>6</sup> rates for our industry.

## Key 2021 Safety Facts

- Lost-Time Injury Frequency **0.01**
- Total Recordable Injury Frequency (TRIF): **0.92**
- Significant Incidents involving Aecon employees or subcontractors (High/Severe – Actual Severity): Goal 0; Actual **0\***
- Site visits by senior leadership: **623**
- Number of regulatory orders issued on projects where Aecon was Safety Lead: **0**
- Safety Opportunities (incidents without injury or damage)<sup>7</sup>: **11,647**
- Behaviour-Based Observations: **31,744**
- Redbook redesigned to align with: **COR 2020, ISO 45001, and ISO 14001**
- Number of sites engaged in our annual Safety Week: **100** (approx.)

\* Updated to replace erroneous statistic in the report published on April 22, 2022.

<sup>6</sup> Source: Proofpoint Inc.

<sup>7</sup> A Safety Opportunity is defined as an incident without loss. It is an unplanned event that under slightly different circumstances could have resulted in injury to a person or damage to or loss of equipment, material, quality, product, process or the environment. An example would be if a worker slipped on an ice patch but did not sustain an injury.

# Safety: Mitigating Critical Risks

Our top priority is ensuring that our employees remain safe through every operation on every project. An especially vital part of this work is mitigating the risk of major injury. This year, we've advanced two important initiatives in this area: a new safety program focused on the "Fatal 8" and an intensified focus on the measurement and study of incidents that present the maximum reasonable potential for harm.

## Evidence-informed safety program: The Fatal 8

In 2021, we introduced a new safety program focused on specific operations workers perform that present elevated risks. We initiated the program by studying the data on all serious incidents that have occurred over the past 10 years on Aecon project sites, and focusing our efforts on the eight operations that presented the greatest risk of serious harm. For each of these "Fatal 8" operations, we've developed targeted protocols that include training and awareness activities for crews (including a work authorization program that ensures team members are properly prepared to manage the risks associated with Fatal 8 activities), enhanced leadership oversight and controls, and intensified monitoring and analytics. This critical risk program complements and reinforces our general safety program, which covers every activity across our organization.

## Rigorous monitoring and reporting for safer job sites

Aecon's practice is for all employees to immediately report any work-related accident, illness or incident to their supervisor. Employees are also encouraged to call out anywhere they see the potential for serious injury or property damage. If an incident occurs, we promote timely submission to workers' compensation authorities by having supervisors make prompt reports to the Environment, Health and Safety Department (EH&S). We use a standardized incident reporting method, which helps leaders gather the information they need to determine causes and contributing factors.

This year, as part of our ongoing quest for zero workplace injuries, we intensified our focus on the measurement and study of incidents that present a maximum reasonable potential for harm (MRPH). This heightened attention to MRPHs is part of a broader risk-based approach to the analysis of workplace incidents: devoting disproportionate attention to incidents that present greater risk of harm helps us focus our efforts where they have the greatest protective impact. We continue to carefully document and report any injuries that happen on our projects, even as we take new steps to prevent more injuries before they happen.



Protecting the Public



Hoisting, Rigging & Lifting



Working Around Mobile Equipment



Working Near Traffic



Working on or Near Energized Systems



Working at Heights



Ground Disturbance & Excavation



Confined Space Entry

# Diversity and Inclusion

Aecon's success is powered by the talent of our teams. We're constantly working to connect with strong collaborators and problem-solvers of all backgrounds and experiences, building a workforce as dynamic and diverse as the communities where we live and work. We're also taking concrete steps within our organization to ensure that Aecon is equitable, inclusive, welcoming and supportive – and that everyone who works with us has opportunities to build their careers and reach their full potential.



📧 Aecon Utilities – Environmental, Health and Safety (EHS) Advisor

## Key Policies

- Aecon formalized our commitment to diversity and inclusion (D&I) in 2016, adopting a Corporate Diversity Policy and launching a D&I Council. In 2021, we reviewed this policy, made updates and enhancements, and adopted the revised version in 2022.
- Any report of racism, discrimination or harassment – at any Aecon site, anywhere – is automatically escalated to our Senior Vice President, Human Resources, who manages the concern under the oversight of our CEO.
- In 2022, we updated our Code of Conduct to clarify our commitment to inclusive leadership and zero tolerance for racism and other forms of discrimination.

