

Our Scope 3 Carbon Emissions Program

KEY TAKEAWAYS

AECOM's Construction Management business is leading the way on decarbonizing construction using three key strategies – project measurement, project reductions, and industry reductions.

Three different Scope 3 categories are material to our business:

1. Purchased goods and services
2. Waste generated during operations
3. Business travel

By publishing our Scope 3 approach, we continue to lead in decarbonizing construction.

Leadership requires that we lean into challenges, even when the outcome is uncertain. To decarbonize construction, AECOM's Construction Management (CM) business has identified **three key strategies** in our effort to achieve AECOM's net zero ambitions:

1. Project Measurement

Our efforts to decarbonize are underpinned by the need for accurate data. For new projects over \$100M, we aim to measure carbon for concrete and structural steel at a project-specific level, instead of using industry averages. We are determined to put the era of estimation behind us.

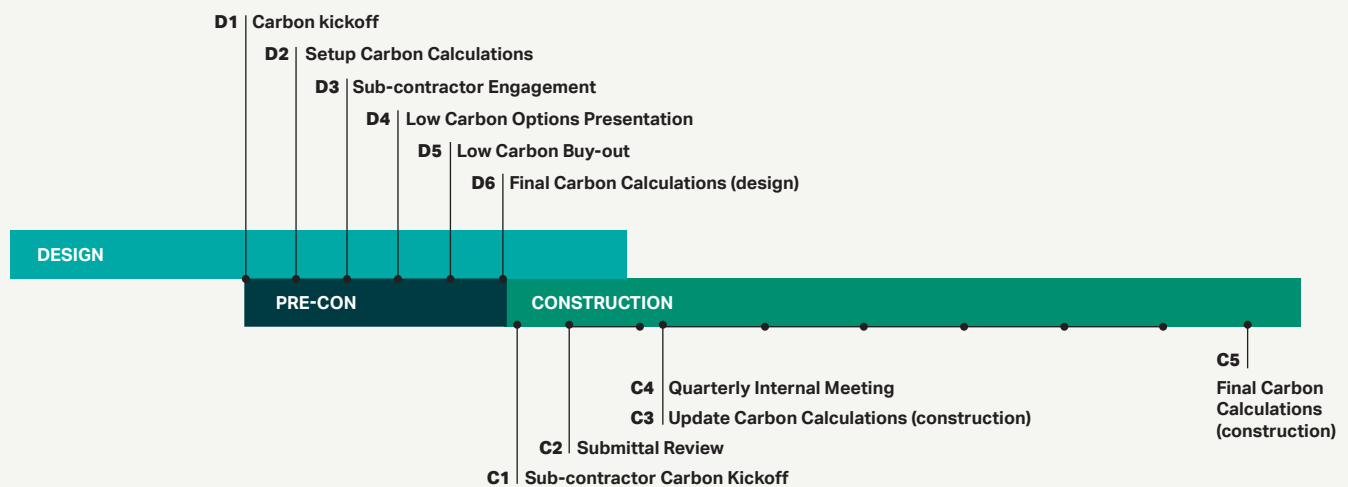
2. Project Reductions

We have discovered early engagement in the pre-construction phase can reduce carbon emissions for concrete and steel with little to no cost premium. Our embodied carbon workflow (see below) offers a step-by-step approach to deliver lower carbon materials while managing cost and schedule risks. Key activities include aligning goals among the design team, owner, and construction manager, and engaging the supply chain before awarding contracts.

3. Industry Reductions

As one of the largest contractors operating in the United States, we are part of a construction materials ecosystem that is working very hard to decarbonize. Although we lack direct leverage with material manufacturers, we engage the supply chain through our Supplier Engagement Program to signal demand for low carbon materials. We also monitor new companies with breakthrough technologies in concrete and steel, facilitating their market growth where appropriate.

Embodied Carbon Project Measurement Workflow



Greenhouse Gas (aka Carbon) Emissions Reporting – Scope 1, Scope 2, and Scope 3



Scope 1 Emissions

Direct emissions from sources owned or controlled by a company. Our Scope 1 emissions primarily come from tailpipe emissions from our vehicle fleet.



