Climate-related Financial Disclosure

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)
ATKINSRÉALIS

2022 REPORT

AtkinsRéalis

ABOUT THIS REPORT

This report ("Report") covers the activities of AtkinsRéalis (as defined below) from January 1st, 2022 to December 31st, 2022. All the information presented herein is the responsibility of management and was approved by the Board of Directors ("Board"). This report has been prepared by management in accordance with the guidance from the Task Force on Climate-related Financial Disclosures (TCFD). This TCFD report relates to the activities, brands, products, and services associated with AtkinsRéalis. Reference to the "Company" or to "AtkinsRéalis" means, as the context may require, SNC-Lavalin Group inc. and all or some of its subsidiaries or joint arrangements or associates, or SNC-Lavalin Group inc. or one or more of its subsidiaries or joint arrangements or associates. AtkinsRéalis assumes no responsibility to any party in respect of or arising out of or in connection with this document and/or its contents or reliance thereon. This document and its contents have been prepared and are intended solely as information for AtkinsRéalis. Our intended audience for this Report includes our employees, clients, investors, and other stakeholders.

CONTENTS

Message from our President and CEO

The need for action on climate change has never been more urgent. In 2022 record breaking climate-related headlines were alarmingly frequent, with sweltering temperatures across Europe throughout the summer, and disastrous floods seen in Pakistan that displaced over 33 million people – there is no excuse to delay action. AtkinsRéalis' purpose, "Engineering a better future for our planet and its people", is now more important than ever.

AtkinsRéalis is proud to be working alongside clients at the forefront of the global transition to clean energy and transport, and the decarbonisation of the built environment. We have a crucial role to play to reduce greenhouse gas emissions and minimize the environmental impact of new infrastructure, and at the same time we must adapt to the unavoidable impacts of climate change.

We are on a journey towards embedding climate resilience and sustainability throughout our business operations and activities. We are also enhancing our capacity to continue delivering for our clients in this ever-changing world, while meeting our commitments to the planet.

To enhance climate resilience across the global economy, the Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD). In 2017, the Task Force developed a framework for companies and institutions to disclose their material risks, opportunities, and impacts arising from climate change and the transition to net zero.

This report sets out our progress in implementing the TCFD recommendations, which includes proactively managing our climate-related risks and positioning AtkinsRéalis to capitalize on the array of opportunities presented by the transition to a sustainable future. It also strengthens our commitment to continue to enhance our climate change performance, delivering better outcomes for our clients and the communities in which we work.

IAN L. EDWARDS
President and Chief Executive Officer, AtkinsRéalis

1 OVERVIEW OF OUR TCFD REPORT

In 2017, the Task Force on Climate-Related Financial Disclosures (TCFD) developed eleven recommendations to enhance an organization's climate-related governance, strategy, risk management, and metrics and targets. Six years later the TCFD recommendations have been widely adopted across the globe as part of best practice in preparing for climate change and the transition to a Net Zero climate resilient economy.

Organizations are encouraged to implement the recommendations across their businesses and operations, and annually disclose their progress and performance under each recommendation. TCFD disclosures have been endorsed by the G20[1] and have become mandatory in several major economies. The disclosures aim to enhance transparency and provide material information to stakeholders, investors, customers, and the public about an organization's climate-related risks and opportunities:

- Physical risks – related to the physical impacts of climate change. These can be event driven, short-term acute impacts (e.g. extreme weather, flooding) or chronic impacts from longer-term changes in climate (e.g. sea level rise, temperature rise). These risks have direct and indirect financial implications on organizations and their supply chains.
- Transition risks – related to the transition to a low-carbon, climate resilient economy. The transition will entail extensive changes across policy, regulation, technology, markets, and societal preferences. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- Climate-related opportunities - Efforts to mitigate and adapt to climate change create opportunities for organizations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience in supply chains.

[1] https://www.fsb-GIFCC.org/press/statement-of-michael-r-bloomberg-on-the-g20s-support-of-GIFCC-framework/

AtkinsRéalis is a global leader in developing solutions for a low carbon, sustainable, and resilient future.

We have pledged our commitment to meeting net zero, and we have been disclosing our climate change performance for over a decade through CDP.

We have embarked on embedding the TCFD recommendations across AtkinsRéalis, and we are proud to be voluntarily publishing our first TCFD disclosure ahead of any mandatory reporting requirements in Canada. We have undertaken work through our internal TCFD program to benchmark ourselves against the TCFD recommendations, and many of our ongoing strategic and environmental, social, and governance (ESG) initiatives have already put us in a strong position.

The table on the following page summarizes our progress against the eleven TCFD recommendations, and further detail is provided in each chapter of the report. Key highlights in the report include:

- The Board and senior management's oversight with regard to climate-related risks and opportunities
- The various external and internal strategies and programs related to climate risks and opportunities
- The key climate risks and opportunities we have identified, and our strategic response options under different climate scenarios
- The processes for identifying and managing climate-related risks across our business and our projects
- Our key targets, our metrics related to greenhouse gas (GHG) emissions, and the progress we are making to develop further metrics and targets
- The next steps we have identified to further enhance our performance in relation to climate change and preparing for a net zero future

Going forward, we will be building on what we have learned from developing our first TCFD disclosure to further enhance our alignment to the TCFD recommendations. Through continued work to build our capacity, we will mitigate our climate-related risks, ensure we can capitalize on opportunities as they arise, and better support our clients to meet the net zero challenge.

Summary of our TCFD Disclosure

Governance

TCFD Recommended Disclosure	Summary of our 2022 TCFD disclosure	Our aims for future TCFD disclosures
a. **Describe the Board's oversight of climate-related risks and opportunities**	Our disclosure includes how AtkinsRéalis is structured and governed to deliver high performance related to climate change, including the role of our Board committees and Chief ESG & Integrity Officer.	The Board and senior management will continue to improve their awareness about their role with managing climate-related risks and opportunities. We will continue to integrate consideration of climate resilience and net zero into our business planning and strategic decision making.
b. **Describe the management's role in assessing and managing climate-related risks and opportunities**	Our disclosure includes how senior management are integral to assessing and managing risks at the enterprise level and project level. We have explained how senior management is incentivized to deliver action on sustainability. We have explained how senior management has overseen and steered work undertaken through our TCFD program.	We will continue to expand our TCFD program to cover all segments of our business, and foster collaboration across senior management, in order to implement the TCFD recommendations and enhance our climate change performance.

Strategy

TCFD Recommended Disclosure	Summary of our 2022 TCFD disclosure	Our aims for future TCFD disclosures
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	Our disclosure includes the key physical and transition risks and climate-related opportunities we have identified through analysis and engagement with leads across AtkinsRéalis.	We will further develop our understanding and assessment of climate-related risks and opportunities – including further analysis across our major projects, Capital investments, and Operations & Maintenance (O&M) contracts.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Our disclosure explains how both our external and internal strategies and programs have integrated climate-related risks and opportunities. We have described some of the key financial impacts we have identified if we fail to manage risks, and if we successfully realize opportunities.	We will further develop our understanding of the impacts of climate-related risks and opportunities – including considering approaches to quantify impacts.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have undertaken climate scenario analysis by considering two contrasting scenarios out to the year 2050: a '1.5°C Rapid Orderly Transition' scenario, and a '3-4°C Current Policies' scenario. We have described our strategic response options under each scenario and the resilience of our business and strategy.	We will continue to enhance our strategies and programs over time to improve our climate change performance, including incorporating climate scenario analysis into our market planning.

Risk Management

TCFD Recommended Disclosure	Summary of our 2022 TCFD disclosure	Our aims for future TCFD disclosures
a. **Describe the organization's processes for identifying and assessing climate-related risks.**	Our disclosure includes how AtkinsRéalis identifies and assesses risks and opportunities at the enterprise level and at the project level, through processes such as horizon scanning, risk screening, project risk categorization, and risk assessment.	We will enhance our processes and systems to strengthen how climate-related risks and opportunities are identified, assessed, and managed. This includes in our risk management systems, health safety & environment (HSE) systems, and business resilience and continuity systems. We will provide further detail about how our internal systems and initiatives are integrating climate change considerations to enhance how we manage risks and opportunities.
b. **Describe the organization's processes for managing climate-related risks.**	Our disclosure includes how AtkinsRéalis manages risks and opportunities through a process of periodic reviews involving teams from across the Company, and the process for escalating risks where appropriate.	
c. **Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**	We have highlighted where climate change is specifically considered and integrated into our risk management processes and systems.	

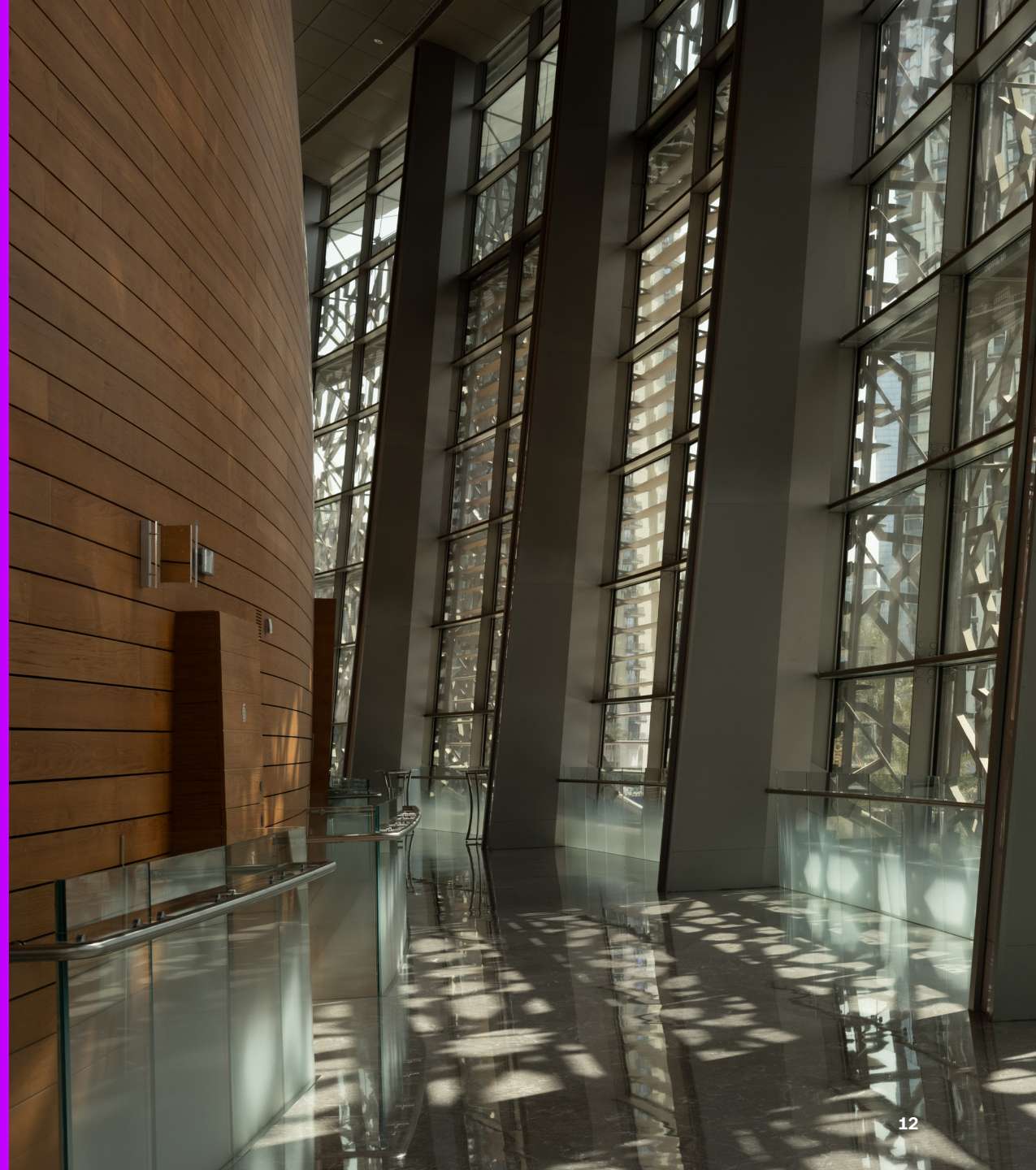
Metrics and Targets

TCFD Recommended Disclosure	Summary of our 2022 TCFD disclosure	Our aims for future TCFD disclosures
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our disclosure includes our progress with developing climate-related metrics and targets, and our next steps. We have described how we are continuing to explore approaches to drive action on climate change, through incentivizing management to deliver sustainability actions, and considering implications of internal carbon pricing.	We will continue to develop our climate-related metrics and targets so that we enhance our understanding of the impact of climate-related risks and opportunities, and our progress towards managing risks and meeting our targets.
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Our disclosure includes our scope 1, 2, and some of our scope 3 greenhouse gas emissions from the last four years, as well as our projected 2030 emissions from our net zero Routemap.	In 2023, we are investigating how we capture and report scope 3 emissions, with the view to developing a more complete understanding of which scope 3 categories are material to our operations and activities.
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have included our key targets related to our financial performance, GHG emissions reduction, and sustainability	In addition to enhancing our ESG targets to align with our latest ESG materiality assessment, we will continue to consider setting targets to drive our climate change performance.

Summary of AtkinsRéalis' Key Climate-related Risks and Opportunities

The key climate-related risks and opportunities we have identified over the coming decades to the year 2050 are summarized below. These potential risks require further investigation, and ongoing work is underway to enhance our actions to manage climate risks and opportunities.

Based on our qualitative assessment, the opportunities outweigh the risks[2] , provided we can effectively position AtkinsRéalis to be fit for the future and to play a major role in delivering net zero and climate resilience. Further detail is provided in the Strategy chapter of this report.