## Diversity census

In April 2021, we fielded our second annual diversity census to gain insight into the diversity that already exists within Aecon. Although this program is new and we continue to interpret our findings cautiously, we were pleased that the participation rate in year two rose to 65% (from 38% in year one) – a sign of employees’ trust in and comfort with this research tool.

## Employee resource groups

2021 was the first full year of activity for these voluntary, employee-led groups, through which employees educate and engage their colleagues and help to promote equity and inclusion. To date, numerous active programs have been developed by employee resource groups composed of team members who identify as disabled, Indigenous, LGBTQ+, people of colour and women. This year’s activities, to name just a few examples, included programming for the first National Truth and Reconciliation Day, an event with a guest speaker for the International Day of Persons with Disabilities, and the creation of a formal partnership with Pride at Work.

## Aecon’s diversity and inclusion strategy

Our strategy focuses on three key outcomes:

- improved diversity in all areas and at all levels of the organization
- increased opportunities for promotion for members of diverse groups
- a more inclusive workplace and environment.

We focus on equity and inclusion for five populations: people of colour, Indigenous people, women, people who identify as LGBTQ+ and people with disabilities.

## A More Supportive Workplace – for Everyone

### Investing in expanded health and well-being supports

Initiatives that begin with a focus on diversity often end up benefiting everyone. For example, spaces designed to be accessible to users of mobility devices are also easier for many others to navigate. Our comprehensive health and well-being supports benefit specific groups, such as new parents, but ultimately make Aecon more supportive to all employees – whatever their experiences, identities and abilities. This year we:

- Updated our maternity leave policy, taking a leadership position in our industry
- Introduced a new virtual health care program for all team members
- Expanded our health and wellness offering to include mental health supports
- Created a larger and more inviting prayer space as part of an office renovation; this dedicated space supports employees whose religious practice includes prayer at specific times, and anyone else who wishes to access a space for quiet contemplation during the workday
- Improved our Employee Assistance Program to provide enhanced professional support and to extend eligibility to more of our employees’ family members, including parents and in-laws.



Employee at Réseau Express Métropolitain (REM) Light Rail Transit project

# Indigenous Relationships

Aecon takes pride in our many strong, collaborative relationships with Indigenous peoples and communities. For more than a decade, our work has been guided by our Indigenous Engagement Strategy, which emphasizes respect, responsibility, mutually beneficial partnerships and side-by-side collaboration with community leaders and members. Our commitment to engaging respectfully with Indigenous peoples – and ensuring that Indigenous communities share in the benefits of our work – takes a number of forms:

## Procurement

Aecon seeks opportunities to procure goods and services from Indigenous-owned businesses. We are currently certified as Committed in the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business (CCAB) and are working toward a Bronze-level certification. This certification would represent an affirmation by CCAB of our commitment to good partnerships and employment relationships, and to prosperity in Indigenous communities. CCAB currently recognizes Aecon as an Aboriginal Procurement Champion.

In 2021, we created our first preferred Indigenous supplier network, initially including 10 firms; we aim to add two suppliers to this list each year between now and 2025, creating a deep roster of Indigenous-owned enterprises with which we can build deep relationships and shared success. Our total procurement spend with Indigenous suppliers in 2021 was \$121 million. To ensure that our procurement efforts remain on track, all our senior leaders and procurement teams report monthly on procurement spend from Indigenous vendors.



▣ Aecon-Six Nations (A6N) provides a broad range of utility-related work within the gas, fibre, forestry and hydro sectors.

## Joint ventures

In addition to sharing economic opportunity through procurement, Aecon is engaged in formal joint ventures with four Indigenous communities. The newest of these ventures, Métis-led Aecon GeoExchange Solutions (AGS), based in Cochrane, Alberta, was created in 2021. This latest joint venture joins three other such enterprises, each majority-owned by Aecon’s Indigenous partners:

- Aecon-Six Nations (A6N), Ontario
- Enoch Aecon, Edmonton, Alberta
- Chipewyan Prairie Aecon, Wood Buffalo, Alberta

## Local engagement

Most of our projects include an Indigenous Engagement Plan that lays out how we plan to maximize opportunities for Indigenous communities and Indigenous-owned businesses through our work. Our efforts to cooperate and collaborate with Indigenous communities wherever we work – engaging individuals as workers, and businesses as contractors and suppliers – have led to mutually beneficial relationships across scores of projects and locations.

## Awareness across our team

To support effective engagement with Indigenous communities, Aecon promotes cultural awareness within our own teams. To date, 2,200 employees (including all senior managers) have completed the Indigenous Awareness Learning Module in our online learning management system. Many team members have also participated in programming created by the Indigenous at Aecon employee resource group (see [page 30](#)).

## Community investments

Guided by our Indigenous partners, we work to create employment, education, training and apprenticeship opportunities for Indigenous peoples. For example, our partnerships with Working Warriors, Miziwe Biik Employment and Training, and Grand River Employment and Training help to connect Indigenous workers with opportunities in the construction industry. We also currently fund a scholarship through Indspire, a registered national charity focused on Indigenous education, to support Indigenous students pursuing an engineering, technical or business program at a Canadian post-secondary institution. In 2021, we were proud to hire some of the talented graduates who had benefited from these scholarships.



📌 Aecon-Six Nations (A6N) currently employs over 80 Indigenous employees at the peak of construction season.

# Community Investments and Volunteerism

Aecon has a long-standing commitment to supporting charities and nonprofits making a positive difference in the communities where we live and work. We also take pride in the grassroots fundraising and volunteer efforts our teams initiate across Canada, and we often lend corporate support and matching funds to these employee-led efforts.



📎 Volunteers from the Enoch Cree First Nations Food Bank with notes expressing thanks for donations made by Aecon's Industrial West division.

## Areas of philanthropic focus

- Youth
- Indigenous
- Poverty
- Mental health
- Environment

To guide our corporate community investments and deepen our impact, we've selected several areas of philanthropic focus. In each area we make a range of investments. For example, as part of our commitment to Indigenous communities (one of five focus areas), this year we funded scholarships for Indigenous students through Indspire; sponsored a robotics team from Six Nations Polytechnic (a Haudenosaunee-governed Indigenous institute on the Six Nations of the Grand River First Nation); and provided personal protective equipment to help a First Nation in one of our local communities prevent the spread of COVID-19.

## Community Investment Overview

- Aecon corporate giving total: \$631,000 (including investments and sponsorships)
- Aecon employee-raised funds: \$281,000 (including matching funds from Aecon on some initiatives)

## Grassroots support

Every year, Aecon project teams and joint venture groups come together to respond to local needs in communities where they live and work. This year, over and above Aecon’s program of corporate giving, Aecon employees raised \$281,000 for diverse causes and organizations. A few examples:

- Aecon employees and their families and friends participated in two major fundraising rides this year. Teams in Toronto, Ottawa and Sydney, Australia raised money for the **Ride to Conquer Cancer** in support of the Princess Margaret Cancer Foundation. Teams at Aecon Industrial East and West devoted their fundraising efforts to the Manulife Heart and Stroke **Ride for Heart**.
- Team members working on the Comox Valley Water Treatment Plant on Vancouver Island took part in the Coldest Night of the Year annual walk-a-thon. The initiative supports charities serving Canadians experiencing **homelessness and hunger**.
- Led by the Aecon Women Inclusion Network, employees across the country rallied for **Indigenous elementary school students**, attending selected schools in Ontario and Alberta; the network donated 130 backpacks filled with school supplies to support student success.

## Partners in giving

Aecon encourages employee-led charitable efforts – and helps deepen their impact – by matching the funds teams raise for local projects. Two examples from 2021:

- For the fourth year in a row, Aecon Construction Ontario East supported the Salvation Army’s Toy Mountain Campaign, donating over \$11,000 to provide **Christmas presents for children and families** in the Ottawa area.
- At Aecon’s Sherwood Park Fabrication Facility, the Industrial West team hosted a bottle drive in support of A Safe Place, an Alberta-based charitable organization focusing on **ending domestic abuse and violence**. With matching funds from Aecon, the team contributed more than \$10,000 to the cause.



Children’s Hospital of Eastern Ontario (CHEO) employees thanking Steve McEachen for Aecon’s donation with a drawing from a CHEO patient.



Aecon employees with donated toy items.



Aecon’s backpack donation program: Backpacks ready to be donated to Indigenous elementary school students.