Scope 2 Emissions

Indirect emissions from purchased electricity, steam, heat, or cooling. Our Scope 2 emissions primarily come from utilities for our offices and jobsite trailers.



Scope 3 Emissions

Indirect emissions that occur in the value chain, both upstream and downstream. These emissions are not produced by the company but are a result of its activities. Our Scope 3 emissions are associated with the goods and services required to deliver our projects, the waste we generate, and travel not using company owned vehicles.

The Scope 3 emissions category is broad, making it difficult to convert into action. To simplify, we use the axiom, **“if it’s material to our business and it crosses our books, we own the emissions.”** While this doesn’t cover all smaller Scope 3 categories, **it helps us communicate efficiently with stakeholders and captures most of our emissions.**

Why a Public Scope 3 Document

AECOM is committed to net zero carbon emissions by 2040 with a reduction pathway validated by the Science Based Targets Initiative (SBTi). SBTi is considered the gold standard for net zero carbon commitments.

A McKinsey Sustainability 2022 analysis of the Carbon Disclosure Project (CDP) database showed that “Scope 3 emissions typically represent about 90 percent of total emissions.” For AECOM, this figure was 97% in FY24, with 80% of those emissions originating in the CM business. Understanding the drivers of these emissions inside CM is crucial for reducing AECOM’s carbon footprint and decarbonizing one of the hardest-to-abate sectors: construction.

As leaders in sustainable construction, we are sharing our approach to addressing Scope 3 emissions, hoping to inspire others in the industry to follow suit. Decarbonizing construction at scale will require collective action.

How We’re Decarbonizing Construction to Meet our Net Zero Commitment



All Projects

Addressing opportunities early, in partnership with project stakeholders to de-risk low carbon material procurement



Zero Carbon Concrete Diligence

Due diligence on zero carbon cement startups, developing test programs and piloting test pours



Jobsite Decarbonization

Electrified construction equipment, investigating battery storage paired with diesel generators



Supply Chain Engagement

Proactive engagement with sub-contractors, and material manufacturers; market signalling demand for low carbon materials



Industry Collaboration

Leading industry groups and initiatives pull the market toward carbon reductions



Circularity

Developing partnerships with manufacturers to facilitate drywall, glass, ceiling and carpet circularity programs on jobsites

Our Commitment to Achieve Net Zero Carbon Emissions

As part of AECOM's commitment, we have established the following targets:

- **Science Based Net Zero by 2040**
 - 60% reduction in Scope 1 & 2 emissions by 2030
 - 50% reduction in Scope 3 emissions by 2030
 - 90% reduction by 2040 of total emissions before neutralizing the remainder
 - Baseline year is 2018
- **Operational Net Zero every year from 2021 onward** (reducing Scope 1 and 2 emissions in line with 1.5C reduction and offsetting the remainder annually)



Learn more about our **Sustainable Legacies**

Our Science Based Net Zero target was validated by SBTi, making AECOM the first large US construction company to achieve this milestone.

Our Net Zero Progress and What Lies Ahead

AECOM FY24 GHG Emissions Inventory			
Unit: (tCO2e)	FY18	FY24	% Change from Baseline
Scope 1	25k	29k	+16%
Scope 2	47k	23k	-52%
Scope 3	2.19M	1.74M	-20%
CM Scope 3	1.75M	1.40M	-20%
Total	2.26M	1.80M	-20%

The table above shows 97% of AECOM's total carbon emissions are Scope 3, and AECOM's Construction Management business is the primary driver of the company's Scope 3 emissions.

Like many others, our net zero journey focuses on Scope 3 emissions in our supply chain. However, the fragmented construction supply chain, the industry's difficulty in decarbonizing, and its slow adoption of change pose significant challenges. Root causes include heavy regulation, custom solutions for commercial buildings that limit the value of new materials or processes, and intense competition reducing profit margins along with the appetite for risk.