[2] Pending further investigation and quantitative assessment

Transition Risks

- Potential to lose out on key net zero climate resilient market opportunities because our competitors are perceived as having better experience, tools, approaches, or ESG credentials
- Limitations on AtkinsRéalis' capacity and readiness to deliver net zero climate resilient projects across the global markets we serve, including constraints related to our partners / supply chain
- Uncertain growth forecasts in some markets due to potential policy change and differences between countries' approach and pace with transitioning to net zero, causing clients to delay or re-direct investment
- Medium to long-term exposure of some of our Capital investments, O&M contracts, and major projects as the economy transitions to net zero

Physical Risks

- Potential for greater business impacts due to physical climate risks, which can disrupt projects and pose health and safety concerns for employees
- Potential for increased exposure to liability claims if our services and designs are not resilient to increasing climate impacts
- Mid to long-term exposure of some of our Capital investments, O&M contracts, and major projects as the physical impacts of climate change become more prevalent
- Investment by some clients being delayed or re-directed in order to manage or respond to physical climate risks

Climate-related Opportunities

- Significant opportunities exist across all market sectors to support clients to decarbonize and transition their businesses to be net zero and climate resilient
- Significant opportunities exist in renewable energy, energy networks, energy efficiency, nuclear, decarbonizing buildings, electric vehicle (EV) infrastructure, low-carbon mass transit, critical minerals, and nature-based solutions
- Significant opportunities exist in climate adaptation and resilience, such as strengthening existing infrastructure and operations, water security, flood resilience, and environmental restoration
- Opportunities exist to expand in growing geographical markets where there will be relatively high investment to achieve net zero, for example in North America, Asia, parts of Europe, and the Middle East
- Opportunities exist to expand in emerging services and technologies, such as carbon capture, hydrogen, and battery manufacturing
- Opportunities exist to expand our innovative approaches, tools, and global collaboration to deliver net zero climate resilient projects and provide AtkinsRéalis competitive advantages

2 OVERVIEW OF ATKINSRÉALIS

AtkinsRéalis is a fully integrated professional services and project management company with over 36,000 employees and offices around the world. We create solutions that connect people, technology, and data to design, deliver, and operate the most complex projects.

We deploy global capabilities locally to our clients and deliver unique end-to-end services across the whole life cycle of an asset including consulting, advisory & environmental services, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, operations & maintenance, decommissioning, and capital.

We provide key services to enable the delivery of some of the globe's most complex engineering challenges to realize a more sustainable future for our business and the world we operate in. The following sections describe AtkinsRéalis in further detail, and explain the materiality of parts of the Company in terms of their financial and strategic significance, and the implications for our TCFD disclosure.

Our Segments

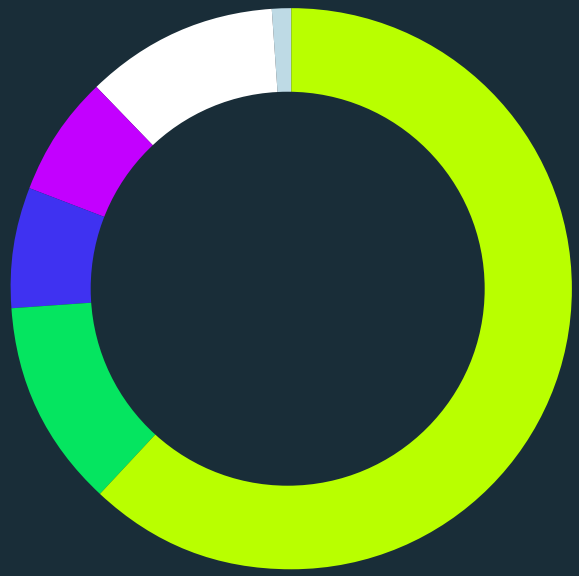
AtkinsRéalis is divided into six segments[3]: Engineering Services, Nuclear, Capital, Operations & Maintenance (O&M), Linxon, and Lump Sum Turnkey (LSTK) Projects.

Revenue in 2022 was $7.5 billion (Canadian dollars), and the chart below shows how our revenue is split across the Company's segments.

The materiality of our segments in relation to our TCFD disclosures is as follows:

- Engineering Services and Nuclear are our most material segments, based on revenue, Segment Adjusted EBIT, and employee numbers. These segments historically have higher margins and have strong growth forecasts. These segments have been the focus of our 2022 TCFD program and are considered highly material to our TCFD disclosures.
- O&M and Linxon are moderately material but represent less of AtkinsRéalis' Segment Adjusted EBIT. Capital is material based on the value of assets and the dividends these yield. Some O&M contracts and some capital investments are more material than others depending on their value, and depending on characteristics such as the duration of the O&M contract, the client, and the type/sector of the asset/project. Capital and O&M have been considered throughout our 2022 TCFD program, whereas we have not focused on Linxon in our 2022 TCFD program.
- AtkinsRéalis is exiting the LSTK projects segment, which now makes up a small minority of the Company's revenue, and should be fully exited by the end of 2024. Therefore, LSTK Projects is not discussed in this TCFD report.

2022 Revenues by Segment



- 62% Engineering Services
- 12% Nuclear*
- 7% O&M
- 7% Linxon
- 11% LSTK projects
- 1% Capital

*Roughly 35% of the nuclear revenues are from final decommissioning, waste management and environmental clean-up

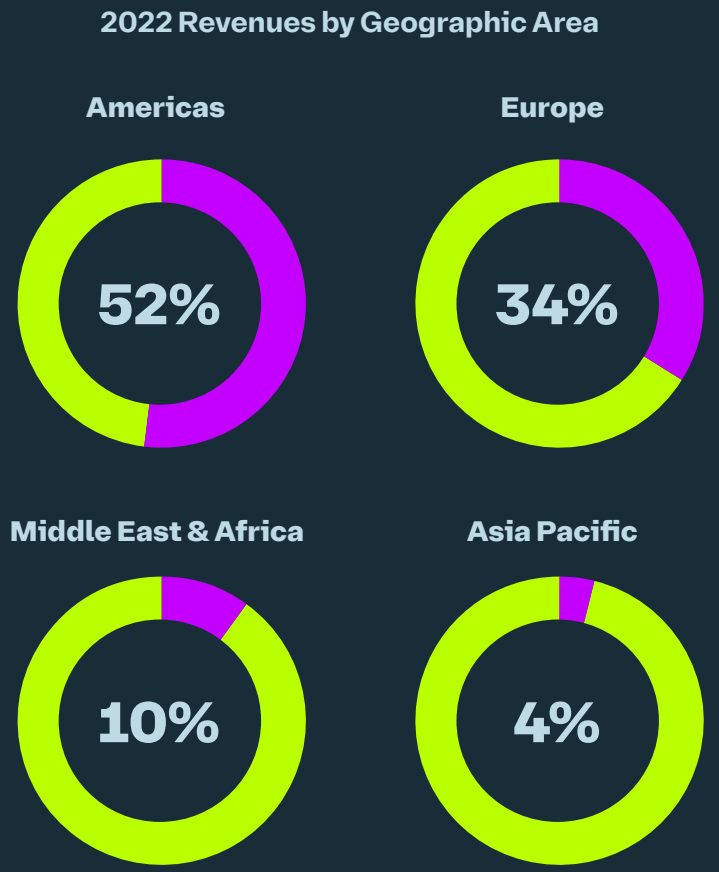
[3] For a description of the six segments, and an explanation of revenue and Segment Adjusted EBIT, please refer to our Annual report

Our Geographies

We operate globally across Canada, the UK, USA, Middle East, Europe, Asia Pacific, Latin America, and Africa. The chart below shows how our revenue is split across our operating geographies. Based on revenue and employee numbers we have defined the materiality of different geographies as follows:

- Canada, USA, and the UK are our most material geographies. Additionally, the majority of AtkinsRéalis' capital investments are located in Canada.
- Europe, the Middle East, and Asia Pacific are moderately material. In particular, we have a large number of employees in India.
- Latin America and Africa are less material based on revenue and employee numbers.

We recognise there are growth opportunities across all geographies, so our materiality assessment will continually evolve.



Our Markets

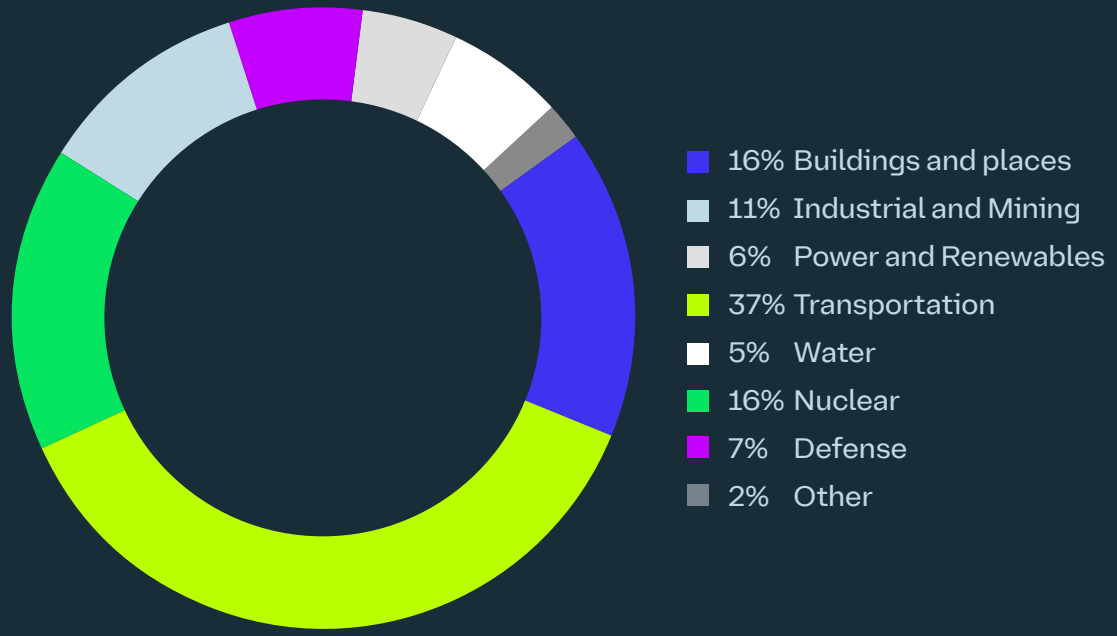
We provide our technical and advisory services across seven key end markets: Transportation, Buildings & Places, Defence, Water, Industrial & Mining, Power & Renewables, and Nuclear.

All markets will be impacted by the transition to a low carbon economy and by the physical impacts of climate change, with an array of opportunities and challenges across markets.

Based on revenue from Engineering Services and Nuclear in 2022, the two most material segments, the chart below shows the revenue split across our seven key markets.

The chart highlights that our most material markets are Transportation, Buildings & Places, and Nuclear. Impacts on these markets would be most material due to the scale of these markets for AtkinsRéalis. The Power & Renewables market is also highly material for our Company due to our growth objectives and this market represents a significant portion of our revenue when Linxon's revenue is added (not shown on this chart). Water, Industrial & Mining, and Defence are comparatively smaller markets currently, but nevertheless are key to our strategic growth. All seven markets have been considered in detail throughout our 2022 TCFD program.

2022 Revenues by Market for two segments: Engineering Services & Nuclear



Where we work

Transportation

- Rail & Transit
- Roads
- Aviation
- Ports

Nuclear

- New Build
- Reactor Support & Life Extension
- Environmental Remediation

Buildings & Places

- Cities & Communities
- Social
- Commercial
- Residential Property

Water

- Water and Wastewater Utilities – Treatment & Resources
- Environment Protection, Regulation & Resilience

Minerals & Metals

- Minerals
- Metals

Defense

- Aerospace
- Defense
- Security

Industrial

- Life Sciences / Pharma
- Advanced / Hi-Tech Manufacturing
- General Manufacturing

Power & Renewables

- Power Grids
- Hydropower & Dams
- Alternative Energies & Technologies

What we do

Consulting, Strategy & Advisory — **Engineering & Design** — **Project & Program Management** — **Project Delivery** — **Operations & Maintenance (O&M)** — **Capital** — **Decommissioning**

3 GOVERNANCE

3.1. Board Oversight

TCFD Recommendations

Describe the Board's oversight of climate-related risks and opportunities

Describe management's role in assessing and managing climate-related risks and opportunities

We have purposefully organized our governance structure to ensure performance is driven from the very top of our Company – including performance related to sustainability and climate change. Our Board members and CEO are responsible for the oversight of climate-related risks and opportunities, and several of our Board members have experience and competence with climate-related risks. We have also appointed a Chief ESG and Integrity Officer (CESGIO) to oversee and drive the enhancement of our Company's ESG and Integrity performance. Our organizational structure is shown on the next page.

Climate-related issues are a scheduled agenda item at some periodic Board meetings, and the Board has oversight of how climate-related issues are integrated into Company processes, including:

- Reviewing and guiding strategy, business plans, and annual budgets
- Reviewing and guiding risk management policies and major plans of action
- Overseeing major capital expenditures, acquisitions, and divestitures
- Setting and monitoring implementation of management's performance objectives
- Monitoring and overseeing progress against goals and targets for addressing climate-related issues.

