AECON

2024 SUSTAINABILITY RISK & OPPORTUNITY DISCLOSURES

TOPIC	DISCLOSURES	DETAILS
Governance	Governance body responsible for oversight of risks and opportunities	Oversight of Aecon's sustainability program (including review and approval of sustainability documents, GHG emissions, sustainability and climate risks and opportunities, and corresponding targets, and assigning management responsibility for sustainability matters), environmental health and safety performance and initiatives, corporate governance policies and practices, strategic planning, as well as assessment and monitoring of enterprise risks, is the responsibility of the Board of Directors, as indicated in Aecon's Mandate of the Board, (Appendix 2 of Aecon's 2024 Management Information Circular (MIC). Aecon tracks Board skills and experience in categories important to Aecon's business, including ESG and sustainability experience (page 22 of Aecon's 2024 MIC). The Board also ensures that ongoing development and education opportunities are made available to existing board members (page 75-78 of our 2024 MIC). Oversight of sustainability disclosure, including progress toward targets, as well as sustainability-linked executive remuneration, and human resources management, is the responsibility of Aecon's Corporate Governance, Nominating and Compensation Committee (see pages 45-49 of our 2024 MIC for more information on sustainability-performance linked remuneration). Oversight of the Environmental, Health and Safety strategy and performance, and Enterprise Risk Management (ERM) is the responsibility of the Operational, Environmental and Safety Risk Committee of the board. See pages 71&72 of our 2024 MIC for descriptions of our Board Committees oversight.
	Management's role in assessing and managing sustainability risks and opportunities	*Sustainability-related risks and opportunities:* The Sustainability Team oversees the identification and integration of material sustainability-related risks and opportunities, collaborating with internal teams responsible for the management and monitoring of specific sustainability areas that are material to our organization and industry (in accordance with SASB). The Sustainability Team monitors emerging trends, utilizes stakeholder impact and conducts internal analysis to support risk and opportunity oversight. Controls and procedures in place for oversight of sustainability-related risks and opportunities are dependent on the responsible management team. Material sustainability- and climate-related risks integrated into Aecon's Enterprise Risk Management (ERM) process, are reviewed or updated by management quarterly. Formal policies are in place for utilization of ERM resources in strategic decision-making, policies, budgets, business plans, and capital expenditures. Responsibility for assessment and oversight of individual risks is assigned within the ERM framework to corresponding management team. Environmental Health & Safety (EHS) risk evaluation and management for the organization is overseen by Aecon's Executive Vice President and Chief Safety Officer. Aecon has a robust EHS Management System, which incorporates principles of risk management throughout its Standard Operating Procedures and Work instructions. This includes risk management tools that are utilized by projects and business units at 3 distinct stages - when planning projects, when planning specific scopes of work, and prior to executing specific work tasks. In 2024, Aecon EHS formed a working group, to combine expertise from operations, legal and EHS with a focus on ensuring standardization of EHS practices and oversight across our various Joint Ventures, Teaming Agreements and Partnership Agreements. Ethical and legal risks and opportunities are managed, overseen and assessed by Aecon's General Counsel. *Climate-related risks and opportunities:* Climate-related risks and opportunities are identified, evaluated and managed by Aecon's Sustainability Team. The Senior Vice-President (SVP) of Corporate Development and Investor Relations (IR) is responsible for assessing and managing climate-related issues and reporting quarterly to the Board, this includes utilization of tools such as climate scenario analysis. The Vice President, Sustainability, reports to the SVP of Corporate Development and IR, and is responsible for engaging with internal and external stakeholders to keep track of risks and opportunities related to climate change. Climate-related targets are developed and tracked by the Sustainability Team, these targets are used as program key performance indicators (KPI's), some of which are linked to Aecon's Sustainability-Linked Loan. Interim monitoring is done on a quarterly basis, but finalization of target progress is done on an annual basis. Targets were set based on materiality of topic to key stakeholders, as well as availability of information to set and track performance against target.

TOPIC	DISCLOSURES	DETAILS
Strategy	Sustainability and climate-related risks and opportunities	For a description of climate-related and sustainability-related risks, and impacts of these risks, please see the risks in Table 2. For a description of climate-related and sustainability-related opportunities, and impacts of these opportunities, please see the opportunities in Table D. Aecon is currently evaluating tools and approaches to quantify impacts of risks across various time scales, and those at risk of material adjustment.
	Nature-related risks, opportunities, dependencies and impacts	*Nature-related dependencies:* • Dependency on natural resources associated with procurement of construction materials, including water and raw materials for concrete, steel and bitumen Nature-related impacts: • Impact of land use, water, soil and waste generation, and GHG and air emissions during procurement and physical construction activity • Impact of construction activities on water and soil quality Nature-related physical risks and opportunities: • Risks associated with increased intensity and frequency of severe weather events to upstream suppliers and business activity, specifically in high-risk/sensitive areas Nature-related transition risks and opportunities: • Risks to financial position due to increased costs/ decreased revenue associated with policy and regulatory changes • Opportunity to integrate waste management practices (reuse and recycling) to reduce costs • Opportunity to integrate land preservation/ restoration into projects (relevant to design-build)
	The resilience of the organization's strategy, taking into consideration different scenarios	Aecon utilizes a climate-related scenario analysis to further understand the dynamic interplay between physical climate development, client preferences and policy changes and how the interplay may impact future operations under potential future scenarios from now until 2050. We utilize existing internal and external resources, including materiality assessments, climate risk and opportunity assessments, and industry benchmarking to evaluate the potential organizational impact of future climate scenarios. We consider the transition and physical impacts of two scenarios: net zero by 2050 (limiting warming to 1.5 degrees through stringent climate policies and innovation), and a status quo, current policies, scenario (assuming only currently implemented policies are preserved). We use data, inputs and assumptions from Climate Analytics, International Energy Agency, and the IPCC (Intergovernmental Panel on Climate Change) Sixth Assessment Report. The results of this analysis can be used for organizational decision-making and corporate strategizing, as scenario analysis informs risk and opportunity analysis within our company-wide ERM system (see above). In future disclosures, Aecon will work to increase the scope and improve granularity of scenario analysis and increase the number of scenarios considered.
Risk Management	The organization's processes for identifying and assessing, managing and monitoring dependencies and impacts, risks and opportunities, and integration into risk management process	*Climate:* TCFD framework and an analysis of Aecon's operations and value chain were the primary resources used to identify the risks and opportunities linked to climate change. Additional resources used were climate-related risks and opportunities identified by peer companies, and stakeholder input. Topics were incorporated into Aecon's Enterprise Risk Management framework and climate was identified as one of the 11 material business risks in Aecon's Risk Register. See page 66 of our 2024 Management Information Circular (MIC) for more on Enterprise Risk Management. On a quarterly basis, Aecon's Sustainability Management team re-evaluates these material topics and risks and makes any necessary judgements through the formalized review of the Risk Register, using the above identified resources. There is no formalized, organizational process for evaluation of opportunities, so this is done in accordance with re-evaluation of material topics and risks, on a quarterly basis. Aecon utilizes a climate-related scenario analysis to further understand the dynamic interplay between physical climate development, client preferences and policy changes and how the interplay may impact future operations under potential future scenarios from now until 2050. See below for detailed Climate Related Scenario Analysis.

