

AECON

REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

Joint Report Pursuant to the Fighting Against
Forced Labour and Child Labour in Supply Chains Act

Aecon Group Inc. | March 5, 2024



INTRODUCTION

Operating our business ethically with clear values that reflect our priorities is paramount to helping ensure we are a responsible employer and partner. While we always put safety first, our core values also include accountability, inclusion and integrity. That means that, among other concerns, we take a firm stand against human rights abuses and work actively to help ensure we are strong in our position against forced labour, human trafficking and child labour.

Forced labour, child labour and human trafficking are ongoing concerns globally. We are committed to being proactive and playing an important role in preventing and mitigating the risks of modern slavery and human trafficking in our business. We are also mindful of the importance of our employees, our stakeholders and our impact on the communities in which we operate, and we are dedicated to protecting our employees, contractors, partners and clients from any form of modern slavery by promoting their wellness throughout our activities in accordance with our core values.

This joint report is our first pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and it summarizes the key steps we have taken to prevent and reduce the risk of forced labour or child labour in our activities and supply chain.



REPORTING AS REQUIRED BY THE ACT

This joint report is the first issued by Aecon Group Inc. (“AGI”) and certain of its subsidiaries pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) and covers the reporting period from January 1, 2023, to December 31, 2023. This report provides an overview of the actions Aecon has taken to assess and address risks of modern slavery, which includes forced labour and child labour, within Aecon’s operations and supply chains.

This report covers AGI and each of the following entities, which also meet the reporting criteria set out in the Act: Aecon Construction Group Inc., Groupe Aecon Quebec Ltée., Aecon Transportation West, Aecon Infrastructure Management Inc., Aecon Industrial Management Corp., Aecon Water Infrastructure Inc., Aecon Technical Solutions Inc., Voltage Power Ltd., Tristar Electric Inc. and Aecon Utilities Inc. (together with AGI, “Aecon”), each of which is directly or indirectly owned by AGI.

Information contained on websites referenced in this report is not incorporated by reference.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Structure and Business

Aecon and its predecessor entities have carried out business in Canada since 1877. Aecon was originally incorporated on January 14, 1957, under the name “Prefac Concrete Co. Ltd.” and was continued under the Canada Business Corporations Act by a certificate of continuance dated May 16, 1978. On June 18, 2001, the Company’s name was changed to “Aecon Group Inc.”

Aecon’s purpose is to build what matters to enable future generations to thrive. We build and operate infrastructure that meets today’s needs while addressing tomorrow’s complex challenges, including the imperative to rapidly advance the energy transition. Now operating throughout North America and internationally, Aecon is a publicly traded company listed on the Toronto Stock Exchange (TSX), delivering integrated solutions to private- and public-sector clients through its Construction segment in the Civil, Urban Transportation, Nuclear, Utility and Industrial sectors, and providing project development, financing, investment, management, and operations and maintenance services through its Concessions segment.

Aecon had approximately 2,777 full-time salaried employees, approximately 420 hourly non-union employees and approximately 5,487 union and 390 fixed-term contract employees as of December 31, 2023, for a total of approximately 9,074 employees. This number is not indicative of the total number of employees at any time throughout the year as the Canadian construction industry is seasonal in nature, with less work performed in the winter and early spring months, and it may also vary depending on the number and nature of ongoing projects, acquisitions, divestitures and restructuring initiatives. At its peak operating capacity during 2023, Aecon employed approximately 10,515 employees. Joint venture employees and independent contractors are excluded from these figures, as they are not employed by Aecon.

Governance

The AGI board of directors (the “Board”) is committed to fostering a healthy governance culture at Aecon. Aecon believes that such culture requires that directors be aware of both internal corporate and external developments that may affect the business and affairs of Aecon and that an atmosphere of open communication, trust, candour and healthy debate be part of the corporate decision-making and directorial oversight process. The Board, through its various committees, is responsible for the oversight, review and compliance of many of Aecon’s key policies, including the Human Rights Policy, Code of Ethics and Business Conduct and Whistleblower Policy. Management of Aecon, under the direction of the Board, has undertaken a number of initiatives to help promote ethical behaviour by its employees, including email updates regarding key policies, new employee onboarding with respect to key corporate policies (including the Code of Ethics and Business Conduct and Whistleblower Policy), as well as anti-corruption and anti-bribery training and mitigation measures.