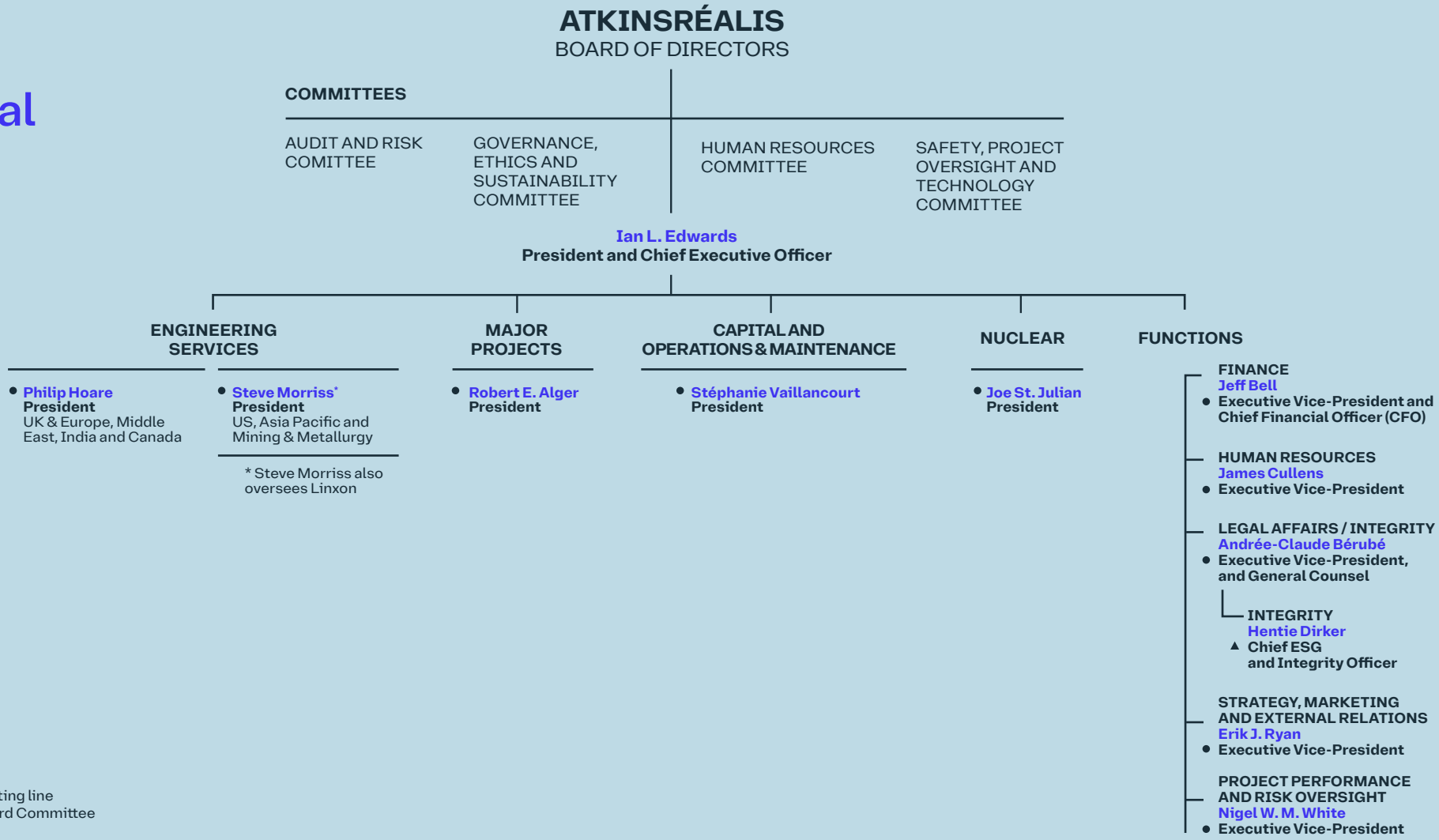
All four of our Board committees have responsibilities related to climate risks and opportunities:

- The Governance, Ethics and Sustainability Committee (GESC) assists the Board in developing the Company's approach to corporate governance and overseeing the Company's approach to integrity issues and the Company's ESG and sustainability framework, governance, and strategy. The CESGIO reports quarterly to the GESC on progress.
- The Safety, Project Oversight and Technology Committee (SPOTC) is responsible for overseeing the overall framework for managing projects, technology and health, safety, environment, and security, arising from the Company's operations and businesses, and associated risks.
- The Audit & Risk Committee (ARC) is responsible for disclosure controls and procedures, management information systems, accounting policies, auditing, financial reporting, and oversight of the enterprise risk management (ERM) program. Increasingly, the ARC will be responsible for the integration of climate risks and opportunities into financial planning and reporting.
- The Human Resources Committee (HRC) is responsible for people management systems, recruitment systems, corporate human resources policies and procedures. Increasingly, the HRC will be responsible for the framework that supports AtkinsRéalis' people and systems to enhance the Company's capacity for delivering net zero and climate change resilience.

While the ARC has primary oversight of the Company's ERM program, category-specific risks are reported to each of the relevant Board committees. The SPOTC reviews the Company's effectiveness in promoting best standards and practice, driving consistency, and assessing project risks and opportunities for the Company in a way that enhances the ability to foresee, prevent, and resolve project-related issues in a timely fashion.

Throughout 2022, the CESGIO provided updates to the GESC about the progress made through our TCFD program and our journey to embed climate and sustainability across AtkinsRéalis.

AtkinsRéalis Organisational Structure



● Executive Committee Member

▲ Reporting line to Board Committee

3.2. Management Oversight

Senior management has a key role in identifying, assessing, and managing climate-related risks and opportunities. Presidents of each of the business segments, and Executive Vice Presidents from the business functions oversee and steer the work done by their teams and are responsible for ensuring material risks and opportunities are assessed, managed, and escalated as appropriate to the relevant Board committee. Sector Presidents and functional Executive Vice Presidents hold accountability as Risk Sponsors and collectively form the Executive Committee (ExCom).

Risk Sponsors report quarterly to their respective Board committees on the Company's top risks and emerging risks, while all entreprisse risks are reviewed annually with the ARC and the Board

Further detail on our risk management systems and processes is given in the Risk Management chapter.

Within the business segments, senior managers are involved in identifying, assessing, and managing risks related to the projects we undertake with our clients. The objective is for risks to be identified and reviewed before committing to undertake projects and during critical points in a project life cycle. We are currently enhancing how climate-related risks are identified as part of this process. Risks and opportunities are also considered by AtkinsRéalis' Market Leads when developing market strategies, helping the Company to position itself favourably for opportunities while managing material risks (further detail is provided in the Strategy chapter).

ESG Steering Committee

In 2022, we established an ESG Steering Committee that consists of ExCom and the Head of Investor Relations, and is chaired by the CESGIO. The CESGIO reports quarterly to the ESG Steering Committee on progress made across the business in relation to ESG performance and initiatives, and the committee provides a forum for discussion and decision making. The CESGIO reports outcomes form the committee to the GESC and ARC.

Management incentives linked to ESG

In 2021, the Annual Incentive Plan (AIP) for senior management was restructured by the HRC to incentivize management to improve the Company's ESG performance. In 2022, the ESG measures have been expanded to include Integrity, Health and Safety, Equality, Diversity, and Inclusion (ED&I) and Sustainability measures, constituting an overall 10% of the AIP for all participants. The sustainability measure is specifically related to the development of Sustainability Management Action Plans across the business (these plans are discussed further in the Strategy chapter). The plans focus on actionable activities that deliver GHG emissions reductions within AtkinsRéalis' operations, as well as considering how we can measure the support we provide in pursuit of net zero targets for our clients.

AtkinsRéalis' TCFD program

In 2022, we applied increased focus on understanding and implementing the TCFD recommendations. We established a TCFD program steering group (PSG) with senior management from across our business functions: ESG & Sustainability, Strategy, Risk Management, Finance, Treasury, and Communications. Through our TCFD program we undertook analysis and engagement with senior stakeholders to support us with the implementation of the TCFD recommendations and to enhance our management of climate-related risks and opportunities. Our TCFD program continues to be ongoing in 2023.

4
STRATEGY

4.1. AtkinsRéalis' Climate-related Strategies and Programs

Business Strategy

TCFD Recommendations

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our 'Pivoting to Growth' strategy was launched in September 2021 and sets out our three-year plan to drive profitable growth through to the end of 2024. The strategy is underpinned by the following core elements:

- We will focus our efforts on three core regions—United Kingdom, Canada, and the USA — and maintain targeted operations in select markets in Europe, the Middle East, Asia Pacific, and Latin America
- We will focus on seven end markets: Transportation, Buildings & Places, Defence, Water, Industrial & Mining, Power & Renewables and Nuclear
- We will drive growth by leveraging our global capabilities for clients and deliver unique end-to-end services across an asset's whole life cycle, including our capabilities relating to sustainability and decarbonization
- We will particularly focus on identified growth areas: engineering services in the USA; nuclear decommissioning and waste management; major projects with a focus on collaborative contract models; and digital transformation
- We will allocate capital to further strengthen our financial resilience and support growth

We have articulated our purpose, "Engineering a better future for our planet and its people" and we are on the journey of embedding this into our strategy and operations.

During the past five years we have made many strategic decisions to position our business for a successful future. Some key decisions relevant to climate-related risks and opportunities are as follows:

- Exit from thermal power: AtkinsRéalis made the decision to exit the Thermal Power business in 2018[4] . The Company is completing its remaining obligations in this sector.
- Formation of Linxon: In 2018, AtkinsRéalis and ABB announced the formation of Linxon[5] , a new company specializing in the execution of turnkey electrical substation projects related to renewable and conventional power generation, power transmission, and transportation solutions. As of 2022, AtkinsRéalis has a majority and controlling interest in Linxon, and the remaining interest is owned by Hitachi.
- Sale of oil and gas business: In 2021, AtkinsRéalis sold its Oil and Gas business to Kentech Corporate Holdings Limited[6]. Consequently, our focus is on growing our Engineering Services, Nuclear, and O&M businesses, including pursuing low carbon growth opportunities.

[4] 'SNC-Lavalin announces strong Q3 2018 results, with a net income attributable to shareholders of $121 million, up 17% from Q3 2017' (2018) SNC-Lavalin.

[5] 'SNC-Lavalin and ABB announce formation of Linxon, a new JV company' (2018) Linxon.

[6] SNC-Lavalin completes closing of Resources Oil & Gas business (2021), SNC-Lavalin.

Global Market Strategies

We have identified seven global end markets, and for each of these we are in the process of updating and launching our global market strategies. The strategies set out our growth objectives and plans over the next five years, aligned with our 'Pivoting to Growth' strategy. Opportunities related to net zero and climate resilience feature in several of the strategies, and over time we will strive to enhance how the strategies consider climate-related risks while positioning our Company to play a major part in delivering a sustainable future.

Embedding Sustainability in our Business

Our Sustainability Policy was signed by our CEO in November 2021. In it we recognize we have a responsibility to put sustainability at the heart of our business strategy, through our market leadership role, our operations, and the services we provide. We recognize that our operations can greatly contribute to creating a more sustainable world. It is our leadership responsibility to both improve our own sustainability performance through the way we run our business and to influence others. We aim to achieve this through the alignment of our strategic advice, design, construction, asset life-cycle operations, and services with our business strategy and plans.

We base our core business strategy around the United Nation's (UN) Sustainable Development Goals (SDGs). These goals are a concerted effort by the international community to address pressing issues such as climate change, unfettered energy consumption, inequality, health and wellbeing, and a lack of clean water and sanitation.

We are also a member of the UN Global Compact, signifying our commitment to adopting universal sustainability principles for the good of all.

In 2020, we selected three of the SDGs as the focus of our improvement initiatives between 2020 and 2025. These are the goals we considered to be most material to our business strategy, activities, and our stakeholders:

- **Goal 7 - Affordable and Clean Energy**
- **Goal 11 - Sustainable Cities and Communities**
- **Goal 13 - Climate Action**

Each year AtkinsRéalis publishes an ESG Report, summarizing progress against our sustainability and ESG objectives as well as the latest initiatives driving our performance. Since 2007, we have disclosed our performance relating to climate change and GHG emissions through our annual disclosure to CDP.

We are continuing to invest to enhance sustainability across the Company and the projects we deliver. We are also seeing the benefits of enhancing sustainability performance for AtkinsRéalis and clients. For example, we will reduce borrowing costs through sustainability-linked finance, provided we achieve certain ESG targets[7].

In 2022, we achieved the following ESG ratings:

AA
MSCI
ESG Rating

27.0
Medium risk
Sustainalytics
ESG Risk Rating

Gold
EcoVadis
Scorecard

C
2022 CDP
Climate Change Report score

A-
Refinitiv
ESG Combined score

C-
ISS ESG Corporate
Rating 3rd Decile

[7] SNC-Lavalin extends its corporate credit facilities and incorporates a sustainability-linked framework that further advances its ESG strategy, (2022), SNC-Lavalin. Available at: https://www.atkinsrealis.com/en/media/press-releases/2022/16-05-2022

Sustainability Management Action Plans (SMAP):

We established a program and framework to drive each of our business segments and global regions to develop action plans aimed at improving our sustainability performance. The Sustainability Management Action Plans (SMAP) were developed throughout 2022 by each of the business segments and regions and are tailored to the local context where actions will be implemented.

The actions under the SMAPs focus on opportunities to reduce our GHG emissions. For example, through more sustainable practices with our offices, travel, and procurement.

The SMAPs also aim to increase our external impact to improve sustainability, such as through influencing design and construction to account for whole life cycle carbon emissions and other important topics – such as water consumption, waste generation, biodiversity, and social value.

Through the SMAP program, we are implementing a reporting and monitoring system, to track the progress each business segment and region is making to improve sustainability. The SMAPs will continue to be enhanced over time.

Our Net Zero Carbon Routemap

In 2021, we launched our Net Zero Carbon Routemap, which communicates our plan to decarbonize our own activities and achieve our 2030 net zero target. This target covers GHG emission scopes 1, 2 and some of scope 3 for our corporate activities. The initiatives we are implementing to drive carbon reduction include the following:

- Prioritizing low carbon sources of energy for all of our offices and operations
- Initiating behavioral change to reduce primary energy consumption
- Leveraging digital communication tools to reduce business travel
- Rationalizing our estate's portfolio
- Developing electric vehicle leasing and rental contracts
- Investing in high quality, certified offsetting programs that enhance existing natural environments, and create social value for local and indigenous communities

In March 2022, AtkinsRéalis signed up to the Science Based Targets Initiative (SBTi) to bolster our commitment to achieving our net zero 2030 target[8]. We have pledged to set a SBT and have our net zero Routemap validated by SBTi. We have also joined the UN's Race to Zero campaign and The Climate Pledge to further strengthen our commitment to net zero.