TOPIC	DISCLOSURES	DETAILS
		Sustainability: Material sustainability topics were identified by Aecon through formalized materiality assessment process that included stakeholder outreach. The approach was informed by best practices identified in the Global Reporting Initiative (GRI), and utilized SASB Engineering & Construction Services topics. The process was performed by the Sustainability team, with input from Aecon management and external advisors. The top five priority areas are: 1. Health and Safety 2. Integrity and Transparency 3. Sustainable infrastructure projects 4. Risk management 5. Responsible environmental management practices These material topics were integrated into Aecon's organizational Enterprise Risk Management Framework, where management responsibility was assigned, and priority risks, impacts and mitigation measures for each material category were determined.

Category	**Material Priority Area**	**Identified Risk**
Environment (Non-climate)	Responsible environmental management practices	• Major spills • Effluent Limit Exceedance • Incidents of Non-compliance • Ineffective environmental impact assessment
	Sustainable infrastructure projects	• Lifecycle impacts of buildings and infrastructure
Social	Health and Safety	• Structural integrity and safety • Workforce health and safety
Governance	Integrity and Transparency	• Bribery & Illegal Payments

*Note – Risk management applies broadly to all categories and is thoroughly addressed in Aecon's Enterprise Risk Management Frameworks so is not included in this report as a standalone category

In 2024, all material sustainability- and climate- related risks were integrated into Aecon's Risk Register, guided by the Enterprise Risk Management process. This ensures that sustainability and climate risks are considered with all other material organizational risks for strategic risk analysis and decision-making. Evaluation of the risks and impacts linked to material-climate and sustainability issues, identified above, was completed to ensure that only the risks and opportunities that could reasonably be expected to affect cash flow, access to finance or cost of capital are disclosed.

Management	Metrics and targets used by the organization to assess risks and opportunities in line with its strategy and risk management process	Metrics and targets associated with risks and opportunities can be found in corresponding tables. Tracking and calculation of metrics is the responsibility of the individual/ team that oversees the management of the specific risk/opportunity. Aecon will be working to expand reporting on certain metrics including: • Amount and percentage of assets/activities susceptible to climate-related risks and aligned with climate-related opportunities • Amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities • Internal carbon pricing • Remuneration • Metrics for the assessment and management of dependencies and impacts on nature

TOPIC	DISCLOSURES	DETAILS
	Scope 1, scope 2 and scope 3 greenhouse gas (GHG) emissions and the related risks	Please see Aecon's 2024 Greenhouse Gas Inventory – Methodology and Statement of Results

TABLE 2 - SUSTAINABILITY RISKS

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION	MITIGATION MECHANISMS	FINANCIAL IMPACTS	TIME HORIZON	KPIs / TARGETS	2024 METRICS
Climate								
Transition	Policy & Legal	Risk from existing and emerging policy regulation aimed at addressing climate change in an effort to transition to a lower-carbon economy, such as: • Carbon pricing mechanisms • Economic sector restrictions • Standards for lower/ more efficient energy sources and solutions • Enhanced reporting obligations • Exposure to litigation • Limits on license to operate	These risks may impact Aecon and stakeholders, including upstream suppliers (especially those in high-emitting industries such as concrete, steel and bitumen) and subcontractors and current or potential clients (specifically those operating in industries that extract, distribute and transport fossil fuels). This risk is amplified with the pressures that will be placed on industry decarbonization to reach net zero by 2050. Aecon's operations and supply chain in other countries, including the United States and the Caribbean, may be subject to varying regulations, meaning that our scope of work may be differentially impacted depending on geographic location. Suits directed toward corporations, specifically in high-emitting industries, such as oil and gas and material extraction and production, may impact Aecon's supply chain and current and future work with clients. Under net zero scenarios, policy is a	Aecon mitigates these risks through proactive engagement with governments, regulators and industry organizations; regular monitoring and board reporting of regulatory trends; and adequate compliance preparation. Management engages climate change consultants and legal experts with extensive global experience in climate change, as required. Aecon has set GHG emission reduction targets that align with net zero scenarios, and has established a preliminary climate transition plan, utilizing internal GHG data, in preparation for development of more strictly regulated and higher-ambition policy measures. Aecon has set targets for scope 3 emissions and currently conducts ESG supplier surveys to understand our supplier's ESG performance.	Increased operational costs (higher compliance costs and insurance premiums) Decreased revenue from projects associated with fossil fuel extraction and distribution Reduced revenue due to reduced demand resulting from fines and judgments Increased costs associated with the purchasing of materials and equipment from upstream suppliers in high-emitting industries	Medium-term (1-5 years)	GHG Emissions Intensity (Scope 1 and 2, tonnes CO2e per million dollars revenue) *– Target – 44.66* GHG Emissions Reduction (Scope 1 & 2, Revenue Intensity Based) Percentage of preferred and Tier A suppliers screened using an ESG questionnaire (cumulative) *Target – 75%*	25.65 34% 87%