Aecon believes in high standards of governance, ethics, compliance and risk management. We work closely with our teams and strategic suppliers and seek to ensure that those associated with Aecon are prepared to achieve high levels of performance and accountability. We strive to ensure that our teams are well informed about Aecon’s rules and expectations and that they have the tools and training they need to manage risk in their individual areas of work.

Activities and Supply Chain

Aecon works with more than 8,000 suppliers and contractors. We are committed to carrying out our business in a way that is respectful of human rights. As such, we strive to do business with individuals and organizations that conduct themselves in the same way. Aecon suppliers must:

- Agree to be bound by Aecon's Supplier Code of Conduct;
- Take reasonable steps to identify, assess and address risks of forced- and child-labour practices in the operations and supply chains used in the provision of any goods and/or services to Aecon;
- Respect and abide by the laws, customs and business practices of the countries (including, without limitation, applicable health and safety and environmental legislation) in which the activities with Aecon are to be carried out; and
- Comply strictly with the human rights principles set out in Aecon's Human Rights Policy.

Before becoming an approved supplier to an Aecon-led project, suppliers must complete a pre-qualification questionnaire designed to understand the prospective suppliers' policies and processes for identifying and prohibiting the use of forced and child labour. Responses are reviewed by a centralized vendor master team that determines if a third-party open-source investigation is required. Suppliers identified as carrying a high risk are monitored and an open-source investigation will be repeated annually starting in 2024, where appropriate.

Procurement

While the direct and indirect procurement of goods, materials and services is conducted primarily with Canadian suppliers, the manufacture of certain products, and procurement of certain goods and services, may take place outside of Canada.

Procurement with Aecon's strategic suppliers is managed at a corporate level, while operational procurement is conducted by operations staff located at segment offices and project sites. All Aecon-led projects utilize a corporately maintained enterprise resource planning solution where supplier master data is housed. All new supplier setups for Aecon-led projects are administered by a centralized corporate vendor master team.

The delivery of projects utilizing Aecon's "self-perform" method (i.e., without the use of subcontractors) involves the direct procurement of goods, materials and services by the construction site or segment office. Goods and materials directly procured in this way vary depending on the scope of the project and may include structural steel, reinforcement steel, concrete, aggregates, fuel, electrical and mechanical equipment, industrial consumables and other typical construction materials. This project delivery method may also require the procurement or rental of specialty construction equipment. Directly procured services may include design services, hydrovac excavation, crane services, engineering and installation of scaffolding. Delivering projects utilizing this "self-perform" method may also utilize Aecon labour.

Use of Subcontractors

Goods, materials and services may also be indirectly procured by Aecon through our subcontractors. The engagement with subcontractors for the procurement of goods, materials and services is conducted by construction sites or segment offices utilizing a centralized Enterprise Resource Planning system. A centralized corporate strategic sourcing team manages supplier relationships for some key strategic goods and services. Annual performance reviews are conducted with key strategic suppliers.

When delivery of a project involves the use of subcontractors, the work performed by subcontractors may include the supply of goods or materials, as well as installation utilizing the subcontractors' labour. The labour and material components of subcontracted work vary depending on the scope of the work and trade.

International Pursuits

Aecon has a compliance program for international projects, starting at the bid or pursuit stage. Procedures and compliance programs are customized for each jurisdiction during the active construction and/or operations stage and employees with a legal, finance, procurement or HR function who are operating in offices or project sites abroad receive in-person compliance training on an annual basis. For example, as part of our port modernization project in Kingstown, Saint Vincent and the Grenadines, we delivered tailored in-person training to the project team in January 2023 with respect to Aecon's anti-bribery, anti-corruption and procurement protocols and policies.

POLICIES AND DUE DILIGENCE

Over the years, Aecon has developed a number of policies and operating procedures to help ensure activities and business at Aecon, including those by our vendors and suppliers, are carried out in a responsible and efficient manner. Policies are developed by subject matter experts and are regularly reviewed and updated as needed.

As part of Aecon's efforts in 2023 to mitigate risks of modern slavery, we reviewed and updated relevant policies and processes to more expressly address modern slavery concerns and Aecon's position against these practices. Of note, we have made updates to our Human Rights Policy, Supplier Code of Conduct, online vendor terms and conditions, and our contract templates for work with our suppliers and vendors. These updates help ensure that, among other things, Aecon's suppliers and vendors (i) are aware of and comply with applicable laws pertaining to forced and child labour; and (ii) take reasonable steps to identify and address risks of forced- and child-labour practices in the operations and supply chains used in performing their obligations to Aecon.

Key Policies and Documents

Human Rights Policy – Our Human Rights Policy, which was most recently updated as of January 2024, confirms Aecon's commitment to three pillars: (i) the duty to protect human rights; (ii) the corporate responsibility to respect human rights; and (iii) access to remedy for victims of business-related abuses. This policy sets a standard for how Aecon employees, contractors and service providers should act in carrying out business and emphasizes our commitment that everything we do must respect the highest standards to prevent human trafficking and modern slavery. The policy also emphasizes our commitment to protecting our employees, contractors, partners and clients from any form of modern slavery and human trafficking, and it highlights many of the steps Aecon has taken to mitigate the risk of human trafficking and forced and child labour.

Code of Ethics and Business Conduct – Aecon’s Code of Ethics and Business Conduct seeks to guide behaviour related to Aecon business and to help ensure that Aecon maintains the standard of a highly ethical and professional public corporation. The Code of Ethics and Business Conduct supports Aecon’s corporate values, specifically to “preserve the highest standards of honesty, integrity and business ethics; promote equality of opportunity and cultural diversity within Aecon; ensure safety in all our activities; foster protection of the environment; and maintain an open, empowering and rewarding workplace,” and it sets out fundamental principles that guide the Board in its deliberations and shape Aecon’s business activities. Each officer and employee of Aecon is required to complete, when they join Aecon and on a biennial basis thereafter, a Code of Ethics and Business Conduct online training module within Aecon University, Aecon’s learning vehicle for delivering professional development and training opportunities. New employees must review the Code of Ethics and Business Conduct and acknowledge adherence to it when they join Aecon. Moreover, members of the Board are required to provide, on an annual basis, a Certificate of Acknowledgment and Compliance with the Code of Ethics and Business Conduct.

Whistleblower Policy – Aecon’s Whistleblower Policy supports our continued commitment to honesty and integrity in the conduct of its business. The Whistleblower Policy has been updated several times since its initial adoption to continue to meet best practices. Among other features, the Whistleblower Policy provides a mechanism for anonymous complaints to be made directly to the Chair of the Board’s Audit Committee or to the General Counsel, Public Company & Corporate Secretary or via Aecon’s Ethics Hotline – an anonymous reporting line managed by an independent third party.

Supplier Code of Conduct – The strength of Aecon’s business and reputation is based not solely upon its conduct, but also on the behaviour of those with whom Aecon conducts its business. Aecon’s Supplier Code of Conduct reflects the core values, beliefs and business practices of Aecon and its expectations of suppliers, contractors, consultants, agents and other suppliers of goods and services when conducting business with, for and on behalf of Aecon. Compliance with the Supplier Code of Conduct is a fundamental requirement of all contractual agreements between Aecon and its suppliers, whether or not specifically referenced by or incorporated into those agreements. The Supplier Code of Conduct, which was most recently updated as of January 2024, requires that all suppliers comply with our Human Rights Policy and take reasonable steps to identify and address risks of forced- and child-labour practices in the operations and supply chains used in performing their obligations to Aecon. Additionally, if at any time a supplier becomes aware of forced- or child-labour practices in its operations or supply chains, the Supplier Code of Conduct requires that the supplier as soon as reasonably practicable take all reasonable action to address or remove these practices, including where relevant by addressing any practices of other entities in its supply chains.