[8] SNC-Lavalin commits to the Science Based Targets Initiative, furthering its commitment to decarbonization, (2022) SNC Lavalin . Available at: https://www.atkinsrealis/en/media/press-releases/2022/16-03-2022

Our Engineering Net Zero Program

Globally, AtkinsRéalis has developed the Engineering Net Zero (ENZ) program, which focuses on leading the engineering industry to achieve net zero Carbon as rapidly as possible, by helping clients manage climate risks and build climate resilience.

ENZ's vision is to embed sustainability in everything we do. To achieve this, AtkinsRéalis is on a journey of widescale business transformation, involving our people, processes, and tools, so that we build the capacity and capability to play a major role in delivering global net zero.

The ENZ Program has four overarching objectives:

- **Drive global efforts to mitigate against and adapt to climate change**
- **Transform our industry to be more sustainable**
- **Ensure our business is fit for the future**
- **Protect and increase our market share**

These objectives will be achieved over the long-term, with continued long-term investment of resources.

The ENZ program is undertaking several workstreams across AtkinsRéalis' Engineering Services business, including: developing new net zero service lines to meet client requirements (such as our Decarbonomics™ service described below);

enhancing our Carbon Data Led Design capability; connecting our global network of net zero subject matter experts; training employees on climate change and sustainability; and enhancing our market presence related to net zero through thought leadership and innovation.

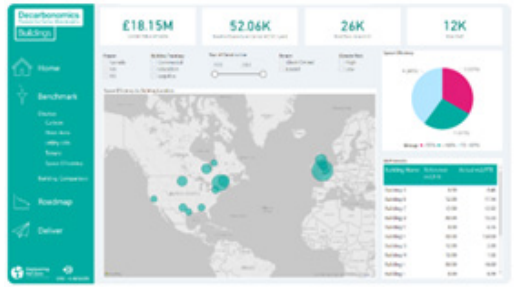
Decarbonomics™

In March 2022, we launched Decarbonomics™, a data-driven solution to decarbonize the built environment in a cost-effective way and accelerate the global transition to net zero[9]. The Decarbonomics™ initiative builds on AtkinsRéalis' methods and practices to deliver high-performing buildings and developments, interconnected by smart and green systems and infrastructure. It provides a data driven portfolio level approach to enable owners and occupiers of building portfolios of any scale, to successfully decarbonize their entire building estate through the development and implementation of cost effective and program optimized net zero pathways. In addition, we are exploring how Decarbonomics™ can be applied across other sectors, such as transport and industrial.

[9] SNC-Lavalin launches Decarbonomics™, a data-driven solution to accelerate journey to net zero in the Middle East, (2022) Available at: https://www.atkinsrealis.com/en/media/trade-releases/2022/2022-03-22-me

The Decarbonomics™ Approach

Benchmark



Baseline and benchmark your estate – see where carbon emissions existe

Deliver

Create cost and programme optimised delivery plans for effective implementation. Track performance

Roadmap

Evaluate interventions, scenario modelling and development of optimised decarbonisation roadmaps

4.2. Sustainability Case Studies

The following case studies provide illustrative examples of how we are playing our part in delivering a Net Zero climate resilient future, showcasing actions we are undertaking internally and for our clients.

Optimizing our real estate footprint to reduce our corporate GHG emissions

AtkinsRéalis is constantly striving to optimize all facets of its operations. This optimization mindset, combined with the will to design our workspaces in a way that fosters collaboration and employee well-being, led us to gradually adopt a "hosteling" model rather than the mix of more traditional cubicles and closed offices – reducing our real estate footprint. Following the acquisition of Atkins in 2017, some facilities were merged to serve as regional hubs. In addition, the sale of our Oil and Gas business, completed in 2021, led to a further footprint reduction – saving cost, GHG emissions, and reducing our demand on energy and water.

Due in large part to our footprint optimization, our global scope 1 and 2 GHG emissions related to utilities decreased by more than 70% between 2019 and 2021 (the COVID-19 pandemic was also a significant contributing factor).

An internal assessment shows that our ongoing optimization efforts should continue to bear fruit in the foreseeable future: we determined that the scheduled renovations and changes to our real estate portfolio could further decrease our GHG emissions associated with the facilities we occupy by up to 20% within the next five years.

We know, however, that the optimization of our office portfolio alone will not allow us to reach our net zero 2030 target. This is why, where feasible, we are also trying to either procure electricity from renewable sources or produce our own, like we are doing at our Epsom office in the UK, where we installed solar panels on the rooftop.

Delivering net zero projects: Champlain Hudson Power Express

We are proud to be conducting a strategic mandate for technical oversight and design coordination on behalf of Transmission Developers Inc. for the Champlain Hudson Power Express project[10] . The project will deliver a high voltage direct transmission (HVDC) line to provide 1,250 MW of renewable and affordable energy from Canada to New York City, reducing GHG emissions by 37 million metric tons state-wide, the equivalent of taking over half a million cars off the road.

The project consists of approximately 339 miles (545 km) of buried cable transmission line, of which more than half will be installed underwater and the remaining portion, underground. The transmission line will start from the Hertel Station in the province of Quebec, cross into the U.S. under Lake Champlain, and then travel south to connect to converter stations in Astoria, Queens, and New York City.

The carbon footprint reduction objective of the project emphasizes AtkinsRéalis' commitment to net zero targets and demonstrates the major role we play in the electrification and decarbonization of economies worldwide.

Long-distance buried cable interconnections are highly complex to execute and require specialized HVDC technology. AtkinsRéalis is one of a few companies in the world that possesses an extensive Centre of Excellence in HVDC and buried interconnections. In that respect, both our client as well as a number of governmental stakeholders (such as Hydro-Quebec, the New York ISO, and New York Power Authority) are depending on our team's in-depth knowledge.

[10] SNC-Lavalin awarded an Owner's Engineer mandate by Transmission Developers Inc. for the Champlain Hudson Power Express project, (2022) SNC Lavalin. Available at: https://atkinsrealis.com/en/media/press-releases/2022/28-04-2022

Climate resilience and reducing carbon in infrastructure: Bridgwater Tidal Barrier

We are undertaking detailed design of the new Bridgwater Tidal Barrier for the UK Environment Agency. The barrier will protect Bridgwater and the surrounding communities from flooding, enhancing flood resilience for 11,300 homes and 1,500 businesses. Our team is completing detailed design for the tidal barrier, operations building, and around 5.6 miles (9 km) of downstream earthworks defences. The project has targeted a 45% reduction in whole life carbon from Strategic Outline Case design to operational handover. To achieve this ambitious carbon reduction, our team has implemented several solutions throughout the design:

- Pre-cast solutions have been developed for barrier towers with reduced wall thickness, replacing the higher-carbon method of cast in-situ with concrete cladding.
- Foundation slab and piles have been optimised, removing 5,000 t CO_2e.
- The operational building layout has been reconfigured to improve thermal performance.
- An existing piled foundation will be re-used for the barrier operational building.
- Detailed design has been optimised to increase the use of low-carbon concrete, where possible.
- The material for the earthworks will be sourced from borrow pits onsite, reducing transport of materials. When construction is completed, these pits will be reinstated as wetland habitats, contributing to the project's biodiversity target.
- Earthworks software was used to develop the material management strategy optimising volume requirements and haul distances.

The project is on track to reduce embodied carbon of the tidal barrier structure design by 50%. AtkinsRéalis has shared successes from the project with external stakeholders to share best practice and showcase our innovative digital and carbon capabilities.

Pledges to change behaviours to reduce our GHG emissions

In October 2021, our UK and Europe business partnered with Do Nation for a three-month long campaign to raise awareness of key sustainability issues and educate employees on carbon reduction. The initiative supports our Company's target to reach net zero emissions by 2030 for our corporate activities. Along with mainstream methods, we wanted to action more innovative ways to reduce our collective carbon footprint. Teaming up with Do Nation allowed us to explore how much impact we can have on our carbon footprint by pledging to change our behaviours both at work and at home.

We set a target participation rate of 20% for our UK and Europe employees, with 1,500 individual sign-ups and a total of 3,000 pledges overall. By the end of the three-month campaign period we had achieved the following:

- 1,641 individual sign-ups and over 5,073 pledges.
- This equated to over 167,375 kg of CO_2 avoided, which is equal to 46 car journeys around the world, or 7,013 bags of cement, or 397,947 UK-consumed avocados.
- Through our pledges, we've committed to 112 fewer flights taken, 18,000 extra miles walked, avoided over 7,000 disposable cups, and climbed enough stairs to walk up Mount Everest 35 times.
- Pledges made contributed to all 17 of the UN SDGs, with our greatest impact focused on Goals 12 (Sustainable Consumption), 13 (Climate Action) and 3 (Health).

Supporting cities to become climate resilient: City Simulator™

Flooding is one of the most common and costly disasters communities face today, threatening life and property. The ability to plan and design infrastructure that provides protection against natural disasters is obviously a primary concern of countries, states, and municipalities. But addressing flood resilience infrastructure assets is a major challenge for all levels of government. For instance, a key piece of data for quantifying flood damage from future storms is the first-floor elevation (FFE) of each building. Most communities don't have this information because surveying large numbers of buildings is cost prohibitive

Using our AI-based InfoExtract tool™, the City Simulator™ team has developed a method for quickly estimating FFE based on images of the street[11]. The algorithm leverages AI-based object detection techniques to pinpoint the location of the first floor in the image and then uses a mix of information including camera position, building location, dimensions, and other data to estimate the elevation. Once the FFE is known for buildings across an area, municipalities can more quickly target priority areas, plan mitigation measures, and allocate resources more efficiently to prevent flood damage. We are continuing to improve the accuracy of the algorithm, and we are seeing great improvements in our City Simulator™ modelling by using the FFE estimates.

[11] Using AI to find First Floor Elevations (FFE) for City Simulator Flood Modeling. (2023) Atkins. Available at: http://casestudies.atkinsglobal.com/city-simulator/infoextract-tool.html

4.3. Climate Scenario Analysis

The TCFD recommendations include the requirement for organisations to undertake climate scenario analysis to assess the resilience of the organisation's strategy, business, and financial planning. Scenario analysis allows organisations to use plausible narratives of possible futures in order to:

- Consider how risks and opportunities may change under different futures
- Consider how risks and opportunities may interact and compound impacts

The aim of scenario analysis is to support the development of strategies to reduce risks, and maximize opportunities, enabling the organization to be resilient across a range of potential futures.

4.3.1. Defining the climate scenarios

For the purposes of identifying climate-related risks and opportunities and assessing AtkinsRéalis' climate resilience, we have considered two climate scenarios for use in qualitative climate scenario analysis:

- '1.5°C Rapid Orderly Transition' Scenario[12] – aligned to the Paris Agreement, where global action is taken to mitigate GHG emissions through rapid and widespread changes to policies, markets, technology, and behaviours to achieve net zero by 2050.
- '3-4°C Current Policies' Scenario[13] – where the policies in place now remain unchanged, the world fails to achieve net zero by 2050, and over time the increasing physical impacts of climate change create instability.

We have selected these scenarios because they present contrasting futures that are almost at opposite ends of the spectrum in relation to action on climate change. The '1.5°C scenario' represents rapid and widespread economic and societal changes to limit climate change. The '3-4°C scenario' represents less widespread change initially, but over time the increasing physical impacts of climate change create instability. Both scenarios are plausible, and we must be ready to respond no matter how the future unfolds.

[12] Broadly aligned to the International Energy Agency's (IEA) net zero 2050 scenario and the Network for Greening the Financial System's (NGFS) Orderly Transition scenario. Physical climate impacts align with Shared Socioeconomic Pathway SSP1-2.6 from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment (AR6 2021).

[13] Broadly aligns with the Network for Greening the Financial System's (NGFS) Current Policies scenario. Physical climate impacts align with Shared Socioeconomic Pathway SSP5-8.5 from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment (AR6 2021)

4.3.2. Defining time horizons

When considering the impact of climate-related risks and opportunities, we have defined the following time horizons:

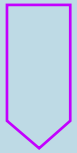
Time horizon	Period	Rationale for defining this time horizon
Short-term	Now – 2 years	During this period, we develop annual budgets and revisit these every quarter. We also conduct periodic risk reviews and focus on the most pressing risks. This period corresponds to the duration of many of our small and medium client projects.
Medium-term	2 – 5 years	This period aligns with our five-year global market strategies and our five-year long-range financial plan. This period corresponds to the duration of many of our medium and large client projects and internal initiatives / programs.
Long-term	Beyond 5 years	This period aligns with our long-term strategic objectives, including our net zero 2030 target. This period corresponds to the duration of many of our major client projects, O&M contracts, and major business transformation initiatives / programs.

In our qualitative climate scenario analysis we have considered risks and opportunities to the year 2050.

We selected this time horizon because it allows us to consider impacts over the long term in relation to our business and the markets we operate in, and 2050 is the year where several of the major countries in which we operate have targeted to achieve Net Zero (thereby the time over which these countries will be most exposed to transition risks).

The following sections of this chapter describe the climate scenarios in more detail, the key climate-related risks and opportunities we have identified, and our strategic response options to remain resilient to our changing global economy and climate.

Rapid Orderly Transition



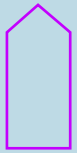
GHG Emissions reduced to net zero by 2050

Not likely to exceed 1.5°C by 2100

1.5°C Scenario

- Strong global leadership and collaboration to achieve Net Zero Strong policies, regulation, and incentives drive climate action across businesses and countries.
- Rapid and widespread investment and shifts towards net zero energy systems and built environment.
- Transport systems decarbonize, mass transit systems expand, and electric vehicles are universal.
- Increased opportunities for environmental restoration, nature-based solutions, and technology innovation.
- Increased market expectations to achieve Net Zero and increased scrutiny from investors, clients, and employees.
- Physical climate impacts are limited but not avoided, however climate change is stabilizing.

Current Policies



GHG Emissions continue rising at current rates

As likely as not to exceed 3-4°C by 2100

3- 4°C Scenario

- Weak or fragmented global leadership, with limited collaboration on climate action.
- Polices, regulation, and incentives are weak in major emitting countries, failing to drive global action on decarbonization.
- Unabated fossil fuels remain a significant portion of global energy supply, and therefore there is reduced growth for renewables, nuclear, hydrogen, and carbon capture utilisation and storage (CCUS).
- Transportation demand increases with population and urbanization, and remains predominantly fossil fuel powered.
- Physical climate impacts are more frequent and severe than today, and the climate is on an unstable and dangerous trajectory. Impacts on nature are severe and irreversible.
- Economic growth is unstable and uncertain in coming decades, and market instability discourages investment – particularly in sectors most vulnerable to physical climate risks

4.4. AtkinsRéalis' Climate-related Risks and Opportunities

This section describes the key climate-related risks and opportunities we have identified over the coming decades to the year 2050. Our processes and systems for identifying, assessing, and managing climate-related risks and opportunities are described in the next chapter on Risk Management.

In 2022, we enhanced our identification of climate-related risks, opportunities, and impacts under different climate scenarios on a qualitative basis. To do this we undertook climate risk analysis, consulted with senior stakeholders from across the Company, and applied best practice guidance from the TCFD. In the future we will consider approaches to assess and quantify key risks and opportunities.

As we are predominantly a company that provides technical advisory and design services, our major climate-related risks and opportunities relate to the markets in which we operate and the projects that we deliver.

Physical assets with long lifetimes tend to be more vulnerable to some climate-related risks, such as asset obsolescence as new technologies develop, or damage to assets due to climate hazards. We do not own a significant amount of capital assets (by value), as most of our offices and vehicles are leased. The exception to this is our share in capital investments, where our portfolio includes investments in transport, water, and energy infrastructure (details of our Capital investments can be found in our Annual Report).

The following sections describe the key climate-related risks and opportunities we have identified in the markets in which we operate. These potential risks require further investigation, and ongoing work is underway to enhance our actions to manage climate risks and opportunities.

4.4.1. Transition Risks

We considered risks relating to the transition to a net zero climate resilient economy - including policy and regulatory risks, legal risks, market risks, technology risks, and reputational risks. Our top transition risks are:

- Potential to lose out on key net zero climate resilient market opportunities because our competitors are perceived as having better experience, tools, approaches, or ESG credentials
- Limitations on our capacity and readiness to deliver net zero climate resilient projects across the global markets we serve, including constraints related to our partners / supply chain
- Uncertain growth forecasts in some markets due to potential policy change and differences between countries' approach and pace with transitioning to net zero, causing clients to delay or divert investment
- Medium to long-term exposure of some of our Capital investments, O&M contracts, and major projects as the economy transitions to net zero

Being ready and competitive to deliver net zero and climate resilience

As the transition to a net zero climate resilient economy progresses, our clients will be increasingly demanding best in class to support them to decarbonize and adapt to climate change. AtkinsRéalis competes for work, and to win work we will increasingly need to demonstrate that we are leaders in climate change, including by demonstrating specialist expertise, innovative tools and approaches, differentiating our service offerings, promoting our capabilities, ensuring high ESG performance for our projects, and meeting our corporate targets and commitments related to climate change. This is also vital for attracting and retaining our talented employees, and for maintaining our reputation with shareholders and stakeholders, particularly beyond 2030. We also need to continue to build capacity across our Company, and collaborate with our partners and suppliers, to ensure we are fit for the future. This will require us to invest in developing tools and approaches to achieve carbon reduction and to manage climate risks, along with upskilling employees, recruiting key experts, and considering options to strengthen and grow our service offerings.

Uncertain growth and changing demand for our services

The transition to net zero is occurring at different rates around the world, and there is uncertainty about the pathways which countries will take, the policies countries will enact, and the overall impacts on the global economy.
If countries collaborate to introduce ambitious climate policies immediately and gradually (an orderly transition scenario) then both climate transition and physical risks will be lower. However, currently global action is not aligned with an orderly transition, and therefore it is likely that our Company and our clients will face higher transition risks, particularly in countries that lag behind in the transition (e.g. in lagging countries there could be higher risks of abrupt changes to policy and markets, and asset stranding). It is also possible that some countries will reverse their climate policies if they prove to be costly or politically unacceptable. This creates some uncertainty about the scale of net zero market opportunities, particularly in countries which have weaker climate commitments or currently have made less progress in the transition. In some cases, clients could delay investment if they are not supported and incentivized by policies in their country – for example, delaying investment in decarbonizing transport and buildings. The pathways that countries take towards net zero will also impact demand for our services in some markets. For example, some countries are planning to reduce carbon emissions by significantly reducing car and air travel, so in those countries demand for new-build roads and airports may not grow.

The transition to net zero will also mean changes to the types of services we provide in our markets, for example in the roads market there is expected to be large demand for retrofitting roads to be suitable for electric vehicles. This would mean installation of electrical supply and charging infrastructure becomes a major part of the services we deliver, whereas previously civil engineering has been the central focus in the roads market. We will need to stay agile to respond to changing policy and market conditions, and consider our strategy in key countries to manage our climate risks. We will continue to diversify our service offerings to be fit for the future, and build capacity to ensure we can respond to changing demands from our clients.

Transition risks for Capital investments, O&M contracts, and major projects

We may face higher exposure to climate-related risks and opportunities related to some of our Capital investments, O&M contracts, and major projects. Due to their long-term nature and the fact that economies and technology are expected to change significantly over this period, there could be potential impacts primarily on our expenditures and asset values in some cases. For example, transport assets and projects will be impacted by the transition: there will be expenditure in order to decarbonize and enable electric vehicles, and technologies which are carbon intensive may become obsolete. Additionally, if car travel reduces in some countries there could be a reduction in toll road revenues and reduced asset values. In some cases, we may face higher costs for energy and materials as a result of the transition to net zero (e.g. if renewable energy is in high demand but limited supply, if carbon pricing impacts costs, and if low-carbon materials cost more than conventional materials). This may affect budgets for our O&M contracts and major projects if we are responsible for costs relating to energy and materials. Impacts are specific to each contractual agreement and to each project and asset. Our exposure to risks and opportunities also depends on the contract duration – for example we have a Capital investment and O&M contract related to a gas-fired power station in Algeria where the contract terminates in 2029, so our exposure related to this asset is lower. Across our Capital investments, O&M contracts, and major projects, we are undertaking analysis and engaging with our clients to characterise climate-related risks and opportunities, so that we can enhance our transition plans and arrangements for managing transition risks.

4.4.2. Physical Risks

We considered risks relating to the physical impacts of climate change - including acute risks such as storms, flooding, heatwaves, drought; and chronic risks such as increased temperatures and rising sea levels. Impacts are projected to increase under all climate scenarios, and while these impacts could stabilize if the world achieves rapid global emissions reductions, the current trajectory is that physical risks will continue to increase, particularly beyond 2050. The top physical risks are:

- Potential for greater business impacts due to physical climate risks, which can disrupt projects and pose health and safety concerns for employees
- Potential for increased exposure to liability claims if our services and designs are not resilient to increasing climate impacts
- Mid to long-term exposure of some of our capital investments, O&M contracts, and major projects as the physical impacts of climate change become more prevalent
- Investment by some clients being delayed or re-directed to manage or respond to physical climate risks

Potential for greater business disruptions

We operate offices and facilities and manage work sites on all continents, and in diverse locations. Some of these sites have already been subjected to extreme weather events such as floods, extreme heat, wildfires, and tornadoes. We have undertaken a climate risk assessment to consider risks to the major cities and towns where we operate, and the methodology and results are described in the Risk Management chapter. In addition to physical climate hazards affecting our offices and sites, hazards can also prevent employees from getting to work or to client sites, as well as impacting employees working from home, and our suppliers and supply chains. The greatest risks would be from prolonged and widespread impacts, such as large storms or flooding which cause disruption for extended periods and pose safety risks for employees, and largescale heatwaves affecting employee productivity and wellbeing. Additionally, cascading impacts such as power and communications outages amplify these risks. While there could be significant local or regional impacts, the global nature of our operations and our business continuity arrangements mean that we would be unlikely to experience large impacts at the Company level. Our exposure on project sites may also reduce if we increasingly provide office-based engineering services.

Potential for increased exposure to design liability

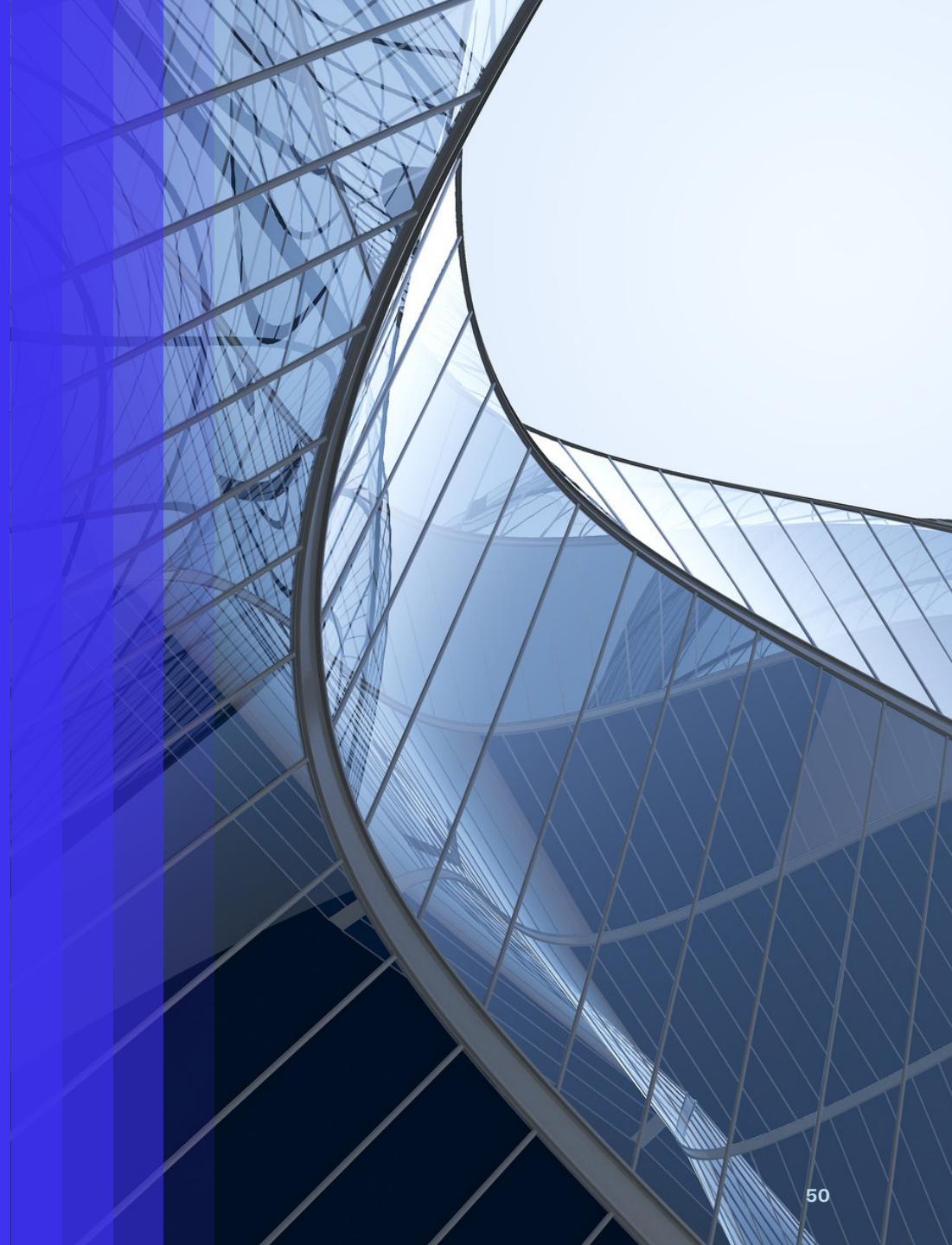
Our engineering and design work is based on current industry standards, codes, and best practices. However, in some cases the current and future potential impacts of climate change are not reflected in industry standards and codes. This is the case in (i) countries (or federal states) which are not proactively incorporating climate change considerations into their engineering approaches, and (ii) where impacts are not well understood or where there are significant evidence gaps. The fact that future climate impacts are uncertain compounds this problem, as in many cases the client's position is that it is not affordable or feasible to plan for the worst-case climate scenario. In future, it is possible that projects we delivered are potentially rendered inadequate in terms of their functionality, performance, or integrity due to climate change impacts. This could potentially expose us to reputational damage, professional liability claims, penalties, and litigation – for example resulting from non-achievement of performance obligations or safety-related incidents. This risk increases in the long-term as the physical impacts of climate change become more pronounced. Our projects are delivered in compliance with current standards, codes, and regulations. We recognize that it is important that we discuss climate change with our clients and provide them options to enhance the climate resilience of their projects, so that they can adapt to the changing climate.

Physical risks for capital investments, O&M contracts, and major projects

As physical impacts of climate change increase over time, our long-term capital investments, O&M contracts, and major projects will be more exposed to risks, such as damage to assets, disruption to operations, changes in demand from customers, and changes in expenditure for energy and materials. One of our greatest risks may be on O&M contracts where we are responsible for managing infrastructure and facilities in accordance with contractually established performance criteria. Our ability to meet some of those criteria over the term of the agreements may be dependent on climate change impacts over the duration of these agreements. For example, we may be required to meet availability and punctuality requirements for transport services we operate, and this could be impacted by climate hazards. We could also be subjected to higher costs, for example maintenance costs to recover from climate hazards, and higher energy costs, for example for cooling systems when temperatures are high for extended periods. Impacts are specific to each contractual agreement and to each project and asset. Through the analysis and the engagement we have with our clients, we are assessing physical climate risks and opportunities to our capital investments, O&M contracts, and major projects. The outcomes from this ongoing work will enhance our climate resilience planning.

Potential for delayed investment due to climate change impacts

In some cases, particularly for countries and clients who are most vulnerable and exposed to physical climate risks, the increasing impacts of climate change could result in clients delaying or re-directing their investments. Clients may delay or abandon projects if physical climate risks are felt to be unmanageable or impact on the viability of projects. For example, some hydropower projects may become infeasible due to water scarcity, and infrastructure in some locations may not be feasible due to the magnitude and frequency of storms. Countries which face high chronic impacts due to climate change, such as costal erosion and coastal flooding, may permanently re-direct their budgets to focus on those hazards. This could reduce demand for our services in some sectors, but could also provide us opportunities to support clients to enhance resilience. For example, in some countries there might be increased opportunities in infrastructure for coastal resilience, but because of limited government budgets this may result in decreased opportunities in other infrastructure, such as rail. These risks are not expected in the short-term, but increase over the long term. If the impacts of climate change become very severe, it's likely that markets become more volatile and global investment tightens except for investments in climate resilience. The global nature of our Company's operations and revenues helps to reduce the impact of this risk, and over time we will increasingly monitor this risk and consider it in our market strategies.



4.4.3. Climate-related Opportunities

We considered opportunities relating to the net zero transition and climate change – including market opportunities, demand for new products and services, resource efficiency, low carbon energy sources, and opportunities to enhance our resilience. Our top climate-related opportunities are:

- Significant opportunities exist across all market sectors to support clients to decarbonize and transition their businesses to be net zero and climate resilient (for example, in decarbonizing transport and buildings)
- Significant opportunities exist in delivering net zero infrastructure, such as renewable energy, energy efficiency, nuclear, electric vehicle (EV) infrastructure, low-carbon mass transit, critical minerals, and nature-based solutions
- Significant opportunities exist in climate adaptation and resilience, such as strengthening existing infrastructure and operations, water security, flood resilience, and environmental restoration
- Opportunities exist to expand in growing geographical markets where there will be relatively high investment to achieve net zero, for example in USA, Asia, parts of Europe, and the Middle East
- Opportunities exist to expand in emerging services and technologies, such as carbon capture utilization and storage (CCUS), hydrogen, and battery manufacturing
- Opportunities exist to expand our innovative approaches, tools, and global collaboration to deliver net zero climate resilient projects and provide AtkinsRéalis competitive advantages

Decarbonization and net zero opportunities

The transition to net zero is stimulating increased investment from countries and clients, and this is projected to increase over the coming decades. Under a scenario where the world achieves net zero by 2050, there could be an additional $3.5 trillion (USD) spent on low emission assets per year globally over the next 27 years[14]. Our greatest net zero opportunities relate to investment in clean energy (including renewables, energy efficiency, energy networks, and nuclear power), decarbonizing the built environment (such as decarbonizing buildings, transport, defence, and industry), and in delivering EV infrastructure. We also see significant opportunities in delivering low-carbon mass transit (EV buses, trams, and rail), mining facilities related to minerals and metals critical to enable the net zero transition

[14] Krishnan, M. et al. (2022) The Net-zero transition: What it would cost, what it could bring, McKinsey Sustainability . Available at: McKinsey and Company (2022) Net Zero Tranistion

(such as copper), and manufacture of batteries for energy storage. Over time we have significant opportunities in decarbonization and net zero services, and in supporting new technologies to scale, such as CCUS and hydrogen.

Climate adaptation and resilience opportunities

Climate change impacts are already driving investment in adaptation, and this is projected to increase. Estimates suggest that global spending on climate adaptation could be $2 trillion (USD) per year by 2026[15]. Our greatest adaptation opportunities include water security (such as major water resources schemes, and desalination) and investments in flood resilience (including flood alleviation schemes and urban drainage) and coastal protection. There are also significant opportunities in strengthening existing infrastructure (such as reinforcing structures), and adapting the built environment (such as retrofitting buildings with passive and mechanical cooling).

Nature-based solutions

Projects that utilize natural systems to sequester carbon and/or enhance climate resilience will be increasing in demand. Net zero will only be achieved by restoring the environment, reversing deforestation, and converting land to carbon stores. The global market for carbon offsetting is expected to boom under a net zero scenario, and this will drive investment in environmental schemes. We have the opportunity to enhance our services in environmental advisory, and land and marine management, so that we show leadership in a nature positive transition.

Opportunities for global collaboration and expansion into growing geographies

By developing innovative tools and approaches and increasing collaboration across our global Company, we will be well positioned to win big opportunities in net zero and climate adaptation. We have already developed Decarbonomics™, our data-driven solution for decarbonizing the built environment, we have best practice approaches for whole life cycle carbon management (WLCM) across our projects, and we make use of global climate models and geospatial data to assess physical climate risks to improve the resilience of the projects we deliver. We have opportunities to leverage these tools and skills and provide them to clients. In particular, investment to achieve net zero will be very large in some geographies – including North America, China, major economies in Europe, India, Southeast Asia, the Middle East and North Africa (MENA), and Latin America[16]. We have opportunities to increase our footprint and revenue in countries that are growing and have large investment needs to enable sustainable development and climate resilience.

[15] Shum, L., Jeong, W. and Chen, K. (2022) Climate adaptation: The $2 trillion market the private sector cannot ignore, World Economic Forum. Available at: https://www.weforum.org/agenda/2022/11/climate-change-climate-adaptation-private-sector/

[16] Krishnan, M. et al. (2022) The Net-zero transition: What it would cost, what it could bring, McKinsey Sustainability. Available at: McKinsey and Company (2022) Net Zero Transition

High-level estimate of AtkinsRéalis' additional average annual opportunities under a net zero 2050 scenario in the core geographic regions: Canada, UK, USA (in Canadian dollars per year[17])

Market	Additional average annual opportunities to 2050 in Canada, UK, USA based on our current market share (CAD/yr)
Transport	$100M - $1B
Power & Renewables, and Nuclear	$100M - $1B
Buildings and Places	$10M - $100M
Defence	$10M - $100M
Water	$10M - $100M
Industrial and Mining	$10M - $100M

Estimates do not include significant opportunities related to climate adaptation and resilience

[17] Management estimate based on analysis and informed by various sources.

4.5. Potential Impacts on our Business

Climate-related risks and opportunities can have a range of direct and indirect impacts on our business. If we were to fail to manage our climate-related risks we would compromise our ability to realize opportunities to support clients to meet net zero and build climate resilience. Climate-related risks could affect our competitive advantages, our reputation with clients, investors, and employees, and our ability to safely and reliably perform our business activities.

Through climate risk assessments and scenario analysis we have identified the following potential financial impacts arising from climate-related risks:

- potential decline in Company share price e.g. due to negative reputational impacts, legal disputes, loss of competitive advantage
- potential decline in revenue e.g. due to lost client opportunities, reduced demand from clients, loss of key employees, reduced ability to attract talent
- potential increase in operating costs e.g. due to increased public relations costs to manage concerns, increased marketing costs to protect our reputation, increased recruitment and training costs to build our Net Zero capacity, increased legal costs to manage disputes, increased energy costs across our facilities, increased costs due to carbon offsetting, increased costs due to business disruptions and damage from climate hazards etc.
- potential for asset impairment or stranding e.g. decline in asset values (capital assets and/or intangible assets) due to net zero or physical impacts of climate change (which can also negatively impact share price), devaluation or obsolescence of tools/systems/skills/services
- potential increased cost of capital e.g. higher interest rates from banks/lenders if we were to miss our ESG commitments

Conversely, based on our qualitative analysis, our climate-related opportunities outweigh our risks[18], provided we can effectively position our Company to be fit for the future and play a major role in delivering net zero and climate resilience.

We have identified the following potential financial impacts arising from climate-related opportunities:

- potential increase in Company share price e.g. due to enhanced reputation, greater competitive advantages, ability to make higher margins
- potential increase in revenue e.g. winning more client opportunities and growing our market share, attracting key employees
- potential decrease in operating costs e.g. due to increased efficiency through leveraging global expertise and digital tools, saving energy across our facilities, reducing carbon costs (related to offsetting or carbon pricing) by reducing emissions through behaviour change and more sustainable business practices and facilities, reduced business disruptions due to enhancing resilience across our Company and supply chain etc.
- potential for assets to increase in value e.g. increase in asset values (capital assets and/or intangible assets) if they support the transition to net zero or provide enhanced climate resilience outcomes (which could also positively impact share price), increased valuation of tools/systems/skills/services if they are in high demand
- potential decreased cost of capital e.g. lower interest rates from banks/lenders if we meet our ESG commitments

We intend to use the outputs from climate scenario analysis to inform our business and market strategies, and our financial planning.

[18] Pending further investigation and quantitative assessment

4.6. Strategic Responses to Climate Risks and Opportunities

We have identified strategic response options available to us to ensure our Company is resilient under the two contrasting climate scenarios considered in our analysis. These strategic response options are described below.

Under the '1.5°C Rapid Orderly Transition' Scenario our key strategic response options could include:

- Accelerate implementation of our net zero ambition, transforming the Company and positioning us for success in a net zero climate resilient economy
- Increase our investment in capacity building and development of net zero and climate resilience skills and approaches across the business, including upskilling employees, recruitment, targeted innovation and tool development, and other options to strengthen and complement our service offerings
- Enhance our marketing, thought leadership, and business development related to net zero and climate resilience, and explore emerging opportunities and services
- Monitor and assess climate transition and physical risks associated with our business, clients/projects, O&M contracts, and capital investments, and support clients/projects/investments to transition to net zero and enhance climate resilience
- Implement systems and processes across our Company to drive climate action through our projects and corporate activities
- Implement our carbon offsetting strategy
- Consider strategic decisions about managing trade-offs, such as whether there are projects we would not pursue due to misalignment with net zero or ESG objectives, or due to high transition risks.

Under the '3-4°C Current Policies' Scenario our key strategic response options could include:

- Consider our business strategy and potentially re-prioritizing, including the potential to emphasise climate adaptation and resilience over net zero
- Increase our investment in enhancing our climate resilience across the business, supply chain, and projects
- Increase our investment in building capacity in our Company related to climate adaptation and resilience, so that we can grow our offering across market sectors and geographies
- Consider revising our corporate net zero timelines if it becomes prohibitive to achieve our ESG objectives without policy support and wider climate action across the economy
- Consider increasing our engagement and influencing with governments, clients, stakeholders, and the public to build support for net zero projects
- Monitor and assess climate transition and physical risks, and the vulnerability of business assets and supply chains, including supporting clients to develop and implement climate risk assessments and resilience plans
- Consider strategic decisions about managing trade-offs, such as whether there are projects we wouldn't pursue due to misalignment with net zero or ESG objectives, or high vulnerability to physical climate risks.

4.7. Statement of Resilience

AtkinsRéalis has established strong foundations on the journey towards embedding climate risk management across our business and operations. We are continuing to enhance our strategy to ensure we are fit for the future, and we are building our capacity so that we can play a large role in delivering net zero and climate adaptation for our clients.

We have diverse service offerings across global markets (where we have diversified revenue streams and assets), and we have the agility to respond as policies and markets change as the world transitions to net zero. Based on our climate scenario analysis and our range of strategic response options, we are confident that our strategy is resilient to climate change. We will continue to invest in enhancing our resilience over time, and further details are provided in the last chapter on our Next Steps.

5
RISK MANAGEMENT

5.1. Risk Management Approach

TCFD Recommendations

Describe the organization's processes for identifying and assessing climate-related risks

Describe the organization's processes for managing climate-related risks

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

AtkinsRéalis' risk management framework encompasses all risks facing the Company, whether rooted in specific projects and mandates, operational or functional activities, or in aggregated activities as a company. These include climate-related risks and opportunities where we have placed increased focus to strengthen and enhance insight and effective management of associated risks.

Risk management involves the systematic identification, assessment, treatment, monitoring, recording, and reporting of risk, as a formal and staged approach that is implemented and revisited on a continuous basis.

All employees are responsible to protect the Company's brand and strategic objectives. The Enterprise Risk Management (ERM) framework is in place to support personnel in their day-to-day activities. All employees are responsible for applying the risk management principles outlined in the Risk Management Policy and complying with associated processes and requirements in the context of their roles and responsibilities.

The risk management framework aligns with the principles and intent of the COSO ERM Integrated Framework, PMI PMBOK®, and ISO 31000.

In the following sections we describe our processes for identifying, assessing, and managing risks and opportunities at the enterprise level (our business risks), and at the project level (our project risks or our client's project risks). Throughout we have highlighted where managing climate-related risks and opportunities is integrated into our overall risk management, rather than sitting as separate processes.

5.1.1. Enterprise Risk Management

AtkinsRéalis' ERM framework is intended to maintain a forward-looking awareness and thorough understanding of potential risk events or circumstances that could materially affect our ability to meet our objectives. It allows us to incorporate this continual insight in our operational and strategic decision-making to reduce negative outcomes and enhance the capture of opportunities.

The Risk Management Policy and Risk Policy Statement are reviewed and approved annually by the Executive Committee (ExCom) and the Board. The Risk Appetite Statement and established risk tolerances are reviewed and approved annually by ExCom and the Board, and the Company's risk exposure is appraised in consideration of the Risk Appetite Statement and established risk tolerances.

Risk tolerances are cascaded down to each business and support function where appropriate.

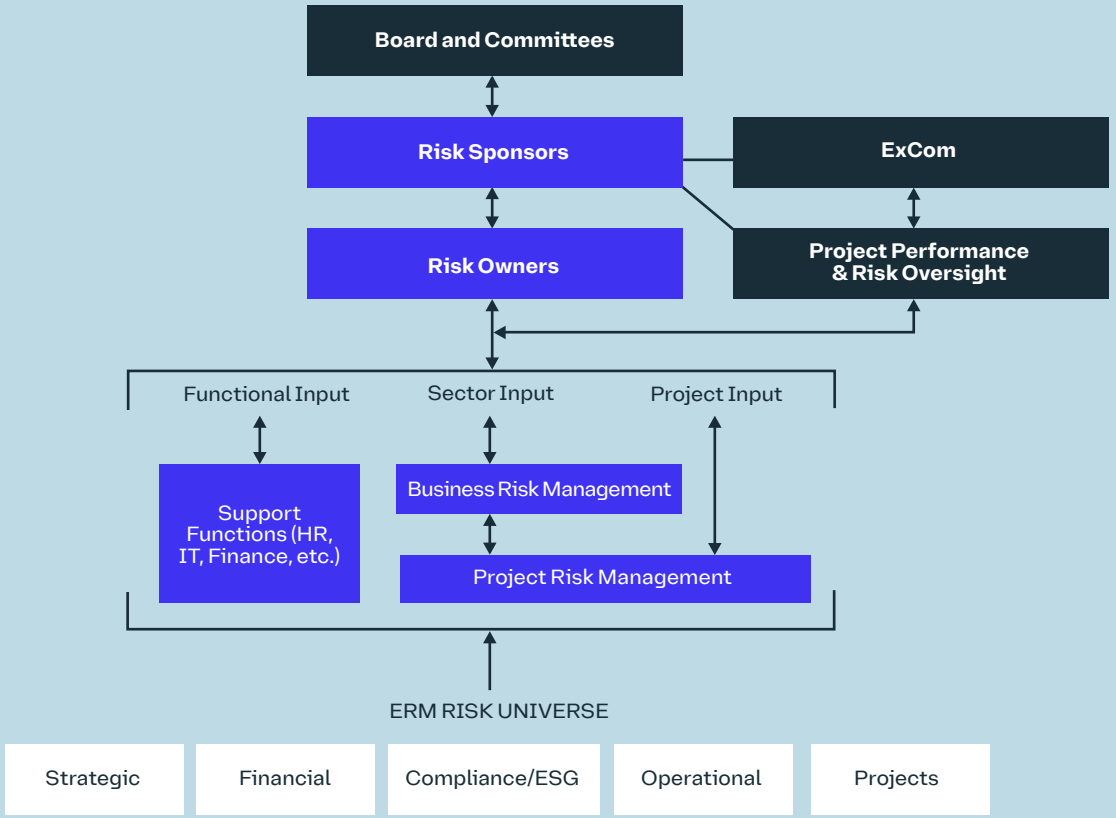
Enterprise and business risks are identified through discussions with the risk sponsors and senior business and support function heads and through formal reporting up and escalation of risks at the business and project levels.

Enterprise and business risks are analysed and evaluated in accordance with the Risk Management Policy, mapped to the Risk Appetite Statement, and prioritized for follow-up actions.

Key Risk Indicators (KRIs) are established, monitored, and reported for each of the top risks, and cascaded down into the business where appropriate.

Risks are managed through a range of planned actions, including the consideration of risks and opportunities in business strategy reviews, policy setting and resilience planning, and health and safety, environmental, commercial, procurement, and communications systems and procedures. Risk management and strategy development efforts are aligned to achieve a sustainable risk-adjusted strategic process, which is dynamically recalibrated.

Our Risk Management Approach



5.1.2. Project Risk Management

Project risk management is intended to minimize the threats and associated exposure, and optimize the capture of opportunities specific to the mandates we undertake to preserve and create value for our Company, our clients, shareholders, and employees. Our commitment to risk management requires that risk management be embedded into the project governance framework.

Recognizing that the mandates undertaken across our Company vary considerably by size, scope, delivery model, complexity and associated risk profile, the risk management process implemented on each project is commensurate with the contract value, delivery model, complexity, and risk exposure, and confirmed early in the bid development stage.

Where applicable, the risk management process implemented on the project additionally or alternatively meets partner or client risk governance and controls requirements.

A preliminary fit-for-purpose risk management plan is developed at the bid stage, to consider risk management expectations in the execution strategy. The final risk management plan is issued for implementation at project start-up.

Initial risk identification, analysis and evaluation of project risks occur at the bid stage, to establish the optimal execution strategy and reduce risk exposure. The risk identification and analysis effort include understanding the causes and effects associated with a risk.

The final risk management plan summarizes the project context and scope, risk management process, timing, recording, reporting, and systems to be implemented on the project.

As a minimum, project teams consider the Risk Breakdown Structure (RBS) and guidance to aid in the identification of risks. The RBS provides a uniform high-level categorization of project risks. Use of the RBS allows for risks and opportunities to be identified consistently across each project, including prompts relevant to climate-related risks.

Project managers are responsible for capturing risks in a project risk register or risk list, and assessing risks regularly with the support of relevant experienced project team members or subject matter experts (SMEs) as required. Risks are assessed based on their probability and consequence using enterprise-level, sector-level, or business-specific consequence and probability criteria as defined in the project risk management plan. Risks are then prioritized, mitigation actions are agreed, and risks are then reassessed to determine the residual risk level.

Risk review meetings are undertaken throughout the life cycle of the project to update the project risk profile and evaluate the efficiency of mitigations.

The project risk management process includes regular reporting to project and business line management on the efforts undertaken and progress to manage identified risks and associated mitigations. A summary of top risks, actions, trending, and residual risk exposure is reported to management monthly.

Periodic peer reviews are carried out by the Project Performance & Risk Oversight team during the project execution phase to assess the quality of risk management on projects and identify areas for improvement.

5.2. Identifying Physical Risks to our People and Activities

Climate hazards affect the ability for employees to work in and access our offices and worksites, and also impact on working from home (e.g. reduced productivity during heatwaves). Cascading issues, such as the outage of power supplies or communications systems are likely to be one of the main risks arising from climate hazards (e.g. during widespread floods, windstorms).

To identify and assess the potential risks to our people, offices, and business activities due to climate hazards, we undertook a physical climate change risk assessment. The assessment made use of our in-house climate risk assessment tools which integrate data from the IPCC Global Climate Explorer and several additional global hazard data sets (as shown in the accompanying images). We assessed 59 cities and towns around the world where we have more than 100 employees based.

We considered two climate scenarios to the year 2050, which align with the scenarios we used for qualitative climate scenario analysis (details are provided in the Strategy chapter). The scenarios were:

- **'1-2°C' low emissions / lower physical climate change impacts**[19]
- **'3-5°C' high emissions / higher physical climate change impacts**[20]

We assessed each location and developed a combined risk score, taking into account global climate indicator variables: rising temperatures, heatwaves, wildfires, flooding (surface water, river, and coastal flooding), drought, and windstorm risk.

Our assessment showed the following cities had the highest combined risk scores:

- **Houston, Tampa, Miami, Orlando, Austin, Dallas – with the major risks being hurricanes/ windstorms and high temperatures**
- **Shanghai – with the major risks being flooding and typhoons/windstorms**
- **Doha, Abu Dhabi, and Dubai – with the major risks being heatwaves**

[19] Shared Socioeconomic Pathway SSP1-2.6 from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment (AR6 2021)
[20] Shared Socioeconomic Pathway SSP5-8.5 from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment (AR6 2021)

We also found moderate to high risks in Bangalore (due to heatwaves) and Hong Kong (due to typhoons/windstorms), and these are two locations where we have many employees.

The assessment showed relatively lower risk across our European and Canadian locations, but severe impacts are still possible[21].

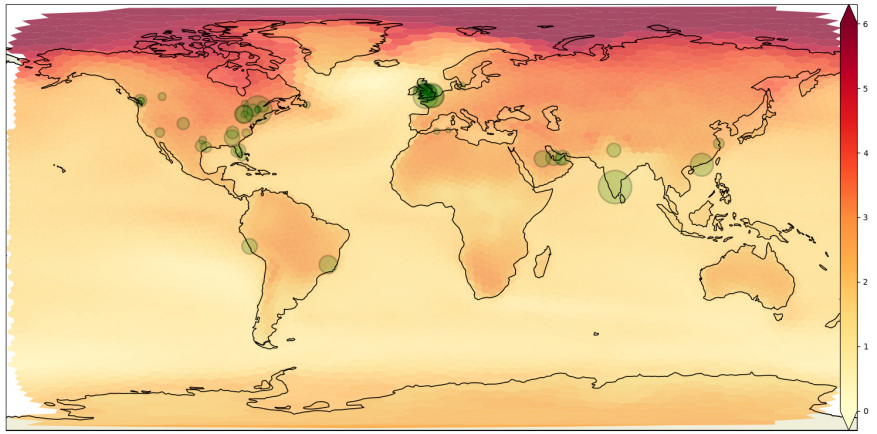
The results of the risk assessment will be considered as we review our risk management actions, including enhancing our office risk registers, health and safety plans, business continuity plans, and safety & resilience training in locations where risks are high or have the potential to significantly increase due to climate change.

[21] For example, in the June 2021 heatwave in Western Canada, maximum temperatures soared to above 49°C with more than 400 heatwave related deaths. In July 2022 heatwave temperatures exceeded 40°C for the first time across the southeast and east of England, causing widespread transport disruption and wildfires.

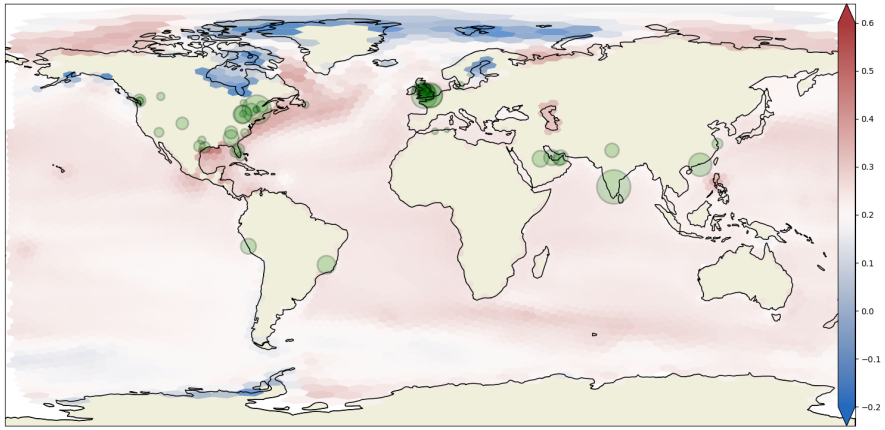
[22] Climate data source: Iturbide, M., Fernández, J., Gutiérrez, J.M., Bedia, J., Cimadevilla, E., Díez-Sierra, J., Manzanas, R., Casanueva, A., Baño-Medina, J., Milovac, J., Herrera, S., Cofiño, A.S., San Martín, D., García-Díez, M., Hauser, M., Huard, D., Yelekci, Ö. (2021) Repository supporting the implementation of FAIR principles in the IPCC-WG1 Atlas. Zenodo, DOI: 10.5281/zenodo.3691645. Available at: https://github.com/IPCC-WG1/Atlas

Outputs from AtkinsRéalis' global climate risk assessment tool[22]

Maximum temperature (TX) Change deg C - SSP5-8.5



Sea level rise (SLR) Change meters - SSP5-8.5



6
METRICS AND TARGETS

6.1. Key Targets

TCFD Recommendations

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

In 2021, AtkinsRéalis set two significant targets relevant to our climate change performance:

- Our corporate GHG emissions reduction target: In May 2021, we set our Net Zero Carbon 2030 target for our corporate emissions, including our Scope 1, 2 and some scope 3 emissions.
- Our financial growth targets: In September 2021, our Pivoting to Growth Strategy set financial targets for 2022-2024. One of the major targets is for organic revenue growth[23] of 4-6% annually from 2022 to 2024 inclusively across AtkinsRéalis Services line of business, which is comprised of the Engineering Services, Nuclear, O&M, and Linxon segments. In 2022 we met this target[24].

In 2022, as part of our sustainability-linked finance, we established two additional targets:

- Reducing our corporate GHG emissions (including scope 1, 2 and some scope 3 emissions) by 60% by 2025, using 2019 as the baseline year
- Increasing diversity within our workforce, focusing on achieving 25% of women representation in managerial and senior professional roles by 2025

In 2022, we undertook an ESG materiality assessment to identify the ESG-related topics which are most material to our activities and our stakeholders. We are in the process of developing new key performance indicators (KPIs) and targets related to these topics, to broaden the positive impact we can have on the environment and on the communities in which we work.

[23] Organic revenue growth is a non-IFRS ratio. Please refer to Appendix A for more information.

[24] 'Quaterly Report 2022; SNC-Lavalin Reports Strong SNCL Services Results and Completes Major Milestone on LSTK Projects ' (2022) SNC Lavalin. Available at: https://www.atkinsrealis.com/en/investors/financial-information/quarterly-reports/2022/q4

6.2. Developing Climate-related Metrics

The TCFD suggests that organisations make use of different types of metrics and targets to drive progress in reducing climate risks and realizing climate-related opportunities. The table below describes our progress with developing and implementing climate-related metrics across our Company. In future, we will consider further work to enhance our metrics and targets so that we continue to improve our performance on sustainability and climate change.

Type of metric suggested by the TCFD	Our progress with developing metrics and our next steps
GHG Emissions	We report our GHG emissions and emissions intensity annually. We are currently undertaking work to re-baseline our Scope 1 and Scope 2 emissions, and to enhance and expand our Scope 3 emissions reporting (more detail is provided in the next section).
Climate-related Transition & Physical Risks	Using the findings from our TCFD climate risk assessments and scenario analysis we will consider developing metrics to monitor risks and track progress with risk management (more detail is provided in the Strategy and Risk Management chapters).
Climate-Related Opportunities	Our Business and Market strategies have considered climate-related opportunities, and we will now integrate findings from our climate scenario analysis (more detail is provided in the Strategy chapter). In future, we will consider developing metrics to monitor our progress with realizing opportunities.