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION	MITIGATION MECHANISMS	FINANCIAL IMPACTS	TIME HORIZON	KPIs / TARGETS	2024 METRICS
			necessary lever for decarbonization and will likely increase in scale and scope, increasing these risks.					
	Market	Risk from shifting supply and demand as economies react to climate change: • Changing client behaviour • Uncertainty in market signals • Increased cost of raw materials • Uncertain subsidy landscape **Climate Impacts of Business Mix (IF-EM-410b.1, IF-EM-410b.2 and IF-EM-410b.3)*	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. Certain business lines such as Industrial, particularly work in non-renewable resources such as oil and gas, are at most significant risk. Increased costs of raw materials impact Aecon's upstream suppliers of materials and equipment, likely forcing them to increase the price of their goods and services. Cost and subsidy uncertainty is higher under the status quo scenario, as resilience on fossil fuels and lack of widespread incentive for decarbonization increase risks.	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 and evolving our business mix.	Reduced revenue from certain business lines Increased costs, potentially reduced margin of rented and purchased goods and services associated with higher production costs incurred by our upstream suppliers	Long term (>5 years)	Revenue and backlog linked to project type (SASB-defined): • Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects • Amount of backlog cancellations associated with hydrocarbon-related projects • Amount of backlog for non-energy projects associated with climate change mitigation	(1): -$72 M (non-natural gas) -$27 M (natural gas) (2): $306M $222.2M $1,246M
	Technology	Risk from emerging technologies aimed at supporting carbon transition: • Substitution of existing products and services with lower-emission options • Unsuccessful investment in new technology	This may require Aecon to substitute existing products, including equipment purchases and rentals, with lower-carbon alternatives. Implementation of alternatives may require employees to be trained on proper operation and maintenance. This would most directly impact Aecon's operations that utilize owned equipment and technology, where there is a risk of write	This risk is mitigated through our efforts in operational continuous improvement, sustainable innovation, planning and strategy. Aecon has formed strategic partnerships with manufacturers and research partners to pilot and test new sustainability innovations – including low-carbon material and equipment, and sustainable fuels. This includes	Increased capital expenditure and costs of purchased and rented equipment Increased costs associated with deploying/adopting new practices and processes and providing employee training	Medium term (1–5 years)	N/A	N/A

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION	MITIGATION MECHANISMS	FINANCIAL IMPACTS	TIME HORIZON	KPIs / TARGETS	2024 METRICS
			offs of investments and early retirement of existing technologies. Certain projects may have increased risks, due to varying sustainability-related client requests for on-site equipment usage. Increased reliance on emerging technologies to support decarbonization under the net zero scenario increases this risk, with high cost of initial adoption.	relationships with suppliers and universities. We look for and take advantage of funding and subsidization opportunities to supplement the currently high capital cost of these alternatives.	Write-offs and early retirement of existing assets			
	Reputation	Risks of damage to brand value and loss of client base from shifting sentiment about climate change: • Change in client demand • Stigmatization of sector • Increased stakeholder concern/negative stakeholder feedback	Aecon's private and/or public sector clients may shift their infrastructure priorities due to changes in public perception of sustainability in the industry. Scrutiny of certain project types affiliated with negative sustainability consequence is a risk faced by Aecon. 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. Increased focus on the climate-related impacts of the construction sector and supply chain, including the production of construction	This risk is mitigated by seeking advice from expert consultants, adopting 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. Increased stakeholder dialogue – internal and external data sources including materiality assessment, and ESG rating results to evaluate our strategy.	Reduced revenue from decreased demand for project affiliated with certain business units/activities Reduced revenue from decreased capacity (delayed approvals, supply chain interruptions) Reduced revenue from negative workforce impacts (employee attraction and retention) Reduction in available capital	Medium term (1–5 years)	ESG Rating Scores (CDP, S&P Global, EcoVadis)	

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			materials such as concrete and steel, catalyze these impacts within Aecon's supply chain.					
Physical	Acute	Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency.	This may impact Aecon through supply chain interruption, transportation difficulties, employee health and safety risks. Projects, assets, infrastructure or supply chain operations could be materially disrupted or damaged by the increased frequency and intensity of extreme weather events, a change in the expected seasonal length and regional epidemics or global pandemics. With global operations, the impact of weather events may differentially impact certain projects based on geographic location. Areas prone to flooding and cyclones are at most risk. These risks are significantly higher under the status quo scenario, compared to net zero.	This risk is mitigated contractually whenever possible and with insurance to some extent, but extensions of time do not provide compensation for overhead under-recovery. 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.	Reduced revenue from decreased production capacity (supply chain interruptions, transportation difficulties, operational stops) Reduced revenue and higher costs from negative impacts on workforce Writeoffs and early retirement of existing assets (damage to property and assets) Increased capital costs (damage to facilities) Increased operating costs (on-site climate and weather mitigation) Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	Short term (<1 year)	N/A	N/A

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION	MITIGATION MECHANISMS	FINANCIAL IMPACTS	TIME HORIZON	KPIs / TARGETS	2024 METRICS
Physical	Chronic	Risk of longer-term changes in weather patterns: • Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels	Increases in the severity and/or frequency of weather conditions due to climate change may cause interruptions in Aecon's business. Severe weather events may also impact the availability and cost of raw materials and may impact the raw materials supply chain and disrupt key manufacturing facilities. Additionally, chronic shifts in climate influence the energy requirements of buildings and the suitability of locations for new development projects. With global operations, the impact of weather events may differentially impact certain projects based on geographic location. Particularly sensitive areas, and coastal areas, are at most risk. These risks are significantly higher under a status quo scenario, where these impacts may differentially impact areas in northern hemisphere high-latitude and high-elevation regions, and coastal regions, all of which are areas where Aecon works. For example, work on Aecon's Concessions projects in the Caribbean, as well as Civil and Industrial works in Canada, might be at significant risk.	The risk could be mitigated by incorporating energy efficiency and energy procurement considerations as part of due diligence for any new office location and by developing operational innovations. Aecon is working to adapt to these risks by creating infrastructure that is resilient to climate change, and it is working to mitigate risks by reducing emissions throughout the construction and infrastructure value chain by supporting low-carbon materials and equipment and constructing infrastructure that supports the energy transition. This risk is directly mitigated contractually to some extent, but extensions of time do not provide compensation for overhead under-recovery. To mitigate the impact to employees, the Aecon Redbook Environmental Health and Safety Management System addresses severe weather conditions.	Reduced revenue from decreased production capacity (supply chain interruptions, transportation difficulties, operational stops) Reduced revenue and higher costs from negative impacts on workforce Write-offs and early retirement of existing assets (damage to property and assets) Increased capital costs (damage to facilities) Increased operating costs (on-site climate and weather mitigation) Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	Long term (>5 years)	N/A	N/A

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CLIMATE								
Health and Safety	Structural Integrity and Safety *IF-EN-250a.1 and IF-EN-250a.2*	Errors or inadequate quality in project design phase and construction of buildings or infrastructure resulting in poor structural integrity and safety of deliverable Risks include significant personal injury, loss of property value and economic harm	Aecon has a professional responsibility to ensure the safety and integrity of work. The risk associated with failure in quality is higher for projects in which Aecon is the Health and Safety lead. This risk is also higher for projects in which Aecon is responsible for multiple project aspects including engineering, design, architectural, consulting, inspection, construction and/or maintenance services. For example, Aecon's design-build projects are higher risk than when it provides construction services. Business lines, such as Concessions, where Aecon remains responsible for maintenance are also at higher risk. Severity of risks may increase with increased frequency/severity of climate-related impacts on infrastructure.	Oversight: EVP and Chief Safety Officer and SVP, Finance Aecon is subject to, and complies with, health and safety legislation in all of its operations in the jurisdictions in which it operates. The Company recognizes that it must conduct all of its business in such a manner as to ensure the protection of its workforce and the general public. With increasing frequency and severity of climate change-related events, there may be greater need to not only meet but also exceed standards. This may also entail setting up internal control procedures to identify and fix issues resulting from climate risks. This is something that is on the radar of Aecon's Sustainability and Health and Safety management teams.	Incremental costs associated with redesign or repair work and legal liabilities Reputational damage Termination of contracts and/or impact on future job awards	Medium term (1–5 years)	N/A	N/A
	Workforce Health and Safety *IF-EN-320a.1*	The risk that the company is unable to maintain a high level of safety in the workplace Workforce fatal accidents, life-changing injuries, and injuries and long-term ill health that reduce life	All of Aecon's construction, maintenance and repair services, and other on-site activities require substantial manual labour. This puts all employees at higher risk of workforce health and safety incidents because of exposure to power haulage and heavy machinery accidents, fall accidents, exposure to hazardous	Oversight: EVP and Chief Safety Officer and Operational Executives Aecon has implemented rigorous safety controls, including establishing a prequalification system ensuring a robust safety staff and implementing a company-wide Critical Risk Management program. Dupont Safety Solutions has	Exposure to liability and fine, increased WCB costs, poor reputation leading to less work Serious incidents may result in acute, one-time extraordinary expenses and contingent liabilities	Medium term (1–5 years)	Total Recordable Injury Frequency *Target – 1.03* Fatality Rate	0.59 3 (2 - directly related to Aecon, 1 sub) 0.02

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		expectancy or quality of life	chemicals and other unique and potentially dangerous situation. Aecon project where temporary workers are hired are at greater risk due to lack of training and/or industry experience. This risk is also accelerated due to the increased impacts of chronic physical risks of climate change, under the status quo scenario, where there will be an increase of heat stress impacts.	been secured to validate and enhance our focused program direction. High-risk activities are monitored by all levels of operations through project critical risk verifications. These are completed by senior leadership, project management and front-line supervision.	from legal/regulatory actions Incidents may result in project delays and downtime, which increase project costs and decrease profitability		Lost Time Injury Frequency	
Environment	Environmental Impacts of Project Development *IF-EN-160a.1 and IF-EN-160a.2*	Risks posed to the local environment and surrounding communities due to: • Major fuel, oil or hazardous substance spill • Effluent limit exceedances • Non-compliances • Improper processes in place to assess and manage environmental risks associated with project design and construction	Due to the general nature of Aecon's work, activity on projects have the potential to disrupt the local ecosystems where we are working, through biodiversity impacts, air emissions, water discharges, natural resource consumption, waste generation and hazardous chemical use. Risks associated with non-compliance and environmental incidents is most significant on projects where Aecon is the Environmental lead. This is particularly the case during the project phases, or those projects where clearing, grading and excavation activities are significant and there is increased likelihood of generation of harmful waste. Aecon's work in environmentally sensitive areas is subject to higher risk and scrutiny. Increased demand for land-use	Oversight: EVP and Chief Safety Officer/ Operational Executives/General Council, Operations Aecon has comprehensive Risk Management protocol as a part of the Environment, Health and Safety Management System. Aecon has in place rigorous Environmental protocol on site, which includes: Safety prequal; environmental training (covering waste management; soil management; water and effluent quality; air quality; associated Best Management Practices/operational controls; erosion, sediment and surface water control; terrestrial and aquatic wildlife and habitat protection; archaeology and cultural resources; and noise and vibration); safety officers; procedures with	Compliance failures with environmental regulations during construction may result in costly fines and remediation costs, and damage reputation. This can increase operational expenses and project capital costs, and reduce share price, earnings and overall net profitability. Environmental concerns or local community pushback may result in project delays or cancellations, negatively impacting profitability and growth.	Medium term (1–5 years)	Number of incidents of non-compliance with environmental permits, standards and regulations (SASB-defined): • Number of environmental incidents (all – spills, non-compliance with requirements for wildlife and wildlife habitat, wastes, soils, noise and vibration) • Regulatory reportable environmental incidents	152 17

RISK TYPE	RISK SUB-TYPE	RISK SUMMARY	RISK DESCRIPTION	MITIGATION MECHANISMS	FINANCIAL IMPACTS	TIME HORIZON	KPIs / TARGETS	2024 METRICS
			conservancy practices under a net zero scenario may increase these risks.	protocol for discovery of historically contaminated soils; effective supervision; monitoring weather and anticipating potential adverse effects; soil, sediment and surface water management procedures and training; application of spill prevention; notification and response procedures Aecon has in place a strong Environmental Management System to mitigate risk: Proper management of environmental risk to reduce regulatory oversight and/or community pushback, pre-construction environmental aspects screening, use of EHS Project Level Risk Assessment and development of EHS Management Plan, inclusion of environmental subject matter expertise when required depending on the scope of work, and risk profile and application of due diligence process during development stage				
Lifecycle Impacts of Projects and Business Mix	Lifecycle Impacts of Building and Infrastructure – *IF-EN-410a*	Risks associated with the inability to integrate sustainable construction principles (sourcing of materials, construction methods), operation energy/water use in	These risks pose a threat directly to Aecon for projects where Aecon is responsible for the project design phase (design-build). This is a risk for Aecon indirectly, as clients may increase requirements for construction companies to adhere to these sustainable principles and standards. Political and	Oversight: SVP Corporate Development and IR/Operational Executives/Procurement Aecon encourages the integration of sustainable construction principles and alignment to standards in projects. Much of this risk is mitigated by means that these areas are not in the	Failure to mitigate these risks could result in loss of long-term market share and reputational impact, and could impact awarding of future jobs	Long term (>5 years)	SASB-defined: Number of awarded projects commissioned to a third-party multi-attribute sustainability standard (Envision) Number of active	2 5

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		the development phases and aligning to sustainable construction standards	financial incentives for consideration and integration of efficient practices into projects will be accelerated under a net zero scenario, increasing these risks.	control of Aecon for many projects. More specifically, energy and water efficiency considerations are based on clients' specifications and are incorporated into project planning and design per their requirements. The commitments associated with these requirements are incorporated into the project Environmental Management Plan approved by the client. Aecon mitigates these risks through offering training to employees on sustainable construction frameworks used in infrastructure development.			projects seeking certification of third-party multi-attribute sustainability standard (Envision)	
Business Ethics	Bribery/Illegal Payments *(SASB – Business Ethics – IF-EN-510a.1, IF-EN-510a.2 and IF-EN-510a.3*	The risk that an employee violates the Code of Conduct and applicable law by authorizing bribes. This includes: • Violation of anti-bribery laws • Unethical bidding practices	Many elements of Aecon's work directly increases this risk, including global operations, management of many local agents and subcontractors, complexity in project financing and permitting, contract magnitude for large projects, and the competitive process to secure contracts with public and private entities. Aecon's work on larger projects, as well as projects with many involved parties, are higher risk. The most significant exposure is in international jurisdictions outside of the United States, including the Caribbean and Latin America.	Oversight: General Counsel, Public Company and Corporate Secretary Aecon conducts annual mandatory Code of Conduct training, and completes quarterly FCPOA certification process for international pursuits. Aecon has numerous codes, policies and procedures in place to mitigate these risks. Anti-Corruption and Anti-Bribery Policy is in place along with procedures to mitigate exposure, including in-person annual training, quarterly compliance certificates, third-party due diligence of agents, consultants, partners, subcontractors and advisors. Aecon's Code of Ethics and Business	Fines, settlement costs and damaged reputations associated with investigations due to ethical breaches Poor track record may result in barring from future projects, resulting in lost revenue	Medium term (1–5 years)	SASB-defined: Monetary losses as a result of legal proceedings associated with charges of bribery or corruption Monetary losses as a result of legal proceedings associated with charges of anti-competitive practices Number of active projects and backlog in countries that have the 20 lowest rankings in Transparency	0 0 0

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				Conduct outlines our organization's approach to anti-competitive behaviour. Aecon also has a Conflicts of Interest Declaration, which is required of all key individuals on major project pursuits.			International's Corruption Perceptions Index	

SUSTAINABILITY OPPORTUNITIES

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
CLIMATE							
Products & Services	Construction of energy storage solutions	Aecon will see growth in demand for infrastructure projects that directly, or indirectly, support development of energy storage solutions. This follows a growing need for energy in communities, and necessary energy storage solutions to support this transition. 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, thus increasing demand for our industrial capabilities. Under a net zero scenario, the heavy reliance on a transition to net zero electricity will drive complementary investment in new grid management and storage solutions to ensure consistent and continued reliability. There will be a corresponding significant growth in projects that support the establishment of these systems.	Aecon is actively monitoring opportunities associated with the energy transition, and it is working with clients to support infrastructure projects that align with a low-carbon future. This includes: • Development of energy storage solutions • Development of carbon capture and storage and carbon dioxide removal technology • Delivery of resilient infrastructure • Development/support of hydrogen technology • Provision of renewable energy services Aecon is leveraging existing expertise and workforce skills to apply to new projects aligned to energy transition, and it will pivot existing business operations to take advantage of these opportunities. Aecon has also seized these opportunities to create new business lines (Green Energy Solutions) to exclusively support the energy transition.	Increased revenue through demand for lower emissions products and services: • Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services) • Better competitive position to reflect shifting consumer preferences, resulting in increased revenues	Short term (<1 year)	Revenue by project type	N/A
	Development of carbon capture and storage and carbon dioxide	Aecon will likely see demand growth for infrastructure projects that support carbon capture, utilization and storage for mitigating GHG emissions from power plants and industrial facilities. Under a net-			Long term (>5 years)		N/A

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
	removal technology	zero scenario, there will be a significant investment in development of carbon capture and storage (CCS) and carbon dioxide removal (CDR) infrastructure for emission reduction of new and existing power generation plants and for compensation of emissions from hard-to-abate sectors.					
	Delivery of resilient infrastructure	Many of Aecon's existing clients will require support to improve the resiliency of constructed assets, specifically those at higher risk, such as hydro. Aecon will also likely see increased demand for integration of adaptation measures into new project design, and may need to take this into consideration for projects where they are responsible for design delivery. This may also include the development of infrastructure that supports community resilience and encourages sustainable growth, through provision of necessary resources and connection. This includes water construction projects, rail and transportation systems and transmission utilities. The transition to a net zero carbon economy may bring significant commercial opportunities for companies that deliver resilient infrastructure – infrastructure that, together with its ecosystem and social system, is able to adapt to extreme weather, natural disasters and climate change impacts and still retain its basic function and structural capacity. Under a net zero scenario, the need for this type of infrastructure will be less than under a status quo scenario, where physical climate impacts pose higher risk.			Short term (<1 year)		SASB-defined: Climate change mitigation: $721.5 M Includes: Railway: $489.9 M Sustainable transportation: $13.9 M Electrification: $206.5 M Retrofitting: $11.3M
	Deployment of hydrogen technology	Due to the emergence of hydrogen technology and Aecon's expertise in renewable energy and power generation with clients that are looking to transition into the hydrogen space, numerous opportunities exist. The drive to net zero			Medium term (1–5 years)		N/A

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		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. Under a net zero scenario, reliance on alternative, low-carbon or net zero-carbon fuels, including hydrogen, will be necessary in circumstances where electrification is not possible. Increased investments and policy incentives will accelerate the opportunities.					
Resource Efficiency	Improved efficiency across operational processes, machinery and mobility, particularly in relation to energy efficiency	Opportunities associated with resource efficiency are concentrated within our on-site operational activities. Aecon has identified fuel efficiency measures to be the most significant area of opportunity in this category, due to our scope of operations. Another key area that Aecon has identified where there is opportunity to improve resource efficiency is waste management, particularly material reuse and recycling on project sites. Under a net zero scenario, there will be high priority on research, development, deployment and demonstration of renewable energy technologies, such as battery and hydrogen. Increased adoption and production will also reduce the costs associated with these, increasing these opportunities.	Aecon has introduced a fleet telematics program, a monitoring initiative designed to optimize the use of vehicles and equipment. One way this can be utilized is for idling reduction. We have extended our fleet monitoring to partners and suppliers, collaborating to reduce total vehicle emissions. The telematics program is overseen by Aecon's fleet group. Aecon has also worked with suppliers to implement more efficient equipment and machinery on project sites. This includes electric, solar, hybrid, battery and hydrogen alternatives. This has been supported through pilots and trials conducted at various sites. Across numerous sites, Aecon has implemented recycling and reuse initiatives. Within Aecon's western operations is a plant that recycles road base for project reuse.. These initiatives are implemented by project teams,	Reduced operating costs (e.g., through efficiency gains and cost reductions)	Short term (<1 year)		

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
			but are overseen by Aecon Sustainability. Sustainability has created an active resource for employees, containing information on local companies that accept traditionally non-recyclable materials.				
Markets	Access to new markets through collaboration, allowing for diversification of activities and better positioning for a transition to a lower-carbon economy	With increased government pressure on the construction and infrastructure sector to decarbonize, there will be strong incentive and opportunity for Aecon to collaborate and access incentives. Opportunities are set to increase under net zero scenarios.	Aecon is actively monitoring opportunities to collaborate and take advantage of new incentives. Aecon is currently receiving a sustainability-linked loan, based on the progress toward reaching certain sustainability targets.	Increased diversification of financial assets	Short term (<1 year)		
Resilience	Development of adaptive capacity to respond to climate change to better manage risks and opportunities	Opportunities linked to resilience are concentrated in Aecon's upstream supply chain. Upstream suppliers of materials, such as concrete, steel and bitumen, will have opportunity to design new production processes and products, allowing for diversification. Aecon actively works with upstream suppliers to support research and development into alternative processes and products that support decarbonization. For example, Aecon has worked with concrete suppliers to trial low-carbon concretes. Increased reliability of supply chain and ability to operate under various conditions Increased opportunities Medium term (1–5 years) Electrification of industry, including for production of steel, cement and other industrial products, under a net zero scenario will increase opportunity for Aecon to take advantage of supply-chain collaborative opportunities	Aecon actively works with upstream suppliers to support research and development into alternative processes and products that support decarbonization. For example, Aecon has worked with concrete suppliers to trial low-carbon concretes.	Increased reliability of supply chain and ability to operate under various conditions	Medium term (1–5 years)		