Anti-Corruption and Anti-Bribery Policy – Aecon’s Anti-Corruption and Anti-Bribery Policy reflects the core values, beliefs and business practices of Aecon with respect to competition and its expectations of employees as well as suppliers, contractors, consultants, agents and other suppliers of goods and services when conducting business with, for and on behalf of Aecon. This policy, together with the mandatory annual in-person anti-corruption and anti-bribery training, prescribes behaviours and procedures that seek to mitigate risks by providing an understanding of anti-corruption and anti-bribery risks and how to avoid them, as well as establishing reporting obligations for certain types of events and interactions with public officials. Managers responsible for compliance must complete the Anti-Corruption Certificate Program from the Canadian network of the UN Global Compact, while relevant employees complete mandatory annual in-person anti-corruption and anti-bribery training.

Terms and Conditions for Vendors – Our standard terms and conditions of purchase govern where no other terms or conditions have been formally agreed to. These terms and conditions, which were most recently updated as of January 2024, require, among other things, compliance with relevant laws and Aecon’s Supplier Code of Conduct.

Contract Templates – Our contract templates have been updated, most recently in January 2024, to include standard contractual terms highlighting and addressing modern slavery issues and concerns, as well as to require those we do business with to take reasonable steps to identify and address risks of forced- and child-labour practices in their operations and supply chains.

Vendor Pre-qualification Screening Survey – This survey focuses on understanding potential suppliers’ policies and processes for identifying and prohibiting the use of forced and child labour. Certain responses may trigger a third-party open-source investigation and may result in a supplier being monitored more closely with open-source investigation repeated annually, as appropriate.

Many of the above-noted documents, including our Supplier Code of Conduct, Code of Ethics and Business Conduct, Human Rights Policy, Whistleblower Policy and default Terms and Conditions for Vendors, are also available in their entirety from the Resources page of our [website](#). Additional information on a number of these policies is available in our Management Information Circular available on [sedarplus.com](#).

FORCED LABOUR AND CHILD LABOUR RISKS AND MANAGEMENT

Our Canadian operations are at low risk for forced labour and child labour due to the legal frameworks mandated at both the federal and provincial levels and a commitment to implementing those laws. However, we have embraced the [Global Slavery Index 2023](#) to take into consideration the standings of different countries, if we are or are considering doing business in these regions.

During the fiscal year covered by this report, 95% of Aecon's spend for contract costs pursuant to Aecon-led projects was with Canadian entities while 3% was with American suppliers and subcontractors. The remaining international engagements, making up 2% of such spend, included dealings with goods and services providers in the Netherlands, Bermuda, Saint Vincent and the Grenadines, United Kingdom, Türkiye, Bahrain, Anguilla, Switzerland, France, India and to a lesser degree with suppliers and subcontractors in Spain, Mexico, Italy, Barbados, China, Ireland, Grenada among other overseas countries. Typical goods and services sourced outside of Canada and the United States included geotextiles, steel, electrical supplies, design services and consultation services. We have cross-referenced the above list of countries against the Global Slavery Index 2023, identifying the United States, Türkiye and China as the geographic areas that have the potential to pose the greatest risk of forced or child labour in Aecon's supply chain.

STEPS TAKEN IN THE PREVIOUS YEAR

As mentioned throughout this report, in the fiscal year of 2023, Aecon has taken a number of steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by Aecon or goods imported into Canada by Aecon. These steps include, but are not limited to:

- Conducting an internal assessment of risks of forced labour and child labour in our activities and supply chains.
- Addressing practices in our activities and supply chains that increase the risk of forced labour or child labour.
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour or child labour in our activities and supply chains.
- Developing and implementing anti-forced-labour and anti-child-labour contractual clauses.
- Engaging with key strategic suppliers to address the issues of forced labour and child labour.
- Enhancing our supplier onboarding pre-qualification questionnaire to more directly address potential concerns of forced or child labour.
- Updating our Supplier Code of Conduct to require that suppliers take reasonable steps to identify, assess and address risks of forced and child labour practices in the operations and supply chains used in the provisions of any goods or services.

In coming years, Aecon will:

- Continue to map its activities and supply chain with a view to forced- and child-labour risks.
- Continue to evolve and expand our due diligence process, including developing a stand-alone anti-modern slavery questionnaire for suppliers and vendors.
- Develop a new, stand-alone, human rights due diligence standard operating procedure.
- Develop training for Aecon employees to increase awareness around forced labour and child labour as well as Aecon's risk-mitigation process.
- Integrate forced- and child-labour risks into Aecon's Enterprise Risk Management process, which identifies potential events that may affect Aecon, manages risk to be within Aecon's risk appetite and provides reasonable assurance regarding the achievement of Aecon's objectives.

REMEDATION MEASURES

At this time, Aecon has not identified instances of forced or child labour in its activities or supply chains. As such, no remediation measures have been taken to date. Aecon will continue to assess its activities and supply chains and consider appropriate means of remediation for forced or child labour should they arise.

REMEDATION OF LOSS OF INCOME

Aecon is not currently aware of any instance where its efforts to prevent and reduce the risk of forced or child labour in its activities or supply chains contributed to a loss of income for vulnerable families.

TRAINING AND CAPACITY BUILDING

All salaried employees are required to complete Aecon's Code of Ethics and Business Conduct training within thirty (30) days of joining Aecon, or as soon as possible thereafter, and renew such training in each biennially. Aecon intends to incorporate training regarding the awareness and prevention of modern slavery issues into its Code of Ethics and Business Conduct training.

MEASURING EFFECTIVENESS

Aecon does not yet have a formal process for measuring effectiveness in the mitigation and prevention of forced and child labour risks other than a periodic review of our activities, suppliers and supply chain. Where we have identified suppliers as having a higher potential risk of non-compliance or forced or child labour, we initiate an open-source third-party investigation at initial engagement, which will be repeated annually starting in 2024. Going forward, we will work to develop a more formal process.

FORWARD-LOOKING INFORMATION

The information in this report includes certain forward-looking statements which may constitute forward-looking information under applicable securities laws. These forward-looking statements are based on currently available information and operating plans but are subject to risks and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations of the business, the addressing of future complex challenges (including the imperative to rapidly advance the energy transition), Aecon's human rights commitments, statements regarding suppliers, vendors or contractors continued compliance with Aecon's codes, policies and contract terms, Aecon's ability to meet its proposed objectives and next steps, Aecon's ability to effectively measure the effectiveness of its mitigation and prevention efforts. Forward-looking statements may in some cases be identified by words such as "may," "will," "expects," "target," "future," "plans," "believes," "anticipates," "estimates," "potential," "seek," "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 risk of receiving untruthful or inaccurate responses or information from suppliers, the risk of changes in Aecon's supply chain due to project requirements or the availability of materials, goods and services. These forward-looking statements are based on a variety of factors and assumptions including, but not limited to that: there are no unforeseen changes to economic and market conditions, and no significant events occur outside the ordinary course of business. These assumptions are based on information currently available to Aecon. Additional information about these factors and assumptions underlying such forward-looking statements can be found in our filings with the Canadian securities regulatory authorities on [sedarplus.com](https://www.sedarplus.com), including our most recent annual information form and management's discussion and analysis. 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.

APPROVAL AND ATTESTATION

This report was approved by the Board of Aecon Group Inc. on behalf of Aecon on March 5, 2024, pursuant to section 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

For clarity, I have provided the attestation above in my capacity as a director and officer of AGI and not in my personal capacity.



Jean-Louis Servranckx

President and Chief Executive Officer, Director

I have the authority to bind Aecon Group Inc.

March 5, 2024

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