

AECON

2020 Sustainability Report



BUILDING BETTER TOGETHER



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About This Report

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

Scope

The 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, 2020; and (ii) the data and analysis relates to Aecon and not its suppliers or clients. All dollar amounts are expressed in Canadian currency. References to "we," "our," "us," "the Company," and "Aecon" mean Aecon Group Inc. and its subsidiaries.

Reporting standards

Aecon generally supports the principles and recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD), the Sustainability Accounting Standards Board (SASB), Canada's Expert Panel on Sustainable Finance (Expert Panel) and the United Nations Sustainable Development Goals (SDGs), and this Report is intended to align with them. Our TCFD and SASB compliance summaries are set out in the Reporting Appendices.

Materiality

Materiality, in the context used for this report, refers only to the relative significance of environmental, social and governance priorities and their impacts (both positive and negative) on our business and our stakeholders, and not to the overall impact on Aecon's business, operations, capital or market value.

Further information

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

Please direct questions to:

Yonni Fushman, EVP, Chief Legal Officer and Chief Sustainability Officer at sustainability@aecon.com.

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¹ Guidance considered includes, without limitation, the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD), the Sustainability Accounting Standards Board (SASB), the Canadian Securities Administrators, the United Nations Sustainable Development Goals (SDGs), Canada's Expert Panel on Sustainable Finance (Expert Panel), the Principles of Responsible Investment (PRI), the Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Real Estate Sustainability Benchmark (GRESB)/Green Building Certification Institute (GBCI), the Global Reporting Initiative (GRI), the Science Based Targets Initiative (SBT), and Renewable Energy 100 (RE 100).

About Aecon

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 and is proud to be recognized as one of the Best Employers in Canada. Aecon safely, profitably and sustainably delivers integrated solutions to private and public sector clients through its Construction segment in the Civil, Urban Transportation Systems, Nuclear, Utility and Industrial sectors, and provides project development, financing, investment, and operations and maintenance services through its Concessions segment.

Today, we're working to meet the urgent need for sustainable, resilient infrastructure. With a strong commitment to sustainability – supporting our clients in meeting ambitious environmental goals and acting responsibly in every aspect of our own business – we seek to both realize and catalyze positive change. Along with our partners and clients, we're helping to build thriving communities and support the transition to a net-zero economy.

Disclaimer: Some photos appearing in this sustainability report were taken prior to or in the early stages of COVID-19 and may not reflect the stringent safety protocols Aecon currently has in place on all active site locations.

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Building Better Together

In a year when many activities were disrupted by the pandemic, Aecon's dedicated workforce was proud to continue delivering vital infrastructure in Canada and beyond, while maintaining rigorous protocols to prevent the spread of COVID-19. The fact that most jurisdictions where we have projects underway declared our work to be an essential service was a reminder that the infrastructure Aecon delivers today is a key to well-being and prosperity in the years to come.

We're mindful of the risks of climate change while also encouraged by the opportunities we see for Aecon to play a meaningful role in building the infrastructure of a better tomorrow. Our work lays the foundations for societies to function more sustainably: from urban transit systems that reduce greenhouse gas emissions to geexchange energy infrastructure and water treatment facilities that meet community needs while conserving resources. We're also helping our clients meet their sustainability goals, whether we're working with a utility to implement new technology or taking steps to reduce the emissions on their project sites.

We also relentlessly pursue innovation in our own operations, finding smarter ways of working that reduce waste, boost efficiency, and improve business outcomes. One example: this year we began using new technology to optimize how we manage our vehicle fleet. Adopted to increase operational efficiency, the change is cutting fuel consumption and costs, reducing our greenhouse gas (GHG) emissions and even enhancing our ability to promote safety. The emissions benefits will be captured in the expanded GHG inventory we undertook in 2020. This year's GHG inventory is part of a multi-year journey (see p. 33).

Now that our measurement approach is well developed, a program of emissions reduction is the next step; in early 2021, Aecon proudly announced that it has set an aspirational target of net-zero emissions by 2050, with an interim target of 30 per cent reduction in direct CO₂ emissions by 2030 as compared to 2020 (see p. 33).

Our sustainability leadership in the construction sector rests on our ability to build strong relationships with people and communities. This means ensuring equitable treatment for our already diverse workforce and removing systemic barriers to attracting new talent. The vital conversations on racial justice throughout 2020 added even more urgency to our work on equity and inclusion (see p. 24). Our first diversity census, conducted this past year, will help us benchmark our progress in dismantling barriers between talented people of all backgrounds and opportunities across Aecon.

Rigorously taking stock of our results – both positive and negative – is essential to building success. This year demanded sober reflection from all of us: an Aecon family member lost his life in a workplace incident. This tragedy has been keenly felt across the organization; our response is outlined on p. 21. Ensuring that such an event never happens again is a responsibility I personally share with everyone at Aecon. This is not a new commitment: safety is Aecon's first Core Value, and taking care of our people is our first strategic priority. Fulfilling these responsibilities presents new demands each day – and nothing matters more than meeting each new challenge at every single job site to keep people safe.



The momentum of our sustainability program is building and will continue under the leadership of our Chief Sustainability Officer and new Director of Sustainability (see p. 13). Aecon's sustainability program is integral to our core business: a priority that extends across our operations and projects, and that is embraced by our executive team and workforce. I'm proud to share in this work – to lead Aecon in finding new ways of building better together alongside our clients, partners, suppliers and communities.

Jean-Louis Servranckx
President and Chief Executive Officer

MESSAGE FROM THE CHAIR

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Collaborative Leadership on Sustainability

Few industries are more complex and collaborative than Aecon's. The delivery of infrastructure projects involves many key participants – from public and private sector clients to highly trained and specialized workers to communities, remote and urban.

The imperatives of sustainability are similarly complex. No firm, government or community can move the dial alone – but we all face an urgent imperative to do our part.

Our Board of Directors is focused on overseeing Aecon's approach to sustainability. In the past two years, we've adopted a new sustainability policy and published our first sustainability report, *Building the Infrastructure for a Better Tomorrow* (2019). Board oversight also includes monitoring the way the company is assessing and managing the risks and opportunities associated with climate change and the shift to a net-zero carbon economy, as discussed in the TCFD appendix to this report. We continue to work closely with management in developing Aecon's sustainability and climate change strategy and recently announced interim and long-term GHG reduction targets (see p. 33).

We know that many of our most meaningful sustainability results will come from collaborative leadership with our clients and communities. The Board is deeply supportive of Aecon's energetic work to partner with communities in new ways, pursuing meaningful results together in areas ranging from economic inclusion to environmental conservation. This report features two especially exciting examples of this work. One focuses on A6N, Aecon's joint venture with Six Nations of the Grand River (see p. 39), which marks its fifth year of operations in 2020. This year Aecon also announced a new joint venture with community organizations around the Greater Golden Mile area in Scarborough, Ontario (see p. 43) – an innovative approach to catalyzing local economic development.

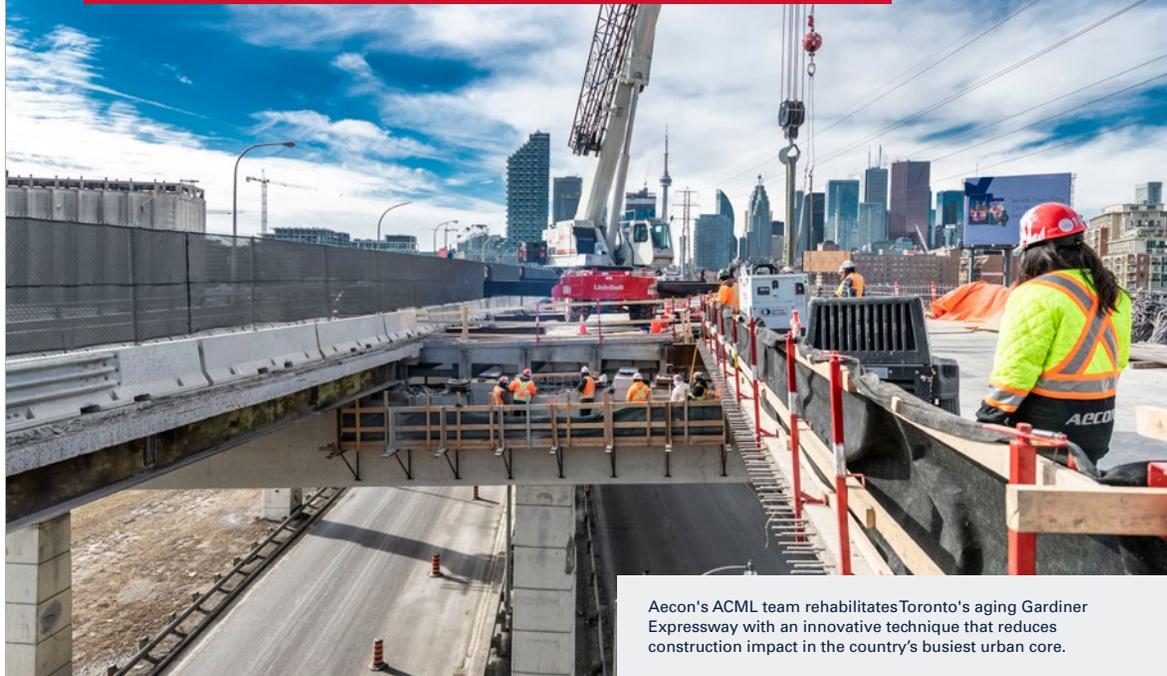
As our Board reflects on Aecon's activities and trajectory, we benefit from the varied perspectives that accompany our diverse identities and experience. The ongoing diversification of our Board, exemplified by recently increased board diversity targets, will further enrich our dialogue and sharpen our insight in helping Aecon realize strong business results and sustainability performance. In the boardroom as on the job site, we build better together.



John M. Beck
Chairman of the Board



2020 HIGHLIGHTS



Aecon's ACML team rehabilitates Toronto's aging Gardiner Expressway with an innovative technique that reduces construction impact in the country's busiest urban core.

Notable Projects in 2020:

Transportation

- Eglinton LRT (Toronto)
- Finch LRT (Toronto)
- 401 high-occupancy toll lane (Greater Toronto)
- Réseau express métropolitain (REM)
- Gardiner Expressway Rehabilitation Project

Geoexchange Systems

- Aecon was at work on a total of 11 geoexchange systems in 2020; some examples include:
 - Springwater (Markham)
 - University of Toronto
 - North St. Lawrence Market (Toronto)

Energy

- Generating station and spillways for B.C. Hydro's Site C Clean Energy Project
- Kitimat Metering Station for the Coastal Gas Link Project

Project Highlights and Awards

In 2020, Aecon was:

delivering more than
900 projects

at work on
13 of the largest 100
infrastructure projects underway in Canada

named among the
Top Contractors
in Canada by On-Site Magazine

recognized with
Platinum Elite status
in ReNew Canada's Top100 Biggest Infrastructure Projects report

named a
Gold Winner
in Service Delivery in the National Awards for Innovation and Excellence in Public-Private Partnerships (P3)

recognized with the P3 Bulletin GOLD award for
ESG Performance of the Year
for the Windsor-Detroit Bridge Authority and Gordie Howe International Bridge project

named among the
Top 250 International and Top 250 Global Contractors
by Engineering News-Record



Our 2019 sustainability report achieved a MarCom Platinum Award honouring excellence in marketing and communication

SUSTAINABILITY AT AECON

Aecon’s sustainability program has strong support across our organization: from our Board, executive team and employees on job sites across Canada and beyond. Our objectives are articulated in an overarching Sustainability Policy and in guidelines and policies on specific topics, mentioned throughout this report. Our sustainability program, like all our activities, is grounded in Aecon’s Core Values.

How our Core Values drive our sustainability program

| Our Core Values | Alignment to our sustainability program |
|---|---|
|  <p>Safety First – We’re committed to a safe, healthy work environment and a ‘zero injury’ culture.</p> | <p>Every part of our success, including on sustainability, is founded on our commitment to keeping our teams and communities safe and healthy.</p> |
|  <p>Trust and Candour – We conduct ourselves professionally, with candour, respect and integrity.</p> | <p>Honest, transparent communication is a sustainability practice. Tracking our gains, acknowledging setbacks and being honest about the work yet to do help to drive our progress.</p> |
|  <p>Passion for Excellence – We’re pace-setting and innovative. We always strive to find a better way. We strive to do it right the first time – every time.</p> | <p>Continuous enhancements – large and small, in process and technology – not only attest to our culture of innovation, they collectively move us toward our sustainability goals in areas ranging from waste diversion to safety to energy conservation.</p> |
|  <p>A People-Focused, Learning Culture – We strive to develop the best leaders and realize the full potential of our people. Learning is at the core of our approach – we never stop trying to improve.</p> | <p>Our dedication to learning improves our organization on all dimensions, including in project execution, business performance, governance and sustainability. Reaching out to new, diverse talent benefits communities and builds our momentum.</p> |
|  <p>Results-Oriented – Always putting safety first, we have a ‘do whatever it takes’ attitude, creating empowered and entrepreneurial operations within a common framework of values, strategies and key processes.</p> | <p>A commitment to overcoming challenges in order to achieve the results that matter is essential to realizing ambitious goals like transitioning to a net-zero carbon economy.</p> |

SUSTAINABILITY SCORECARD



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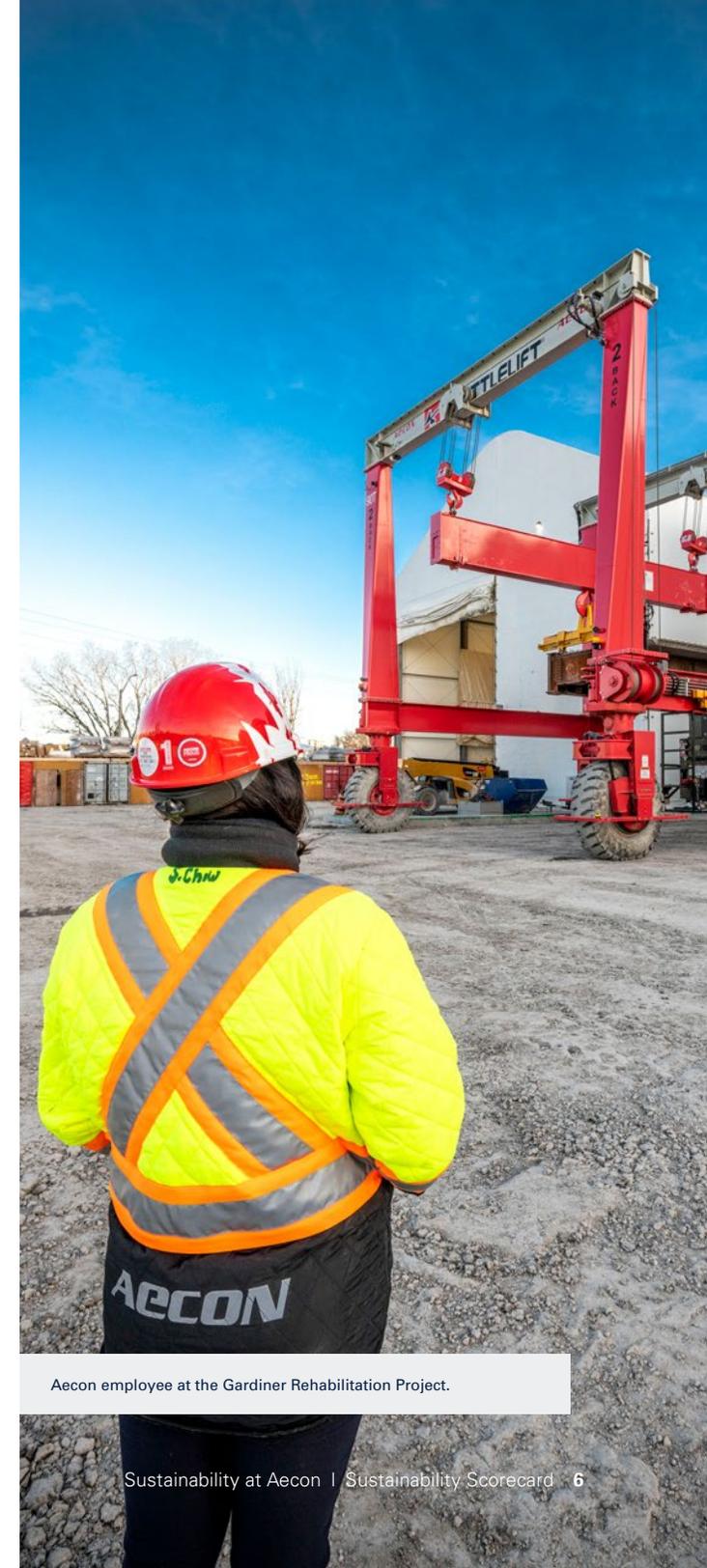
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| Topic/Issue | Metric/Unit | 2020 Performance | SASB Code |
|---|----------------------|---|--------------|
| Financial/Operational | | | |
| Revenue | (\$ billions) | 3.64 | |
| Number of projects completed in 2020 | (Number) | 937 | IF-EN-000.A |
| Project backlog | (\$ millions) | 6,454 | IF-EN-000.C |
| Hydrocarbon-related projects | (\$ millions) | 895 | IF-EN-410b.1 |
| Renewable energy projects | (\$ millions) | 250 | IF-EN-410b.1 |
| Non-energy projects associated with climate change mitigation | (\$ millions) | 1,613 | IF-EN-410b.3 |
| Governance | | | |
| Gender diversity – Executive level | (%) | 25 | |
| Gender diversity – Board level | (%) | 30 | |
| Gender diversity – Company level | (%) | Permanent: Women: 30% Men: 69% Other: 1% Union: Women: 6% Men: 94% Other: 0% | |
| Code of Conduct – Employee training | (%) | Completion rate: 99% | |
| Our People and Suppliers | | | |
| Aecon Women in Trades Program | (Number) | 31 graduates to date | |
| Racial diversity – Board level | (%) | 10 | |
| Employee training | (Hours) | 33,324 Instructor-led classes 26,892 eLearning/virtual training sessions | |
| Total recordable injury frequency (TRIF) | (Number) | 0.88 | IF-EN-320a.1 |
| Lost-time injury frequency rate (LTIFR) | (Number) | 0.04 | |
| Fatalities | (Number) | 1 | IF-EN-320a.1 |
| Indigenous goods and services procured | (\$ millions) | 158 | |
| Suppliers screened for ethical compliance | (Number) | 10 | |
| Suppliers that were screened using environmental criteria | (%) | 100% of preferred suppliers, which constitute 70% of our total spend, are screened using environmental criteria | |
| Environment | | | |
| Greenhouse gas emissions (GHG) – Total* | (tCO ₂ e) | 196,428 | |
| Greenhouse gas emissions (GHG) – Scope 1 | (tCO ₂ e) | 192,829 | |
| Greenhouse gas emissions (GHG) – Scope 2 | (tCO ₂ e) | 2,900 | |
| Greenhouse gas emissions (GHG) – Scope 3 | (tCO ₂ e) | 698 | |
| Community Investment | | | |
| Donations to charities and nonprofits | (\$ thousands) | 700 | |
| Employee-raised charitable funds | (\$ thousands) | 228 | |



Aecon employee at the Gardiner Rehabilitation Project.

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Materiality assessments help to identify an organization’s most significant sustainability issues (which may be a different set of issues from those that are “material” from an investing perspective), and guide leaders as to which sustainability topics they should report on and address. Aecon conducted a research-based materiality assessment in 2020, which included three main phases: a series of conversations with institutional investors; a review of financially material topics in the SASB Engineering & Construction Services standard; and a benchmarking exercise of 12 of our peer companies to determine the most material issues for us as an organization.

Our 2020 assessment found the following topics to be material in setting Aecon’s sustainability priorities:

Our People

- Safety and health
- Diversity and inclusion
- Career opportunities
- Employee engagement
- Corporate citizenship and volunteerism

Environment

- Climate change
- Energy efficiency
- Construction waste
- Sustainable infrastructure projects
- Environmental management and biodiversity

Communities

- Indigenous relations
- Community investment and philanthropy

Governance and Ethics

- Integrity and transparency (including bribery and corruption)
- Risk management
- Board composition (including diversity)
- Shareholder/stakeholder engagement
- Responsible supply chain
- Economic performance

We plan to conduct a more robust materiality assessment in 2021 to gain deeper insight into our stakeholders’ sustainability priorities and to identify topics that may be unique to Aecon’s context or operations. This will allow us to build confidence that the goals we set for Aecon’s sustainability program are aligned with our stakeholders’ expectations.

Key priorities of our sustainability program

- Operational efficiency and other environmentally sound practices
- Social responsibility and community contribution
- Good governance and ethical business practices
- Seeking business opportunities aligned with sustainability objectives, including the transition to a net-zero carbon economy
- Active pursuit of innovation and early adoption of promising new technologies

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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To guide global efforts toward sustainable development, the United Nations has articulated 17 Sustainable Development Goals (SDGs). Given the complexity of today’s social, economic and environmental challenges, actors across society – governments, nonprofits, businesses and civil society organizations – all have an important role to play in advancing these 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.



5. Gender Equality

Aecon continuously invests in the inclusion of women in our organization and industry. Our workplace policies prohibit all discrimination, and we’re currently enhancing our data collection and monitoring practices to identify and dismantle any bias in our employment systems (see p. [24](#)). A number of programs support gender balance in our organization – for example, by training new entrants (see p. [24](#)) and helping women leaders advance (see p. [24](#)).

7. Affordable and Clean Energy

We support leading utility clients whose work is consistent with delivering affordable, clean energy both for domestic use (see p. [31](#)) and at major infrastructure facilities such as the L.F. Wade International Airport (see p. [28](#)). We continue to build our capabilities in renewable energy, battery storage and other progressive energy solutions (see p. [31](#)).

8. Decent Work and Economic Growth

We’re active in supporting decent work and new opportunities for our own employees (see p. [21](#), “Our People”). We’re also active across a wide range of industry associations and other groups that focus on labour force development, constructive union-management relations (see p. [16](#)) and economic inclusion for equity-seeking groups (see p. [41](#), “Communities”). By delivering innovative virtual training offerings to our teams and adopting new technologies such as our fleet telematics system (see p. [34](#)), we help to drive productivity gains that are associated with economic growth.

9. Industry, Innovation and Infrastructure

Part of Aecon’s core business is to “Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being.” We build airport, bridge and maritime infrastructure in areas where the demand for local, regional or international transportation services has exceeded the capacity or the available expansion capability.

11. Sustainable Cities and Communities

Aecon delivers diverse infrastructure to support urban sustainability. We’re currently at work on one Light Rail Transit (LRT) project in Montreal, two LRTs in Toronto and a Bus Rapid Transit project in nearby York Region. This year a United Nations case study featured our ongoing work with Enwave to deliver sustainable heating and cooling to scores of buildings in downtown Toronto using Deep Lake Water Cooling Technology (see p. [35](#)).

17. Partnerships for the Goals

Aecon has a strong record of respectful, mutually beneficial joint ventures with Indigenous communities (see pp. [39](#), [40](#)). We’re also active participants in the movement for community benefits, over and above our commitments under formal Community Benefits Agreements (p. [43](#)). In a recent pilot project – initiated by the United Way of Greater Toronto, BMO and the City of Toronto – seeking to promote economic opportunity in a low-income neighbourhood in Scarborough, Ontario, Aecon took the lead to create a joint venture that will be 51% owned by a collective of local community groups (see p. [43](#)).

GOVERNANCE

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Aecon has a record of upholding high standards of governance, ethics, compliance and risk management. This year we've taken proactive steps to strengthen our performance and accountability in a number of areas, including through anti-corruption training and new risk-management mechanisms.

What we built better together this year:

- expanded anti-bribery and anti-corruption training and certification
- new leadership in our sustainability program
- new tools for anonymous reporting of ethics concerns
- enhanced risk management approach when working with international partners



BOARD OF DIRECTORS

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Aecon's Board of Directors is composed of 10 experienced members. Apart from the Chairman and the President & CEO, all directors are independent of management. Our Director Overboarding Policy promotes a Board where all members maintain 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.



Jean-Louis Servranckx
President and
Chief Executive Officer



John M. Beck
Chairman



Anthony P. Franceschini
Lead Director



John W. Brace
Corporate Director



Joseph A. Carrabba
Corporate Director



J.D. Hole
Corporate Director



Susan Wolburgh Jenah
Corporate Director



Eric Rosenfeld
Corporate Director



Monica Sloan
Corporate Director



Deborah S. Stein
Corporate Director

Board committees

- Audit Committee
- Corporate Governance, Nominating and Compensation Committee
- Environmental, Health and Safety Committee
- Risk Committee

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Corporate Governance, Nominating and Compensation Committee

Oversee the Corporation’s overall corporate policy related to compensation and benefits, developing an effective corporate governance system for the Corporation, reviewing and assessing the Corporation’s corporate governance practices and public disclosure on an ongoing basis.

Audit Committee

Monitor the integrity of the Corporation’s financial statements, 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.

Environmental, Health and Safety Committee

Support continuous improvement of healthy and safe workplaces and responsible for reviewing and approving the Corporation’s annual EHS Strategic Plan and on a quarterly basis reviewing and assessing the Corporation’s EHS performance.

Risk Committee

Oversee the framework for managing of project risks arising from the Corporation’s operations and business and review and monitor the Corporation’s Enterprise Risk Management program. In 2019, The Risk Committee’s mandate was expanded to include oversight of the Corporation’s ESG Program and sustainability matters.



DIVERSITY IN LEADERSHIP

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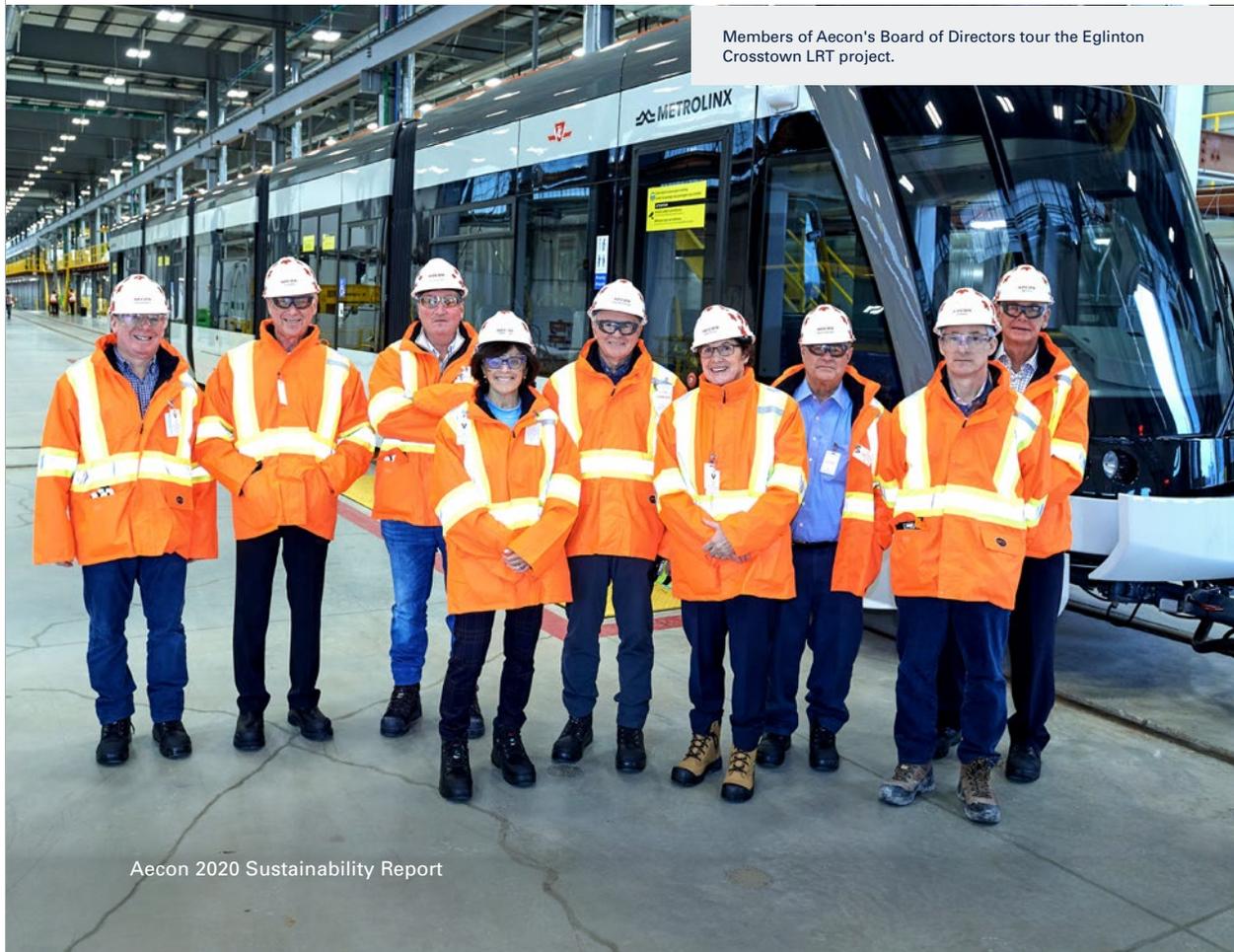
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Aecon's senior leadership team is composed of experienced industry professionals who are committed to extending our record of business excellence, outstanding execution of complex projects, and high standards for ethical conduct. In 2020, 25% of our executive officers were women. We're taking concrete steps to increase the gender balance and overall diversity of our senior management team. In 2019, we launched the Champions for Women in Leadership Program, a sponsorship initiative that is part of a broader slate of career development offerings (see p. 26). Fourteen mid-career women were selected for the program based on strong performance and high potential for advancement; they worked with mentors to identify and pursue specific career development goals. We're proud to report that to date, four participants have been promoted to more senior roles at Aecon. This initiative and others are guided by our Corporate Diversity Policy.



Members of Aecon's Board of Directors tour the Eglinton Crosstown LRT project.

Board diversity: Results and reporting**Women hold 30%**

of Board seats at Aecon

Women accounted for 33%

of new directors and director nominees over the last 5 years

60% of the director nominees

joined the Board in the last 5 years

75% of executive officers

were born outside of Canada, contributing to geographic diversity

50% of Aecon's executive officers

are under 50 years old

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Aecon’s sustainability program is backed by strong Board and executive support. The Risk Committee of our Board oversees the strategic implementation of our Sustainability Policy. Management, under the guidance of our Chief Sustainability Officer, leads the development and evolution of our environmental sustainability objectives and strategies.

New Sustainability Leadership

In 2020, we reinforced our sustainability program – and enhanced our capacity to deliver on our objectives – with two changes in our team. While these two roles provide important leadership and expertise for our sustainability work, responsibility for our success on sustainability extends across our entire company, from Operations to Human Resources to Investor Relations.



Yonni Fushman, already our Executive Vice President and Chief Legal Officer, also became our Chief Sustainability Officer. Leveraging both his governance expertise and operational experience, Yonni has been the driving force behind Aecon’s sustainability initiatives for several years. In 2020, Yonni obtained the Fundamentals of Sustainability Accounting credential from SASB and completed a formal sustainability management certificate program.



Prabh K. Banga joined Aecon as Director, Sustainability in 2020. Prabh brings considerable experience working at the intersection of sustainability and major infrastructure, having served as Associate Director, Strategy & Sustainability with the Greater Toronto Airports Authority. Prabh will play a key role in the development and implementation of Aecon’s sustainability strategy and the creation of our annual sustainability report.

STAKEHOLDER ENGAGEMENT

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We engage with our stakeholder groups in a range of ways – from staff surveys and focus groups to quarterly earnings conference calls with shareholders. Our engagement with investors continues to be guided by our Stakeholder Engagement Policy.

| Stakeholder group | How we engage | Key topics and highlights for 2020 |
|--------------------|---|--|
| Clients | <ul style="list-style-type: none"> • Sharing of insights on our employee programs • Discussion of opportunities to align on sustainability objectives with a specific focus on community investment and diversity and inclusion initiatives (see p. 41) • Support for clients' philanthropic activities | <ul style="list-style-type: none"> • Alignment on COVID-19 related protocols • Health and safety of employees • Diversity and inclusion • Community investment and philanthropy • Worked with Enbridge to support the Ride to Conquer Cancer (see p. 44) |
| Communities | <ul style="list-style-type: none"> • Website and social media • Media releases • Toronto Community Benefits Network (see p. 43) • Working Warriors (see p. 25) • Community meetings | <ul style="list-style-type: none"> • Potential project impacts (Aecon works closely with clients to keep communities informed) • Sponsorship of Indigenous Post-Secondary Students through the Aecon Group Bursary Award with Indspire (see p. 38) • Support for Pathways to Education (see p. 44) • Other community investment (see p. 44) |
| Employees | <ul style="list-style-type: none"> • Engagement survey • Diversity and inclusion census • Company-wide memos and e-blasts • All-employee town hall meetings with the CEO • Division-level town halls with local leadership • Field-level "Toolbox Talks" led by local supervisors • Annual Spring Conference event • ILT (Integrated Leadership Team) meetings • MS Teams platform for group and team communication and collaboration • Videos for all major program/initiative launches • Community online forum for information gathering and sharing • What's happening @ Aecon home page • Aecon Magazine • Employee Resource Groups (see p. 37) • Aecon Women Inclusion Network • John M. Beck scholarship program | <ul style="list-style-type: none"> • New COVID-19 Employee Support Centre • Safety Week • Support for transition to working from home • Cybersecurity training • Inaugural 2019 Sustainability Report • Diversity and inclusion <ul style="list-style-type: none"> ◦ Online Indigenous Awareness program for all Aecon employees ◦ Corporate Indigenous Employee Resource Group to support Indigenous employees at Aecon ◦ Aecon Women in Trades and Aecon Diversity in Trades programs ◦ Employee Cultural celebrations for key milestone events like Black History Month, National Indigenous Peoples Day, Every Child Matters/ Orange Shirt Day, Aecon Pride • Launch of Aecon Career Centre (see p. 26) • Aecon Achievement Awards • Aecon University learning (see p. 26) |

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| Stakeholder group | How we engage | Key topics and highlights for 2020 |
|-------------------|---|--|
| Government | <ul style="list-style-type: none"> • Outreach to various federal and provincial ministries | <ul style="list-style-type: none"> • Labour availability and capacity • Skills training programs • Health and safety • Community relations and stakeholder engagement • Opportunities to leverage innovation programs and grants (i.e., Net-Zero Acceleration Fund) • Sustainability and climate change strategy • Diversity and inclusion |
| Investors | <ul style="list-style-type: none"> • Investor Relations team • Quarterly and annual reports • Annual Information Form • Annual General Meeting • Management Information Circular • Quarterly earnings conference calls with financial analysts and the investor community • Press releases, website, social media • Presentations at industry and investor conferences • Annual Report • Sustainability Report | <ul style="list-style-type: none"> • Inaugural Sustainability Report received MarCom Platinum Award honouring excellence in marketing and communication for the Digital Media and E-Communication category • Investor Relations team nominated for two IR Magazine Awards – Canada 2020 in the Best Overall Investor Relations (Small Cap) and Best in Sector (Industrials) categories based on voting by analysts and investors • Communicated highlights of <i>Aecon Forward 2022</i> strategic plan to investor community • Extensive work with analyst community on evolution of Aecon's capital structure, forecast methodology, capital allocation strategy and COVID-19 business impacts • Broadened investor outreach across Canada, United States and internationally • Communicated ESG to investors |
| Suppliers | <ul style="list-style-type: none"> • Prequalification assessments including reviews of: <ul style="list-style-type: none"> ◦ Quality programs ◦ Anti-bribery training/certification programs ◦ Sustainability and carbon footprint reduction programs ◦ Initiatives and programs to track and support direct spend in the following diversity categories: <ul style="list-style-type: none"> - Businesses owned by racialized people - Women-owned businesses - LGBTQ+-owned businesses - Businesses owned by people with disabilities | <ul style="list-style-type: none"> • Engagement on Aecon's new Fleet Telematics and Fuel Management Program • Securing of personal protective equipment to prevent spread of COVID-19 • Development of an anti-corruption due diligence questionnaire • Leverage opportunities to trial/pilot new technologies to reduce emissions and improve operational efficiencies |

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| Stakeholder group | How we engage | Key topics and highlights for 2020 |
|----------------------------------|---|---|
| Suppliers (cont.) | <ul style="list-style-type: none"> - Indigenous-owned businesses (in Canada, First Nations-, Métis- or Inuit-owned; in the United States, Native American-owned, Alaska Native-owned or tribally owned) - Local suppliers and small businesses o Union memberships • Meetings with account managers and/or executives to review spending, new efficiencies, growth opportunities and innovations • For key strategic suppliers, review of Key Performance Indicators • Preferred Supplier agreements • Preferred Indigenous Supplier program • Environmental screening | |
| Unions & Associations | <ul style="list-style-type: none"> • Membership in a large number of national, provincial and local employer bargaining associations; participation in meetings, conferences and other activities • Maintenance of positive, constructive relationships with numerous unions; engagement with local councils and larger bodies; collaboration on diverse issues such as workforce development and government relations • Membership in several industry associations; participation of senior leaders on association boards; support for initiatives such as labour market research and collaboration on safety best practices • Partnerships with trade associations | <ul style="list-style-type: none"> • Partnership with LiUNA on Aecon Women In Trades (AWIT) program (see p. 24) • Planning for partnerships on Aecon Diversity in Trades program. |

Memberships and Associations

Aecon participates in important conversations in the construction industry and in the wider business community. We support and invest in membership in a range of industry groups and associations, regionally, nationally and internationally. Just a few examples:

General business

Business Council of Canada
 Canadian Chamber of Commerce
 Canadian Council for Aboriginal Business
 Ontario Chamber of Commerce
 World Economic Forum

Industry-specific

Asphalt Recycling & Reclaiming Association
 Canadian Nuclear Association
 Future of Infrastructure Group
 Infrastructure Health & Safety Association
 Marine Renewables Canada

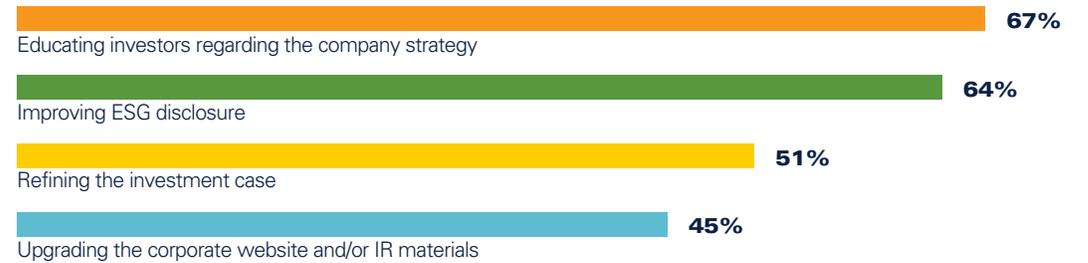


RESPONDING TO INVESTOR PRIORITIES

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Aecon’s top priorities regarding investor engagement are aligned with leading Investor Relations teams globally.

Top Investor Relations Priorities in 2020*



| Top priorities of Investor Relations teams worldwide* | Aecon alignment and key results |
|---|--|
| Educating investors regarding the company strategy | Communicated highlights of our strategic plan, <i>Aecon Forward 2022</i> , to the investor community as well as the diversity, sustainability and resiliency of our operations |
| Improving ESG disclosure | Released our inaugural sustainability report, <i>Building the Infrastructure of a Better Tomorrow</i> , which achieved a MarCom Platinum Award honouring excellence in marketing and communication for the Digital Media and E-Communication category, and this second report, <i>Building Better Together</i> |
| Refining the investment case | Worked extensively with the investment community and through enhanced disclosure to highlight Aecon’s outlook, the diversified and essential nature of our operations, strong financial position and liquidity, and capital allocation strategy |
| Upgrading the corporate website and/or investor relations materials | Launched a new Corporate/Investor Relations website, which was well received by the investor and analyst community, and earned a MarCom Gold Award |

“In 2020, Aecon integrated its Corporate Development and Investor Relations activities with its Corporate Affairs, Corporate Communications and Marketing functions. By integrating these disciplines, Aecon has improved information flow and bolstered efficiency across all of its communications channels. Perhaps most importantly, the integration has allowed us to better communicate our strategy by delivering a consistent voice to all of our different stakeholders, building trust and reliability both internally and externally.”

– **Adam Borgatti**
Senior Vice President, Corporate Development and Investor Relations

* As measured in the Citigate Dewe Rogerson 12th Annual Investor Relations Survey.

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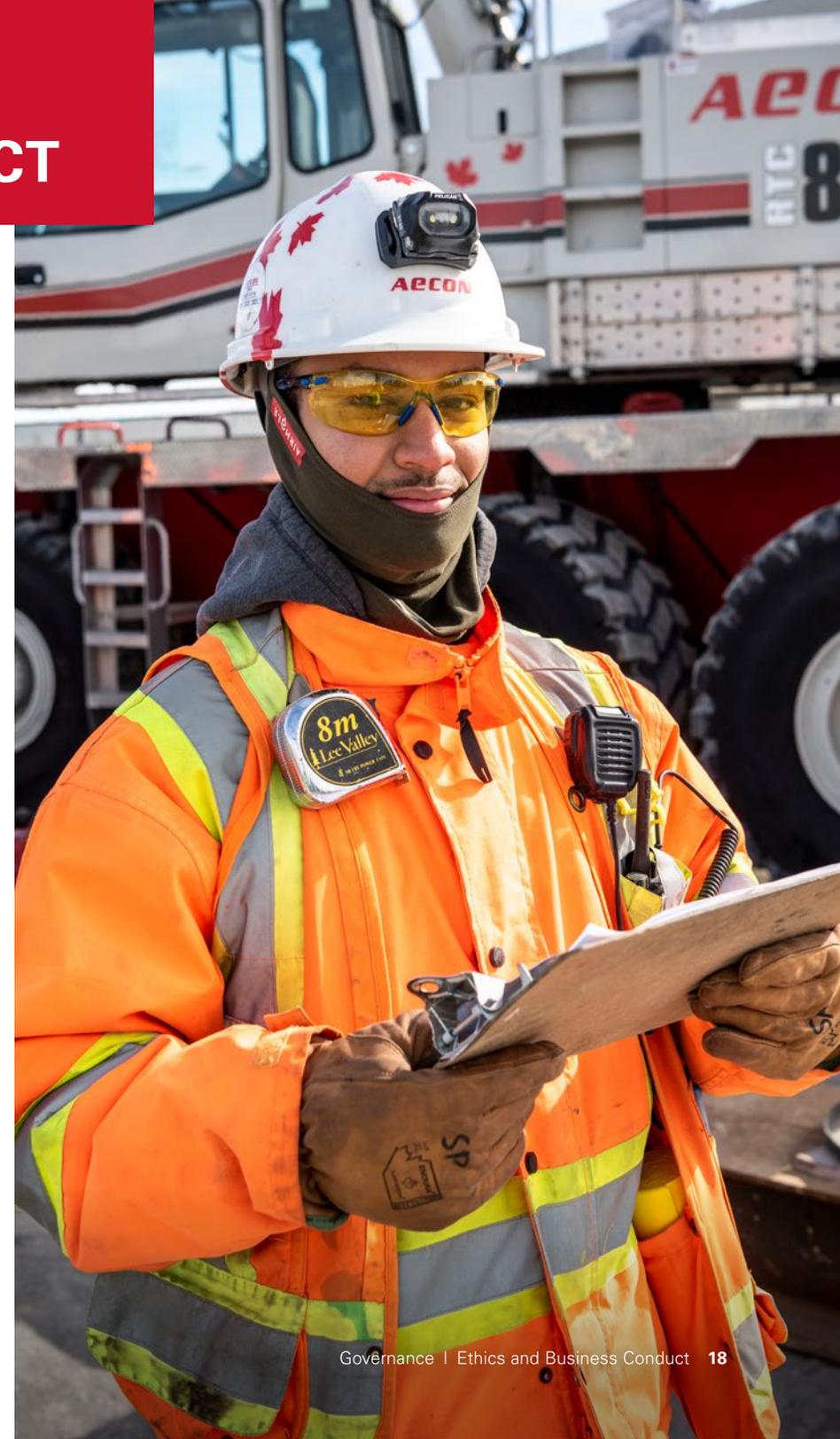
Ethics and Compliance

The imperative to uphold high ethical standards comes both from our Core Values and our responsibility to protect the interests of our stakeholders. We operate according to a **Code of Ethics and Business Conduct** (last updated in 2021) and actively seek opportunities to strengthen our compliance program, developing processes to detect unethical conduct and take rapid corrective action. In 2020, all Aecon managers responsible for compliance completed the Anti-Corruption Certificate Program delivered by the Canadian network of the UN Global Compact.

To ensure that all Aecon employees can report ethical concerns without any fear of reprisal, in 2020 we initiated the adoption of a third-party ethics hotline platform, expected to be operational in 2021, which allows anyone to report concerns anonymously online or via a 24/7/365 toll-free multilingual support line. In 2020, we had zero monetary losses from bribery or corruption, and zero monetary losses from anti-competitive practices.

Procurement

We promote ethical business conduct throughout our supply chain. 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. When we assess prospective preferred suppliers, our due diligence process takes into account close to 20 distinct dimensions of evaluation, from whether firms hold credentials such as Six Sigma or Lean certifications to whether they have sustainability programs, create opportunities for Indigenous-owned businesses, or otherwise enhance the value and impact of our business relationship. In 2021, we plan to further integrate sustainability goals into our supply chain management approach, adding an ESG screening questionnaire for preferred suppliers.



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Employees gathered at the Comox Valley Water Treatment Plant (Comox, British Columbia) pre-Covid.

As Aecon works to deliver complex projects across Canada and beyond, people are at the heart of every decision we make.

Our project results and business success rely on the skills and teamwork of our employees and partners – from those working to deliver airports and big-city transit projects to those working at remote energy development sites. We help colleagues develop new skills, solve problems, leverage new tools and technology, and make sure our entire operation is ready to meet the evolving needs of our clients in rapidly changing fields.

What we built better together this year:

- improvements in online learning and career development
- more flexible work arrangements
- new data and management tools to support diversity and inclusion
- new partnerships to bring diverse talent into our industry
- enhanced training and innovation capabilities to help our teams excel



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Healthy, engaged teams are critical to every aspect of our success. The first of four key focus areas in our current strategic plan, *Aecon Forward 2022*, is Taking Care of Our People. Guided by this strategic direction, we aim to:

1. Ensure safe work environments for all our people
2. Promote and demonstrate Aecon's Core Values
3. Design clear career paths so everyone knows how their career can grow at Aecon
4. Establish clear performance goals and offer meaningful assessment
5. Ensure manager accountability for the development of their teams

We evaluate our success in this area by:

- Tracking a range of standard safety measures, including lost time injuries and total recordable injury frequency. This year we've expanded our safety audit processes and adopted other enhancements to safety oversight.
- Tracking staff engagement scores through regular surveys and undertaking additional targeted engagement activities as appropriate. For example, this year we undertook a special survey focused on COVID-19. In addition to helping management understand the impact the pandemic had on our people's ability to effectively work from home, it also further reinforced the benefits of remote work for those who are differently abled or leading single-parent families. The high marks our team members gave us on our response to the virus helped to push us onto the 2020 Best Employers list.
- Monitoring the composition of our teams and how they're changing; we note, for example, whether our team members' career development trajectories (including the rates at which they are promoted) align with our goals related to diversity, equity and inclusion. In 2020, we launched a new HR dashboard to support our ongoing self-evaluation in these areas.
- Monitoring compensation patterns, including by flagging and carefully assessing instances of team members' compensation falling outside of standard ranges, whether above or below.

2020: Notable statistics and results

Employed

8,560 team members

(as of December 31, 2020)

Board diversity:

30%

Women directors

10%

Racially diverse directors

25%

Female executive officers

Registered

1,000+ completions

of two new Diversity and Inclusion modules in Aecon University (Diversity 101 and Indigenous Awareness)

Received recognition as one of Canada's

Best Employers 2020

(Forbes 300)

Engaged over

2,500 employees

in our 16th annual Safety Week

Earned

9 safety awards

from 5 different industry bodies, recognizing our performance in areas ranging from electrical safety to damage prevention in excavation

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Aecon’s first Core Value is safety. Some aspects of construction come with inherent dangers, and our top priority is ensuring that our employees are safe – through every operation on every project.

Training for workers

All workers must participate in training and comply with policies, practices and procedures that promote safe work. Our approach exceeds legislative requirements: training on Aecon’s core requirements is annual, and specific trades receive additional work-specific safety instruction. Our learning management system and Aecon Redbook (see p. 22) give employees a clear picture of their safety responsibilities. Any visitor to a work site must be accompanied by an Aecon team member at all times.

Leadership support

We ensure that all supervisory staff have the knowledge and skills to instruct and oversee workers in safe practices. Core supervisor training is required every two years, with an annual refresher. And some of our most senior leaders personally participate in safety training activity – demonstrating to employees that safety is truly everyone’s job.

Contractor safety

Our commitment to safety extends to our contractors’ activity. For firms delivering larger contracts or performing work that has higher potential for risk (such as the use of cranes), we require certification by ISN, a widely recognized international safety body. Our team uses ISN Subcontractor Evaluation Reports to assess performance on-site with respect to health and safety, engineering and procurement. For contracts under \$100,000 for lower-risk work, we use an internal prequalification system to evaluate contractors’ safety practices. Before doing any work, all subcontractors, supervisors and workers must provide proof of training and participate in a site-specific orientation process.

The Aecon Redbook is our Environment, Health and Safety manual and reporting framework, an essential pillar of our safety program. This year we are initiating a transformation of the Redbook, moving toward a comprehensive online safety management system that will dramatically enhance and streamline our record-keeping. The new system enhances oversight, enables faster corrective action, supports continuous improvement, and improves accountability.



Loss of an Aecon family member

The entire Aecon family grieved the loss of a colleague due to a workplace incident on a pipeline project in Alberta in October 2020. Our thoughts continue to be with our colleague’s family and community.

Immediately after the incident, in which the team member was struck by a piece of equipment, we suspended the use of the type of equipment involved across all project sites. In addition to ensuring financial and other support for the team member’s family, we made trauma and grief counselling available to team members at the affected work site. After supporting the local team and the investigation, in the ensuing weeks our leadership:

- Communicated frequently and candidly with operations teams across the country, providing them with the information and direction they needed to further ensure safety on all sites.
- Introduced a new critical risk management program to sharpen our collective focus on the prevention of high-severity incidents. Nothing we do can undo the tragic outcome of this incident but we are 100% committed to ensuring we learn the lessons and do everything in our power to see that it never happens again.
- Revised our training and credentialing protocols to ensure that clear, consistent mechanisms are in place requiring any worker participating in a given operation to demonstrate that they have all necessary training and certification prior to entering the workspace.

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In 2020, we also:

- Worked to reinforce our safety culture with a new, enterprise-wide safety program grounded in Human Performance Principles.
- Collaborated with Aecon University to introduce an innovative virtual-reality training tool that helps team members train in a simulated construction landscape, navigating job-site risks in a realistic but risk-free environment.
- Continued progress toward our goal of becoming consistent with ISO45001, a rigorous international standard for occupational health and safety management, which we aim to reach in 2022.

Our workplace incident response policy

Aecon requires all employees to immediately report any work-related accident, illness or incident to their supervisor, whether it results in injury or property damage. We also require employees to call out anywhere they see the potential for serious injury or property damage. If an incident occurs, supervisors must make a prompt report to the Environment, Health and Safety Department (EH&S) to ensure timely submission to workers' compensation authorities. Reports must follow a standardized incident reporting method, which helps leaders gather the information they need to determine causes and contributing factors. We use the lessons learned to reduce or eliminate the risk of further incidents. These rules and practices are articulated in our Redbook.

Throughout COVID-19, we have proven that together, we are stronger – even if it has meant being safer apart.



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Almost all of our projects have continued to progress amid pandemic restrictions since construction is broadly considered an essential service. We've been proud to continue our work to deliver vital infrastructure projects for our clients and communities. At the same time, we've taken many steps to protect the safety of our employees and partners while embracing opportunities to change for the better.

Health and safety. We reacted quickly to develop and communicate safety rules for our work sites, including decision-making and case management protocols. Although the specifics of the pandemic were unforeseen, we take steps to be prepared for any emergency: every Aecon workplace has an emergency plan to help workers and the public respond safely. (Emergency response and crisis management are covered in Sections 8 and 9 of Aecon's Redbook, our Environment, Health and Safety manual.) Collaborating with subcontractors and joint venture partners, we ensured high safety standards for every Aecon project site. A partnership with the Canadian Centre for Mental Health offered our team members specialized support in managing mental health concerns.

Increased flexibility. We've supported team members in working from home and, as needed, in having more flexible hours. Our industry has historically had a strong culture of on-site work and fixed schedules; 2020 has made us better at accommodating team members' individual circumstances. For all the upheaval of the year, increased work flexibility has brought benefits for many people with caregiving responsibilities, personal mobility challenges, and long commutes. We're committed to working with our people to sustain arrangements that have changed their lives for the better.

Rethinking recruitment. As COVID-19 restrictions constrained travel, it became more difficult for workers with specialized skills to move around – both physically and into new roles. This check on the movement of talent prompted us to think more critically about our standard routines for workforce development. In a year when we also launched a new career development portal (see p. 26), the pandemic has inspired us to look harder at the current – and potential – capabilities of existing team members.

Some of the insights noted above emerged from our Transform to Perform Task Force, a group we established in 2020, to consider how we can leverage lessons learned and innovative practices implemented during the pandemic to perform better in a post-COVID-19 world.

Health and safety is always top priority at Aecon and COVID-19 put us to the test this year.



DIVERSITY AND INCLUSION

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Aecon formalized our commitment to Diversity and Inclusion (D&I) in 2016, adopting a [Corporate Diversity Policy](#) and launching a D&I Council. In 2020, with the strong support of our executive team, D&I in general and anti-racism efforts in particular became even more urgent priorities as calls for racial justice demanded attention across society, from institutions and businesses alike.

We conducted our first ever diversity self-identification census. We will use this baseline information to understand the current composition of our team, and especially to identify gaps in diversity and create policies and initiatives to address them, focusing on areas such as recruitment, succession planning, professional development and compensation.

This year, as a complement to our diversity-focused eLearning resources, we rolled out a six-week series of Toolbox Talks specifically focused on diversity, equity and inclusion in the field. These mandatory shift-kickoff meetings, facilitated by a foreman, reached thousands of Aecon employees. Feedback was positive from across the country.

Building on the success of Aecon Women in Trades, which supported the training of a third cohort of women this year, in 2020 we launched Aecon Diversity in Trades, a hands-on training program to help racialized workers historically underrepresented in construction to prepare for and access opportunities in our field.

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. To further promote accountability, we updated our Code of Conduct – clarifying our commitment to inclusive leadership and zero tolerance for racism and other forms of discrimination.



Graduates of the Aecon Women in the Trades (AWIT) program building duct banks to power up the Finch West LRT project in Toronto.

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In addition to building the diversity of our own team, we're working to diversify our entire industry, supporting programs like NexGen Builders and groups like the Toronto Community Benefits Network to draw diverse talent into the construction industry and to expand the circle of people who benefit from the rewards and satisfactions of this field (see p. 43).

Aecon employees are eager to shape our efforts to diversify our teams, and they have valuable perspectives to offer. In 2020, our Diversity and Inclusion Council began to seed a series of Employee Resource Groups focused on enhancing the experiences of current and prospective Aecon employees who identify as people of colour, Indigenous, women, differently abled, and LGBTQ+.

In 2020, we added to our job application process an invitation for candidates to voluntarily disclose diverse identities. This will let us evaluate our record of hiring diverse employees relative to their availability as candidates. If we find diversity gaps among applicants – groups that simply don't apply to work with us – we can work to understand these gaps and make appropriate outreach efforts.

Finally, the HR team worked to identify partner advocacy organizations to help Aecon enhance our recruitment talent pipeline. In 2020, we established a partnership with Working Warriors to build Indigenous talent pools for our broad hiring needs.



“ My design represents helping one another and being so grateful. I showed the piece to thank the tutors for helping me. The people holding each other and helping each other means, without the donors, tutors and volunteers, the program wouldn't have gotten me this far in education. I put the medicine wheel colour for my Indigenous culture.”

– Melba
A student from Pathways Winnipeg

Pathways to Education is an organization committed to helping youth in low-income communities; read more on p. 44.

Diversity and Inclusion Strategy

Aecon's Diversity and Inclusion Strategy focuses on three key outcomes:

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

To achieve these outcomes, we are pursuing numerous activities (many but not all of which are described in these pages) and focusing in particular on equity and inclusion for five key populations: people of colour, Indigenous people, women, people who identify as LGBTQ+ and people with disabilities.

As we take steps to improve our own performance on diversity, equity and inclusion, we're proud to work alongside others in our industry to collectively learn and improve. For example, this year we shared leading practices with the Ontario Electricity Association.

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A new online platform helps employees navigate toward new opportunities.

In November 2020, we extended our learning and career development offerings with an important new platform: the Aecon Career Centre. A complement to existing learning tools, this new online portal helps employees map their career goals – and build the skills to achieve them.

The construction industry encompasses many distinct roles, from skilled trades to project management functions. To identify opportunities for growth and advancement, the first step for many workers is to simply develop a clear picture of where they fit in the field today and what they want to strive for next.

You can get there from here

To help our employees identify and navigate toward new opportunities, we developed the Aecon Career Centre, an online portal that lets employees explore 14 job families and 50 sub-families across our organization. The portal also helps team members chart a range of potential career paths that could take them from their current roles to new challenges and rewards in the years ahead.

The Career Centre offers an abundance of self-directed learning resources to help them build the skills and capabilities required in the roles they're aiming for. "Those learning resources may or may not be off-the-shelf offerings," says Gordana Terkalas, Aecon's Senior Vice President, Human Resources. "An important strength of the Career Centre is that it can serve as a forum to help managers and employees think creatively about how to create learning opportunities together," she notes.

Aecon 2020 Sustainability Report

Research shows that a large share of the learning people do as they progress into new roles is informal: self-directed learning, research and reflection, or on-the-job experience. Expanding the informal learning opportunities available to our employees, the Aecon Career Centre is an important new complement to Aecon's more established skills development platform, Aecon University.

Remote learning has never mattered more

Over the past decade, Aecon employees have pursued thousands of hours of learning on hundreds of topics through Aecon University – via in-person courses, virtual real-time instruction, or self-directed e-modules. This year, the platform's extensive eLearning offerings have helped our teams keep building their capabilities even amid COVID-19 restrictions.

While Aecon University was already a widely used asset across our organization, the COVID-19 pandemic has highlighted the need for businesses like ours to support employees' career development efforts wherever they are.

Growing together

In addition to helping employees reach their individual professional development goals, Aecon University offers learning opportunities that help our entire organization make gains on shared priorities, such as Information Security and Diversity and Inclusion. Aecon University performs a regular comprehensive review of its offerings to ensure that its learning opportunities remain closely aligned with our core business objectives. By working together to set a relevant, meaningful learning agenda, we're moving toward a future where the full potential of Aecon – and every person who works here – comes to life.

Employees attending an aWIN event, a grassroots community for female employees and their allies, committed to building community and championing the advancement of women at Aecon.



TRAINING AND INNOVATION CENTRE

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In 2019, Aecon opened a new Training and Innovation Centre about an hour north of Toronto. The Centre has a two-pronged mission. It will deliver best-in-class training across Aecon Utilities, helping our teams adopt new technology and process improvements to maximize effectiveness and efficiency. And it will develop innovative tools and approaches to create a competitive advantage that sets Aecon apart from competitors in the rapidly changing infrastructure and utilities landscape.

The design and construction of the Centre itself, which is partially powered by solar arrays coupled with battery storage, reflects Aecon's commitment to sustainability and innovation. But while the facility is new, its people are not: the Centre was partly created to be the formal home of Aecon's Utilities Innovation Committee, a group with a strong record of developing tools and practices to help us work more efficiently and add value for our clients. A few of their recent successes:

Improved asphalt repair. For small-scale asphalt replacement (for example, patching a gap after the upgrade of a pipe or cable), our team has developed a solution that's superior to standard "cold patch" and more economical, earning positive reviews from the utility client and municipality that pilot-tested the product.

Vehicle solar panels to cut idling. Many construction vehicles have on-board equipment powered by the vehicle's engines. But in many circumstances, engines deliver more power than the equipment requires, meaning that a truck may idle for hours to power a tool that could run on much less energy. We're testing the use of solar panels on select vehicles, aiming to keep engines off while tools are on.



The Lead Trainer and Program Developer (both pictured here) were instrumental in the vision and development of Aecon Utilities' Training and Innovation Centre.

Pole wraps for improved safety. When workers are engaged in excavation and other demanding work on the ground, it's easy to forget about hazards overhead. Our innovation group developed a high-visibility vinyl material that can be used to wrap hydro poles, creating a warning and persistent reminder of overhead hazards.

Spot hole covers to reduce congestion during excavation. When we install new gas or telecommunication services for homes, we first need to expose existing underground utilities by opening up

spot holes using a hydrovac truck. While the holes remain open, we typically cover them with a T-bar and encircle them with snow fencing to keep the area safe. In urban areas where homes are closer together, this approach can create congestion. To address this challenge, this year we tried a new approach in Kincardine, Ontario, creating 30"x30" covers (in wood or polyethylene) with holes in each corner that let crews pin them to the ground using plastic pegs. These covers maintain site safety, improve the appearance of job sites and reduce the need for snow fence material.

NEW AIRPORT, NEW OPPORTUNITIES IN BERMUDA

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Aecon supported this ambitious airport project with technical and collaborative capabilities in areas ranging from financial innovation to sustainability leadership.

On December 9, 2020, the first international flight touched down at Bermuda's new international airport, marking an exciting new chapter for the island country. The redeveloped L.F. Wade International Airport is a vital asset that Aecon has played a pivotal role in bringing to life, along with partners in Bermuda and Canada.

A small but vibrant country of 60,000, Bermuda has sought ways in recent years to boost its economic dynamism. One key strategy has been a dramatic upgrade of its international airport in order to facilitate tourism, the country's second largest industry, and to support more seamless regional travel, including to the United States and Canada.

Aecon worked closely with the Government of Bermuda, along with other key partners such as the Bermuda Airport Authority, the Canada Commercial Corporation, and the Government of Canada, to realize this ambitious project.

Long before we took up our role as prime contractor to deliver a new airport terminal facility with world-leading sustainability and climate resilience features, Aecon Concessions guided a campaign to mobilize nearly \$400 million in private investment around the project. Investors shared the view of the project partners that Bermuda's economic potential was strong, and that an upgraded international airport and the country's existing strengths would work together to drive economic revitalization.

Building on experience

In addition to working with Bermudian public officials to structure the project's financing, Aecon also brought valuable experience in the planning, design and construction of complex infrastructure projects. Aecon delivered the award-winning state-of-the-art airport project in Quito, Ecuador, which had many of the same objectives as the Bermuda redevelopment. In Quito, we created a brand new airport, including a new terminal and new runways; the new airport also dramatically improved passenger experience while maximizing private investment to minimize the need for public funding. In 2010, Quito International Airport won the United Nations Corporate Social Responsibility Award, and in 2019 it became the first international airport in Latin America and the Caribbean to achieve carbon neutrality in the Airport Carbon Accreditation program.

The realization of the Bermuda airport project gave a sharp boost to the country's economy, engaging more than 400 Bermudian suppliers, vendors and partners. Of the 1.6 million builder-hours that brought the project to completion, 60% were performed by Bermudians; in all, 885 locals worked on-site.

Long-term benefits

Substantial as they are, the temporary economic benefits of construction activity are just the beginning. Not only will 90% of ongoing operations at the airport itself be handled by Bermudians, but the efficient, modern facility will offer island residents dramatically

improved access to their favourite destinations, including the United States and Canada. A key feature of the redeveloped airport is that it can comply with the latest pre-clearance requirements for U.S.-bound passengers, meaning travellers can clear U.S. customs and immigration quickly and seamlessly before leaving Bermuda.

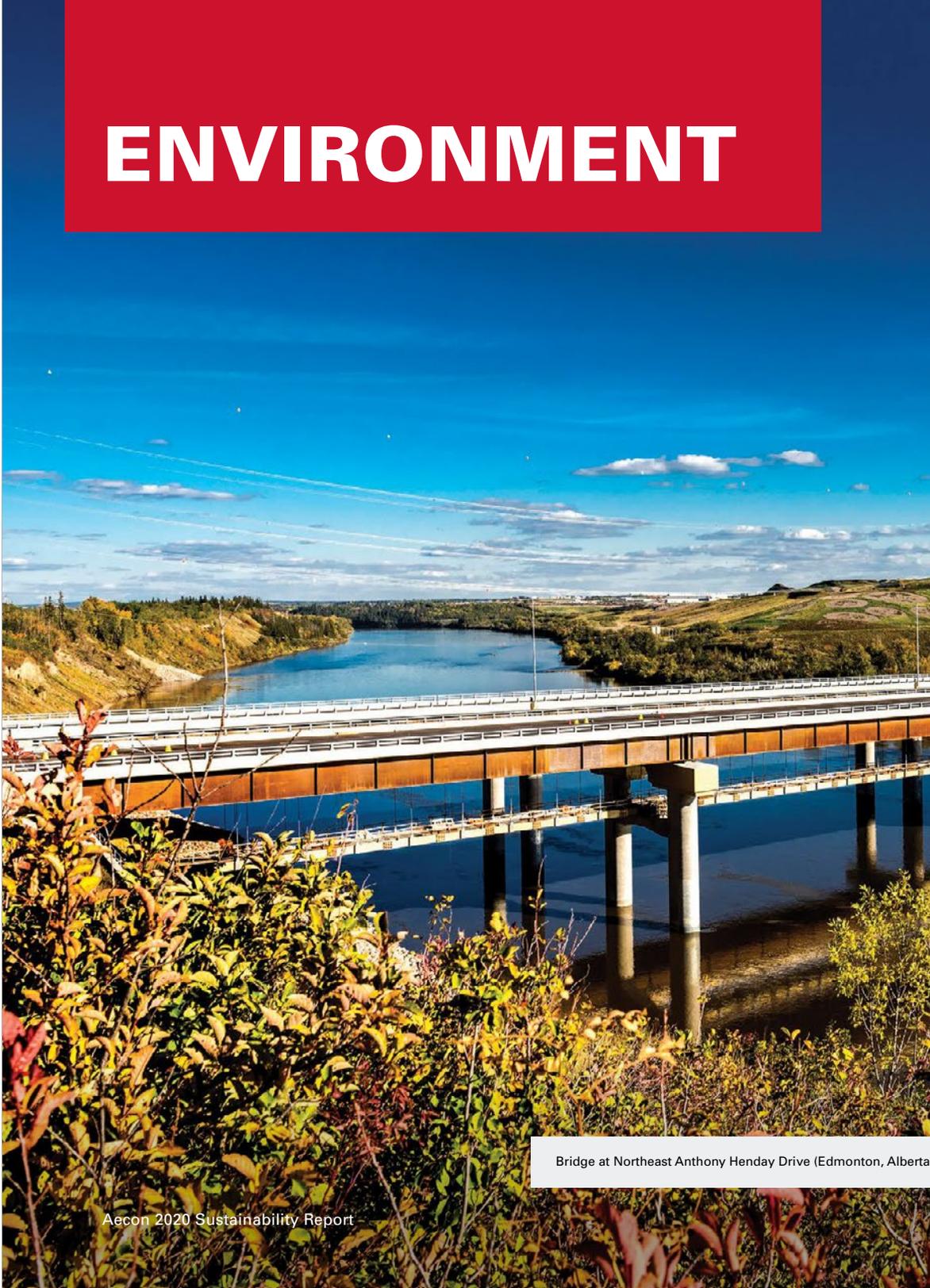
The state-of-the art facility delivered by Aecon for U.S. Customs and Border Protection will serve as the new benchmark for USCBP around the world.

Now that the new airport is complete, its operator, Bermuda Skyport, a local company wholly owned by Aecon Concessions, will set about ensuring that it fully realizes its operational potential in the years ahead – beginning with recovery from the effects of the COVID-19 pandemic, which has affected airports everywhere.

A versatile partner

Steve Nackan, President of Aecon Concessions, sees the redevelopment of L.F. Wade International Airport as a strong illustration of the range of capabilities Aecon brings to major infrastructure projects. "Not every project needs everything we offer," Nackan says. "But it's exciting to have our skills and experience as broadly engaged as they were here – from the technical engineering to the financial engineering, and from world-leading sustainability standards to meaningful community benefits. It's gratifying to deliver impact on this scale, alongside our clients and partners."

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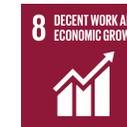
Bridge at Northeast Anthony Henday Drive (Edmonton, Alberta).

Meeting today's environmental challenges demands ingenuity and adaptation from across society.

As one of Canada's leading builders, Aecon is committed to driving positive environmental change, including by supporting the transition to a net-zero carbon economy. This commitment arises in part from our Core Values and dedication to responsible project delivery on behalf of our clients. It also comes from the awareness that a dedication to working sustainably can be a powerful driver of innovation, making us at once more resilient and more competitive.

What we built better together this year:

- an expanded greenhouse gas inventory
- ongoing preparation for risks and opportunities of transitioning to a net-zero carbon economy
- tactical changes implemented to reduce our emissions
- proactive approaches to environmental management across Aecon
- new capabilities for helping clients realize low-carbon infrastructure



MANAGEMENT APPROACH

AECON

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As we deliver complex projects across Canada and internationally, we work to measure and mitigate the environmental impacts of our own equipment, facilities and processes. We are focused on:

1. Implementing an enterprise-wide environmental management system
2. Making responsible and conservative use of resources, including energy, water and raw materials
3. Understanding and reducing potential contributions to climate change and assessing our climate change risks
4. Minimizing waste
5. Respecting biodiversity across terrestrial, aquatic and marine habitats, especially in protected areas

In addition to the Sustainability Policy that articulates the five commitments listed above, our work to improve our environmental performance is also guided by an Environmental, Social, and Governance (ESG) Framework and an Environmental Management System.

We will evaluate our success in this area by:

- Using a consistent and credible sustainability reporting approach. (This document is our second annual sustainability report.)
- Adopting enterprise-wide environmental performance targets and tracking our progress against them. In early 2021, Aecon proudly announced that it has set an aspirational target of net-zero emissions by 2050, with an interim target of 30 per cent reduction in direct CO₂ emissions by 2030 as compared to 2020.
- Developing and begin implementing strategies to deliver on our GHG emissions reduction targets.
- Continuing to measure the results of specific environmental efforts, such as waste diversion on individual projects, in order to spread effective practices and pursue further opportunities for improvement.

2020: Notable statistics and results

Completed

a comprehensive greenhouse gas emissions inventory

Project-based emissions account for

90% of emissions

under Aecon's control

Optimized

the management of our fleet

UN Case Study

on project innovation



Comox Valley Water Treatment Plant
(Comox, British Columbia).

Pilot-testing an energy system to help decarbonize a neighbourhood

In Markham, Ontario, a groundbreaking pilot project is bringing geexchange technology to a development of more than 300 low-rise homes. Aecon is working with energy innovator Enwave and building leader Mattamy Homes to deliver the infrastructure to support this ambitious distributed energy solution – a step toward lower-carbon home energy everywhere.

As it strives to become a net-zero emissions city by 2050, Markham, which has about 340,000 residents and is located 30 kilometres north of Toronto, is advancing a range of sustainable innovation projects. Among the most notable is Springwater, the first neighbourhood in Canada to link hundreds of homes to a geexchange energy system.

Aecon is performing the excavation, construction and installation work to deliver much of the closed system of fluid-filled pipes that forms the core of the geexchange system. Geexchange draws on the natural stability of temperatures far below the earth's surface to regulate the temperature of air and water inside buildings.

The infrastructure Aecon is building at Springwater will in some ways resemble a traditional grid, where one central cable, pipe or watermain runs through an area, with individual homes linking in to access, for example, water or electricity. Here, homes will connect to a common fluid-filled pipe, which will in turn be linked to a series of deep wells, descending as far as 250 metres underground. The system will regulate home temperatures by channelling warmth up from the earth during winter and using the wells as heat sinks during the summer.

Compared to burning fuel for both heating and cooling, this approach has the potential to deliver substantial benefits, including dramatic reductions in greenhouse gas emissions. Since almost half of the region's carbon emissions come from the gas and electricity used in buildings – a fact noted by the Toronto Atmospheric Fund, which provided a grant to help realize this pilot project – geexchange may prove to be a vital piece of the net-zero emissions puzzle not only for Markham, but for communities across Canada and beyond.

Partners in innovation

We're proud that Enwave, a sustainable energy leader, turned to Aecon to help realize this first-in-Canada pilot project – an initiative that extends a long-standing collaborative relationship (see the Deep Lake Water Cooling project on p. 35).

For Eric MacDonald, Senior Vice President, Utilities at Aecon, this project is one part of a much larger story of Aecon responding to the needs of clients working at the leading edge of sustainable energy solutions. "The entire energy landscape is changing," MacDonald says. "We're ready to help clients see what's possible – and move forward with them, at speed."

This year, Aecon continued work at its new Training and Innovation Centre (see p. 27), a dedicated facility to support training related to emerging power solutions, including renewable technologies and distributed energy. Among other activities, Aecon teams are refining their installation capabilities for household battery storage units that will ultimately form part of district energy systems.

“Energy innovators are preparing to roll out high-efficiency, low-emission technologies,” explains Eric MacDonald. “We’re building the capabilities to ensure our teams are poised and ready to not only test and demonstrate these sustainable energy solutions – but to scale them.”

Geexchange: Gaining momentum

Geexchange is rapidly becoming the go-to technology for commercial, institutional and industrial clients seeking to reduce their carbon footprint, optimize energy costs, lower or eliminate fossil fuel dependence and meet their ESG targets. Aecon GeoExchange Solutions is uniquely positioned to provide all system-installation goods and services, including design assistance.

MANAGING CLIMATE RISK AND PREPARING FOR A NET-ZERO CARBON WORLD

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Aecon is working to deepen our understanding of the climate risks and opportunities we face as a business. We took an important step in this direction last year, when we began responding to the TCFD recommendations; this is our second report.

It is important to note that while Aecon is voluntarily tracking and reporting our GHG emissions, there are a number of reasons why those figures may provide limited insight into Aecon's sustainability efforts. A few examples:

- Our clients set many of the parameters of our work, defining not only the types of projects that are funded but often establishing prescriptive specifications for materials, methodologies and equipment, without reference to their carbon-intensity.
- Our Scope 1 GHG numbers will fluctuate significantly from year to year without correlation to our emissions reduction initiatives on a comparative basis due to factors such as the mix of our project work and the share of this work we subcontract to others (which is itself a function of several variables, including capacity, geography and type of work).
- Aecon does not own or have plans to own any facilities whose emissions are approaching the threshold for being subject to carbon taxation.
- SASB, which undertakes a comprehensive process to assess the materiality of various sustainability factors on a per industry basis, has not determined GHG emissions to be a material disclosure topic for our industry (engineering and construction services).

Notwithstanding those limitations and the fact that we don't control every variable that affects our GHG emissions, we're committed to comprehensive measurement for five key reasons:

Driving improvement in the areas we do control.

Measurement is an important step toward setting meaningful emissions reduction targets. As a large organization that controls many aspects of how we work – the tools and processes we use to deliver results for clients – we're committed to reducing emissions wherever we can. Measurement helps to drive progress.

Understanding transition and physical risks.

In addition to helping us improve our environmental performance, having a full understanding of the impacts we create today will help us quantify the business risks we face from carbon pricing, regulations and extreme weather events as we move toward a net-zero carbon future.

Meeting tomorrow's expectations. As we pursue our goal of becoming the number one Canadian infrastructure company, we see extraordinary opportunities in helping communities adapt to the imperatives of climate change, including but not limited to decarbonizing their own transportation and energy systems, using water and other resources more efficiently and building resilience to extreme weather. Taking a rigorous approach to our own GHG performance is one of many ways in which we're investing to be the partner of choice for clients seeking future-ready infrastructure.

Promoting innovation and efficiency. Identifying the sources of our emissions enables us to focus our innovation efforts in high-emissions areas, which will also lead to lower costs and increased competitiveness.

Increasing alignment with clients. Many of our clients have already set bold GHG reduction targets and we see value in aligning our own focus with theirs to deepen and extend our client relationships.

We continue to work energetically to plan for future risks and opportunities, including by monitoring trends and assessing the potential for a range of climate, regulatory, technological and other changes. A key component of this work is to evaluate possible business impacts of such changes, including how our input costs, operating costs, revenues and supply chain could be affected and to establish potential courses of action. For now, we're guided by the assumptions laid out in the 2019 report from Mercer Consulting, *Mercer Investing in a Time of Climate Change: The Sequel*.

MEASURING OUR GREENHOUSE GAS (GHG) EMISSIONS

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In 2019, we established the first GHG inventory for our corporate activities, accounting for our regional headquarters, corporate vehicles and business air travel. We reported initial findings in our inaugural sustainability report, released in August 2020. In 2020, we expanded our GHG inventory to include emissions generated at our manufacturing and production facilities and on our project sites, including from construction equipment and fleet vehicles.

Aecon's GHG inventory is prepared by an independent third-party consultant in accordance with the Greenhouse Gas Protocol.¹ Our inventory captures the corporate and construction project activities over which we have direct and indirect operational control:

- **Scope 1:** Emissions generated directly from our operations, including heating Aecon's four regional headquarters, and from powering equipment and vehicles for Aecon's project sites.
- **Scope 2:** Emissions indirectly associated with electricity purchased at our offices and project sites.
- **Scope 3:** Emissions indirectly associated with our corporate business activities; for this inventory year, emissions are limited to employee air travel.

How we measure

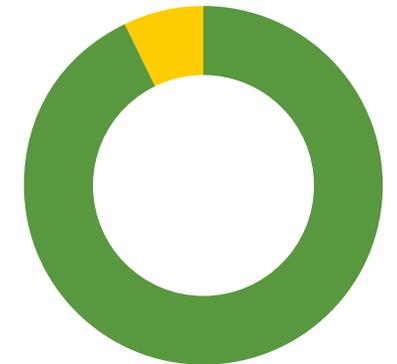
We use bill data, meters, fuel tracking systems and estimates to quantify GHG emissions. Emissions of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are calculated using emission factors and conversions provided by the Government of Canada and U.S. Environmental Protection Agency. We use the Greenhouse Gas Protocol – Scope 2 Guidance² location-based method to calculate indirect emissions from purchased electricity. Total GHG emissions, represented in CO₂ equivalents (CO₂e), are calculated using Global Warming Potentials from the Intergovernmental Panel on Climate Change's Fourth Assessment Report. Project site GHG emissions represent Aecon's share only and do not include Scope 3 emissions from third-party contractors and delivery partners.

2020 results

The 2020 GHG inventory shows that over 90% of our GHG emissions result from construction activities. Within that category, operation of construction equipment and fleet vehicles, powered by diesel and other fossil fuels, is the most significant source of our GHG emissions. We continue to focus on procuring high-efficiency vehicles, reducing idling time and investigating other green fleet strategies to reduce emissions.

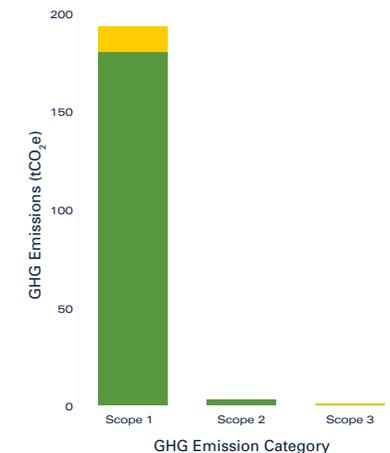
The new insight we've gained in our project-based emissions this year enabled us to set meaningful targets to manage and reduce our climate change impact in key areas. Using our 2020 inventory as our baseline, in early 2021, we announced our target of net-zero by 2050, with an interim target of 30 per cent reduction in direct CO₂ emissions by 2030 as compared to 2020.

GHG Emissions Breakdown by Activity



Project Activities 93%
Corporate Activities 7%

GHG Emissions Breakdown by Scope



Project Activities
Corporate Activities

¹ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (World Resources Institute/World Business Council – Revised Edition)

² The Greenhouse Gas Protocol: Scope 2 Guidance (World Resources Institute/World Business Council)

SEIZING OPPORTUNITIES TO REDUCE OUR GHG EMISSIONS

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As we prepare to support the transition to a net-zero carbon economy and move toward a comprehensive program of emissions reduction, we maintain a strong focus on making tactical adjustments to cut our GHG output in the immediate term.

Optimizing the management of our fleet

Vehicles and equipment, powered by diesel and other fossil fuels, are the most significant sources of our GHG emissions, accounting for about 67% of what we emit. To optimize their use, this year we adopted a fleet telematics system: new technology to help us monitor and optimize the operation of our vehicles. Based on insights from this enhanced monitoring tool, one of several concrete adaptations we've made has been to improve coordination at refuelling sites, resulting in fewer vehicles idling in queues.

In addition to reducing emissions and saving fuel costs, this system is helping to deliver benefits in performance and productivity, in part by guiding the optimization of our preventative maintenance and repair practices by refining our understanding of equipment utilization. The system has also created safety benefits by enabling oversight of driving behaviour and ensuring timely maintenance according to measured usage.

Improving soil management to reduce hauling emissions – and waste

Soil and other earthen materials are precious resources that literally provide the foundation for our projects and facilities. Reusing as much excavated soil as possible from a project site – or reusing it at another site nearby – reduces emissions from hauling, keeps excavated soil out of landfill, and improves our projects' bottom line. This year, optimized soil management processes on the Eglinton Crosstown LRT project prevented the disposal of more than 41,000 m³ of soil, avoided more than 372,000 km of hauling and saved more than \$1.4 million in backfill and soil disposal costs. Aecon undertook this work with Metrolinx as a primary partner in Crosslinx Transit Solutions, a design and construction consortium established to deliver and maintain the Eglinton Crosstown LRT.

Moderating the fuel demands of heavy equipment

In our highway and other civil works, we use crushers to break down stone and other hard materials, often for recycling. This year we pilot-tested a new technology to reduce the fuel consumption of these heavy, generator-powered machines. The energy demand of crushers fluctuates, spiking in particular during start-up as belts and motors start turning but falling below the available supply once the machines are operating at a constant rate. By retrofitting our existing crushers with an electric capacitor bank, we were able to harness unused energy from low-demand periods and store it for use during spikes, an adaptation that resulted in fuel savings of 15 to 20% – meaning lower emissions and lower diesel costs.



Another example of how we are reducing emissions with our fleet – a pilot program to test the use of solar panels on fleet vans to reduce idling (more on p. 27).

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One important focus of our current environmental program is taking successful practices and approaches from individual business units (such as the fleet optimization and soil management efforts described here) and integrating them wherever possible across the company. We're in the process of developing a resource library of successful environmental practices – from greener operating procedures to effective approaches to managing environmental risk in the field – and working with our teams to ensure they're adopted wherever possible.

Responsible project delivery

Aecon helps our clients meet high sustainability standards by executing every project responsibly, not just following the rules but actively seeking ways to reduce waste, mitigate harm to local ecosystems and respond to community priorities and concerns. Making a meaningful commitment to the principles of sustainability not only aligns with our values, it reduces costs, builds public support for projects, and helps our clients achieve their own goals in areas such as waste and emissions reduction.

Highway 401 aggregate recycling

Aecon is part of a joint venture engaged to design, build and finance a major reconstruction and expansion of Highway 401. We're using 300,000 tons of recycled aggregate (70% concrete, 30% asphalt) to realize the widening of this 18-kilometre stretch of highway. Recycling aggregate has numerous business and environmental benefits, reducing the costs, energy usage and land use associated with the excavation and transportation of new material from new gravel pits and

other processes. Achieving these efficiencies is standard practice for Aecon: we recycle 150,000 tons of aggregate annually at our Brampton Depot. For the 401 project, we're collaborating in the development of an on-site program that we expect will support the recycling of about 1,000,000 tonnes of material through 2022.

Gardiner Expressway steel recycling

Working to rehabilitate Toronto's Gardiner Expressway, Aecon teams have taken advantage of numerous opportunities for the reuse and recycling of building materials. As we've prepared to replace portions of the expressway deck, we've cut away 407 panels of the existing deck and hauled them to a nearby recycling yard to be broken down. In all, we expect to enable the recycling of approximately 5,000 tonnes of steel into new components or mixes for other projects. We also anticipate that most of the 23,000 tonnes of concrete from the expressway will be cleaned, crushed and reused.

Kitimat Meter Station construction: mitigating ecological impacts

As the prime contractor on the Kitimat Meter Station, a facility that will help natural gas move safely through the Coastal GasLink pipeline, Aecon committed to working actively with all project partners to meet local commitments – environmental and social. We supported significant efforts to mitigate the environmental effects of construction. One example: we relocated approximately 40,000 tadpoles to a location where they could mature safely. Our team also supported grassroots environmental initiatives locally, including volunteering to participate in a river clean-up.

Global leadership

UN Case Study highlights innovative Aecon project

We stand out in our field for our ability – and drive – to keep pace with clients at the leading edge of sustainable innovation, meeting tomorrow's green standards today. This year a UN initiative, United for Smart Sustainable Cities (U4SSC), highlighted our long-standing collaboration with Enwave Energy – the largest district energy operator in North America – to bring low-carbon heating and cooling to buildings in downtown Toronto. Enwave and Aecon originally established a joint implementation team to analyze, manage and execute the civil, mechanical and electrical construction associated with bringing buildings in the downtown core of Toronto online to Enwave's heating and cooling services. Most recently, we've been collaborating to expand a Deep Lake Water Cooling (DLWC) system, which already serves 70 downtown buildings, to a new cluster of residential and commercial buildings. The U4SSC case study notes that the DLWC system:

- Reduces buildings' electricity usage for cooling by an average of 75% (compared to conventional chillers).
- Has displaced an estimated 61MW of electricity demand, with more displacement expected as the system expands.
- Has displaced an estimated 1,391 kg of chlorofluorocarbons (CFCs) by avoiding the use of conventional chillers.

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Infrastructure shapes the world we live in, connecting us physically and digitally.

Infrastructure projects are also some of society’s largest investments. Because Aecon understands the power and value of infrastructure, we care about more than delivering high-quality construction projects. For us, success means achieving positive impact both with the infrastructure we deliver and through the relationships and practices that get the job done. Whether we’re constructing a water treatment plant for a small community or erecting a bridge that will support trillions of dollars in trade, our commitment is not only to what we build but also to how we build it.

What we built better together this year:

- an expanded procurement program involving Indigenous-owned businesses
- increased accountability on engaging with Indigenous businesses (see p. 38)
- a corporate philanthropy program with sharper focus
- an innovative new approach to economic opportunity in Scarborough
- expanded support to NexGen Builders to support COVID-19 adaptation and resilience



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Aecon builds for and with people, working in ways that are sensitive to the needs and priorities of the communities where we operate. We're committed to respecting the broad principles of sustainability. We seek not only to work responsibly, but to take active steps to help people and communities share in the benefits and opportunities associated with our work. We aim to achieve positive social impact wherever we operate by:

1. Being committed to an exceptional health and safety management system to protect our employees, contractors and the public
2. Implementing and standing by programs to promote diversity and inclusion
3. Aligning our strategies and operations with internationally recognized principles of human rights
4. Investing in our human capital
5. Making positive contributions in our communities

Note: Some of these principles also apply to our internal communities.

We will evaluate our success in this area by monitoring:

- The number of apprenticeships and job placements that arise from community benefits initiatives we support either through formal community benefits agreements or through our participation in wider economic inclusion efforts
- The number of workers who graduate from our programs focused on diversifying our organization and industry (e.g., Aecon Women in Trades; Aecon Diversity in Trades)
- Our progress through the certification stages of the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business
- Employee participation in diversity-oriented activities initiated by our new Employee Resource Groups, such as Pride activities and Orange Shirt Day
- The scale of our philanthropic activity
- The extent and results of our team members' volunteer and fundraising activity.



Aecon 2020 Sustainability Report

Together with members of our communities, we are working to create positive change.

2020: Notable statistics and results

Donated

\$700,000

to charities and nonprofits

Supported employees in raising an additional

\$228,000

for local initiatives

Contributed to an effort that helped

187 NexGen Builders

(mentorship program participants) enter unions

Participated in a community benefits agreement that has resulted in a cumulative total of

371 hires

on the Eglinton Crosstown LRT project

Procured

\$158 million

in goods and services from Indigenous businesses and organizations

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Aecon supports the inclusion, engagement and participation of Indigenous workers and communities in our projects across Canada. Our overall approach is guided by a formal Indigenous Engagement Strategy, which emphasizes respect, partnership and mutually beneficial relationships.

Most of our projects include an Indigenous Engagement Plan, which outlines how we intend to maximize opportunities for Indigenous workers and for Indigenous businesses to act as subcontractors and suppliers. In addition to our formal joint ventures with Indigenous partners (see p. 39), we strive to cooperate and collaborate with Indigenous communities wherever we work – seeking mutually beneficial relationships across our entire project portfolio.

Some highlights of Indigenous engagement efforts at Aecon in 2020:

- Aecon procured more than \$158 million in Indigenous goods and services this year. We aim to increase the Indigenous share of our procurement spending next year.
- We earned Committed-level certification in the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business. Our goal is to achieve Bronze-level PAR certification in the next two years.

- All members of our Executive Committee and select other leadership teams completed Indigenous Awareness training designed to deepen historical understanding and to support informed and culturally appropriate engagement with Indigenous rights holders, partners, employees and community members. Over 1,800 employees have completed or are in the process of completing the training.
- One of our new Employee Resource Groups (see p. 37) has an Indigenous focus. One of the group's initiatives was to encourage Aecon to participate in Every Child Matters–Orange Shirt Day, an event focused on the remembrance of the intergenerational trauma of the Residential School system and on commitments to reconciliation. Hundreds of Aecon employees and partners across the country donned orange shirts in support of the initiative.
- Through Indspire, a registered Canadian charity focusing on Indigenous education, we committed to three years of funding for a scholarship for Indigenous students pursuing an engineering, technical or business program at a Canadian post-secondary institution.



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A successful Joint Venture is a case study in building better together

A6N, a joint venture of Aecon and Six Nations, not only celebrated its fifth anniversary in 2020 – it also renewed the agreements under which it has operated since 2015, committing to a new phase of partnership. With strong business results and a growing portfolio of successful projects, A6N leaders see plenty of opportunity ahead for this partnership between the largest Indigenous community in Canada and one of the country's leading builders.

When A6N began, its work was tightly focused on utilities projects in the Haldimand Tract of southwestern Ontario, an area of historical importance to Six Nations. Its first project was the installation of gas meter-protection equipment for Union Gas.

Since then, the venture's operations, managed from headquarters on the Six Nations reserve, have expanded dramatically. A6N has connected Six Nations businesses to fibre optic internet service, brought natural gas distribution lines to other Indigenous communities and installed water and sewer infrastructure on its own territory and beyond. The firm's capabilities have expanded to include directional drilling, forestry services and civil construction.

A6N provides a broad range of utility-related work within the gas, fibre, forestry and hydro sectors.

One of A6N's proudest achievements to date was the completion and electrification, in 2019, of the Niagara Reinforcement Line, a previously dormant Hydro One transmission asset. Six Nations now owns a 25% equity stake in the line, which began generating revenue for the community this year.

Strong foundations

Matt Jamieson, President and CEO of Six Nations of the Grand River Development Corporation (SNGRDC), notes that the excellent project results and business success of A6N are grounded in a respectful relationship between Aecon and Six Nations, including majority Indigenous-ownership of the joint venture. "We started with a shared sense of potential and goodwill," Jamieson says. "As our work has progressed, our trust has deepened – and we see that more and more is possible."

Beyond a sound partnership, Jamieson attributes the success of the young company to the operational pillars on which it was built. The first was safety: a zero-injury culture remains the firm's top priority. The next was a passion for execution: delivering excellent project results for clients. The third pillar was less tangible but just as vital: patience. "This is a business, with a profit motive," Jamieson says. "But in those first few years, we didn't focus purely on profitability. Instead, we took our time making sure the first two pillars – safety and excellence – were rock solid. As we took on new opportunities, we knew we were growing on a solid foundation with the right culture."



A6N: FIVE AND THRIVING

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Diverse benefits

The benefits for Six Nations are measurable, substantial and growing. A6N has delivered \$30 million in employment income to its 90% Indigenous workforce since its founding. A portion of A6N's profits are directed to a community trust, which invests to further enhance community life and economic development. In 2020, the trust invested in new water infrastructure and a waste transfer station (delivered by A6N), as well as community fire and policing services, housing, and language and cultural programs.

John Bonin, Director, Indigenous Relations at Aecon, notes that the economic impacts of A6N extend beyond Six Nations. "Something I'm proud of is that the venture reaches out and hires in other Indigenous communities, including places where A6N is doing work. A6N keeps expanding the circle of opportunities. That's a value proposition for other First Nations that not many contractors can offer."

As for Aecon, which has built diverse relationships with Indigenous groups across Canada (see p. 38), the business case is clear. "The talent and skills of Indigenous partners help us succeed," says Bonin. "Building local relationships through sustained, meaningful engagement also helps projects move forward more smoothly. That's true in any community."

The path forward

Matt Jamieson agrees, noting that since A6N was formed, joint ventures between businesses and Indigenous communities have become increasingly common. "They're gaining traction because relationships like this benefit everyone," Jamieson says. "This is the future – not only for Indigenous economic development but for how business is done across this country."



A6N currently employs over 80 Indigenous employees at the peak of construction season.

Our joint ventures

In 2018, A6N received the prestigious OEA Company Award from the Ontario Energy Association (OEA) in recognition of "remarkable achievements and contributions to Ontario's energy sector."

A6N is one of three major joint ventures between Indigenous communities and Aecon; all are majority Indigenous-owned. Our partnerships include Enoch Aecon Joint Venture in Alberta's industrial heartland and Chipewyan Prairie Aecon Joint Venture in the Wood Buffalo area of Alberta. And our joint venture program continues to grow. In 2020, we developed a Memorandum of Understanding with the Mississaugas of the Credit First Nation as a step toward a future venture to pursue work in their Treaty Lands, including the Greater Toronto Area.

In addition to our formal joint ventures, we are proud to support and engage with Indigenous peoples through a wide range of relationships and initiatives (see p. 38). We have numerous active Memorandums of Understanding or Mutual Benefit Relationships with Indigenous communities across Canada.

COMMUNITY AND OPPORTUNITY AT GORDIE HOWE INTERNATIONAL BRIDGE

A cross-border program to share economic benefits and shape sustainability features locally

The Gordie Howe International Bridge between Windsor, Ontario and Detroit, Michigan is expected upon its completion in 2024 to accommodate more than half a billion dollars (CAD) in Canada-U.S. trade every day. Aecon is part of a consortium working to deliver and ultimately operate and maintain this vital piece of international infrastructure – and we're supporting an award-winning community benefits program to ensure that the economic gains associated with the project are felt locally.

This once-in-a-generation project is extraordinary in its size and complexity. Aecon played a key role in evaluating its demands, negotiating policy and terms with our partners in the Bridging North America (BNA) consortium, and ultimately closing an agreement with the Windsor-Detroit Bridge Authority, whose primary investor was the Government of Canada.

More than a bridge

The Gordie Howe International Bridge project includes four major components, only one of which is the fixed link itself, expected to be the longest cable-stayed bridge in North America upon its completion. The other elements are Port of Entry facilities and campuses on each side of the border and a Michigan highway interchange.



The latest rendering of the Gordie Howe International Bridge.

Aecon and its partners in the BNA consortium are committed to ensuring that local communities share in the benefits of the close to \$3.8 billion in public and private investments associated with construction. To that end, the project includes a robust Community Benefits Plan with two key pillars: neighbourhood infrastructure and workforce development. Our plans in both areas were shaped by extensive local engagement and are being realized in collaboration with local partners.

Workforce development

From training and apprenticeships to hiring and supply contracts, more than 80 initiatives are underway to connect workers in Windsor and Detroit – especially equity-seeking groups historically underrepresented in construction – with economic opportunities. On the Canadian side, at least \$250 million of the total value of work during the design-build phase will go to workers and contractors within 100 kilometres of Windsor.

COMMUNITY AND OPPORTUNITY AT GORDIE HOWE INTERNATIONAL BRIDGE

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As of 2020, almost 3,200 local workers have been engaged, 48% of whom are local to either Windsor or Detroit, and over 95 local businesses have accessed opportunities through the project. Early-career workers are building skills for this project and future initiatives: to date, more than 70 apprentices or pre-apprentices and more than 80 co-op students have participated. With construction expected to continue through the end of 2024, these results are just the beginning.

Neighbourhood investment

Aecon and its consortium partners engaged residents of Windsor and Detroit, local businesses, and area First Nations to discuss potential targets for the \$20 million in direct neighbourhood infrastructure investments associated with the project.

Local priorities on both sides of the border included community safety and connections (such as walking trails and cycling infrastructure), aesthetics and landscaping (such as improvements to parks and community centres), community partnerships, and economic benefits beyond the bridge project itself, such as support for local entrepreneurship and business development programs.

Local communities were supportive of the high environmental standards already in place for the project. Across all four project components, our approach includes extensive green design elements, from high-efficiency lighting to native plantings and protection for migratory birds. Both Port of Entry buildings are designed for LEED v4 Silver certification, while the bridge itself has targeted an Envision Silver rating.

International recognition

As the delivery of the Gordie Howe International Bridge gains momentum, its environmental and community benefits features have attracted international notice. In May 2020, the project was featured in a publication by the European Commission: "Making Socially Responsible Public Procurement Work: 71 Good Practice Cases." In May 2021, the project also won a P3 Gold Award for ESG Performance of the Year from P3 Bulletin, a London, UK-based industry publication. The judges were impressed with the breadth of efforts to improve the communities in which the project operates, as well as the project's ability to deliver a wide range of end-user and community benefits.

“ I think what this shows is that in addition to being an innovative partner in the technical and financial aspects of project delivery,” says Marty Harris, Senior Vice President and Executive Lead of Aecon Civil East, “Aecon is also working at the leading edge of sustainability, including in areas such as community benefits.”

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Aecon is proud to be a leader in the community benefits movement and a proponent of strategies that promote equity and inclusion in our industry. We're committed to meaningfully fulfilling the requirements of Community Benefits Agreements on projects we deliver (see p. 41), and we also aim to go above and beyond these requirements – working energetically alongside community partners to expand access to opportunities in our field. This year Aecon:

- **Continued to collaborate with the Toronto Community Benefits Network (TCBN)** to create training, apprenticeship and career development opportunities on the Eglinton Crosstown LRT project and the Finch LRT project. In 2020, 187 participants in NexGen Builders, a structured mentorship program associated with TCBN, entered unions, primarily as carpenters. About half are currently employed and half are pursuing further training. As of September 30, 2020, the Eglinton Crosstown LRT has resulted in 371 hires related to community benefits, about \$800,000 in social procurement, and more than \$7.8 million in support to local business.
- **Delivered emergency COVID-19 support** to help participants in TCBN programs maintain their career edge amid the disruptions of the pandemic.
 - We made a \$20,000 donation to help participants overcome barriers to continued participation in training programs (e.g., lack of digital devices or home internet access). More than 500 workers applied for grants.
 - Aecon leaders worked with TCBN to identify and provide appropriate online learning tools to help participants maintain their momentum.
- **Helped to conceive and create the first awards recognizing excellence in equity and diversity in the construction industry.** Aecon is a sponsor of the Building Diversity Awards, and our team has been actively involved in the organization and development of the program.

A new approach to economic inclusion

Aecon is proud to partner on a pilot project that is part of United Way's Inclusive Local Economic Opportunity (ILEO) initiative. Under the pilot, we will enter into an innovative joint venture with the Centre for Economic Opportunity – Golden Mile. This nonprofit has been newly created by United Way Greater Toronto and a group of community organizations working in and around the Greater Golden Mile area in Scarborough, Ontario. Majority-owned (51%) by the community and 49% owned by Aecon, the joint venture will pursue local construction opportunities, supporting local workers in accessing training and employment and reinvesting a portion of the venture's profits in community economic development.

“We see community benefits as a win-win: creating economic opportunities for local workers and businesses, and helping Aecon benefit from more of the talent in the communities where we live and work. We strive to help each other succeed.”

– **Manuel Rivaya**
SVP, Urban Transportation Systems

“I've been impressed at how Aecon has risen to the challenges of 2020, both in terms of COVID-19 support and their meaningful participation in conversations about equity and anti-Black racism in construction. Having the weight and credibility of a firm like Aecon behind us really matters.”

– **Rosemarie Powell**
Executive Director, Toronto Community Benefits Network

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Philanthropy at Aecon: a new approach

Aecon has a strong tradition of philanthropic activity across many causes. One of our goals for 2020 was to deepen the impact of our giving by focusing it in a small number of areas closely linked to our priorities as an organization.

After reflection and conversation, we determined to concentrate our support in two key areas: supporting the communities where we live and work and helping young people access opportunities and support. One example of an investment in the latter category was a \$10,000 contribution to Pathways to Education, an organization committed to helping youth in low-income communities graduate from high school and successfully transition to post-secondary education, training and meaningful employment.

When the COVID-19 pandemic hit, we adjusted our approach to make pandemic relief a third pillar of our philanthropic program for as long it's needed.

This year Aecon donated a total of \$700,000 to charities and nonprofits, with 15% directed to causes and organizations supporting Black communities and 20% directed to Indigenous communities.

While much of our philanthropic activity is concentrated in Canada, during the development of Bermuda's new international airport we made substantial community investments – contributing to causes ranging from youth athletics to ocean health. To date, our community investments in Bermuda have totalled more than \$916,000.

Grassroots volunteerism and philanthropy

Aecon project teams and Joint Venture groups have a proud record of coming together to respond to local needs. This year, over and above our corporate giving, Aecon employees raised \$228,000 for a range of causes and organizations across the country, often nimbly adapting their activities to comply with public health restrictions. This year, teams across Canada proudly:

- Contributed back-to-school supplies – including backpacks, facemasks and hand sanitizer – for kids in need.
- Raised funds for three health-focused charities in Quebec by participating in the Tremblant 24h – a round-the-clock relay race (held virtually due to COVID-19).
- Responded to increased food insecurity during the pandemic by making substantial contributions to food banks in Ontario, Manitoba, Alberta and B.C. Some of the food banks where we targeted our efforts were in Indigenous communities.
- Participated in a socially distanced variation on the Ride to Conquer Cancer in partnership with our client Enbridge, raising more than \$60,000 for cancer research and patient care at the Princess Margaret Cancer Centre.
- Responded to the increased challenges facing families during the pandemic by contributing to Tamitik Status of Women, an organization serving women and children, especially those experiencing poverty.

COVID-19 volunteer response: Keeping health care workers connected

In early 2020, when an Aecon Utilities crew in Sault Ste. Marie, Ontario learned of the internet connectivity challenges facing a local hospital working to move key employees online during COVID-19, they responded quickly. Working with our client, Bell Canada, the team installed Bell Fibe technology at the homes of the hospital's radiologists. This initiative, named Operation X-Ray, helped the radiologists continue to deliver a high standard of patient care remotely while doing their part to slow the spread of the virus.

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Forward-looking Information

The information in this sustainability report includes certain forward-looking statements. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon, including statements regarding the sufficiency of Aecon's liquidity and working capital requirements for the foreseeable future. Forward-looking statements may in some cases be identified by words such as "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "should" or the negative of these terms, or similar expressions. In addition to events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including, but not limited to: the timing of projects, unanticipated costs and expenses, the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, general market and industry conditions and operational and reputational risks, including large project risk and contractual factors, and risks relating to the COVID-19 pandemic. Risk factors are discussed in greater detail in the section on "Risk Factors" later in this sustainability report. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Bay of Quinte Skyway Bridge Rehabilitation
(Prince Edward County, Ontario).



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

| Topic | Disclosures | 2020 Response |
|-------------------|--|---|
| Governance | a) Describe the board's oversight of climate-related risks and opportunities. | <p>The Risk Committee of the Board oversees Aecon's enterprise risk management process, which includes climate change-related risks and opportunities. This includes ensuring appropriate management systems are in place to identify and manage our risk, ensuring adequate Board oversight of our risk management policies, programs and practices. All of the members of the Risk Committee have significant sustainability experience. Management delivers a climate change and sustainability update to the Risk Committee on a quarterly basis.</p> <p>Aecon'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>The Corporate Governance, Nominating and Compensation Committee (CGNC Committee) of the Board oversees Aecon's corporate governance, public disclosure (including the disclosure contained within the Sustainability Report), management of compensation-related risk, and Aecon's people matters and diversity and inclusion initiatives.</p> <p>Read more on our climate-related risks in our 2020 Annual Report (p. 36); and for more information on the Risk Committee and the CGNC Committee of the Board of Directors, please see p. 12 of our 2020 Sustainability Report, p. 17 of our 2020 Annual Information Form (AIF) and p. 59 of our 2020 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 which may affect or be affected by climate change.</p> <p>For a breakdown of the organizational structure in relation to sustainability issues, including climate risk, please see p. 12 in our 2020 Sustainability Report.</p> <p>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 which may impact the organization. We also actively monitor emerging technologies and innovative solutions that drive the transition to a net-zero carbon economy.</p> |
| Strategy | 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. 48 of Appendix A.</p> <p>For a description of climate-related opportunities, please see Climate Change Opportunities on p. 51 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 concerning climate-related risks, please see Climate Change Risks on p. 49 of Appendix A.</p> <p>For a description of the impacts concerning climate-related opportunities, please see Climate Change Opportunities on p. 51 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 towards a net-zero carbon future and are awaiting action on the recommendation of the Final Report of the Expert Panel on Sustainable Finance to coordinate a government-sponsored research effort to develop two or three base climate-related scenarios (including a 2°C or lower scenario).</p> <p>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 "Managing climate risk and preparing for a net-zero carbon world" section of this report (see p. 32).</p> <p>Please see p. 50 in Appendix A of our Sustainability Report for more information on external climate scenario analyses performed that we have considered in assessing the climate change risks and opportunities relevant to our business.</p> <p>For a description of how our strategies might address climate-related risks, please see Climate Change Risks on p. 49 of Appendix A.</p> <p>For a description of how our strategies may address climate-related opportunities, please see Climate Change Opportunities on p. 51 of Appendix A.</p> |

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

| Topic | Disclosures | 2020 Response |
|----------------------------|---|---|
| Risk Management | a) Describe the organization's processes for identifying and assessing climate-related risks. | <p>Our initial climate impact assessment has been undertaken as part of our broader enterprise risk management process and management risk assessment across 11 categories, including climate change. Our objective is to reduce, insofar as reasonably practicable, the significant risks associated with our business. Our management 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.</p> <p>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.</p> <p>In 2020, we continued to expand the Climate Change risk category and updated business interruption risk factors in light of the COVID-19 pandemic. Read more on our climate-related risk management in our 2020 Sustainability Report (p. 32) and Annual Report (p. 36)</p> |
| | 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. | <p>Climate change-related risks are integrated in our global risk management processes and form one of the drivers of our pursuit of business opportunities, in conjunction with our clients and our partners, to develop infrastructure which is resilient and adaptable to climate change.</p> <p>Climate-related risks are incorporated into our Project Risk Committee reviews of prospective projects.</p> |
| Metrics and Targets | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | <p>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. 53 in Appendix B.</p> <p>We are committed to continuing to refine our processes for identifying relevant climate change metrics and targets and will continue to report on our process through our sustainability reporting.</p> |
| | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Please see p. 33 in this Sustainability Report for our Scope 1, Scope 2 and Scope 3 greenhouse gas emissions (GHG) for 2020. Please also see Transition Risks on p. 48 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 will reduce our emissions by 30% in 2030 (scope 1 and 2) and an aspirational target of net-zero for scope 1, 2 and 3. We will continue to explore and add additional climate change metrics as we develop our sustainability strategy. |



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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. 36 in our 2020 Annual Report . |
| | 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 | |



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| 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 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. 36 in our 2020 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, 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 | See, for example, our description of the impacts of COVID-19 on our business in 2020 on p. 23 of this Sustainability Report. | | |
| | | 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 – see, for example Spotlight on Cold Weather Innovation in the “Our Projects” section of the 2019 Sustainability Report. | 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 the 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. | | |



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Scenario Analysis

We currently refer to key external sources of information to understand and contextualize different climate scenarios, including the Mercer *Investing in a Time of Climate Change: The Sequel* 2019 Report (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 assets classes over the 2020 to 2030 and 2020 to 2050 time periods. The Mercer 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. 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 2021.

The scenarios included here are not forecasts or business plans; they describe what may happen under certain circumstances.

| Relevant industry sectors & asset classes for Aecon | % per annum to 2030 in 2°C scenario | % per annum to 2050 in 2°C scenario | % cumulative impact to 2030 in 2°C scenario | % cumulative impact to 2050 in 2°C scenario |
|---|-------------------------------------|-------------------------------------|---|---|
| Infrastructure | +2.0 | +1.0 | +26.4 | +39.4 |
| Infrastructure – sustainably themed | +3.0 | +1.6 | +42.3 | + 67.1 |



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Climate Change Opportunities

| Opportunity Type | Opportunity Summary | Opportunity Description, Realization Mechanism(s) and Financial Impact(s) | Time Horizon of Impact |
|------------------------------|---|--|------------------------|
| Products and Services | Construction of energy storage solutions | As energy needs in our growing communities rise, energy storage solutions 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 essential in capturing 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 revenue. | 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 revenues. | |
| | Transition to a net-zero carbon economy/ net-zero targets | As clients and prospective clients set and pursue net-zero targets, there are broad opportunities that 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. | |
| | 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 level. 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. | |
| Resource Efficiency | 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. Consistent with our Anti-Idling Policy, we installed over 1,200 telematic devices in 2020. | 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 |



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SASB Disclosure: Engineering and Construction Services Industry Standard

| Topic | Metric | Code | 2020 Response |
|---|---|--------------|---|
| Environmental Impacts of Project Development | Number of incidents of non-compliance with environmental permits, standards, and regulations | F-EN-160a.1 | Environmental incidents are tracked through our online reporting system and database. The number of incidents of non-compliance with environmental permits, standards and regulations in 2020 was 0. |
| | Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction | IF-EN-160a.2 | <p>Aecon continues to work on enhancing our Environmental Management System, including processes to assess and manage environmental risks, as part of our ongoing Safety Forward initiative. Part of this process includes building an electronic database of our identified Environmental Aspects and appropriate control and mitigation measures to reduce risk and minimize potential impact. Managing environmental risk is critical for the organization. Management of the Corporation has developed a disciplined and integrated ERM process which identifies potential events that may affect the Corporation, manages risk to be within the Corporation's risk appetite, and provides reasonable assurance regarding the achievement of the Corporation's objectives.</p> <p>Due diligence practices in environmental risk assessments Environmental assessments are conducted based on project needs. As part of our EHS Management System, Aecon performs a Pre-Construction Environmental Management Review to identify regulatory requirements and potential environmental risks. Control and mitigation measures are developed to address identified risks before the project begins.</p> <p>Operational practices to minimize environmental impacts In addition to the requirements outlined in the Aecon Environment, Health and Safety Manual, project-specific Environmental Management Plans are developed where required. Typically, these include Waste Management, Ecosystem (Biodiversity) Protection, Air Quality Management, Water and Effluent Management, Spill Protection and Spill Risk Management.</p> <p>Approach to operating in compliance with all applicable environmental regulations and permits Aecon is fully committed to complete compliance with all applicable regulatory requirements. Environmental legislation, regulations and permitting requirements are identified in the project planning phase. All requirements are incorporated into project schedules and safe work plans. We are currently in the process of integrating a legal/regulatory requirements database (RegScan) into our online EHS information and reporting management system.</p> <p>Use of codes, guidelines and standards to assess and minimize environmental impacts of project siting, design and construction The Aecon Environment, Health and Safety Manual outlines best practices and expectations for Environmental Management and minimizing the potential environmental impacts of our facilities and operations. Our project Environmental Management Plans and implementation strategies support our clients' ISO registrations; and in the international sector, we adhere to the Equator Principles and the IFC's Environmental and Social Performance Standards (e.g., Bermuda airport).</p> |
| Structural Integrity and Safety | Amount of defect and safety-related rework costs | IF-EN-250a.1 | <p>Defect-related rework was \$2,232,000 in 2020.</p> <p>Safety-related rework was \$0 in 2020.</p> <p>The defect-related rework amount refers to the cost of warranty rework incurred in 2020 related to Aecon's warranty obligations in respect of its construction contracts.</p> |
| | Total amount of monetary losses as a result of legal proceedings associated with defect and safety-related incidents | IF-EN-250a.2 | \$212,500 |
| Workforce Health and Safety | <ol style="list-style-type: none"> Total recordable incident rate (TRIR); and Fatality rate for <ol style="list-style-type: none"> direct employees and contract employees | IF-EN-320a.1 | <p>TRIF (Total Recordable Injury Frequency) for 2020: 0.88</p> <p>Aecon had one direct employee fatality and no contract employee fatalities in 2020.</p> <p>See p. 21 of the 2020 Sustainability Report for more details.</p> |



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SASB Disclosure: Engineering and Construction Services Industry Standard

| Topic | Metric | Code | 2020 Response |
|--|---|--------------|---|
| Lifecycle Impacts of Buildings and Infrastructure | Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification | IF-EN-410a.1 | <ul style="list-style-type: none"> 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 | 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. |
| Climate Impacts of Business Mix | Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects | IF-EN-410b.1 | Aecon's backlog as of December 31, 2020 for: (1) hydrocarbon-related projects was \$895 million; and (2) renewable energy projects was \$250 million. |
| | Amount of backlog cancellations associated with hydrocarbon-related projects | F-EN-410b.2 | \$120,000,000 Note that this entire amount is associated with termination of one project for commercial reasons unrelated to the viability of this line of business. |
| | Amount of backlog for non-energy projects associated with climate change mitigation | IF-EN-410b.3 | The amount of backlog for non-energy projects associated with climate change mitigation as of December 31, 2020 was \$1,613 million. |
| Business Ethics | 1. Number of active projects; and backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index | IF-EN-510a.1 | Aecon currently operates in three countries: Bermuda, Canada and the United States, and in 2020 was executing a total of 937 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, 2020, Canada was ranked 11th according to the CPI, the United States was ranked 25th 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 | 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 | IF-EN-510a.2 | Code of Ethics and Business Conduct , pp. 6–8. |
| Number of Active Projects | | IF-EN-000.A | Number of active projects in 2020: 937 |
| Number of Commissioned Projects | | IF-EN-000.B | 467 projects were completed in 2020. |
| Total Backlog | | IF-EN-000.C | Total backlog as at December 31, 2020 was \$6,454 million. |

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My design represents helping one another and being so grateful. I showed the piece to thank the tutors for helping me. The people holding each other and helping each other means, without the donors, tutors and volunteers, the program wouldn't have gotten me this far in education. I put the medicine wheel colour for my Indigenous culture."

– Melba
A student from Pathways Winnipeg



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