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
Energy Source	Opportunities associated with a shift in organizational energy to low emission sources	The most significant opportunities presented by the push to transition to low-emission energy transition are highlighted in the Products and Services sections. This includes projects that support (through capacity building) and create low-carbon energy. Directly, Aecon has the opportunity to implement low-emission energy sources throughout our operations, both on projects as well as within our facilities. This is subject to availability of technologies as well as potential subsidization, and may vary based on location. Areas with high availability and subsidization will have greater opportunity. Due to a changing subsidization landscape, it is likely these opportunities will grow in scale and scope. A net zero scenario suggests that increased carbon prices and increased investment in low-carbon energy will increase these opportunities.	See above for how Aecon has seized opportunities to diversify project mix by taking advantage of opportunities associated with decarbonization energy sources. Operationally, Aecon has taken advantage of opportunities associated with shifting to low-emissions sources through two means. Aecon has introduced biodiesels and renewable diesels on projects sites within Canada. This includes B5, B20, R50 and R100. This has been aided by fuel subsidization in certain provinces. Aecon has been working closely with fuel providers to ensure that we take advantage of new opportunities with existing suppliers and new projects. Aecon has also utilized renewable energy sources for certain facilities, including the installation of geothermal and solar technologies	Reduced operating costs (e.g., through efficiency gains and cost reductions) Reduced exposure to fossil fuel price increase Reduced exposure to GHG emissions (less sensitivity to changes in carbon cost)	Short term (<1 year)		
SUSTAINABILITY							
Environmental Impacts of Project Development	Opportunities linked to comprehensive assessment of environmental considerations prior to project initiation, as well as continued evaluation during project development, engineering and construction	There is significant opportunity for Aecon in this area, specifically on projects where Aecon is the Environmental lead, and projects with greater environmental risk.	See information under Environmental Impacts of Project Development risks for a comprehensive breakdown of measures in place. This includes Risk Management protocol, EHS Management System, and Environmental protocol.	Mitigation of potential environmental issues and associated financial risks Establishing a competitive advantage for obtaining new contracts with prospective clients	Medium term (1–5 years)	See the Risk Table	

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
Structural Integrity and Safety	Opportunities linked to the meeting or exceeding of industry quality standards and the establishment of internal control procedures to identify and fix potential design issues	The opportunity for Aecon is concentrated on large projects where Aecon is the Health and Safety lead and/or is responsible for multiple project aspects including project design, construction and management.	See information under Structural Integrity and Safety risks for a comprehensive breakdown of measures in place.	Mitigation of financial risks (see Structural Integrity and Safety risks for more details)	Medium term (1- 5 years)		
Workforce Health and Safety	Opportunities linked to a strong safety culture	This is an opportunity for Aecon across all operations, but it is specifically those projects where temporary workers are hired that pose a greater risk.	See information under Workforce Health and Safety risks for a comprehensive breakdown of measures in place.	Mitigation of financial risks (see Workforce Health and Safety risks for more details) Potential competitive advantage in new project bids and proposals because of good workforce health and safety statistics	Medium term (1–5 years)		
Lifecycle Impacts of Building and Infrastructure	Opportunities linked to provision of economically advantageous sustainable projects	Client and regulatory pressures to develop a sustainably built environment will put increasing pressure on Aecon to respond accordingly to support these demands. Projects where Aecon can provide sustainability-oriented project design have the greatest opportunity.	See information under Lifecycle Impacts of Building and Infrastructure risks for a comprehensive breakdown of measures in place.	Mitigation of financial risks (see Lifecycle Impacts of Building and Infrastructure risks for more details) Potential competitive advantage and revenue growth opportunities	Long term (>5 years)		

OPPORTUNITY TYPE	OPPORTUNITY SUMMARY	DESCRIPTION & IMPACT	STRATEGIC RESPONSE	FINANCIAL IMPACT	TIME HORIZON	METRICS	2024 METRICS
Business Ethics	Opportunities linked to development of an ethical culture through employee training, effective governance structures and internal controls	Due to the nature of Aecon's work and supply chain, business ethics is a high priority. Complex and large projects as well as international projects have higher opportunity to display strong ethical culture.	See information under Business Ethics risks for a comprehensive breakdown of measures in place.	Mitigation of financial risks (see Business Ethics risks for more details) Improved reputation and competitive advantage	Medium term (1–5 years)		

SCENARIO ANALYSIS

Aecon utilizes a climate-related scenario analysis to further understand the dynamic interplay between physical climate development, client preferences and policy changes and how the interplay may impact future operations under potential future scenarios from now until 2050. We utilize existing internal and external resources, including materiality assessments, climate risk and opportunity assessments, and industry benchmarking to evaluate the potential organizational impact of future climate scenarios. We consider the transition and physical impacts of two scenarios: net zero by 2050 (limiting warming to 1.5 degrees through stringent climate policies and innovation), and a status quo, current policies, scenario (assuming only currently implemented policies are preserved). We use data, inputs and assumptions from Climate Analytics, International Energy Agency, and the IPCC (Intergovernmental Panel on Climate Change) Sixth Assessment Report. The results of this analysis can be used for organizational decision-making and corporate strategizing, as scenario analysis informs risk and opportunity analysis within our company-wide ERM system (see above). In future disclosures, Aecon will work to increase the scope and improve granularity of scenario analysis and increase the number of scenarios considered.

Net Zero by 2050 (Limiting warming to 1.5 degrees Celsius)

This scenario requires an ambitious transition across all economic sectors, with emphasis on decarbonization of electricity supply, increased reliance on electricity use, increased energy efficiency and development of technologies for hard-to-abate emission sources. This would result in a minimization of physical risks, but increased transition risks from higher cost of emissions and changes to business and consumer preferences. Increased reliance on technologies for decarbonization creates high risk in this area, and uncertainty in signals and subsidy landscape during the transition increases market risk. This scenario creates strong business opportunities, namely through the establishment of new markets and linked provision of products and services that support the transition to net zero, but also operational opportunities including improved resource efficiency, and strategic resilience. To mitigate risk and seize opportunities, Aecon will need to focus on the areas highlighted under the Risks and Opportunities columns, with more detail provided about these risks and opportunities located below.

Category	Description & Assumptions	Risks	Opportunities
Transition – Electricity and Power	Through the transition to net-zero energy, coal, oil and gas will be replaced. Decarbonization of the power sector will result in heavy reliance on, and significant investment in, the development and deployment of alternative energy sources including solar, wind, nuclear and hydro, with particular focus on solar and wind. There will be decreased investment in non-renewable sources. It will also require the development and deployment of carbon, capture and storage for new and existing plants, along with complementary investment in new grid management and storage solutions to ensure consistent and continued reliability. There will be a significant growth in projects that support the establishment of these energy sources and an increased need for medium and high skill jobs to supplement this, specifically in the construction industry. Existing fossil fuels and fossil fired plants risk losing revenues and becoming stranded.	• Markets • Reputation	• Products and Services • Resource Efficiency • Markets • Resilience • Energy Source

Transition – Fuels	When electrification is not possible, there will be a switch from fossil fuels to net zero-carbon fuels including hydrogen, biofuels and synthetic fuels. This will be supported with additional investments and policy incentives to bring these solutions to scale. Decrease in fossil fuel production, demand and fuel price.	• Policy and Legal • Markets • Technology	• Energy Source • Resource Efficiency • Markets • Products and Services
Transition – CO2 Management	Significant investment in the development of carbon capture and storage (CCS) and carbon dioxide removal (CDR) infrastructure. CCS will be used to reduce emissions of remaining fossil fuel-burning technologies, and CDR technology will be used to compensate emissions from hard-to-abate sectors. There is uncertainty about the future of these solutions due to existing hurdles –including public acceptance, scalability and cost.	• Technology	• Markets • Products and Services
Transition – Industry and Technology	Technologies including electric vehicles, electric boilers and heat pumps will be required for a transition from conventional fossil fuel to a decarbonized, electrified future. There will also be new technologies to electrify the production of industrial products with significant carbon footprint, including steel and cement. Transition to innovative production processes will result in a gradual decrease in conventional processes over time but will come at a cost premium for innovation. Capital costs for hybrid and battery electric will decrease rapidly in the near term (2020-2030), along with the costs for hydrogen, fuel sale and utility-scale stationary batteries. High priority will be placed on research, development, deployment and demonstration of battery and hydrogen systems.	•Technology • Markets	• Resilience • Resource Efficiency • Markets • Products and Services
Transition – Behaviour	A systemic transformation of social behaviour, with growth in shared mobility, and a switch from airplane to train travel.	• Markets	• Markets

Current Policies

Under this scenario, power generation relies on a combination of fossil fuel and renewables. Increased energy demand leads to an increase in fuel production, with a general decrease in fuel prices. Carbon dioxide will be managed with a gradual price increase, but with minimal CCS and CDR. Innovative technologies and processes come at a high cost. This scenario is denoted by high physical climate risks, including damage from severe weather events, rainfall, temperature and sea-level rise. Uncertainty of climate change impacts on supply chains create a high level of market risk, while continued reliance on fossil fuels with little mitigation accelerates physical climate risk. Climate impacts pose risks to safety of both workforce and built infrastructure. Lack of investment in technology increases the risk of adoption. Aecon has less opportunity in this scenario, except for providing support and services to clients to increase resiliency of infrastructure to withstand climate impacts.

Category	Description	Risks	Opportunities
Transition – Electricity and Power	Mix of fossil fuel and decarbonized energy sources. Continued reliance on fossil fuels, driven by high energy demand.	• Markets • Physical	• Products and Services
Transition – Fuels	Increase in fuel production, primarily fossil fuels, in combination with a general decrease in fuel prices.	• Markets • Physical	• Products and Services
Transition – CO2 Mitigation	No significant measures are in place to capture or remove carbon dioxide. Slight, gradual increase in carbon pricing.	• Policy and Legal • Physical	
Transition – Technology	Conventional technology and industrial approaches remain at a consistent price, while innovative alternatives come at a significantly high cost. Gradual acceptance of battery and hydrogen technologies, with a slow decrease in the capital cost.	• Technology • Markets	
Physical – Acute and Chronic Climate Related Impacts	Increased frequency and intensity of heavy precipitation, increased risk of economic damages from tropical cyclones and sea-level rise.	• Markets • Structural Integrity and Safety	• Products and services
Physical – Labour Productivity Impacts	Decrease in labour productivity due to heat stress.	• Workforce Health and Safety	