# 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 – and we 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.

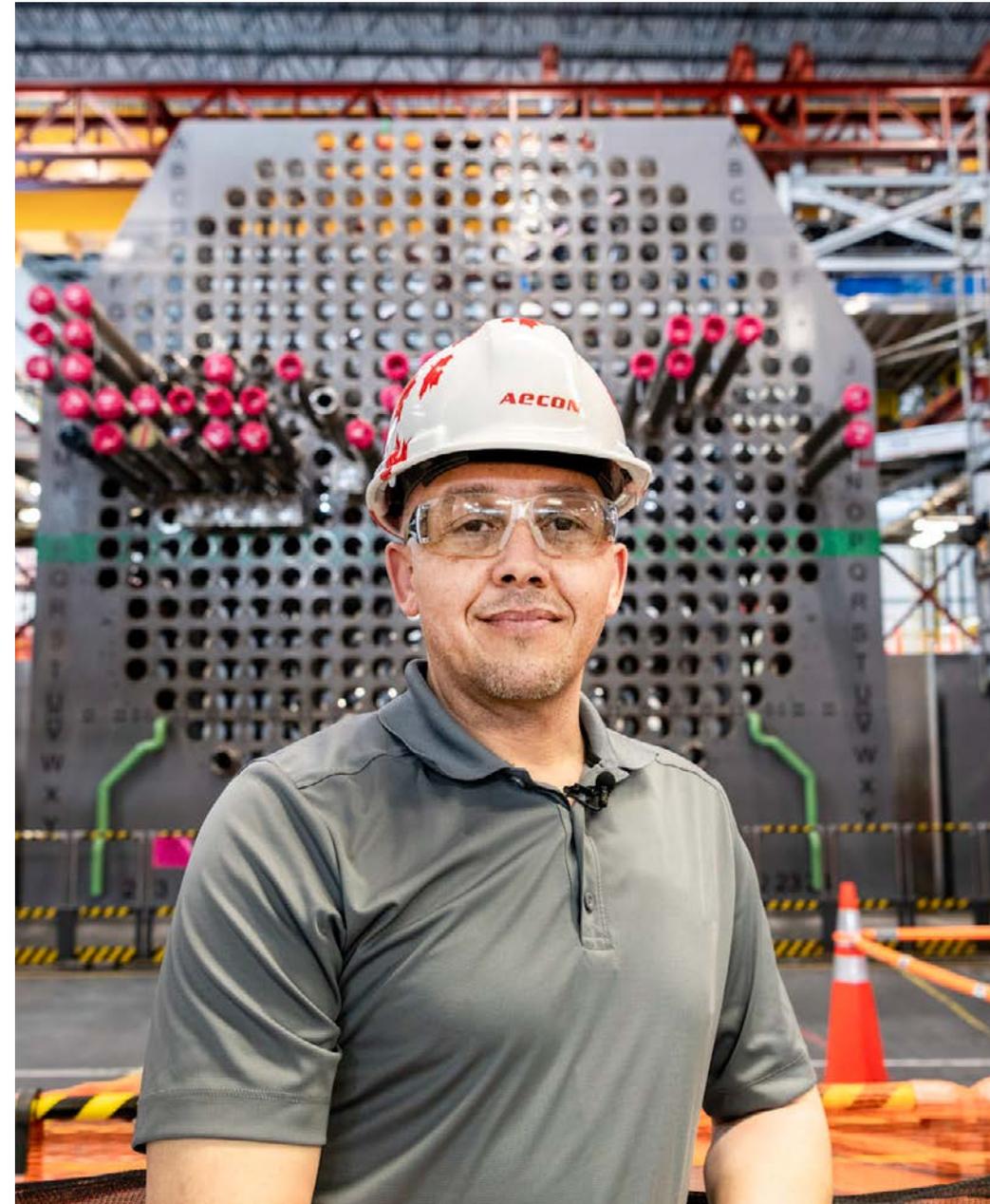
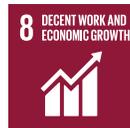
A close-up photograph of a man with a beard and glasses, wearing a white hard hat with the Aecon logo and a high-visibility orange safety vest over a grey hoodie. He is standing outdoors at a construction or training site. The background shows trees and a clear sky.

 Aecon employee at our Training and Innovation Centre in Holland Landing, Ontario

## We evaluate our success on governance and oversight dimensions by monitoring:

- 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, as of 2021, our ESG screening requirements.
- The compliance of our employees and partners with our requirements for international projects.
- The composition of our Board and how it's evolving over time on diversity dimensions.
- Monetary losses, if any, from anti-competitive practices or corruption-related penalties.
- Our performance in publicly reported governance monitoring systems, such as the Globe & Mail's "Board Games" report.
- Our team members' completions of key training initiatives, such as anti-corruption programs.

Learn more about our [management approach](#).



📍 Aecon employee at Darlington Nuclear refurbishment project in Clarington, Ontario

# Board of Directors and Committees

Aecon’s Board of Directors is composed of 10 experienced members. Apart from the Chairman and the President & CEO, all directors are independent. Our Director Overboarding Policy ensures that all members of the Board have the capacity for full and active engagement. Our Board is committed to a healthy governance culture defined by openness, candour and constructive dissent. 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. This governance approach helps to drive effective management, sustainable business practices and the promotion and enhancement of shareholder value.



**John M. Beck**  
Chairman



**John W. Brace**  
Corporate Director



**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

## Committees of the Board

### Corporate Governance, Nominating and Compensation Committee

Oversees the Corporation’s overall corporate policy related to compensation and benefits, developing an effective governance system for the Corporation, and reviewing and assessing the Corporation’s governance practices and public disclosure on an ongoing basis. Areas of oversight: Governance; 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 Performance; Integrity and Transparency.

### 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. In 2019, the Risk Committee’s mandate was expanded to include oversight of the Corporation’s ESG (Environmental, Social and Governance) program and sustainability matters. Areas of oversight: Climate Change; Sustainability.

# Responsibility for Sustainability

The tables below lay out which areas of Aecon’s Board and leadership team 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

■ Risk ■ EHS ■ Audit ■ CGNCC ■ Risk/Audit/CGNC ■ Board

# Ethics and Leadership Diversity

Aecon’s senior leadership team is composed of experienced industry professionals committed to extending our record of business excellence, outstanding 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, we uphold high ethical standards and actively seek opportunities to detect and correct unethical conduct and non-compliance.

- We engage with government officials and public representatives in an honest, responsible and transparent way that is consistent with applicable lobbying laws and regulations, and we provide **quarterly reports to the Audit Committee** on our lobbying activities.
- Our **Code of Ethics and Business Conduct** was last updated in 2022.
- All Aecon managers responsible for compliance have completed the **Anti-Corruption Certificate Program** delivered by the Canadian network of the UN Global Compact.
- 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.
- In 2021, we had **zero monetary losses** from bribery and corruption, and zero monetary losses from anti-competitive practices.
- As part of our due diligence process, in 2021 we used a third-party provider to **screen** 20 potential partners and major subcontractors, nine potential agents or consultants and three potential counterparties for corruption, bribery and other ethical violations.
- 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 in respect of its **international projects**, starting at the bid or pursuit stage. Highlights of the program include mandatory annual in-person anti-corruption and anti-bribery training for all relevant employees (100% completion rate in 2021), active tracking of international business travel and contact with public foreign officials, mandatory execution of quarterly Certificates of Compliance (100% compliance in each quarter of 2021), compliance procedures customized for each geographic location during the active construction and/or operations stage, and other measures.

## Leadership diversity

In 2021, 25% of our executive officers were women. Guided by our Corporate Diversity Policy, we are working to increase gender balance and diversity in general in every part of Aecon, including on our senior management team.

- **Executive team.** We have a dedicated sponsorship program designed 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.
- **Board of Directors.** In addition to a rich diversity of industry and professional experience, our Board of Directors includes 30% women directors and 10% racially diverse directors.



📍 Aecon employees at a Telecommunications project site

# Appendix A

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

Topic	Disclosures	2021 Response
<b>Governance</b>	a) Describe the board’s oversight of climate-related risks and opportunities.	<p>The Board takes a holistic view of climate-related risks and opportunities, with each committee taking primary responsibility for the subset of issues most applicable to its area of expertise.</p> <p>Management’s Sustainability Team is responsible for quarterly reporting to the Risk Committee, providing an update on climate-related risks and opportunities, energy and fuel consumption and performance, and the overall sustainability strategy implementation. The Risk Committee considers climate-related issues when reviewing and guiding strategy, action plans, policies, budgets, business plans, objective setting and capital expenditures.</p> <p>Read more on our climate-related risks in our <a href="#">2021 Annual Report</a> (p. 42). For more information on the Board of Directors and the allocation of sustainability-related responsibilities among its committees, please see p. 38 of our 2021 Sustainability Report, p. 10 of our <a href="#">2021 Annual Information Form</a> (AIF) and p. 35 of our 2021 Management Information Circular (MIC).</p>
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<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 Risk Committee, monitoring energy and fuel consumption and performance, strategy implementation and conducting risk assessment of climate-related risks and opportunities. The Chief Sustainability Officer (CSO) has the ultimate responsibility for the assessment and management of climate-related issues and reports to the Risk Committee of the Board. The Director, Sustainability reports to the CSO 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 that may affect or be affected by climate change. For a breakdown of the organizational structure in relation to sustainability issues, including climate risk, please see pp. 3 and 38 in our 2021 Sustainability Report. Management is informed about climate-related issues through stakeholder engagement and by actively assessing risks and opportunities. The sustainability group engages with relevant management teams across the organization to understand and assess developing risks, opportunities and trends that may impact the organization. We also actively monitor emerging technologies and innovative solutions that drive the transition to a net zero carbon economy.</p>
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>For a description of climate-related risks, please see Climate Change Risks on p. 42 of Appendix A. For a description of climate-related opportunities, please see Climate Change Opportunities on p. 45 of Appendix A.</p>
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<p>For a description of the impacts of climate-related risks, please see Climate Change Risks on p. 42 of Appendix A. For a description of the impacts of climate-related opportunities, please see Climate Change Opportunities on p. 45 of Appendix A.</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>We are in the early stages of our assessment of different pathways toward 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. We are well positioned to thrive in a net zero carbon economy, as described in more detail in the “Ready partners in the energy transition” section of this report (see p. 12). Please see p. 44 in Appendix A of our Sustainability Report for more information on external climate scenario analyses 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 p. 42 of Appendix A. For a description of how our strategies may address climate-related opportunities, please see Climate Change Opportunities on p. 45 of Appendix A.</p>

Topic	Disclosures	2021 Response
<b>Risk Management</b>	a) Describe the organization's processes for identifying and assessing climate-related risks.	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 achieves 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 Director, Sustainability reports to the CSO 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 on our corporate Risk Register, which is a living document that is reviewed and updated every financial quarter and reported to the Risk Committee of the Board. In 2020 and 2021, we continued to expand the Climate Change risk category and updated business interruption risk factors in light of the COVID-19 pandemic. Read more about our climate-related risk management in our 2021 Sustainability Report (p. 42) and Annual Report (p. 41).
	b) Describe the organization's processes for managing climate-related risks.	Our management considers specific and relevant processes for managing climate-related risks as outlined in Appendix A of this Sustainability Report.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate change-related risks are integrated in our global risk management processes and inform our pursuit of business opportunities, in conjunction with our clients and our partners, to develop infrastructure that is resilient and adaptable to climate change. Climate-related risks are incorporated into our Project Risk Committee reviews of prospective projects.
<b>Metrics and Targets</b>	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	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 p. 48 in Appendix B. We are committed to continuing to re-fine our processes for identifying relevant climate change metrics and targets and will continue to report on our process through our sustainability reporting.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please see p. 50 in this Sustainability Report for our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions for 2021. Please also see Transition Risks on p. 42 for more information on the risks associated with our GHG emissions.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In April 2021, we announced our GHG emissions reduction targets. Using 2020 as our baseline year, we have committed to reduce our emissions by 30% by 2030 (Scope 1 and 2) and have 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 Targets initiative (SBTi) to confirm that our emissions reduction targets 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.

## Climate Change Risks

Risk Type	Risk Sub-Type	Risk Summary	Risk Description, Mitigation Mechanism(s) and Financial Impact(s)	Time Horizon of Impact	Source Location
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	For more information on our transition and physical risks, please see p. 39 in our <a href="#">2021 Annual Report</a> .
	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.		
	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 Mechanism(s) and Financial Impact(s)	Time Horizon of Impact	Source Location
Physical	Acute	Operational disruption from severe weather events	The risk that operations could be interrupted by severe storms or series of storms, widespread fires or flooding, etc. 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	For more information on our transition and physical risks, please see p. 40 in our 2021 Annual Report.
		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 can be mitigated to some extent by building in additional schedule time that considers the short-term impacts of weather, such as ice cover, for example.		
		Costs related to repairing damaged projects			
	Disruptions due to the effects of epidemics and pandemics				
	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.			

## Scenario Analysis

We currently refer to key external sources of information to understand and contextualize different climate scenarios, including the 2019 Mercer Report “Investing in a Time of Climate Change – The Sequel” (the 2019 Mercer Report). We refer to the Global Commission on the Economy and Climate’s flagship New Climate Economy project to provide a preliminary assessment of the potential climate-related financial risks and trends for the infrastructure and sustainable infrastructure sectors as a whole.

The 2019 Mercer Report sets out its predictions for the impact of a 2° Celsius warming scenario on various sectors and asset classes over the 2020 to 2030 and 2020 to 2050 time periods. The report predicts that both infrastructure and sustainably themed infrastructure sectors will be subject to significant growth in

the 2030 and 2050 time horizons, suggesting that Aecon operates in one of the few sectors that may see opportunities resulting from climate change. It is expected that the infrastructure sector will grow 2% annually in a 2°C warming scenario from 2020 to 2030 and grow 1% annually from 2020 to 2050. The sustainability themed infrastructure sector is expected to grow by 3% annually from 2020 to 2030 and 1.6% annually between 2020 and 2050 in a 2°C warming scenario. While our scenarios feature continued long-term demand for resilient infrastructure, we note that all predictions may be affected by the economic impacts of the COVID-19 pandemic that originated in late 2019 and are continuing into 2022. The scenarios included here are not forecasts or business plans; they describe what may happen under certain circumstances.

## Climate Change Opportunities

Opportunity Type	Opportunity Summary	Opportunity Description, Realization Mechanism(s) and Financial Impact(s)	Time Horizon of Impact
<b>Products and Services</b>	Construction of energy storage solutions	As energy needs in our growing communities rise, energy storage solutions will 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 will 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.	

Opportunity Type	Opportunity Summary	Opportunity Description, Realization Mechanism(s) and Financial Impact(s)	Time Horizon of Impact
<b>Products and Services</b>	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 2021, Aecon expanded our commitment to innovative residential energy solutions with the creation of our new Green Home Energy Services Group, which will help improve energy efficiency and facilitate the adoption of clean energy technologies in Canadian homes.	
<b>Resource Efficiency</b>	Vehicle telematic 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	As 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 B

## SASB Disclosure: Engineering and Construction Services Industry Standard

Topic	Metric	Category	Unit of Measure	Code	2021 Response
<b>Environmental Impacts of Project Development</b>	Number of incidents of non-compliance with environmental permits, standards and regulations	Quantitative	(number)	IF-EN-160a.1	Environmental incidents are tracked through Cority, the incident management system now under use at Aecon. Environmental performance is tracked through monthly dashboards that were set up in 2021. Number of incidents of non-compliance with environmental permits, standards, and regulations: 0. A total of 32 spills were registered, of which four were reportable.
	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	The Redbook Refresh initiative was undertaken in 2021 and culminated in the development of environmental governance and associated operational controls. This included the development an Environmental Aspects SOP which includes a methodology for defining aspects, impacts and aspect significance. This has been captured in an aspect and impact register. Accordingly, nine significant environmental aspects have been identified for the organization, with operational controls (mitigation measures/best management practices) focused on these. The Spills portion was rolled out in the last quarter of 2021 and included the development of a Computer Based Training Program for supervisors, EHS personnel and project coordinators. Other elements of the updated environmental program will be rolled out in 2022 as part of a Redbook Refresh Management of Change process. 2021 Sustainability Report > Operationalizing Sustainability > p. 20 2021 Sustainability Report > Our People and Communities > Safety > p. 26
<b>Structural Integrity &amp; Safety</b>	Amount of safety-related rework costs	Quantitative	(reporting currency)	IF-EN-250a.1	0
	Amount of defect-related rework costs	Quantitative	(reporting currency)	IF-EN-250a.1	\$3,621,000
	Total amount of monetary losses as a result of legal proceedings associated with defect and safety-related incidents	Quantitative	(reporting currency)	IF-EN-250a.2	0
<b>Workforce Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR)	Quantitative	(rate)	IF-EN-320a.1	TRIF (Total Recordable Injury Frequency): 0.92 Fatalities: 0
	(2) Fatality rate for (a) direct employees, and (b) contract employees				2021 Sustainability Report > Our People and Communities > Safety > p. 28

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Topic	Metric	Category	Unit of Measure	Code	2021 Response
<b>Lifecycle Impacts of Buildings and Infrastructure</b>	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	One commissioned project, which includes three LEED-certified buildings.  Three active projects seeking LEED certification for three buildings.
	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.
<b>Climate Impacts of Business Mix</b>	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, 2021: (1) hydrocarbon-related projects: \$623 million, and (2) renewable energy projects: \$295 million.
	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	(reporting currency)	IF-EN-410b.2	\$32,700,000
	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, 2021 was \$1,422 million.
<b>Business Ethics</b>	(1) Number of active projects, and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	(number)  (reporting currency)	IF-EN-510a.1	Aecon currently operates in three countries: Bermuda, Canada and the United States, and in 2021 was executing a total of 971 active projects in those locations.  Aecon has \$0 of backlog in countries that have the 20 lowest rankings in the CPI. As at December 31, 2021, Canada was ranked 13th according to the CPI, the United States was ranked 27th and Bermuda was not listed on 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	Quantitative	(reporting currency)	IF-EN-510a.2	(1) \$0 – No legal proceedings for bribery or corruption.  (2) \$0 – No legal proceedings for anti-competitive practices.
	(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	(1) A revised Anti-Corruption and Anti-Bribery Policy was released on March 1, 2021. Sustainability Report > Governance > Ethics and Leadership Diversity, p. 39  (2) Code of Ethics and Business Conduct, pp. 6–8
<b>Activity Metrics</b>	Number of active projects	Quantitative	(number)	IF-EN-000.A	Number of active projects: 971
	Number of commissioned projects	Quantitative	(number)	IF-EN-000.B	Number of commissioned projects: 435
	Total backlog	Quantitative	(reporting currency)	IF-EN-000.C	Total backlog as at December 31, 2021: \$6,198 million

# Appendix C

## Sustainability Performance Dashboard

Topic/Issue	Metric/Unit	2021 Performance	2020 Performance
<b>Financial/Operational</b>			
Revenue	(\$ millions)	3,977	3,644
Number of projects completed	(number)	435	467
Project backlog	(\$ millions)	6,198	6,454
Hydrocarbon-related projects	(\$ millions)	623	895
Renewable energy projects	(\$ millions)	295	250
Non-energy projects associated with climate change mitigation	(\$ millions)	1,426	1,613
<b>Governance</b>			
Gender diversity – Executive level	(%)	25	25
Gender diversity – Board level	(%)	30	30
Gender diversity – Company level	(%)	<i>Permanent</i> Women: 30, Men: 69, Other: 1 <i>Union</i> Women: 6, Men: 94	<i>Permanent</i> Women: 30, Men: 69, Other: 1 <i>Union</i> Women: 6, Men: 94
Code of Conduct training	(%)	99.5	99
<b>Our People and Suppliers</b>			
Aecon Diversity in Trades Program	(number)	5 participants to date (program launched in 2021)	N/A
Aecon Women in Trades Program	(number)	35 graduates to date (program started in 2019)	31 graduates to date
Racial diversity – Board level	(%)	10	10
Employee training	(number)	39,070 instructor-led classes 33,615 eLearning/virtual training sessions	33,324 instructor-led classes 26,892 eLearning/virtual training sessions
Total recordable injury frequency (TRIF)	(number)	0.92	0.88
Lost-time injury frequency rate (LTIFR)	(number)	0.01	0.04
Fatalities involving Aecon employees or subcontractors	(number)	0	1
Indigenous goods and services procured	(\$ millions)	121	158
Suppliers screened for ethical compliance	(number)	25	10

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Topic/Issue	Metric/Unit	2021 Performance	2020 Performance
Percentage of suppliers screened for ESG and diversity and inclusion practices (Note: This metric was changed in 2021 to align with Aecon's sustainability-linked loan.)	(%)	5	N/A
<b>Environment</b>			
Greenhouse gas emissions (GHG) – total	(tCO <sub>2</sub> e)	174,160	186,592
GHG – Scope 1	(tCO <sub>2</sub> e)	168,985	183,128 <sup>8</sup>
GHG – Scope 2	(tCO <sub>2</sub> e)	4,320	2,766
GHG – Scope 3 (air travel only)	(tCO <sub>2</sub> e)	855	698
GHG Intensity (Scope 1 and 2) (revenue basis)	(tCO <sub>2</sub> e/\$M)	44	51
Year-over-year % reduction in GHG intensity (tCO <sub>2</sub> e/million CAD revenue)	(%)	15	N/A
<b>Community Investment</b>			
Total donations to charities and nonprofits	(\$ thousands)	631	700
Employee-raised charitable funds	(\$ thousands)	281	228

<sup>8</sup> In 2020, this number was reported as 192,829. The new 2020 GHG inventory results presented above are restated from last year's report to account for new information.

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✉ Aecon Employee at the Comox Valley water treatment plant