Type of metric suggested by the TCFD	Our progress with developing metrics and our next steps
Capital Deployment	We are investing in enhancing AtkinsRéalis' capacity and readiness to deliver a net zero climate resilient future (more detail is provided in the Strategy chapter). In future, we will consider approaches to tracking the benefits gained from our investments.
Internal Carbon Price	In 2022, we began investigating the implications and benefits of using internal carbon pricing to drive GHG emissions reduction and embed carbon considerations into decision making. We will consider this further when we have progressed work relating to re-baselining our GHG emissions.
Remuneration	In 2021, the Annual Incentive Plan (AIP) for senior management was restructured by the HRC to incentivize management to improve the Company's ESG performance. In 2022, the ESG measures have been expanded to include Integrity, Health and Safety, Equality, Diversity and Inclusion (ED&I) and Sustainability measures, constituting an overall 10% of the AIP for all participants.

6.3. Greenhouse Gas Emissions

GHG emissions performance is shown below (in metric tonnes of CO_2 equivalent) reported across scopes 1, 2, and some categories of Scope 3, as well as our business GHG intensity metrics (that only consider scope 1 and 2 emissions). Also shown are the estimated 2030 emissions targeted in our Net Zero Carbon Routemap. Further details of our GHG emissions data and methodology can be found in our 2023 CDP Climate Change Report.

GHG Emissions		2019	2020	2021	2022	2030 forecast
Scope 1		55,765	44,940	18,096	6,845	3,570
Scope 2		29,400	5,101	4,774	4,251	14,351
Scope 3	**Business Travel**	54,221	12,752	13,339	24,873	38,929
	Upstream Leased Assets	4,015	20,507	15,321	8,509	
Total		143,401	83,300	51,530	44,478	56,851
GHG Intensity Factors**						
Intensity Metric 1 ($mtCO_2e$/ Revenues in Million CA$)		8.9	7.1	1.7	1.5	N/A
Intensity Metric 2 ($mtCO_2e$/FTE)*		1.8*	1.3*	0.4	0.3	N/A

* In 2019 and 2020, these intensity metrics were stated as per "Headcount" rather than full time equivalent (FTE) employees, as at the time AtkinsRéalis was not calculating annual FTEs.

** To ensure year-on-year comparability, the Oil and Gas business performance (Carbon emissions, FTE and Revenues) are excluded from the 2020 and 2021 intensity calculations. Also note that the Scope 3 emissions, arising from ourvalue chain, are excluded from intensity calculations.

Our GHG emissions reduction journey

The GHG emissions reduction that was achieved during the past four years was due to the following:

- the COVID-19 pandemic led to dramatic changes to our operations that temporarily reduced emissions from 2020 - 2022. Business travel was largely unfeasible and many of our offices sustained periods of unoccupancy while employees worked from home.
- the sale of our Oil & Gas business in 2021, and completion of LSTK projects in the Middle East, which in turn meant ending some activities and closing offices in carbon-intensive locations.

As a result of this significant business change through the sale of the Oil & Gas business, we are revising our GHG emissions baseline so that 2022 becomes our new baseline year.

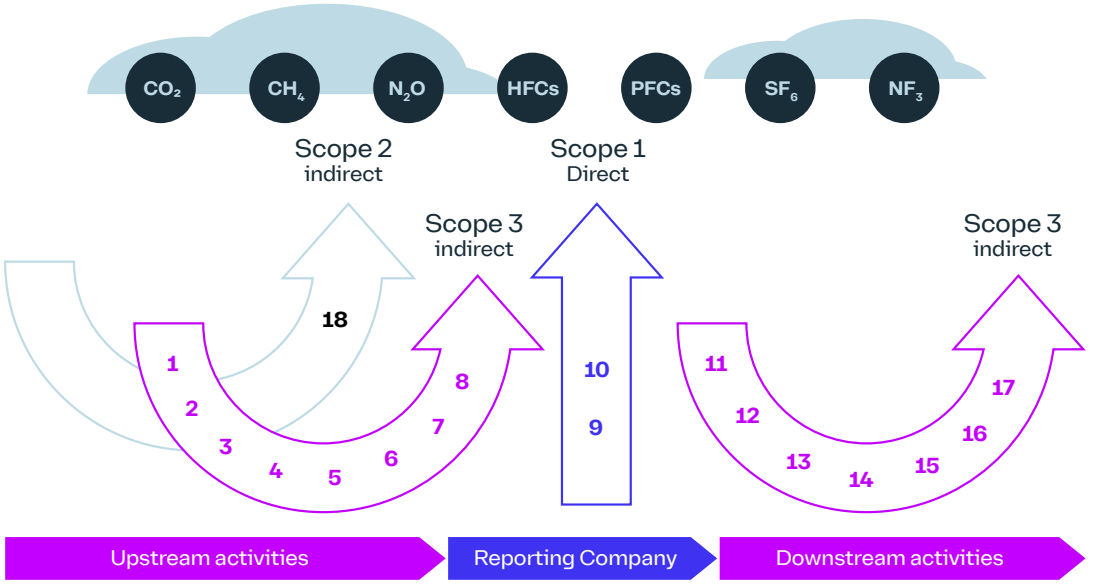
We are placing increasing focus on GHG emissions, and we are investing to drive forward action on our 2030 net zero target (more details are provided in the Governance and Strategy chapters).

Scope 3 GHG emissions

We currently report on two Scope 3 categories: Business Travel and Upstream Leased Assets. In 2022 we began a detailed investigation, which has continued in 2023, into the materiality and scale of the other Scope 3 emissions arising from our operations and value chain.

The Greenhouse Gas Protocol Scope 3 Standard defines fifteen possible categories of scope 3 emissions that can arise due to the activities associated with an organisation's value chain. Not all of these categories will be relevant to AtkinsRéalis' operations. Throughout 2023, we have been developing our understanding of these complex GHG emissions and integrating them into our decarbonisation plans moving forward.

Overview of GHG scopes and emissions across companies' value chains[25]



1. Purchased goods and services
2. Capital goods
3. Fuel and energy related activities
4. Transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Leased assets
9. Company vehicules
10. Company facilities
11. Transportation and distribution
12. Processing of sold products
13. Use of sold products
14. End-of-life treatment of sold products
15. Leased assets
16. Franchises
17. Investments
18. Purchased electricity, stream, heating & cooling for own use

[25] Greenhouse Gas Protocol (2013) Vol 1, Technical Guidance for Calculating Scope 3 Emissions. Carbon Trust. Available at: Scope3_Calculation_Guidance_0.pdf (ghgprotocol.org)

7
NEXT STEPS

Through the TCFD program we have developed an understanding of our existing strengths and identified opportunities for enhancing our alignment with the TCFD recommendations.

We are continuing our TCFD program in 2023 and beyond to progress our journey of embedding sustainability and climate resilience into our global operations, and to better prepare our business for the risks and opportunities posed by climate change.

Our next steps will include the following:

- Continue to enhance and expand our capacity, sustainability programs, and our Engineering Net Zero program, to improve our performance and support our clients to manage climate risks and transition to net zero
- Continue to raise awareness across AtkinsRéalis, from senior management to junior employees, of the role they play in managing climate-related risks and opportunities and positioning our Company to be fit for the future
- Enhance governance and risk management systems and processes to ensure climate-related risks and opportunities are consistently identified, assessed, managed, and overseen by the relevant competent people
- Further develop climate risk assessments, including considering approaches to quantify impacts and enhance risk management actions. Refine how climate-related risks are assessed for our major projects, O&M contracts, and capital investments
- Enhance business and market strategies to take account of our climate-scenario analysis and expand our consideration of climate-related risks and opportunities
- Enhance business resilience and safety systems to improve the way climate-related risks are managed across our offices and operations
- Review climate risks across our supply chain and major suppliers to enhance our sustainability performance and climate resilience
- Further develop approaches to monitoring risks and tracking progress against our targets

AtkinsRéalis acknowledges the role we have to play in supporting our clients to prepare for the future. We do not know how the future will unfold, but we are committed to playing our part in an orderly transition to a net zero climate resilient economy and planet.

We are committed to continue reducing our carbon emissions and maintaining an agile business ready to respond to the risks and opportunities created by climate change.

Appendix A: Forward Looking / Cautionary Statements & Non-IFRS Financial Ratio

Forward Looking / Cautionary Statements

Statements made in this report that describe the Company's or management's estimates, expectations, objectives, predictions, projections of the future or strategies may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "aims", "anticipates", "assumes", "believes", "estimates", "expects", "goal", "intends", "may", "plans", "projects", "forecasts", "should", "target", "vision", "will", "likely", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. This report includes certain forward-looking statements, including statements regarding (i) the Company's stated objectives, priorities, strategies, sustainability and equality, diversity and inclusion ("ED&I") commitments, objectives and targets as well as actions that may be undertaken by or on behalf of the Company to achieve such commitments or targets (including with respect to the Company's aim for future TCFD disclosures, climate-related risks and opportunities, next steps in regards to climate-related metrics, next steps in regards to the Company's TCFD program, emissions reduction forecast and targets, achieving net zero carbon emissions from corporate activities by 2030 and the Company's diversity targets which include increasing the proportion of women in leadership to 25% by 2025, and across the organization as a whole to 33% by 2025, with a commitment from the Board to maintain at least 30% representation by women), and (ii) the Company's commitment to deliver transparent disclosure and reporting on environmental, social and governance ("ESG") matters. All such forward-looking statements are made pursuant to the "safe-harbour" provisions of applicable Canadian securities laws. The Company cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements. There is a risk that one or more of the initiatives and objectives described in this report may be materially delayed or terminated, in whole or in part. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Company's current plans, including with respect to sustainability and ED&I, and in obtaining a better understanding of the Company's business and anticipated operating environment and may not be appropriate for other purposes. Forward-looking statements made in this report are based on a number of assumptions believed by the Company to be reasonable as at the date hereof. Although the Company believes that the expectations reflected in such forward-looking statement are reasonable, it can give no assurance that such expectations will prove to have been correct. Forward-looking statements for periods beyond 2023 involve longer-term assumptions and estimates and are consequently

subject to greater uncertainty. The Company will continue to assess its assumptions to ensure that its approach to reaching net zero carbon emissions from corporate activities by 2030 is reflective of market conditions.

The Company's sustainability commitments, targets and actions are based on the Company's current strategic plan, geographic footprint, mix of lines of business and overall size and scope of operations as well as a number of assumptions, including, without limitation, the following material assumptions: the Company's ability to develop and implement various corporate and business initiatives, including new procedures, policies and targets, to decarbonize current infrastructure and foster a new culture of low carbon behavioural change and choices across the Company's workforce; the Company not undertaking or pursuing any new corporate or business initiatives, business acquisitions, investments, joint ventures or technologies that would materially increase the Company's anticipated levels of GHG emissions; future earnings and the Company continuing to have a solid or adequate financial position that can support or justify such commitments, targets and actions; the availability of comprehensive and high-quality GHG emissions and other third party data, including data-driven solutions to decarbonize the built environment; the ability of the Company to develop and maintain indicators to effectively monitor its advancements; projections with respect to renewable electricity generation and the built environment; there being no negative impact on the calculation of the Company's GHG emissions from refinements in or modifications to international standards or the methodology the Company uses for the calculation of such GHG emissions; sufficient collaboration with, and active and continued participation of stakeholders (including the employees, clients, suppliers and other main agents of the Company and the communities in which it is present), including by reducing their own GHG emissions; the ability of the Company to purchase sufficient credible carbon credits and renewable energy certificates to offset or further reduce GHG emissions, if and when required; the development and deployment of new technologies and sustainable products; the ability of the Company to identify climate-related opportunities as well as assess and manage climate-related risks; the general economic environment and financial market conditions in countries where the Company operates; geopolitical and socio-political uncertainty; and changes made to regulations that may affect the Company's business and the development of ESG requirement regulations. The Company's ED&I commitments, targets and actions are based on a number of assumptions, including, without limitation, the following material assumptions: the Company's ability to leverage ED&I partnerships and recruitment agencies to help identify qualified diverse talent for vacant positions, including in leadership positions and on the Company's Board and with the requisite skill-set or expertise for the Company; sufficient diverse labour market availability; the implementation of corporate and business initiatives to increase awareness, education and engagement in support of the Company's ED&I targets; and the ability of

candidates, employees and directors to self-identify to enable a diverse representation of qualified candidates. Forward-looking statements made by the Company in this report are also based on a number of additional assumptions which are set out throughout the Company's 2022 annual Management Discussion and Analysis ("MD&A") (particularly in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report our Results") as updated in the first and second Quarters of 2023 MD&A available on SEDAR+ at www.sedarplus.com and on the Company's website at www.atkinsrealis.com under the "Investors" section. If any of the assumptions mentioned above proves to be inaccurate, the Company's actual results could differ materially from those expressed or implied in the forward-looking statements made in this report. There is a possibility that the Company's expressed or implied predictions, targets, projections, expectations, or conclusions will not prove to be accurate, that its assumptions may not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Company recommends that readers not place undue reliance on forward-looking statements contained in this report.
In addition, important risk factors could cause the Company's assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risk factors are set out in the Company's 2022 annual MD&A as updated in the first and second Quarter of 2023 MD&A.

Non-IFRS financial ratio

Organic revenue growth is a non-IFRS ratio comparing organic revenue, itself a non-IFRS financial measure, between two periods and does not have a standardized definition within IFRS and therefore may not be comparable to similar measures presented by other issuers. Further details, including an explanation of the composition and usefulness of this ratio, as well as a calculation of this ratio, and a reconciliation to the most directly comparable IFRS measures are provided at Section 13 of the Company's 2022 Annual MD&A, available on SEDAR+ at www.sedarplus.com and on the Company's website at www.AtkinsRealis.com under the "Investors" section, which sections are incorporated by reference into this report. Management believes that, in addition to conventional measures prepared in accordance with IFRS, non-IFRS financial ratios provide additional insight into the Company's operating performance and financial position and certain investors may use this information to evaluate the Company's performance from period to period. However, these non-IFRS financial ratios should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

FOR QUESTIONS AROUND SUSTAINABILITY OR HOW WE CAN HELP YOUR BUSINESS, PLEASE CONTACT:

Marie-Michèle Bleau
Sustainability Manager
marie-michele.bleau@AtkinsRealis.com

AtkinsRealis.com/en/ESG

AtkinsRéalis