Scope 3 Categories

Upstream	Downstream
Purchased goods and services	Downstream Transportation & Distribution [R]
Capital goods [R]	Processing of Sold Products [R]
Fuel and Energy Related Activities [D]	Use of Sold Products [R]
Upstream Transportation & Distribution	End-of-Life Treatment of Sold Products [R]
Waste Generated in Operations (construction waste)	Downstream Leased Assets [R]
Business Travel	Franchises [R]
Employee Commuting	Investments [R]
Upstream Leased Assets [R]	

Color Key:

Measure and Disclose

Monitor

Exclude

Exclusion Rationale Key:

[R] – low business relevance

[D] – lack of available data

AECOM Scope 3 Emissions Boundary and Materiality

To determine AECOM's Scope 3 emissions boundary and materiality of the 15 upstream and downstream categories identified in the Greenhouse Gas (GHG) Protocol we used a concentric circle approach:

- 1 Engage internally, leveraging decades of experience and a deep understanding of the construction business.
- 2 Review Scope 3 standards and reports including the GHG Protocol, SBTi draft guidance, and CDP Reports.
- 3 Perform an industry scan to understand how our peers are addressing these issues.

From this effort, and aligned with the approach taken by other construction leaders, we used the following classifications for the 15 upstream and downstream Scope 3 categories in the GHG Protocol:

Measure and Disclose

Scope 3 categories and activities within the company that have been determined to be (a) materially relevant, (b) with emissions of significant size, and (c) the data is reasonably available for collection. Emissions from these categories and activities will be disclosed in our annual emissions inventory.

Monitor

Scope 3 categories and activities that are not currently materially relevant but could become so by reaching the emissions significance threshold (10% in aggregate) and/or an improved ability to collect data. Emissions from these activities will not be measured rigorously nor disclosed in our annual emissions inventory, but they will be monitored and assessed annually.

Exclude

Scope 3 categories and activities that are not currently materially relevant and will not become so in the future. Emissions from these activities will not be measured, monitored, nor disclosed in our annual emissions inventory.

Further Detail on Material Scope 3 Categories

Purchased Goods & Services

Materially Relevant to CM: Yes **Measure & Disclose**

Why: Construction materials (e.g., steel, concrete) purchased through sub-contractors make up 94% of our Scope 3 emissions. We can attempt to influence these purchasing decisions.

Upstream Transportation & Distribution

Materially Relevant to CM:

Not Currently, Potentially in Future **Monitor**

Why: Emissions from transporting construction materials are tied to our projects, and captured by Phase A4 in Life Cycle Assessments that measure carbon. Currently, data is limited, but we are working to improve visibility and account for these emissions.

Waste Generated in Operations

Materially Relevant to CM: Yes **Measure & Disclose**

Why: Demolition and construction waste are significant for our business, and it is an important issue for our clients. We can attempt to reduce emissions by improving recycling rates. These emissions are partly accounted for in industry-level factors, but we aim to report project-specific emissions.

Business Travel

Materially Relevant to CM: Yes **Measure & Disclose**

Why: Although limited compared to supply chain emissions, business travel emissions are significant relative to Scope 1 and 2. Stakeholders frequently inquire, so we include them in our disclosures. We have some control over travel methods, like rail vs. air travel.

Employee Commuting

Materially Relevant to CM:

Not Currently, Potentially in Future **Monitor**

Why: Employee commuting affects all employees traveling to job sites and offices. Data is currently limited, but we are exploring ways to improve data availability.

AECOM's Reporting and Engagement Practices

Transparency is crucial for achieving Net Zero. This Scope 3 document is a commitment to increasing transparency around our CM value chain emissions to improve our business, meet stakeholder needs, and drive progress in decarbonizing construction.

AECOM publishes GHG data and key ESG initiatives in the **Annual Report** and provides detailed information in the annual **Sustainability Report**. We also respond annually to CDP, detailing our climate strategy, risks, opportunities, and granular data.

We are committed to collective action through these pledges:



We share our performance with clients and investors through the following platforms:



and other investor ratings agencies

We have received these awards for our work:



While we report to the above organizations from a global perspective, we also engage the US construction industry through partnerships with:

