



GTA A ANNUAL REPORT 2020

HEALTHY AIRPORT





HEALTHY | AÉROPORT AIRPORT | EN SANTÉ

The past year has been a powerful reminder that the health of people, communities, economies and the planet are all connected. As we realize our Healthy Airport commitment, Toronto Pearson is not only creating a safe, healthy airport experience for passengers and employees, we're also striving to connect people and economies in ways that expand opportunity and build shared resilience.

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FORWARD-LOOKING INFORMATION

This document contains certain forward-looking information. Please refer to the section titled "Caution Regarding Forward-Looking Information" contained at the end of Management's Discussion and Analysis for a discussion of the risks and uncertainties and the material factors and assumptions related to forward-looking information.

HEALTHY AIRPORT

Redefining the standards for hygiene and cleaning. Accelerating innovation through technology partnerships. Rethinking the flow of people and processes. Leading the aviation sector in creating a healthy airport experience for passengers and employees. All to create a safer, healthier and more sustainable way of connecting Canada to the world.

HEALTHY WORKFORCE

We're committed to protecting and sustaining the well-being of everyone who works at Toronto Pearson. Not only GTAA employees, but tens of thousands of colleagues in nearly 400 organizations who support our passengers and operate our facilities.

- **Rapid workplace COVID testing**
- **Health-promotion technologies**
- **Addressing pandemic-related mental health issues**
- **Helping impacted aviation workers seek new opportunities**

HEALTHY BUSINESS

We're transforming every area of operations at Toronto Pearson, adopting new ways of working that are nimble, collaborative, outcome-focused, driven by analytics – and above all, highly innovative, challenging every assumption.

- **Creating integrated cross-functional teams**
- **Adding revenue streams, such as enhancing existing cargo infrastructure**
- **Expanding digitally enabled services**
- **Reinforcing financial resilience**

HEALTHY ECONOMY

Toronto Pearson is a vital engine of job creation, economic activity and investment. As we build and execute our recovery plan, we're working with business, government and community partners to drive renewal and growth across the regional and national economies.

- **Forging valuable innovation partnerships**
 - **Rebuilding region with business and industry partners**
 - **Promoting transit connectivity**
- **Advancing the Airport Employment Zone**

HEALTHY COMMUNITIES

We connect Pearson's neighbours to the world, strengthening social and economic links and providing access to essential goods such as food, medicine and technology. Partnering with diverse stakeholders, we're helping build more equitable and sustainable communities.

- **Addressing social inequity and injustice**
- **Investing to reduce underemployment**
- **Partnering on environmental initiatives**
 - **Fostering community dialogue via new channels**



MESSAGE FROM THE BOARD CHAIR

HEALTHY FUTURE



As the impact of the 2020 pandemic grew rapidly from a serious public health threat to a global economic crisis, it disrupted every aspect of Canadians' lives: our personal well-being, our livelihoods and business activities, and our ability to stay connected to the people we care about. Toronto Pearson plays a critical role in maintaining those connections, across Canada and around the globe. But even though our airport has comprehensive response plans for every kind of emergency, the scale of disruption from COVID-19 was unlike anything we'd ever faced before.

On behalf of the Board of Directors, I want to thank the employees of the GTAA – and the entire Toronto Pearson workforce – for the energy, focus and determination you've brought to confronting the pandemic and its consequences. Your collective efforts have protected passengers, your co-workers and our nearby communities, even as we've had to dramatically scale back operations because of the temporary decline in air travel.

I'd also like to express our gratitude to the many partners of the GTAA – including all levels of government, businesses large and small, labour organizations, public service agencies and diverse stakeholder groups – who have worked alongside us in the

search for innovative solutions to complex problems. Together, we're turning a difficult challenge into a catalyst for change as we reinvent our airport, rebuild the aviation sector and help to fuel Canada's economic recovery.

ENSURING FINANCIAL SUSTAINABILITY

Faced with a steep reduction in passenger traffic, the GTAA management team moved quickly to review operating processes and look for cost-efficiencies throughout. They also renegotiated agreements with Toronto Pearson's primary carriers, balancing the airlines' financial obligations with our need to continue investing in enhanced facilities and

services – and our shared commitment to delivering a great passenger experience.

This difficult year was particularly hard on GTAA employees, and indeed on everyone working at Toronto Pearson. As we sought solutions that took into account the priorities and concerns of our workforce, we collaborated closely with the airport's unions – directly and via the Toronto Airport Workers Council. And when it became clear that despite our best efforts the GTAA would have to be restructured, the open and respectful relationship we've built with our union leaders again proved invaluable.

Equally vital to ensuring our financial sustainability is support from governments. We're grateful to the Government of Canada for providing temporary rent relief under our Ground Lease agreement and the Canada Emergency Wage Subsidy program. We also appreciate the support we've received from the Government of Ontario, particularly in our collaborations on COVID-19 testing and other public health programs at Toronto Pearson. Moving forward, we'll continue working closely with all governments – federal, provincial, regional and municipal – on initiatives to benefit the travelling public, create jobs and drive economic growth.

MESSAGE FROM THE BOARD CHAIR

EVOLVING AN ESG FRAMEWORK

Even as we address the impacts of the pandemic, the GTAA remains focused on the longer-term challenges to global sustainability – foremost among them climate change, which is an urgent concern for our stakeholders, as it is for all Canadians. We’ve joined a growing number of responsible enterprises in exploring how best to weigh environmental, social and governance (ESG) factors – not only in assessing risk (which in our case already considers ESG issues), but in our strategic planning and how we prioritize investments. The ultimate goal is a comprehensive ESG framework that will guide all aspects of management decision-making.

As a critical component of that framework, in the fall of 2020 we unveiled a robust Environmental Sustainability Strategy that maps out specific initiatives for the next several years. After posting the draft document online, we invited GTAA stakeholders to contribute their ideas and comments. We’re now incorporating their helpful feedback and expect to share the final version of our strategy with the public later in 2021. In the meantime, as confirmation that our efforts are on track, we were pleased to receive the 2020 ACI-NA Environmental Management Award from Airports Council International in recognition of our “20/2020” greenhouse gas policy and the substantial reductions in emissions achieved at Toronto Pearson over the past decade.

As for the social dimension of ESG, this too has remained a top priority, in spite of – and in response to – the challenge of COVID-19. The organizations we partner with through the GTAA’s Propeller Project community investment program focus on the needs of unemployed and underemployed workers, whose numbers have grown significantly



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in the past year. These partnerships will be more important than ever as we extend our business recovery efforts into Pearson’s surrounding communities, removing barriers to employment by supporting training and development opportunities.

RETHINKING AIR TRAVEL

Moving forward, our focus at the GTAA will be on finding new and better ways to deliver a safe, comfortable travel experience, sustainably and cost-efficiently. As the operator of Canada’s principal global gateway and a recognized leader in our industry, we’re rethinking every dimension of Toronto Pearson to create a healthy, low-touch, seamless airport journey that will be a model for the world.

Of course, we can’t achieve that ambition alone. We’re working more closely than ever with our airlines and a range of other business partners, from baggage handlers and cleaning services to retailers and food-and-beverage providers. We’re also collaborating with technology innovators on new solutions

for managing our facilities and enhancing passenger services. And we’re exploring ways to further diversify our business and develop added sources of revenue, notably by expanding our air cargo capabilities.

DRIVING ECONOMIC RECOVERY

The COVID-19 pandemic has had a severe impact on our airport and the entire aviation sector, with economic and financial consequences that we’ll be wrestling with for some time. But this crisis has also given us an opportunity to make a strategic pivot, rethinking Toronto Pearson’s business model and advancing our critical role as a driver of the regional, provincial and national economies.

Guided by a new three-year strategic plan – which the Board approved at the end of 2020 – we will continue strengthening our relationships with current business partners while forging new ones. And to sustain our momentum, we will reinforce the common goals we share with governments and our neighbouring communities.

MESSAGE FROM THE BOARD CHAIR

In closing, let me underline our appreciation for the dedicated teamwork and creative thinking that GTAA employees have brought to tackling problems that at times must have seemed overwhelming. I especially want to recognize the efforts of the senior management team under the leadership of Deborah Flint, who assumed her executive role just before we were plunged into the gravest crisis in our airport's 73-year history. Thanks to Deborah's vision and tenacity, backed by her deep industry knowledge, the GTAA has navigated through an extremely difficult year.

Lastly, I'm grateful to the members of the Board – including our newest directors, Rajeev Viswanathan and Don Kennedy – for their rigorous oversight and expert counsel during this challenging time. And on their behalf, I want to thank Terrie O'Leary, who departs the Board in May 2020 after serving more than five years. Terrie's wise advice and thoughtful contributions in the areas of economic development and tourism were deeply appreciated by her fellow directors.

In retrospect, this pandemic year will be seen as an inflection point. Our focus now is on building the airport of the future. Toronto Pearson must be ready not just for the return of past passenger volumes, but for future growth, as the demand for connectivity regains momentum.

We're confident that the steps we're taking today will enable the GTAA to once again generate positive returns within the next few years. We'll achieve this by setting the standards, alongside our partners, for a new kind of air travel experience. We've started by creating an award-winning healthy airport: safe, hygienic and designed in every respect to boost traveller confidence. But this is just

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one part of a larger vision. Being a healthy airport also means fostering a healthy workforce, forging healthy partnerships and sustaining a healthy balance sheet. And it means building healthy communities and a healthy economy by helping to drive growth – in our region and across Canada.

In short, it's about overcoming the obstacles still in our path as we work to create a healthy future. And we believe that Toronto Pearson has the resilience, momentum and innovative spirit to do exactly that.



Doug Allingham
Chair, GTAA Board of Directors

MESSAGE FROM THE PRESIDENT AND CEO

PEARSON STRONG



Pearson Strong. This is the rallying cry that symbolized how we stood together across the 4,600-plus acres of YYZ in the early days of a pandemic that brought fear, loss, uncertainty and an abrupt stop to passenger air travel. It was unknown how deep or long the pandemic and its impacts would last. We know now that it has affected the most vulnerable in the deepest ways – from the physical and mental health toll, to the loss of a staggering amount of human life, employment and economic hope. We know now that our ability to connect as humans would be reduced or removed in ways we never imagined. When the time is right, we see a strong future for passenger travel.

As an airport community we have long understood that we serve a purpose far deeper than the complex movements of goods and people. We connect people, places, cultures and economies, changing lives and strengthening our country. In the throes of the pandemic, we found strength in getting Canadians back home and facilitating the movement of essential goods like medical equipment and personal protective equipment (PPE). Our terminals are still eerily empty, our aprons serve as long-term parking for airplanes and our roadways are wide open. Despite this, we still serve the same purposes for our country and humanity: Airports are beacons of opportunity, centres of human connection and empathy and a reflection of a country's values and vision.

Our message to GTAA stakeholders, though, is not one of doom and gloom. Through the past year, our organization has shown remarkable focus and determination as talented people have worked together to tackle problems for which none of us, even in an industry focused on proactively managing risk, were fully prepared. Confronted by an escalating health threat, the impacts of which were still uncertain, we moved quickly to protect passengers, airport employees and the wider community.

MANAGING RISK

As an industry focused on managing risk, we recognized that digitization and health security were disruptors that were structurally shifting our business. With uncertainty being the only certainty, we

created a core practice of scenario planning for multiple outcomes. A cross-organizational approach to business resiliency was taken and provided the foundation for us to be agile, anticipatory, focused and disciplined.

DIVERSIFYING OUR BUSINESS

We see a strong future for passenger travel at Pearson. Working with economists, industry analysts and our partners, we will position Pearson to be built back better. Using the opportunity of foresight, we will recreate a future-proofed airport – passenger experiences that are biometrically and digitally enhanced; operational efficiency driven by data; advances in biosecurity; and health and hygiene that defends against infectious disease. We will develop alternative revenue streams to enhance our financial resilience by leveraging GTAA's real assets in the Airport Employment Zone – already Canada's second largest employment cluster, enabling over 300,000 jobs. New digital capabilities will drive new opportunities in business-to-business and business-to-consumer segments.

CHANGING HOW WE WORK

We'll look back at 2020 as a defining moment for our airport and our industry – the pivot point where the world of air travel had to align with digital connectivity. Every initiative that is moving us from crisis to recovery is also propelling us forward into a new era of aviation.

MESSAGE FROM THE PRESIDENT AND CEO

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 Together, we’re creating one of the world’s healthiest airports. We’re leading the way in deploying technology to create a new kind of passenger experience: safe, digitally connected, predictable, sustainable and seamless.

Driving these changes took a remarkable team effort. By the summer of 2020, however, it was clear that despite our efforts to explore every alternative, a restructuring of our organization had become inevitable. The decision to reduce the GTAA’s workforce by 27 per cent was an extremely difficult one. In implementing it, we worked closely with our union leaders, who balanced support for their membership with an appreciation for the challenges faced by our airport. That we were able to collaborate successfully on the complex restructuring process is a testament to the positive relationships we’ve forged over many years.

In putting that plan into effect, we maintained transparent communications with the GTAA workforce. We committed to treating everyone affected by the changes with fairness and empathy. And we provided transition support and access to training and development opportunities – as we did for other laid-off and furloughed workers across the Pearson community.

EQUITY AND SOCIAL JUSTICE

The goals of equity, diversity and inclusion have long been priorities for the GTAA. The executive team, with strong support from our Board of Directors, quickly joined those condemning anti-Black racism and the indefensible legacy of systemic discrimination, inequality and injustice in all forms.

One of our cross-functional BRIT teams focuses exclusively on building a more equitable and inclusive organization. We’ve expanded our existing human resources policies, sharpened our HR practices, and launched education and awareness programs – all aimed at fostering equity throughout the GTAA and across our airport. Every person who works here must feel that their experience and views are valued, and their career goals are achievable. Likewise, every passenger must be treated with respect and dignity – and we will hold all of our

partners and workers accountable for that. I’m proud to have joined many of Canada’s most prominent corporate leaders in signing the BlackNorth Initiative, reinforcing our commitment to advance diversity and equity, not only within the GTAA, but also across the Pearson community and in Canadian society.

OUR STRATEGIC PLAN

In the face of disruption, a strategic plan was essential to align the organization, from the Board of Directors to each and every employee. The 2021–2023 strategic plan charts a course for navigating the economic recovery and returning our business to stability. The plan reflects our need to remain flexible in the face of continuing uncertainty, and to test strategic options in multiple scenarios. It sets out four goals:

- Driving financial strength and cost competitiveness
- Delivering operational effectiveness and a healthy airport experience
- Growing revenue through business diversification
- Empowering employees to thrive in a new work environment

Our three-year plan is designed to make the GTAA more agile and innovative, inspiring collaboration around our shared purpose. It is aligned with current fiscal realities and laser-focused on the activities we know are most critical to our future success.

THE WAY FORWARD

In everything we do – from championing arrivals testing so that passengers and communities stay safe, to testing air quality and hygiene standards in every area of our airport – Pearson understands the leadership role that is expected of us. We are fuelled by the world-class expertise and strength of our people, within the GTAA and across the Pearson community, who’ve shown incredible teamwork and solutioning over the past year. Faced with one daunting challenge after another, our dedicated workforce has continually rallied and kept on pressing forward. Words don’t fully express my appreciation for the values demonstrated and the progress made by our airport community.

Together, we’re creating one of the world’s healthiest airports. We’re leading the way in deploying technology to create a new kind of passenger experience: safe, digitally connected, predictable, sustainable and seamless. These bold aims are summed up in our north-star statement:

Pearson Strong: creating the airport of the future by building our business in a smart, healthy and profitable way.

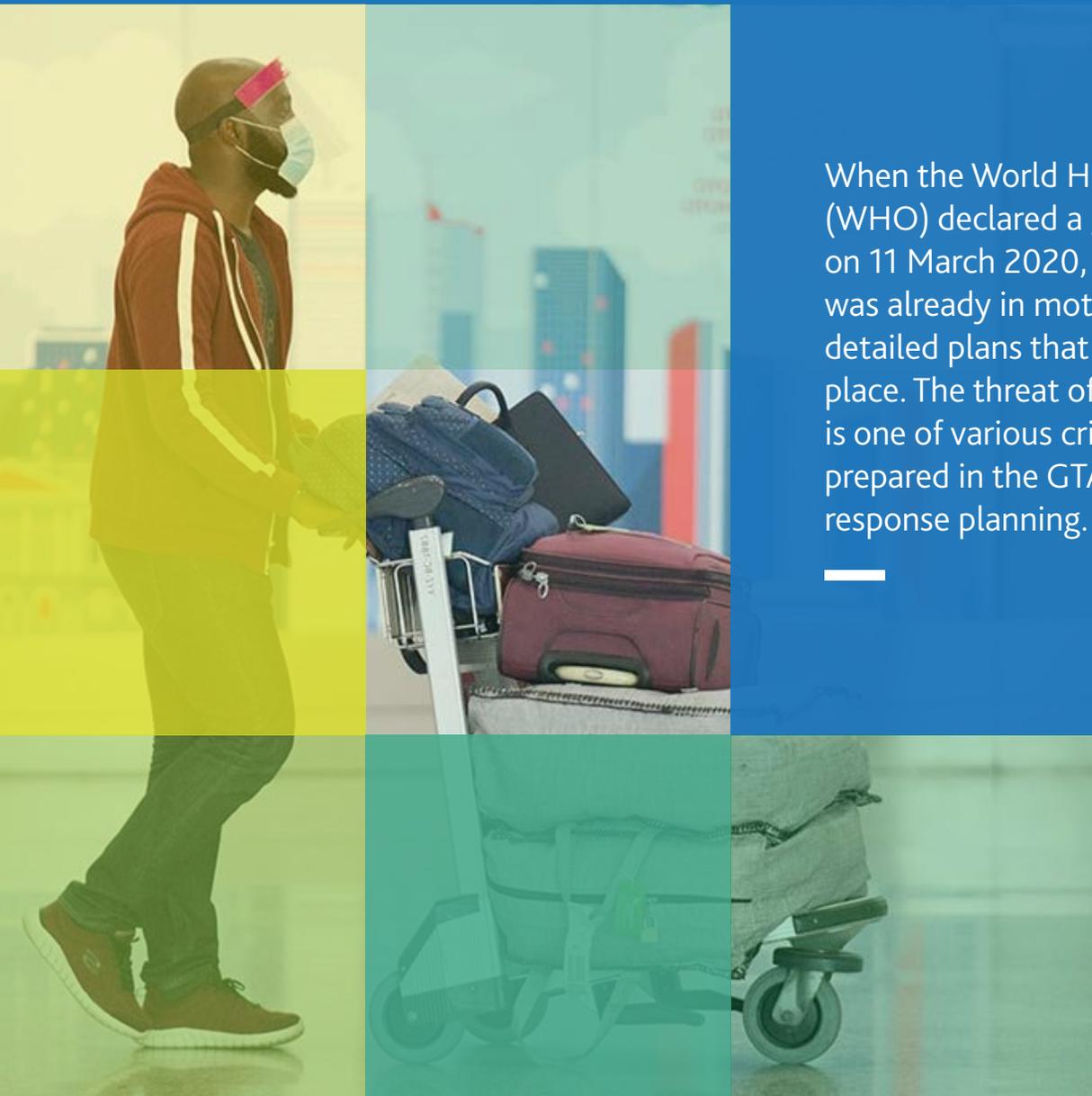


Deborah Flint
 President and Chief Executive Officer

HEALTHY AIRPORT



When the World Health Organization (WHO) declared a global pandemic on 11 March 2020, Toronto Pearson was already in motion, building on detailed plans that were previously in place. The threat of a viral pandemic is one of various critical scenarios prepared in the GTAA's emergency response planning.



HEALTHY AIRPORT

WE HAD TESTED AND REFINED OUR STRATEGY DURING THE SARS AND H1N1 SWINE FLU OUTBREAKS OF THE EARLY 2000s. And our

efforts had earned recognition from public health experts. For example, on a June 2019 visit to Pearson, the Director-General of the Centre for Emergency Preparedness and Response, part of the Public Health Agency of Canada (PHAC), paid tribute to “the strong collaboration between PHAC, CBSA, airline operators, and provincial and local health partners to ensure an integrated response.” However, nothing could have fully prepared us for the scale, pace and impact of COVID-19.

ONE THING WAS CERTAIN: AIR TRAVEL WOULD CHANGE DRAMATICALLY. We soon saw that the urgent need to address the pandemic could also be a catalyst for longer-term change – an opportunity to transform not only Canada’s largest airport, but the entire aviation sector. With our partners, we began rethinking processes, exploring new technologies and accelerating innovative work in progress. We were determined to emerge from this crisis with even safer, healthier and more sustainable ways to connect the world.

RESPONSE

THE GTAA BOARD AND EXECUTIVE TEAM MOBILIZED QUICKLY. Within the GTAA, we formed cross-disciplinary teams integrating all aspects of airport operations, passenger experience and communications. At the same time, we consulted our Pearson partners, including airlines, government agencies, various service providers and representatives of airport workers. Leveraging our existing collaborations and collective expertise, we identified the areas that would benefit most from our focused attention. We also reached out to public health experts and other scientists who could partner with us on new research and pilot programs aimed at ensuring efficient, predictable air travel.

THESE EFFORTS LED TO OUR HEALTHY AIRPORT COMMITMENT:

- We commit to making passenger and employee health our top priority.
- We commit to working with our partners to set strong, consistent standards for passenger and airport worker health.
- We will deploy multi-layered tools and adjust quickly to changes and current intelligence.
- We will ensure our approach is best in class and aligned with international aviation standards.
- We will explore all innovative and technologically advanced solutions for ensuring the safety of our passengers and employees.



We commit to making passenger and employee health our top priority.



Toronto Pearson’s in-terminal HVAC systems have been modified to deliver increased airflow with enhanced filtering. New monitoring equipment helps us ensure air quality remains excellent.

HEALTHY AIRPORT

WE QUICKLY IMPLEMENTED A WIDE RANGE OF HEALTH AND HYGIENE MEASURES.



MANDATORY MASKS

Before it became a legal requirement, Toronto Pearson imposed an airport-wide rule requiring protective face coverings for both employees and the public.



RESTRICTED ACCESS

The only people who can enter our terminals are airport employees on duty and passengers travelling that day, who use specific drop-off and pick-up points.



TEMPERATURE CHECKS

All arriving and departing passengers are checked with touchless thermometers, as mandated and coordinated by the Government of Canada.



PHYSICAL DISTANCING

Floor decals and over 6,500 signs and digital screens help keep passengers safely apart. We provide frequent reminders over the public address system and monitor traffic flow remotely to avoid potential congestion.



PROTECTIVE BARRIERS

We've installed about 3 km of plexiglass in over 800 areas, such as check-in counters, where closer interactions are necessary.



HAND SANITIZING

There are about 500 no-touch stations throughout our terminals, with a concentration in high-contact areas like check-in and security screening.



CONTINUOUS CLEANING

Guided by our new industrial hygienist, Pearson's cleaners use one of four levels of disinfectant – Tersano, Oxivir, Ultra-Lyte and microbial-probiotic – in high-traffic areas, including escalators, moving walkways, handrails and stairways, as well as on kiosks, baggage carts and wheelchairs.



AUTONOMOUS CLEANERS

Six robotic floor cleaners use UV-C technology to clean and disinfect floors.



AIR QUALITY

New monitoring stations ensure optimum air quality in both terminals, while the HVAC system has been modified to deliver increased flow with enhanced filtering.



VIRTUAL COMMUNICATIONS

Passengers can seek assistance from customer service staff via mobile and desktop video or voice chat. The public can also get regular updates on our COVID-19 response through Toronto Pearson's website and social media channels.

HEALTHY AIRPORT



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Consistency will be the key to a sustained global recovery. I am very impressed by how Toronto Pearson has swiftly adapted to new realities to introduce new measures based on globally consistent protocols.

Luis Felipe de Oliveira
ACI's World Director-General

Robotic floor cleaner at Pearson cleans and disinfects floors using UV-C technology.

MEASURING SUCCESS: CANADA'S FIRST ACCREDITED HEALTHY AIRPORT. The cumulative impact of our various health and safety initiatives was formally recognized in September 2020, when Pearson became the first Canadian airport to qualify under the Airport Health Accreditation program launched by Airports Council International (ACI). The program assesses COVID-19 measures recommended by the Aviation Recovery Task Force of the International Civil Aviation Organization. “Consistency will be the key to a sustained global recovery,” said Luis Felipe de Oliveira, ACI’s World Director-General. “I am very impressed by how Toronto Pearson has swiftly adapted to new realities to introduce new measures based on globally consistent protocols.”



Toronto Pearson was named Best Large Airport in North America for the fourth year in a row.

THE LAST WORD: PASSENGERS BELIEVE WE’RE TAKING THE RIGHT STEPS. As Toronto Pearson’s pandemic response has broadened and evolved, we’ve evaluated its effectiveness using many metrics. But one factor ranks above all others: the perception of passengers. In the fall of 2020, we began conducting in-depth monthly surveys to gauge passengers’ confidence levels and potential concerns. Top of mind for most people travelling through Pearson are preventive measures like face coverings and plexiglass barriers, as well as the enforcement of physical distancing guidelines.

The insights gathered through year-end and into the first quarter of 2021 have been consistently positive: on average, well over 90 per cent of passengers rate Toronto Pearson’s safety and hygiene measures as effective. When we factor health and safety into the overall quality of the passenger experience, our satisfaction scores remain strong.

As for benchmarking within the industry, in the 2020 Airport Service Quality satisfaction survey conducted by the ACI – whose criteria have been modified to reflect the pandemic – Toronto Pearson was named Best Large Airport in North America for the fourth year in a row, among airports serving over 40 million passengers annually. Pearson was also among the airports in the region recognized for “Best hygiene measures.”

HEALTHY AIRPORT

INNOVATION

HOW CAN WE BETTER PROTECT PUBLIC HEALTH WHILE ALSO FACILITATING AIR TRAVEL? This is the pivotal question that led the GTAA, in partnership with Air Canada, to pilot a science-based initiative with the potential to influence the aviation industry globally: arrivals testing at Toronto Pearson.

INITIALLY, THE FEDERAL GOVERNMENT MANDATED A 14-DAY QUARANTINE FOR INTERNATIONAL TRAVELLERS ARRIVING IN CANADA. Although this was an appropriate and effective public health measure, it was also an acknowledged “blunt instrument,” ascribing the same risk of infection to all travellers. As the government then focused on implementing widespread COVID-19 testing to help reduce transmission and accelerate recovery, the GTAA stressed the value of this strategy for the aviation sector in particular. If effective testing allowed a reduction in quarantine times, it would help restore public confidence in flying – with all of the positive social and economic impacts that would bring.

BUT FIRST WE NEEDED TO BETTER UNDERSTAND WHAT ROLE AIR TRAVEL PLAYS IN COVID-19 TRANSMISSION. By working with medical and public health experts, we could determine what further steps might help ensure that arriving and departing passengers didn’t contribute to spread. So we partnered with Air Canada and McMaster HealthLabs to develop a voluntary program in which international passengers could opt to have a COVID-19 test on arrival at Toronto Pearson, with self-administered follow-up tests on days 7 and 14. Our research study was among the world’s largest to that point and the first to test three times, providing richer data for policymakers.

Conducted between September and November 2019, the pilot had over 16,000 participants, who completed more than 40,000 tests. Interim results from 8,600 participants showed that 99 per cent of tests were negative for COVID-19. Among the 1 per cent who tested positive:

- 0.7% were detected on arrival
- 0.3% were detected on day 7
- 0.1% were detected on day 14

The results were encouraging, both from a public health perspective and as a hopeful sign that travel restrictions might be relaxed somewhat without risking the safety of air travellers and the broader community.

WITH THESE INSIGHTS, WE THEN LOOKED AT HOW TO IMPLEMENT PASSENGER TESTING. In early January 2021, we announced a provincially sponsored program that would provide voluntary testing for international travellers arriving at the airport and remaining in the province for at least 14 days. Under this pilot program, eligible passengers, having registered beforehand, administered a self-test on arrival (supervised by a health professional) and then proceeded to their local destinations to quarantine. Swab samples were collected by the government’s chosen provider, Switch Health, for lab-based testing using polymerase chain reaction (PCR) technology. Results were then relayed to passengers and the provincial health information system within 48 hours. Local public health units followed up on any positive tests.

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In addition to demonstrating the feasibility of conducting COVID-19 testing at the airport, the study has also shown the effectiveness of a self-collected COVID-19 sample using a cheek and nasal swab that is completed in minutes.

Dr. Marek Smieja
Scientific Director, McMaster HealthLabs

The updated results strongly suggest that some form of testing regime can provide a viable alternative to a blanket 14-day quarantine requirement and also provide a mechanism to reduce travel restrictions more generally.

Dr. Jim Chung
Chief Medical Officer, Air Canada

HEALTHY AIRPORT



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Testing upon arrival with a follow-up test to catch later positive results could provide a reasonable path forward to help keep borders and the economy open while maintaining public safety.

Dr. Vivek Goel
University of Toronto

HEALTHY AIRPORT

IN THIS PILOT PHASE, THE FEDERALLY MANDATED 14-DAY QUARANTINE STAYED IN PLACE. But the hope was that voluntary arrivals testing, supplemented by further self-testing while passengers remained isolated (as in the McMaster HealthLabs study described above), could yield the necessary data to modify the quarantine period for many travellers while protecting against further community spread of COVID-19.

IN EARLY FEBRUARY 2021, THE PROVINCE OF ONTARIO MADE ARRIVALS TESTING MANDATORY. Now all international passengers were obliged to follow the protocols established for voluntary testing – compared to about 10 per cent of passengers who’d opted to participate during the initial pilot. This naturally required some adjustments at Toronto Pearson: GTAA staff worked with the Canada Border Services Agency (CBSA) and other partners to facilitate the flow of passengers through an extended arrivals process.

ARRIVALS TESTING HAS SINCE TRANSITIONED TO A FEDERALLY MANDATED PROGRAM. As of 21 February 2021, international passengers are required to reserve and stay in a government-authorized hotel for up to three nights, at their own expense, while awaiting the results of the test they take on arrival at Pearson. Passengers who test negative for COVID-19 can complete their 14-day quarantine in accordance with their isolation plan – identified in the ArriveCAN mobile app – with a follow-up self-test on the 10th day. Passengers who test positive are obliged to move to a designated federal quarantine facility or other authorized location to isolate for the balance of the 14-day period. Mandatory arrivals testing complements the federal government’s *pre-departure* test requirement for inbound international travellers, which stipulates that anyone flying to Canada (via Pearson and three other approved airports) must provide proof of negative results from a COVID-19 test taken within three days prior to departure.



Passengers who test positive are obliged to move to a designated federal quarantine facility or other authorized location to isolate for the balance of the 14-day period.



Over 6,500 signs at Toronto Pearson remind passengers to keep safely apart.

HEALTHY AIRPORT

PARTNERSHIPS

PEARSON’S COVID-19 RESPONSE IS A TRUE COORDINATED APPROACH. We’ve worked with the Public Health Agency of Canada and provincial and local authorities to safeguard the health of passengers and employees. We’ve collaborated with Canadian Air Transport Security Agency (CATSA), the Canada Border Services Agency (CBSA) and U.S. Customs and Border Protection (CBP) on ensuring safer hygiene, protective measures and physical distancing while maintaining passenger flow. And we’ve coordinated efforts with airlines as we adapt check-in processes and waiting areas to the new realities of the pandemic.

IN ALL AREAS OF INNOVATION, WE APPLY A SCIENCE-BASED, TEST-AND-LEARN APPROACH. For example, we’ve adopted increased air flow through high-end filtration, the introduction of UV-C technology to keep the HVAC system clean, and real-time indoor air quality readings made available to passengers and the public. We’re testing a technology that enables passengers to operate elevators using their smartphones. We also have a solution to ensure everyone has convenient access to protective gear: cashless vending machines offering masks, hand sanitizers and disinfectant wipes.

WE’RE PARTNERING WITH EXPERTS ON UV SANITIZING. We now use ultraviolet light to kill potential pathogens on floors, on escalators and moving walkways, in our air handling systems – and even on personal electronics. Technology developed by our Toronto-based partner CleanSlate UV allows passengers to sanitize their smartphones, tablets and other devices in just 20 seconds, without the use of any chemical cleaners.

WE ARE COOPERATING ON THOUGHT LEADERSHIP FOR FUTURE PANDEMIC PREVENTION. For example, we formed a partnership with a Canadian company that uses advanced analytics to track infectious diseases. BlueDot has created a technology platform to predict and monitor outbreaks around the globe, helping governments, businesses and other organizations mitigate risk and build resilience. Gathering data from a wide array of sources, BlueDot provides daily COVID-19 updates from 150 countries. We’re able to use these insights in prioritizing, for instance, gate assignments and cleaning procedures for flights from high-risk regions. “Smarter airports deliver a safer experience for travellers,” says Dr. Kamran Khan, the company’s founder and CEO. “BlueDot is incredibly proud to partner with the GTAA to use advanced data analytics and digital technologies to stay a step ahead of global infectious disease risks.”



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Dr. Kamran Khan
Founder and CEO

Technology developed by CleanSlate UV allows passengers to sanitize their personal electronic devices without the use of chemical cleaners.

HEALTHY AIRPORT

NEXT

OUR HEALTHY AIRPORT IS ONLY GOING TO BECOME MORE ADVANCED. Through the coming year and beyond, we'll continue exploring ways to keep travel safe – and ensure passengers feel confident and comfortable – as we work with our partners to create the airport of the future. Here are just a few of the innovative directions we're pursuing:

- **Pre-departure COVID-19 testing:** As part of a study funded by the National Research Council of Canada, on 16 March 2021 we introduced antigen testing for U.S.-bound passengers, offering this service free of charge for the duration of the trial. Our hope is that this will be a significant improvement over other pre-departure testing programs that take up to three days to provide results. Once the complex logistics have been fine-tuned, we expect to scale up this program through the rest of 2021.
- **Infrastructure enhancements:** For example, we're reconfiguring the arrivals and transfer facility in Terminal 3 so connecting passengers can stay within the secure area and not have to unnecessarily repeat processes. (Currently passengers in transit have to exit, collect their bags, re-check them for connecting flights and

pass back through security to continue their journey.) A redesigned facility will help reduce congestion and facilitate physical distancing.

- **Touchless or low-touch technologies:** These include facial verification (now used for NEXUS travellers arriving from the U.S.), self-service e-gates and the pursuit of standardized digital health permissions as an additional layer to conventional passports. We're collaborating with other airports, airlines and travel authorities around the world on standards, best practices and promising technologies.

WE DRIVE CHANGE AND SHAPE DIALOGUE WITH INNOVATION LEADERS. In October, for instance, Deborah Flint, the GTAA's Chief Executive Officer, convened a virtual roundtable with three of our Canadian partners:

- Taylor Mann, CEO and co-founder of CleanSlate UV
- Dr. Kamran Khan, founder and CEO of BlueDot and an infectious disease physician
- Dr. Vivek Goel, University of Toronto professor, former CEO of Public Health Ontario and co-principal investigator of the McMaster HealthLabs COVID-19 study.



Pearson's cleaning process sanitizes baggage carts and other high-touch surfaces with four levels of disinfectant: Tersano, Oxivir, Ultra-Lyte and microbial-probiotic.

HEALTHY AIRPORT



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For air travel to recover, an entirely new system has to be designed around testing. We know this is not just about COVID-19. It’s about a future in which our practices will be forever changed as we apply the lens of infectious disease prediction and prevention.

Deborah Flint
President and Chief Executive Officer

Antigen testing for U.S.-bound passengers was introduced in March 2021.

These innovators discussed the collaborative, science-based efforts that are critical to restoring passenger confidence, reinventing the airport experience and charting a new path for the entire aviation sector. In their concluding remarks, each offered a point of view on the way forward:

Taylor Mann: “After 9/11, you saw systemic change in how security worked.... At the end of the day, the risk is in lack of collective action, because Toronto Pearson is only one airport. Once we [address the challenge of this pandemic], we need to look at how we prevent it from happening again. How do you take the insights we’ve gained and implement them in a systemic change model?”

Kamran Khan: “Getting insights into action...involves behavioural and organizational change. Usually, it’s a relatively small group of people in public health who first recognize these threats. Then it trickles down to the broader healthcare sector, and from there to industry and to the general public. What we need is a contemporaneous dissemination of insights to different sectors – to support government and policy decisions, but also to empower organizations to think about how they can protect their employees and their customers. The best way to do that is to use data and analytics, and to democratize more of the insights. They obviously have to be vetted and thought through carefully; you don’t want to be creating confusing messages. But this [pandemic] highlights that it’s a cross-sectoral problem.”

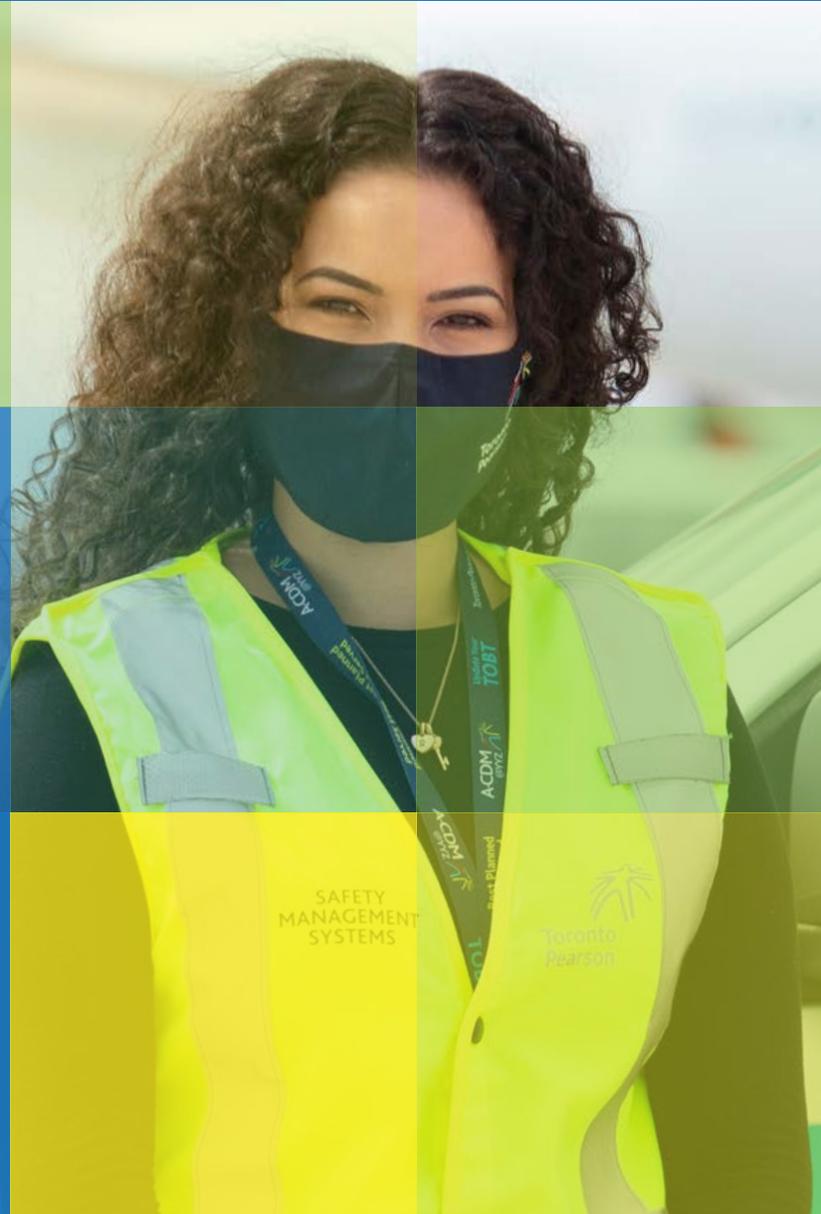
Vivek Goel: “In our arrivals testing study, we collaborated with the GTAA and Air Canada. My institution, the University of Toronto, did the data analysis. And we’ve worked with our partners at the Public Health Agency of Canada, as well as Public Health Ontario, on the interpretation of results, looking at the policies around quarantine.... The final piece is pre-departure testing. All of the innovations we’ve talked about could be used to create testing for [departing] travellers that’s outside the healthcare system, using completely separate supply chains so it doesn’t interfere with diagnostic capacity. As we continue to move toward that, we’ll again be working in partnership with the airlines and the airport on how to make it available in the most accessible way to passengers.”

Deborah Flint: “For air travel to recover, an entirely new system has to be designed around testing. We know this is not just about COVID-19. It’s about a future in which our practices will be forever changed as we apply the lens of infectious disease prediction and prevention. We’ve accomplished much that we can be proud of, but there’s so much more to do. I’m excited about the partnerships around this table, and how we’ve embraced a culture of collaboration throughout the GTAA and across Toronto Pearson.”

HEALTHY WORKFORCE



Our Healthy Airport initiative, at the fundamental level of ensuring a safe, hygienic environment, naturally includes everyone at Toronto Pearson who works to support passengers and operate our facilities.



HEALTHY WORKFORCE

MOREOVER, THE CONCEPT EXTENDS BEYOND ANTI-INFECTION PROTOCOLS TO ALL DIMENSIONS OF WELL-BEING, from addressing mental health issues amplified by the pandemic to helping workers who've been laid off or furloughed explore new career opportunities. And as always, our efforts to promote a healthy workforce include not only the direct employees of the GTAA but our tens of thousands of colleagues who work for some 400 organizations across the airport.

WE'VE GAINED A DEEPER UNDERSTANDING OF PEARSON'S WORKFORCE IN RECENT YEARS. Canada's largest airport relies on close teamwork among employees of many different companies and organizations, who work around the clock to ensure the safe, efficient flow of travellers, aircraft, baggage and cargo. Since 2017, the GTAA has been collaborating with the Toronto Airport Workers Council (TAWC), which represents unions across Pearson, to learn more about the diverse backgrounds, skills, goals and challenges of everyone who works here.

AS A GLOBAL AVIATION LEADER, TORONTO PEARSON HAS NEVER STOOD STILL. But the events of the past year, including the need to restructure our organization (see page 27), have underlined the fact that reinventing an entire sector starts with rethinking how we work together each day to help our airport run more safely, smoothly and efficiently.

RESPONSE

WHEN COVID-19 HIT, OUR FIRST PRIORITY WAS WORKER HEALTH AND SAFETY. We immediately implemented social distancing rules, intensified cleaning protocols and adopted many other safety measures (see page 77). Our approach was informed by dialogue and collaboration with both workers and employers across Toronto Pearson. Other measures to promote workplace health and safety included supports tailored to employees newly working from home, with newsletters and video trainings on topics such as workspace ergonomics and managing anxiety or sleep issues magnified by the pandemic.

EMPLOYEES CONFIRMED OUR COVID RESPONSE WAS ON THE RIGHT TRACK. We conducted a special survey in May 2020 to learn how GTAA employees felt we were doing in protecting workplace safety during the pandemic. The results suggested our early efforts were well received, with scores of 80 per cent for employee wellness, health and safety and 86 per cent for "concern and connection."

WE RESPONDED TO THE UNIQUE CONCERNS OF TAXI AND LIMO DRIVERS. Although not airport employees, drivers are important members of the Pearson community. After many expressed a need for extra support in the early days of the pandemic, we provided them with masks and helped with the purchase and installation of Plexiglas shields in their vehicles. We also ensured arriving passengers did not proceed to the taxi/limo pick-up area without masks. And we increased our communications about the temperature checks and other safety practices that had been introduced across the airport.



In a survey of GTAA employees in April 2020, we were rated 80 per cent for employee wellness, health and safety and 86 per cent for "concern and connection."

HEALTHY WORKFORCE

IT WAS CLEAR FROM THE OUTSET THAT COLLABORATION WOULD MATTER MORE THAN EVER.

As the scale of the pandemic became evident, cross-disciplinary teams were quickly formed across the GTAA to consider how we should respond to – and anticipate – the impact of COVID-19 on our operations. These groups soon evolved into a formal program of Business Resilience Integration Teams (BRITs) focusing on various dimensions of our response and recovery planning, including the evolution of the Pearson work environment. At the same time, as the program has expanded, we’ve ensured that each BRIT includes employees with diverse skills, backgrounds and points of view – a proven catalyst of successful solution building. The BRIT model has amplified our efforts in recent years to eliminate silos and foster a culture of collaboration within the GTAA, as we create a next-generation workplace.

WORKING IN NIMBLE, CROSS-FUNCTIONAL TEAMS REQUIRES NEW CAPABILITIES.

The success of BRITs has shown us how working more effectively together, experimenting and learning as we go, can yield measurable service improvements, efficiency gains and cost savings. As we’ve moved quickly to ensure the resilience of Toronto Pearson and start building toward recovery, our education programs have had to adjust accordingly. Design thinking – already part of our leadership development curriculum – is more important than ever as we examine every aspect of our business, looking for better ways to do things.

WE HAVE DIGITALIZED LEARNING AND DEVELOPMENT.

For example, the Pearson Aviation Academy, launched in early 2019 through a partnership with Seneca College, provides employees across the GTAA with the operations training they need to advance in their current areas or move into other parts of the organization. We’ve now brought the program entirely in-house, with new virtual tools and experiential scenarios designed to foster creative thinking, improve communications skills and help employees thrive in an environment of constant change.

WE’VE INTENSIFIED OUR WORK TO BUILD A MORE INCLUSIVE, EQUITABLE GTAA.

Toronto Pearson is based in one of the most socially diverse regions in the world, and our workforce reflects that reality. Coming into 2020, we already had a program in place to promote employment equity in our organization. The international groundswell of protests against systemic racism over the past year intensified this work and sharpened our focus on anti-Black racism. The GTAA took important steps on racial equity in 2020, both within our organization and beyond. (For our endorsement of the BlackNorth Initiative, see page 43; for our Nest Fund community investments focused on capacity-building in Black and Indigenous communities, see page 41.)

OUR EQUITY EFFORTS HAVE STRONG BOARD AND EXECUTIVE SUPPORT.

GTAA President and CEO Deborah Flint issued a public statement in June 2020 condemning “anti-Black racism, systemic racism, inequality and injustice in all forms” and committing to a “visible, accountable and dynamic approach” to diversity and inclusion in the GTAA.

With the engagement and support of the Board, the GTAA executive team has advanced a range of in-house efforts, including:

- An education program on anti-Black racism supported by team leaders across the GTAA.
- A planned review of our employment systems to identify and dismantle bias and barriers to success for underrepresented groups.

WE’VE ADOPTED NEW WAYS OF WORKING – AND TRANSFORMED OUR WORKPLACE FOREVER.

Many of the practices we’ve introduced to address the pandemic will remain in place after the COVID-19 threat has subsided, because they help make Pearson a healthier, more convenient travel hub and a safer, more productive work environment. Indeed, the innovation efforts of 2020 accelerated a journey we were already on, as a top-ranked global airport that is constantly evolving to meet future needs and expectations.



As the scale of the pandemic became evident, cross-disciplinary teams were quickly formed across the GTAA to consider how we should respond to – and anticipate – the impact of COVID-19 on our operations.

HEALTHY WORKFORCE

INNOVATION

WE’VE DEVELOPED AN INNOVATIVE WAY TO MONITOR AND RESPOND TO COVID-19 CASES. In the first phase of the pandemic, we quickly established a contact-tracing program in the GTAA workplace that ensures we notify our employees if they’ve been exposed to a colleague who has since tested positive for COVID-19. Workers expressed a desire for more information about overall cases at the airport. So we took steps to create a tool that would (a) respond to workers’ need for information about workplace health and safety, (b) support data-driven pandemic responses by the GTAA and (c) protect the privacy of workers who have tested positive.

WORKING WITH PHAC, WE DEVELOPED THE TORONTO PEARSON COVID LOG. It’s a voluntary online reporting system through which employers can advise the airport community of new COVID cases. Keeping individual identities private, the public register posts salient information, including the date a worker tested positive, their last day at work prior to the test, and their employer and general role (for example, “safety officer”). By the end of the year, 89 employers were participating in the program, signalling a strong commitment to openness and transparency. The initiative, which received significant input from the Toronto Pearson Worker Safety Forum, has attracted interest from Transport Canada, as well as from other airports, including London Heathrow.

WE’VE MADE RAPID WORKPLACE TESTING AVAILABLE TO ALL PEARSON EMPLOYEES. On 8 March 2021, in parallel to our pre-departure passenger testing (see page 13), we began offering on-site COVID-19 antigen testing to airport workers who volunteered to be tested three times a week as part of a study funded by the National Research Council of Canada. The study will generate valuable comparative data that researchers affiliated with the University of Toronto can use to determine the efficacy of using antigen testing in the workplace. Airport workers are also able to take a rapid PCR test that provides results in two hours. This pilot program enables all asymptomatic individuals who may be at risk of infection to receive a test.

WE’VE PILOTTED A WEARABLE DEVICE TO REINFORCE THE NEED FOR PHYSICAL DISTANCING. Developed by Wipro, one of Pearson’s key IT partners, the technology alerts wearers if they move closer to their co-workers than health guidelines recommend. It also provides critical contact tracing data in the event of a COVID-19 infection in the workplace.

WE QUICKLY RETOOLED AN EMPLOYEE-SUPPORT PLATFORM TO MEET PANDEMIC NEEDS. In early 2020, we were laying the groundwork for an airport workforce development strategy called Pearson Works! However, when the pandemic caused a dramatic decline in air travel, it led to layoffs and furloughs for many airport workers. Acting quickly alongside TAWC and more than 20 employment-focused community organizations, we adapted our vision to launch Pearson Works Online, a virtual space designed to support the pressing employment needs of the airport community.

JOB SEEKERS TURNED TO THE PLATFORM FOR INFORMATION AND HELP WITH NEXT STEPS. First, we posted emergency information to Pearson Works Online, assembling guidance for displaced employees on government and community support programs in areas such as income, food and housing. Next, we worked with community partners to provide employment support to airport employees, including workshops and employment counselling tailored to their needs and experience. More than 600 workers have registered for Pearson Works Online webinars and workshops, and in surveys the workshops earned an 85 per cent satisfaction rate. As air travel resumes, we plan to move the platform toward its original purpose of supporting employees as they build their skills and advance their aviation careers.

HEALTHY WORKFORCE

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The toughest part about being laid off is starting all over again: learning new skills, being persistent, not giving up. Especially when COVID-19 was out of our control. ACCES Employment [a Pearson Works Online partner] helped me realize there are options. My success was finding a great company to work for in the logistics field. Please keep up the great work. I am grateful for the help and assistance.

Pearson Works Online user and employment program participant

HEALTHY WORKFORCE

PARTNERSHIPS

TEAMWORK WAS THE KEY TO MOUNTING AN EFFECTIVE COVID-19 RESPONSE. Managing a pandemic in a workplace as complex as Pearson's demands extensive collaboration. Fortunately, as part of our work to continuously enhance health and safety practices, discussions were already underway that subsequently proved vital to our COVID-19 response. The Toronto Pearson Safety Leadership Forum, comprising safety leaders with the airport's 16 largest employers, and the Toronto Pearson Worker Safety Forum, made up of union representatives from the Toronto Airport Workers Council (TAWC), had been meeting since 2019 with a focus on delivering coordinated safety messages to airport employees. When the pandemic hit, these groups expanded their scope to include identifying key safety measures and designing ways of working together more effectively. (TAWC's input was also critical to the creation of our employment resource hub, Pearson Works Online, and its evolution to address the new realities of COVID-19; see page 22.)

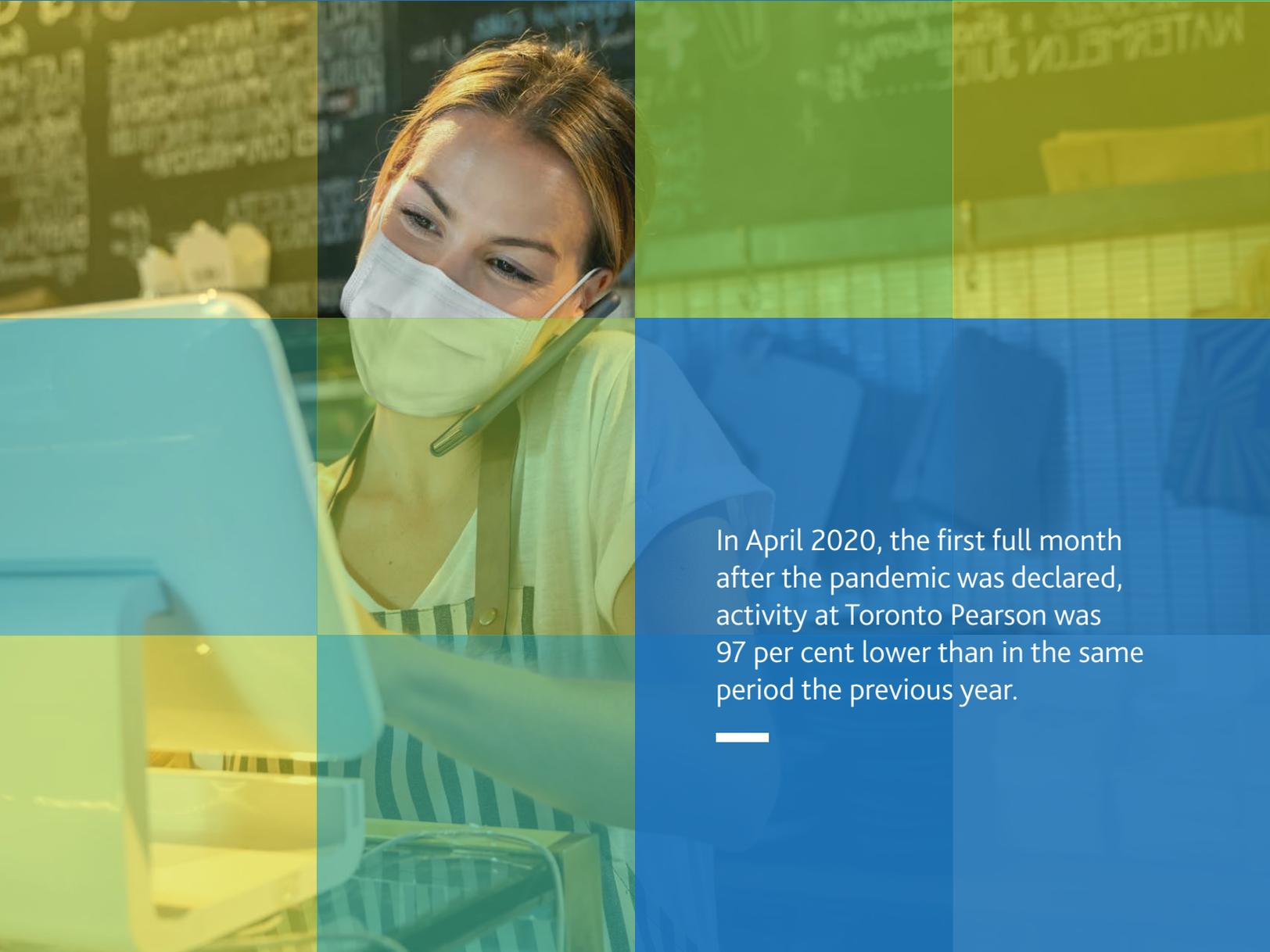
PEARSON PARTNERS WEEK CONNECTS PEARSON WORKERS WITH THE COMMUNITY. Over the past few years, employees of more than 300 airport companies and organizations have joined *I am Toronto Pearson*, our grassroots movement devoted to delivering the best possible passenger experience. As the pandemic's second surge unfolded in late 2020, we extended that welcoming spirit into our surrounding communities through a new event called Pearson Partners Week. Working with organizations supported by the Propeller Project, our community investment program, we created a series of virtual gatherings in which airport employees shared their insights and experience with over 1,100 community participants. It's another way we're staying connected to our neighbours during a difficult time – and pointing the way to potential opportunities as the economy recovers.

NEXT

TO REINVENT OUR AIRPORT, WE NEED TO UNLEASH THE FULL POTENTIAL OF OUR WORKFORCE. We're empowering Pearson employees to thrive in a new work environment. Through the coming year and beyond, we'll be leveraging what we've learned in addressing COVID-19 to further improve and enhance how we work together. That means evolving not only our health and safety practices, but also our technology platforms (for both remote and on-site workers), our internal communications and, crucially, our support for the well-being of employees and their partners and families. Transforming our business and the broader aviation sector starts with ensuring our culture and shared values – and the day-to-day practices by which we put those values into action – are ready for the future.



HEALTHY BUSINESS



In April 2020, the first full month after the pandemic was declared, activity at Toronto Pearson was 97 per cent lower than in the same period the previous year.



HEALTHY BUSINESS

DAILY TRAFFIC AVERAGED ABOUT 2,000 PASSENGERS, COMPARED TO MORE THAN 138,000 IN 2019.

This dramatic contraction was mirrored in data from airports worldwide, as travel restrictions and the overall economic slowdown caused a precipitous drop in air travel. By the end of 2020, activity had recovered to some degree but was still far below normal. Annually, traffic declined by 73.6 per cent to 13.3 million passengers, down from 50.5 million passengers in 2019.

NO AIRPORT CAN RECOVER FROM THIS CHALLENGE ON ITS OWN.

We're part of a global aviation sector whose fundamental service – connectivity – depends on airports around the world operating in concert. The downturn caused by the pandemic has only magnified this interdependence. It will take all of us working together – alongside our airlines and other partners, and with support from governments and community stakeholders – to steadily rebuild our vital sector. That process has already begun. But for Toronto Pearson to fully contribute, we also need to focus on restoring the health of our own business. Deborah Flint, the GTAA's Chief Executive Officer, mapped out the challenge for employees in a July 2020 message:

While there is still uncertainty ahead, we will ultimately recover and adapt as an organization by capitalizing on our strengths and bringing greater focus, sustainability and impact to our operations. This transformation will be fuelled by a new way of working that is:

- **Nimble:** enabling us to break down barriers and work in more integrated, collaborative teams, outside of traditional silos
- **Outcome-oriented:** keeping us focused on our priorities and delivering results
- **Insight-driven:** grounding every decision in analytics, data, expertise and best practices
- **Innovative:** pushing us to challenge every assumption as we reimagine the future.

RESPONSE

THE DRIVE TO BE MORE AGILE AND COLLABORATIVE WAS EVIDENT FROM DAY ONE.

Leaders across the aviation community began sharing expertise and finding new ways to coordinate efforts as the pandemic affected every area of operation. Data was shared to manage capacity at each point in a journey and passenger flows were redeveloped, enabling the temporary closure of over 40 per cent of terminal facilities. At each step, changes in process were reviewed, including by an industrial hygienist, to maintain quality control.

WE'RE ENHANCING, ADAPTING OR REINVENTING EVERY AREA OF OUR BUSINESS.

That may mean redeploying resources within a smaller terminal footprint. Or introducing contactless technologies to keep passengers healthy while also improving flow. Or exploring the workplace of the future as the pendulum swings from remote to hybrid workplaces. Everything is up for analysis as we transition from crisis response to creating a new kind of airport.



It will take all of us working together – alongside our airlines and other partners, and with support from governments and community stakeholders – to steadily rebuild our vital sector.

HEALTHY BUSINESS

CLEAR, CONSISTENT COMMUNICATIONS HAVE NEVER BEEN MORE CRUCIAL. From the onset of the pandemic, we’ve kept passengers and community members informed on health and safety measures, travel restrictions and other impacts of COVID-19 at Pearson. We’ve also been in constant dialogue with airlines and other business partners, with public health agencies and research facilities, and with every level of government.

IN JULY 2020, WE ANNOUNCED A 27 PER CENT REDUCTION IN THE GTAA’S WORKFORCE. Approximately 300 employees were laid off or departed voluntarily; we also eliminated about 200 positions that were unfilled. The restructuring included the departure of two executives, whose portfolios were reallocated across the management team. In addition to notice and severance packages, all departing staff were offered career transition and employee assistance support, as well as continued health benefits.

THE RESTRUCTURING WAS IMPLEMENTED IN CLOSE CONSULTATION WITH UNION REPRESENTATIVES. GTAA management worked with the leadership of Unifor and the Pearson Airport Professional Fire Fighters Association to ensure that any changes affecting their members respected the letter and the spirit of our collective bargaining agreements.

THIS WAS CHALLENGING, BUT WE ASSESSED AND MANAGED THE RISK THROUGH THIS DECISION. It came only after we had implemented many other cost-reduction measures (detailed in the section below on financial resilience), and as we faced a reduction in passenger traffic to the lowest levels since the GTAA’s founding in 1996. Along with our industry peers, we could see that the pandemic and resulting economic downturn would have a negative impact on air travel not for a few months, but for several years. Moreover, even as aviation gradually recovered, it was clear that our business would never be the same. To meet the future needs of air carriers and their customers, we would have to transform Pearson’s operations to be nimbler – and leaner – than ever before. At the same time, we were committed to treating our departing colleagues with fairness and sensitivity, while continuing to support the well-being and morale of everyone in our restructured organization.



HEALTHY BUSINESS

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This reduction is a difficult but necessary step, and one that we take with great sadness. The leadership team and I are deeply grateful for the contributions of our employees, each of whom has been part of the success and legacy of the GTAA. We are dedicated to treating everyone with the greatest respect and consideration throughout this process. We are committed to maintaining our operations and the health and safety of the airport as we evolve our organization to drive our recovery. I am confident that we have a capable and resilient team and the right approach to come through these challenging times with strength.

Deborah Flint
President and CEO, 14 July 2020

HEALTHY BUSINESS

THE CORNERSTONE OF TORONTO PEARSON’S TRANSFORMATION IS FINANCIAL RESILIENCE.

This has always been a guiding principle of the GTAA: as a non-share capital corporation, we are self-sustaining and must constantly reinvest in our airport to keep pace with future needs. When the COVID-19 pandemic led governments to impose travel advisories and restrictions – which in turn prompted carriers to cancel flights, suspend routes and ground aircraft fleets – we inevitably saw the impact on our business. To address the significant decline in both aeronautical and commercial revenues, we immediately took steps to increase operational efficiency, reduce costs and develop new potential sources of revenue.

Steps we’ve taken to maintain and strengthen liquidity include:

- A reduction of \$265 million in planned capital spending for 2020.
- A hiring freeze, as well as temporarily reduced salaries for GTAA executives and Board members.
- Applying for the federal government’s Canada Emergency Wage Subsidy.
- Obtaining temporary relief in our Ground Lease agreement with the Government of Canada: a waiver of rent from March through December 2020, and a subsequent deferral of 2021 rent (to be paid back over 10 years beginning in 2024).
- Raising, for the first time in over a decade, our standard aeronautical charges to carriers, which include landing fees, general terminal charges and apron fees due to reduced flight activity.
- Increasing the Airport Improvement Fee (AIF) added to passenger fares, aligning our rates with those charged by other major Canadian airports.
- Negotiating an agreement with the GTAA’s bondholders for temporarily relief from the rate covenant established for 2020 and 2021.
- Seeking additional support from federal government stimulus spending programs, including for investments in health and safety, security and public transit infrastructure.

THESE MEASURES HAVE HELPED BUT CAN ONLY PARTIALLY OFFSET THE PANDEMIC’S IMPACT.

Aeronautical revenues are driven by passenger traffic and naturally remained low as a second surge in COVID-19 infections (including several variants of the original virus) sparked new global travel restrictions in late 2020 and early 2021. For the same reason, commercial revenues – from non-aeronautical sources such as restaurants and shops, parking, ground transportation, and rent paid by airlines for check-in counters and kiosks – declined dramatically after reaching record highs in 2019. As a result, total annual revenues for fiscal 2020 fell by 45.9 per cent compared to the previous year. Net income decreased by \$523.2 million for a net loss of \$383.4 million.

TO ACCELERATE RECOVERY AND REINVENT OUR AIRPORT, WE NEED NEW SOURCES OF REVENUE.

This is another concrete goal of the GTAA’s 2021–2023 strategic plan: *growing revenue through business diversification*. By leveraging Toronto Pearson’s assets and expertise, we’ll create new lines of business that are less dependent on traditional revenue streams derived from passenger services.



To address the significant decline in both aeronautical and commercial revenues, we immediately took steps to increase operational efficiency, reduce costs and develop new potential sources of revenue.

HEALTHY BUSINESS

INNOVATION

AIR CARGO PLAYS A CRUCIAL ROLE IN A GLOBALLY CONNECTED, DIGITALLY DRIVEN ECONOMY.

Toronto Pearson is already a significant cargo hub, handling 40 per cent of Canada's annual air freight needs in 2019. As more and more businesses depend on global supply chains for high-value products and components, we expect cargo traffic to continue rising steadily.

THIS IS ONE AREA OF AVIATION THAT HAS GROWN DURING THE PANDEMIC.

In the spring of 2020, air carriers and logistics companies at Toronto Pearson worked round-the-clock to deliver personal protective equipment, medicines and other critical supplies to the front lines of the COVID-19 response. By late fall, our specialized cargo role had expanded to include vaccine deliveries. GTAA teams have been working with governments, health agencies and a range of business partners to manage the highly complex process of shipping, storing and distributing these precious lifesaving products.

CARGO WILL REMAIN CRITICALLY IMPORTANT IN THE ECONOMIC RECOVERY AHEAD.

As global companies rethink supply chains, many are shipping more products by air to reach markets faster and avoid disruptions. At the same time, the boom in e-commerce – amplified by the pandemic, but expected to retain much of its momentum going forward – has sparked industry giants like Amazon, Wayfair, FedEx and UPS to expand their reach by

investing in new facilities, staff and infrastructure. Pearson has already seen the benefits in rising cargo revenues, and we expect that growth will continue.

WE'RE POSITIONED TO STRENGTHEN THE SUPPLY CHAIN.

In the first days of the pandemic, it was a matter of responding quickly to urgent needs. For example, when Air Canada converted several passenger aircraft to carry more commercial goods beyond what is already transported in belly cargo holds, a GTAA team helped modify baggage equipment to load freight more efficiently. Now we're working with all of our cargo partners – especially those who operate the growing number of dedicated freighters – to develop more strategic long-term solutions.

AMONG THE OPTIONS WE'RE EXPLORING:

- Enhancing Pearson's existing cargo infrastructure – which includes 1.2 million square feet of warehouse space – with specialized storage, sorting and distribution facilities.
- Providing integrated systems to process digitized waybills, customs declarations and other documentation, enabling a more efficient data flow. The ultimate objective: a single information hub for cargo airlines, freight forwarders, ground handlers, customs and security agencies, and GTAA support teams.



HEALTHY BUSINESS

PARTNERSHIPS

WE'RE LEADING THE CONVERSATION ON MODERNIZING AIR CARGO SUPPLY CHAINS. In April 2020, the GTAA and the Ontario Chamber of Commerce co-hosted a virtual roundtable of key players in the air cargo ecosystem. Victor Fedeli, the province's Minister of Economic Development, Job Creation and Trade, met with GTAA Chief Executive Officer Deborah Flint and other leaders to discuss the complexities of air cargo and the need to strengthen and streamline supply chains to accelerate economic recovery. Then in August, Deborah Flint joined Marc Garneau, then federal Minister of Transport, for a national roundtable co-hosted by the GTAA and the Canadian Chamber of Commerce. The outcome of these meetings was to highlight the importance of air cargo to Canada's economy and how improvements in the supply chain network, particularly through digitization, will advance future development in this critical area of our country's global competitiveness.

CONSUMERS ARE EMBRACING TOTAL SERVICE EXPERIENCES ENABLED BY TECHNOLOGY. In the travel sector, guests welcome the ability to plan and book every aspect of their trips online, then engage seamlessly with each provider along the way, using their mobile devices. Several of Pearson's airline partners are already heading in this direction – offering, for example, convenient home baggage pick-up to loyal customers. Moving forward, we see opportunities to integrate even more elements into a passenger's airport journey, from parking or limousine services, to food-and-beverage offers, to exclusive e-commerce and retail shopping opportunities. By working more closely with our partners, we can create a holistic experience for air travellers while building the kind of loyalty that translates into higher revenues.



In the travel sector, guests welcome the ability to plan and book every aspect of their trips online, then engage seamlessly with each provider along the way, using their mobile devices.

NEXT

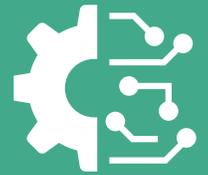
IN A DIGITAL WORLD, WE CAN GET TO KNOW TRAVELLERS BETTER THAN EVER. The information they share with us today ensures a healthy, comfortable airport experience. Looking ahead, we have the opportunity to build a platform with our partners that will support enhanced e-commerce, growing and diversifying our revenue streams. At the same time, the data-driven insights from such a platform will allow us to operate Toronto Pearson even more safely and efficiently while creating a more personalized and enjoyable airport experience.

BY DEEPENING PASSENGER ENGAGEMENT, WE'LL REALIZE ANOTHER OF OUR STRATEGIC GOALS: *driving financial strength and cost-competitiveness.* Recovery doesn't mean restoring the status quo: Pearson will need to compete on cost and value as we inspire travellers to fly again and reactivate the growth in demand that has propelled our business for the past two decades. We have the experience and expertise, as do our partners. With our continued focus on advancing innovation while managing costs, we're committed to enabling a sustainable recovery.

A HEALTHY BUSINESS, OF COURSE, MUST BE MORE THAN FINANCIALLY SUSTAINABLE. The GTAA can also build on a strong record of environmental leadership as we work toward a truly sustainable recovery alongside our employees, communities, and industry and government partners. In 2020, as we concluded the final phase of our previous environmental management plan, we were pleased to have our efforts recognized with an ACI Environmental Award from Airports Council International (see page 36). And even as we marked that milestone, we were finalizing a new environmental strategy that will guide our sustainability efforts going forward. Seven detailed action plans will direct our work on reducing emissions, building resilience to climate risks, overhauling our energy systems, improving water management, managing natural resources and reducing waste.

THIS CHALLENGING YEAR HAS ALSO OFFERED OPPORTUNITIES TO BOOST SUSTAINABILITY. One effect of the COVID-19 pandemic was that reduced air travel lowered the intensity of Toronto Pearson's operations: less passenger traffic meant, for instance, that our airport needed less water and produced less waste. Importantly, we haven't treated this unique downturn as an excuse to relax our environmental efforts; rather, we've seized the opportunity to take additional steps, such as measuring air quality in our terminals. Insights from this year will inform our future thinking and actions as we continue our journey to become a net-zero facility – in both waste and greenhouse gas emissions – by 2050.

HEALTHY ECONOMY



Toronto Pearson plays a vital role in the regional and national economies. An independent 2016 study, conducted by Frontier Economics for the GTAA, concluded that our airport and the activities it supports contributed about \$42 billion annually to Ontario's economy, or more than 6 per cent of GDP.



HEALTHY ECONOMY

BEFORE THE PANDEMIC, NEARLY 50,000 PEOPLE WERE DIRECTLY EMPLOYED AT PEARSON. More than 300,000 worked in the surrounding Airport Employment Zone, Canada’s second-largest employment cluster (after downtown Toronto).

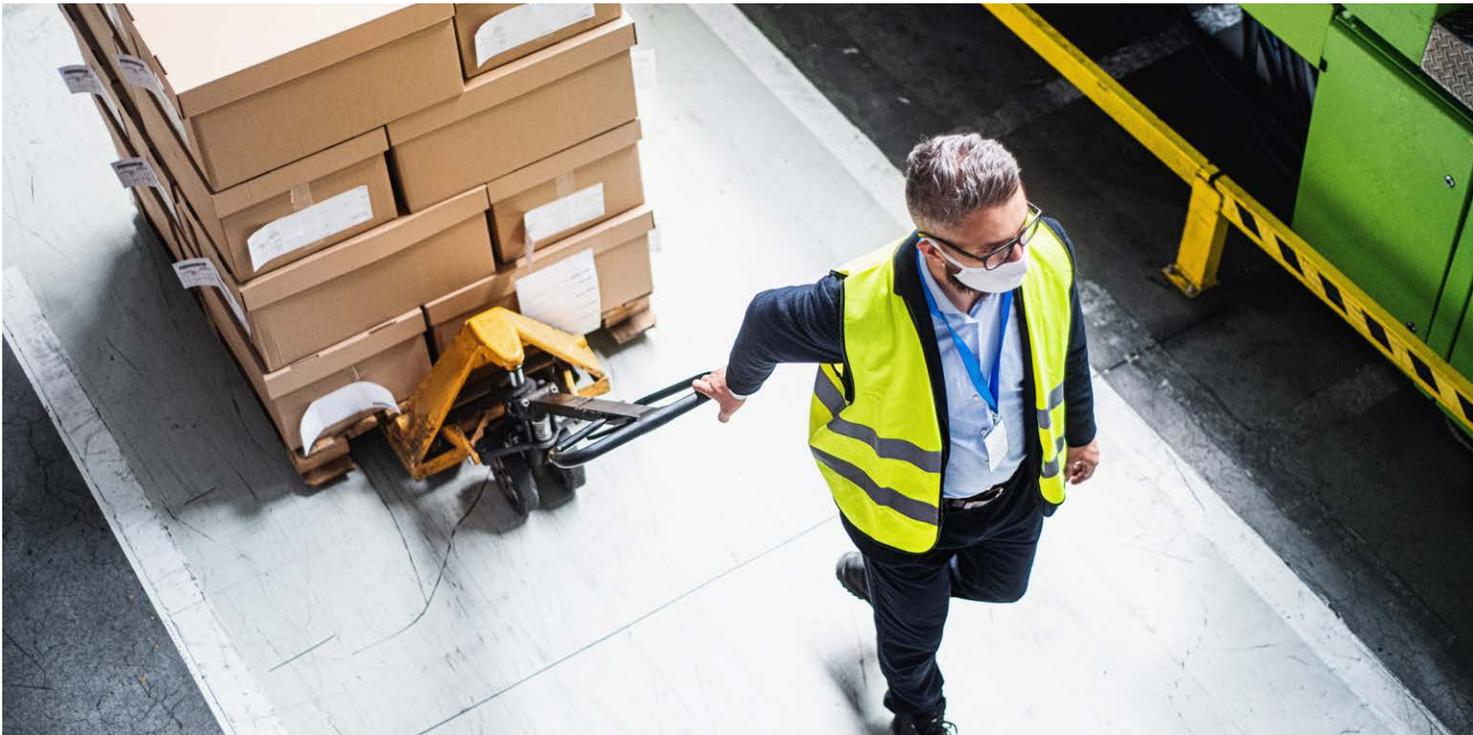
PEARSON CREATES JOBS IN EVERY SECTOR THAT RELIES ON AIR CONNECTIVITY. In addition to supporting trade in high-value goods and services, our airport helps to attract foreign direct investment. We link the GTHA, Ontario and all of Canada to the world: prior to the pandemic, regular non-stop flights from Pearson reached more than two-thirds of the global economy. We connect people, ideas and capital, facilitating strategic partnerships and new ventures that in turn stimulate domestic economic growth. As Canada’s largest airport, we’re also a hub for immigration, helping grow the national talent pool and build more diverse, economically vibrant communities.

ALL OF THESE POSITIVE IMPACTS HAVE BEEN SEVERELY COMPROMISED BY COVID-19. The consequences have been particularly harsh in the aviation industry, and they extend throughout the broader travel and tourism sector, where Pearson plays a critical role as an international gateway. We’re part of an economic ecosystem that supports hundreds of thousands of jobs and contributes billions to Canada’s GDP.

FROM THE ONSET OF THE PANDEMIC, OUR RESPONSIBILITIES WERE CLEAR: Not simply to protect our passengers and employees, but to safeguard the communities and the nation that Toronto Pearson serves. And not only to start building a recovery plan for our airport, but to join with our business, government and community partners in restoring and advancing the overall economy.



Toronto Pearson contributes about \$42 billion annually to Ontario’s economy.



Toronto Pearson’s cargo infrastructure includes 1.2 million square feet of warehouse space.

HEALTHY ECONOMY

RESPONSE

IN AUGUST 2020, THE FEDERAL GOVERNMENT RELEASED CANADA’S FLIGHT PLAN FOR NAVIGATING COVID-19. The product of extensive collaboration among governments, public health experts and the aviation industry – including the GTAA – *Flight Plan* set out proven international best practices – from health checks and face coverings to touchless technologies – designed to protect air travellers and aviation workers. The document also provided a detailed framework for restarting the aviation sector in Canada.

THE GTAA MAINTAINS A CONSTANT DIALOGUE WITH ALL LEVELS OF GOVERNMENT. It’s part of our responsibility as a critical piece of public infrastructure and an engine of the regional and national economies. When the pandemic hit, those conversations quickly shifted to how we could work with our government partners to protect travellers and airport employees. Toronto Pearson also had an important part to play in repatriating hundreds of thousands of Canadians as new travel restrictions were introduced around the world. And as the nation’s principal air cargo hub, Pearson was a key entry point for much-needed protective equipment and medical supplies.

WE ALSO HAVE AN IMPORTANT ADVOCACY ROLE. In light of the economic challenges posed by the pandemic, we recognized the need for extraordinary government support measures – not just for Toronto Pearson, but for our entire sector, from airlines and aviation-related businesses to travel operators, hotels and other hospitality providers.

KEY PROPOSALS PRESENTED TO THE FEDERAL GOVERNMENT INCLUDE:

- Rent relief for Canadian airports operating on leased government lands.
- Investment in critical infrastructure and low-touch technologies to enhance passenger and workplace safety.
- Border modernization to ensure the safe, efficient movement of international travellers, including enhancements such as e-gates, biometrics and advanced CT scanners.
- Loan and bond guarantees provided to Canadian airports to forestall potential action by creditors until passenger activity returns to profitable levels.

- Stimulus investment that includes the transportation sector, as well as funding of capital costs for enhancing airport facilities and related transit infrastructure.
- New revenue-generating tools to help Canadian airports recover faster: notably arrivals duty-free stores (currently available in over 60 countries), where inbound international passengers can shop before leaving the airport; and dual-shop stores, which offer both duty-free products for international travellers and duty-paid goods for domestic passengers and airport employees.

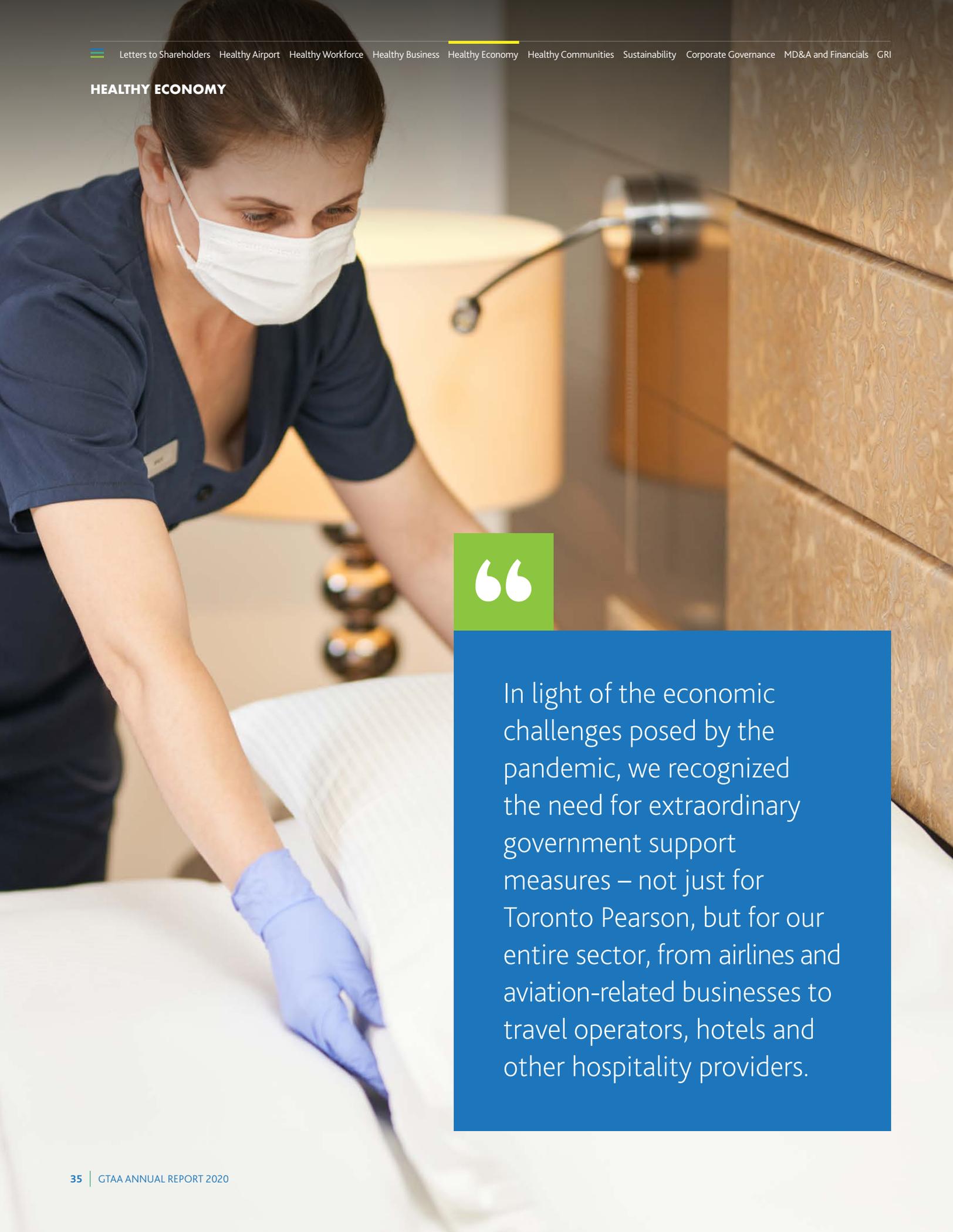
KEY PROPOSALS PRESENTED TO THE ONTARIO PROVINCIAL GOVERNMENT INCLUDE:

- Collaborating on a voluntary arrivals testing program at Toronto Pearson (see page 15) to safeguard community health.
- Conferring with leaders in the travel and tourism sector on interprovincial border restrictions (which vary widely) and self-isolation/quarantine rules, as we seek ways to streamline the travel experience while ensuring public health.
- Exploring opportunities to reinvigorate Ontario’s travel and tourism ecosystem with measures that could increase competitiveness and stimulate demand.
- Continued investment in a public transit strategy for the western GTHA that integrates Toronto Pearson (see page 38 on the Eglinton Crosstown West extension).



***Flight Plan* set out proven international best practices – from health checks and face coverings to touchless technologies – designed to protect air travellers and aviation workers.**

HEALTHY ECONOMY



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In light of the economic challenges posed by the pandemic, we recognized the need for extraordinary government support measures – not just for Toronto Pearson, but for our entire sector, from airlines and aviation-related businesses to travel operators, hotels and other hospitality providers.

HEALTHY ECONOMY

INNOVATION

OUR INNOVATIVE RESPONSES TO COVID-19 WILL ALSO HELP FUEL ECONOMIC GROWTH. As we collaborate with companies like BlueDot (infectious disease analytics), Dexterra (robotic floor cleaners) and CleanSlate UV (sanitizing of electronic devices), we help create new opportunities for these Canadian enterprises while contributing to the overall innovation ecosystem, regionally and across the country.

THE GTAA HAS BEEN RECOGNIZED FOR ENVIRONMENTAL LEADERSHIP. We were proud to receive a 2020 ACI Environmental Award from Airports Council International for our “20/2020” Greenhouse Gas Policy and the substantial reductions in emissions it has spurred at Toronto Pearson over the last decade. When we embarked on “20/2020” in 2009, our goal was to reduce our airport’s emissions by 20 per cent relative to a 2006 baseline. To realize this vision, we introduced many equipment upgrades and process improvements, such as shifting to LED lighting, adopting more efficient HVAC systems, adding charging stations for electric vehicles and adapting airside infrastructure to reduce aircraft idling.

On the strength of these and other measures, we’ve exceeded our goal, cutting airport emissions by more than 60 per cent from 2006 levels (based on audits conducted as part of our Airport Carbon Accreditation Level 3 certification, which are independently verified). As we embark on our next Environmental Sustainability Strategy, the ACI award is a welcome reminder of our progress to date and the momentum we’ve built together.



The GTAA received a 2020 ACI Environmental Award from Airports Council International for our “20/2020” Greenhouse Gas Policy.



From left to right: CleanSlate UV stations in our terminals sanitize electronic devices; eq wave wearable technology prompts team members to maintain physical distance and supports contact tracing; autonomous floor cleaners use UV-C technology to disinfect.

HEALTHY ECONOMY



PARTNERSHIPS

WE’RE COLLABORATING WITH THE PROVINCE ON ECONOMIC RECOVERY AND EXPANSION. The Airport Employment Zone (AEZ) supports more than 300,000 jobs in a wide range of industries, from freight forwarding and logistics, to technology and life sciences, to tourism and hospitality. The economic significance of Canada’s second-largest employment cluster is recognized by the Province of Ontario, which mirrored the AEZ boundaries in designating a Provincially Significant Employment Zone (PSEZ) centred on Toronto Pearson and incorporating lands within several neighbouring municipalities.

WE ADVOCATE A COORDINATED APPROACH TO FURTHER DEVELOPING THE AEZ/PSEZ. To fully leverage the opportunities the zone provides for large-scale job creation and economic growth, we’ve proposed that the provincial government spearhead a multi-stakeholder initiative aligning the interests and efforts of the GTAA, the Region of Peel, and the cities of Brampton, Mississauga and Toronto. The AEZ/SPEZ is already a major transportation crossroads, with extensive regional road networks and continental rail connections. By working in concert, the zone’s various stakeholders can prioritize initiatives that will yield the greatest benefit, from an improved transit network (see next section) to investment by enterprises that gain the most from the connectivity that Pearson provides. With coordinated planning and development – as practised, for example, in the vibrant economic zone around Amsterdam’s Schiphol Airport – we will speed up recovery and fuel long-term growth.

THE PANDEMIC REINFORCED OUR VITAL PARTNERSHIPS WITH THE BUSINESS COMMUNITY.

The GTAA has always fostered close working relationships with industry groups and other stakeholders in the regional and national economies. Those ties were only strengthened by our collective response to COVID-19 – for instance, in the roundtables we’ve helped convene on leadership in innovation (see page 17) and the growing importance of air cargo in global supply chains (see page 31). Organizations we’ve collaborated with in advocacy, knowledge exchange and solution building include:

- Toronto Region Board of Trade
- Brampton Board of Trade
- Mississauga Board of Trade
- Canadian Chamber of Commerce
- Ontario Chamber of Commerce
- Southern Ontario Airport Network
- Tourism Industry Association of Canada
- Tourism Industry Association of Ontario
- Destination Toronto (Toronto Convention and Visitors Association)
- Tourism Mississauga
- Greater Toronto Hotel Association

HEALTHY ECONOMY

NEXT

WE'RE ACTIVELY PURSUING A TRANSIT STRATEGY THAT INTEGRATES TORONTO PEARSON. Over the past few years, the GTAA, guided by our Board of Directors, has collaborated with the Government of Ontario, Metrolinx and other transportation agencies, along with municipal governments and community stakeholders, on efforts to extend ground connectivity in the GTHA and across the region. More specifically, we've invested more than \$20 million in planning and design work for transit integration at Toronto Pearson – including collaborations with Metrolinx on initial studies for the proposed Kitchener GO Rail Corridor Airport Connection and the Airport Segment of the light-rail Eglinton Crosstown West Extension (ECWE).

THE CRUCIAL NEXT PHASE CAN ONLY PROCEED WITH GOVERNMENT SUPPORT. The ECWE Airport Segment will connect Pearson and the surrounding Airport Employment Zone (AEZ) to a broader, densely populated catchment area that studies show will have high levels of ridership. With Metrolinx's initial business case complete, the project is ready to move into preliminary design and procurement preparation.

BETTER TRANSIT CONNECTIONS WILL BENEFIT OUR REGION – AND THE NATIONAL ECONOMY. The business case developed by Metrolinx sets out significant benefits of the project. Connecting the ECWE to Toronto Pearson will provide a rapid transit option not only for air travellers, but for more than 300,000 workers who today mainly drive to the AEZ, adding to growing congestion on regional roads. An integrated regional hub at Pearson will provide faster, more reliable transit to the entire western GTHA – including thousands of low-income households within a “one-seat” trip of AEZ jobs. Freeing up road capacity will also allow more of the cargo truck traffic that is critical to Canadian supply chains and foreign trade – even as GHG emissions are reduced by an estimated 17,000 tonnes annually.

TRANSIT IS JUST ONE PIECE IN A LARGER RECOVERY STORY. And as that story continues to unfold, we increasingly see that what began as a threat to public health and economic well-being has become a catalyst for positive change. It will be some time before flight activity at Toronto Pearson returns to pre-COVID levels. But soon enough, we expect to resume the growth trajectory of the past two decades, for a few fundamental reasons: Our airport creates jobs, attracts investment and drives long-term growth. It's an international gateway for travel and tourism – local, regional and nationwide. And it's a critical hub for a dynamic trading nation that thrives on connectivity.



The Union Pearson Express is a convenient and cost-efficient transit option to and from downtown Toronto.

HEALTHY COMMUNITIES



Toronto Pearson's community impact extends far beyond the passengers and employees who pass through our doors each day. All Canadians benefit from the economic activity and social links that strong air connectivity supports.



HEALTHY COMMUNITIES

WHAT'S MORE, THE FLOW OF GOODS THROUGH OUR AIRPORT HELPS TO MEET THE NEEDS OF MILLIONS OF CANADIANS – for

everything from food and medicine to digital devices and workplace equipment, along with countless other essentials. This has been especially true during the COVID-19 pandemic. Vital supplies such as personal protective equipment, ventilators, testing kits and, most recently, vaccines have all passed through our airport.

RESPONSE

WE COMMUNICATED CLEARLY ABOUT THE PANDEMIC'S EFFECTS ON AIR TRAVEL. From the early days of the COVID-19 crisis, we issued regular communications about how it was affecting airport operations and our partners in the Toronto Pearson community. We helped passengers understand how new travel rules could affect them, and we supported many in changing their plans. We also explained the specific health and hygiene measures we were taking – from basics like intensified cleaning to innovations like UV sterilization and touchless elevators (see page 77) – to protect passengers, employees and the wider community.

WE WORKED TO KEEP THE PUBLIC INFORMED AT A CONFUSING TIME. In addition to using established outbound channels like email and posts on torontopearson.com, we fielded questions via social media and through a new live chat feature on our website. Some of the queries we received were not from passengers but from community members concerned about the risks of the coronavirus spreading as the result of international travel. Our teams strived to deliver timely, accurate answers to everyone who looked to Pearson for information.



Toronto Pearson handled 40 per cent of Canada's air freight needs in 2019. In 2020, we've played an important role in handling pandemic-related supplies, including vaccines.

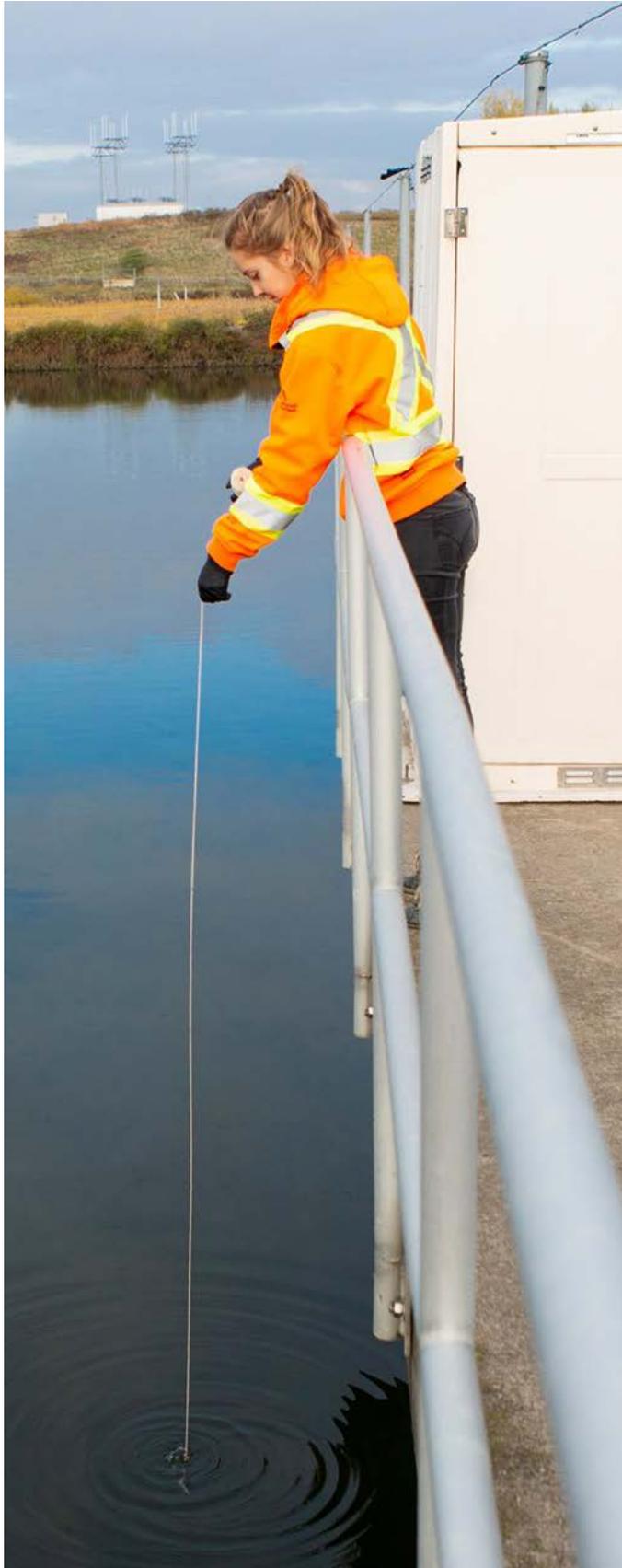
HEALTHY COMMUNITIES

WE CONTINUED TO PARTNER ON REGIONAL ECONOMIC DEVELOPMENT. In 2019, after working with the consulting firm Deloitte to develop a white paper on underemployment in the GTHA, we committed to moving the needle on this issue by focusing our community investment program, the Propeller Project, on the priorities we'd identified. COVID-19 forced us to adapt some of these efforts to a radically altered employment landscape (see Pearson Works Online, page 22). Still, we followed through on six planned community investments, committing \$1 million toward achieving longer-term progress on underemployment, especially in Mississauga, Brampton and Etobicoke.

BLACK AND INDIGENOUS PEOPLE ARE A KEY FOCUS OF OUR COMMUNITY INVESTMENT. In 2020, as we accelerated work on equity and inclusion within our own organization (see page 21), we launched a parallel response via the Propeller Project. Through our Nest Fund, we issued a \$300,000 call for proposals directed at charities and non-profit organizations primarily run by, and targeting the needs of, people who identify as Black or Indigenous. Our support will be directed toward capacity-building activities. The partnerships we expect to forge, together with our commitment to the BlackNorth Initiative (see page 43), represent an important step forward in the GTAA's work to improve racial equity across our region.

WE'VE REMAINED ENGAGED ON NOISE ISSUES – BY TAKING THE CONVERSATION ONLINE. The new Noise Management Forum earned broad approval when it was introduced in 2019: participants saw it as effective in building mutual understanding and delivering positive outcomes. When COVID-19 made it difficult to meet in person, we were committed to maintaining this new engagement structure and to maintaining strong working relationships with Pearson's stakeholders and partners. We quickly moved the forum online, maintaining the same schedule and continuing to keep our neighbours and others informed about the potential impacts of evolving operations during the pandemic (for example, as passenger traffic diminished but cargo flights increased).

WE MADE PANDEMIC RECOVERY PART OF OUR ENVIRONMENTAL CONSULTATIONS. The GTAA's commitment to environmental leadership informs everything we do, including how we're approaching economic recovery. To develop our new environmental action plans (see page 31) and promote alignment on sustainability issues, over the past year we engaged with a wide range of stakeholders, including industry partners and municipalities; airport employees; passengers and the general public; regional communities; and elected officials in all levels of government.



A Pearson employee tests the water in a wetlands near the airport. We work with partners to support local conservation and biodiversity initiatives.

HEALTHY COMMUNITIES

INNOVATION

WE’RE USING NEW CHANNELS TO STAY CONNECTED WITH OUR COMMUNITIES. Digital tools have become even more vital to Pearson’s operations during the pandemic. In addition to our usual social media interactions and email updates, in the past year we added a chat feature to our website to field questions from passengers and the public. Additional tools, including a Business Chat link for iPhone users and enhanced interactivity via WhatsApp and text messaging, are now in development. While our top priority continues to be providing passengers and the public with constantly updated information on airport operations, in 2020 we also took steps to sustain the programming that keeps Toronto Pearson connected to the vibrant communities we serve. To that end, we launched YYZ Live Online, a virtual variation on the live concert series we co-host at our airport in partnership with the City of Toronto.

OUR NEIGHBOURS CAN NOW USE A NEW NOISE MONITORING TOOL. Toronto Pearson is the first airport in North America to launch InsightFull, an interactive web-based tool through which users can enter location data, such as a home address, and receive customized, site-specific noise data. The information InsightFull provides is designed to be easily understandable: reports are structured around common questions we receive about noise impacts. Complementing the GTAA’s many other engagement channels around noise management, InsightFull underscores our commitment to transparency and informed dialogue.

WE’VE ALWAYS LOOKED FOR INTERESTING WAYS TO SHARE OUR STORY WITH THE COMMUNITY. This year, with our usual in-person programs suspended due to the pandemic, we reached out to kids and families online through the Pearson Airport Explorers’ Club, a virtual camp program for students in grades three through eight. Each monthly camp session features a theme: “Animals at the Airport,” for instance, or “The History of Flying,” or “Welcome to Canada!” (which showcased newcomers arriving at Pearson). The Airport Explorers’ Club has also attracted some notable guests with unique perspectives on aviation; Marc Garneau, then federal Minister of Transport, and Deborah Flint, the GTAA’s President and

CEO, have both shared their thoughts with young Explorers. The impact of the Pearson Airport Explorers’ Club was recognized with the 2020 ACI-NA Award for Best Educational and Outreach program.

WE HOSTED OUR FIRST-EVER VIRTUAL TAKE OUR KIDS TO WORK DAY IN 2020. Developed in collaboration with the Pearson Airport Explorers’ Club and the Learning Partnership, this interactive e-learning event included over three hours of content inviting students and guardians to choose their own educational adventure at our airport. Segments and activities covered everything from the workings of terminals and runways to the people of our Pearson community and the diverse career opportunities we provide. We were pleased to be able to open this to all Grade 9 children of Toronto Pearson workers, as well as to the broader community.

TRAVELLERS WITH INVISIBLE DISABILITIES HAVE NEW RESOURCES AT OUR AIRPORT. The Sunflower Lanyard Program supports passengers with sensory, medical or other disabilities that may not be evident to others. Available at our information desks, the lanyards are discreet but recognizable to airport employees. Passengers who choose to wear or hold a lanyard let our team members know they may need support or extra time for tasks, such as boarding flights or making retail purchases. This program, the first of its kind in Canada, benefited from the insights of the Hidden Disabilities Sunflower organization in the U.K., as well as Autism Ontario and other groups serving Canadians with invisible disabilities.

WE’VE ADDED NEW TRANSLATION SUPPORT, INCLUDING VISUAL SERVICES. Toronto Pearson’s LanguageLine service now provides visual translation in American Sign Language, as well as audio translation for over 200 spoken languages. We’ve also deployed hearing loops – audio devices that help to eliminate background noise by connecting directly to hearing aids – at key information counters and gates. These initiatives were informed by Canadian Hearing Services and, like the Sunflower Lanyard Program, are part of a broader effort to make Toronto Pearson more accessible and welcoming to everyone.



Digital tools have become even more vital to Pearson’s operations during the pandemic. In addition to our usual social media interactions and email updates, in the past year we added a chat feature to our website to field questions from passengers and the public.

HEALTHY COMMUNITIES

PARTNERSHIPS

WE'RE WORKING WITH BUSINESSES AND NGOs FOR A SMART RECOVERY. For example, GTAA President and CEO Deborah Flint joined the steering cabinet of *Reimagining Recovery*, a support framework established by the Toronto Region Board of Trade to inform government policy and support regional recovery from the economic impacts of COVID-19. The framework's focus areas include sector-by-sector recovery; retrofitting cities for a post-pandemic reality; and the return to trade.

WE'VE JOINED THE BLACKNORTH INITIATIVE AGAINST ANTI-BLACK RACISM. In July 2020, Deborah Flint joined more than 300 leaders of Canadian organizations in signing the CEO Pledge of the recently formed BlackNorth Initiative. Signatories commit to a set of specific goals, including identifying and removing barriers to advancement for Black talent; working together with the BlackNorth network to share successful (and less effective) equity practices; and increasing the representation of Black leaders on boards and executive teams.

AS WE'VE STEPPED UP FOR OUR PARTNERS, WE'VE RECEIVED THEIR SUPPORT IN RETURN. During the past year, community employment agencies that have benefited from Propeller Project funding came forward to offer customized support to airport workers laid off as a result of COVID-19. Recognizing the challenges facing the aviation sector, – and the strength of the partnerships we've built over many years – these not-for-profits offered their assistance to airport employees. In addition to helping many individual workers land new jobs, these generous partners gave us a powerful reminder that strong relationships are the key to resilience and an essential ingredient in recovery.

NEXT

ENVIRONMENTAL PARTNERSHIPS REMAIN CENTRAL TO OUR COMMUNITY ENGAGEMENT. In addition to meeting increasingly ambitious sustainability standards in our own operations, Pearson partners with others to support conservation and biodiversity initiatives. One notable collaboration in the past year was the GTAA's participation, along with the Toronto & Region Conservation Authority, five neighbouring municipalities and the Mississaugas of the Credit First Nation, in a steering panel to develop a new plan for the Etobicoke and Mimico Creek Watersheds.

OUR COLLABORATIONS WITH MUNICIPALITIES ARE AS ACTIVE AS EVER. As a major transportation hub and large-scale employer, Pearson fosters multifaceted relationships with local and regional governments as we collaborate on workforce development, transit integration and other drivers of prosperity.

WE'LL EMERGE FROM THE PANDEMIC EVEN MORE CONNECTED AND RESILIENT. In responding to the unique imperatives of 2020, we've worked to sustain our relationships and engagement practices across the GTAA's stakeholder community. We were proud to fulfill our community investment commitments even amid major disruptions to our business. We've also stepped up in new ways, supporting collaborations on racial justice and regional economic recovery. Just as the relationships we've built in years past helped us respond more effectively to the crises of 2020, the relationships we're forging during this exceptionally challenging period – relationships founded on trust, respect and a shared vision of the future – will help us all realize a more sustainable, inclusive and connected future.



We were committed to maintaining an active community engagement program despite the constraints of COVID-19, quickly moving our Noise Management Forums and activities such as Pearson Partners Week online.

SUSTAINABILITY APPROACH AND PERFORMANCE



SUSTAINABILITY APPROACH AND PERFORMANCE

SUSTAINABILITY APPROACH

This year, COVID-19 affected nearly every aspect of the global economy, and its impact on aviation was profound. At the same time, our sector continued to play a vital role in the essential movement of people and goods. From the early days of the pandemic, Toronto Pearson supported the critical work of getting personal protective equipment, medical supplies and vaccines to Canadians. As we went about this important work, we adopted a range of measures through our Healthy Airport initiative, all designed to protect the health and safety of our passengers, employees and communities.

In addition to helping Canada respond to the immediate crisis, we're also working with partners across our region to lay the foundations for an inclusive, sustainable recovery from the pandemic. It's never been clearer that the most effective way to drive recovery is through active collaboration among governments, institutions, the private sector and individuals.

Toronto Pearson has a mandate – and a deep sense of responsibility – to ensure that our airport continues to support the growth and dynamism of our region, province and country. Our plans for the decades ahead are firmly grounded in our commitments to environmental responsibility, community engagement and investment, and rigorous standards of health and safety.

As a leading global hub, Toronto Pearson is committed to shaping a sustainable future for the aviation industry – one that will help to create quality jobs and open doors to economic opportunity while supporting the transition to a lower-carbon economy. Our airport facilitates the export of goods and services from every province and territory – and welcomes skilled workers, investors, entrepreneurs, tourists and international students to Canada. Just as importantly, we work with our stakeholders to strengthen neighbouring communities and the entire region by championing integrated transit solutions, along with programs that build social and economic well-being.

We recognize that an airport's impacts are not all positive, and that part of our role is to continually evolve our operations with a view to the long-term sustainability of our airport and our planet. We have a responsibility to strike a thoughtful balance between the social and economic benefits we deliver and the other effects of our operations,

such as aircraft noise and road congestion, that can affect our neighbours' quality of life. We also strive to minimize impacts on local air and water quality, ecology and wildlife.

Climate change is a global threat that requires bold and concerted action, both to reduce carbon emissions and to prepare for expected future effects. At the GTAA, we've long recognized the need to do our part and are committed to further reducing carbon emissions at Toronto Pearson. Our goal is to reduce greenhouse gas emissions from our operations to net-zero by 2050. Although we don't control the emissions of our airline partners or tenants, we will strive to collaborate on technology and process innovations that mitigate our collective impact and reduce our Scope 3 emissions.

Given the prominence of sustainability in our thinking, the GTAA publishes an integrated annual report, which we believe provides the most complete view of our priorities and performance, as well as the greatest insight into our long-term strategy.



As a leading global hub, Toronto Pearson is committed to shaping a sustainable future for the aviation industry – one that will help to create quality jobs and open doors to economic opportunity while supporting the transition to a lower-carbon economy.

SUSTAINABILITY APPROACH AND PERFORMANCE

REPORTING ON OUR PERFORMANCE

The following overview introduces our management approach to key environmental, social and sustainability governance topics, and provides links to relevant discussions in other sections of the online annual report. This information is also available in our downloadable Sustainability Management Approach and Sustainability Index, which includes metrics derived from the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) reporting.

Our reporting follows GRI Standards: Core option (self-declared) and includes the Airport Operators Sector Disclosure, which the GTAA helped to develop in 2011. The priority topics covered in this report were identified through a strategic planning exercise initiated in 2019. This work helped us determine our priorities for the next five years and where our airport aims to be by 2025. The Healthy Airport initiative, a key focus of our work and reporting in 2020, supports and complements these existing priorities.

Our priority topics and focus areas for 2020 were:

				
<p>CORPORATE RESPONSIBILITY</p> <p>Enhancing our local communities through community investment, noise management and environmental stewardship</p>	<p>PASSENGER AND CUSTOMER EXPERIENCE</p> <p>Setting a global standard for passenger flow and experience as well as relationships with airline partners</p>	<p>SAFETY</p> <p>Maintaining an outstanding record on workplace safety and security across Toronto Pearson, including through new measures taken under our Healthy Airport commitment</p>	<p>PEOPLE</p> <p>Supporting career advancement for GTAA employees and the larger Toronto Pearson workforce, and offering help to those displaced by the economic effects of COVID-19</p>	<p>AVIATION GROWTH</p> <p>Realizing sustainable growth through ground transportation and cargo</p>

We continue to use an internal verification program to review Toronto Pearson’s performance data – including, but not limited to, assessing how data was captured, collected, reviewed and reported. We have evaluated a sample of information related to the performance indicators to confirm that a documented process and adequate controls are in place. This ensures our ability to present consistent and accurate data. The GTAA does not currently have a policy or mandate concerning external assurance of our non-financial reporting.

SUSTAINABILITY APPROACH AND PERFORMANCE

SUSTAINABLE DEVELOPMENT GOALS

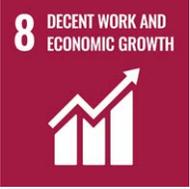
The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet, and ensure that all people are able to enjoy peace and prosperity. In 2020, we continued our work to create a more sustainable future and reporting on SDGs and related targets that align with the GTAA’s strategic priorities.

SDG	Relevant Targets	Select Contributions
 <p>SDG 3 Good Health and Well-Being</p>	<p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p><i>Note: the target is applicable in terms of noise pollution</i></p>	<p>The GTAA has a robust Noise Management Program which is updated every five years through a new Noise Management Action Plan. The Corporation’s Noise Management Program is based on the International Civil Aviation Organization’s (ICAO) balanced approach to noise management and is committed to international best practice and evolving and improving the way we manage noise.</p> <p>Toronto Pearson is the first airport in North America to launch InsightFull, an interactive web-based tool through which users can enter location data, such as a home address, and receive customized, site-specific noise data.</p> <p>Despite COVID-19 and restrictions on public meetings, the public Noise Management Forums were moved online to continue to support our community.</p> <p>Supporting Information:</p> <ul style="list-style-type: none"> Sustainability Index GRI AO7 GRI 203-2 GRI 305 GRI 306 GRI 401-2 GRI 403 <p>Annual Report – Sustainability Approach</p> <p>Annual Information Form – Environmental Matters – Noise Management Program Noise Management</p>

SUSTAINABILITY APPROACH AND PERFORMANCE

SDG	Relevant Targets	Select Contributions
 <p>5 GENDER EQUALITY</p> <p>SDG 5 Achieve gender equality and empower all women and girls</p>	<p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p>5.5.2 Proportion of women in managerial positions</p>	<p>Together with our Board of Directors, we are committed to continuing the journey to ensure that principles and practices that drive diversity and inclusion are present in every corner of our business and our airport.</p> <p>In the weeks leading up to International Women’s Day 2020, the Women’s Alliance@YYZ, in partnership with the GTAA’s Diversity and Inclusion Program, organized activities to acknowledge actions taken that improve gender equality not just at the GTAA, but in our surrounding communities as well. Our leadership continues to demonstrate their commitment to fostering more gender inclusion and empowerment at work.</p> <p>The GTAA is committed to go further and deeper as an organization in condemning anti-Black racism and inequality, and standing up for a culture that is inclusive for all.</p> <p>Supporting Information: Sustainability Index GRI 102-8 GRI 202-1 GRI 401 GRI 404-3 GRI 405 GRI 406-1 SV-PS-330a.1 SV-PS-330a.2 Annual Report – Healthy Workforce Annual Report – Sustainability Approach – People Annual Information Form – Diversity of Directors and Executive Officers Annual Information Form – Compensation Philosophy</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>SDG 6 Ensure availability and sustainable management of water and sanitation for all</p>	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated waste water and substantially increasing recycling and safe reuse globally</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p>6.b Support and strengthen the participation of local communities in improving water and sanitation management</p>	<p>The GTAA is committed to managing our water resources through water conservation efforts, water quality management, and addressing flood risk issues thereby protecting the region’s water supplies.</p> <p>In addition to our work on water management as discussed throughout the annual report, sustainable management of water was highlighted to staff as part of the People Power Challenge at a Water Stewardship at Home and at Work webinar in September 2020.</p> <p>Supporting Information: Sustainability Index GRI 303 IF-RE-140a.1 IF-RE-140a.2 IF-RE-140a.3 Annual Report – Sustainability Approach Annual Information Form – Environmental Matters Annual Information Form – Operational Risks Environment</p>

SUSTAINABILITY APPROACH AND PERFORMANCE

SDG	Relevant Targets	Select Contributions
 <p>SDG 8 Decent Work and Economic Growth</p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p>8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products</p>	<p>In 2020, the GTAA took the necessary steps to confront the devastating global impacts of COVID-19, which required us to align our workforce levels with our budgetary and operating realities. This meant downsizing of our workforce, reducing our capital spend, and implementing the Healthy Airport Transformation.</p> <p>Toronto Pearson was recognized by ACI World in achieving global Health Accreditation. ACI’s Airport Health Accreditation program assists airports by assessing new health measures and procedures introduced because of the COVID-19 pandemic in accordance with ICAO Council Aviation Recovery Task Force recommendations. Areas of assessment for accreditation include cleaning and disinfection, physical distancing (where feasible and practical), staff protection, physical layout, passenger communications and passenger facilities.</p> <p>The GTAA and the Toronto Airport Workers’ Council (TAWC) held a meeting where discussions centred on the efforts being undertaken to ensure the health and safety of workers who continue to service the airport, as well as workforce recovery strategies for airport workers and employers who have experienced significant difficulties.</p> <p>With TAWC and more than 20 employment-focused community organizations, the GTAA adapted to meet community needs by launching Pearson Works Online, a virtual space designed to support the airport community seeking employment.</p> <p>The GTAA’s community investment program – the Propeller Project - invested \$1 million in programs, research and advocacy that work to combat underemployment at the airport and in the surrounding communities.</p> <p>The GTAA continues to work collaboratively with our government partners, airlines, retailers, hoteliers, tourism businesses and attractions, as well as employees, to identify ways to help restore public confidence in air travel and our airports once again.</p> <p>Supporting Information:</p> <p>Sustainability Index GRI 102-8 GRI 201-1 GRI 308-1 GRI 401 GRI 404 GRI 405-1 GRI 405-2 GRI 408 GRI 409 SV-PS-330a.1 SV-PS-330a.2</p> <p>Annual Report – Healthy Workforce Annual Report – Healthy Economy Annual Report – Sustainability Approach – Stakeholder Engagement Annual Information Form – Human Resources</p>

SUSTAINABILITY APPROACH AND PERFORMANCE

SDG	Relevant Targets	Select Contributions
 <p>SDG 9 Industry, Innovation, and Infrastructure</p>	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p>We have partnered with technological organizations, health departments and levels of government to implement the latest science-based approaches to make Toronto Pearson a Healthy Airport leader. Pearson’s Healthy Airport initiatives are some of the most innovative in the industry and have earned us ACI’s global Airport Health Accreditation.</p> <p>Our infrastructure and innovation plans for 2020 were heavily impacted by the pandemic. Despite the challenges COVID-19 presented, we introduced initiatives highlighting resilience and innovation, while focusing on fiscal responsibility and human health.</p> <p>Earlier this year, the first three work packages of the Reimagining Baggage Program – Baggage 2025 were implemented, including a centralized baggage operations control centre (a single brain) and an early bag storage facility in Terminal 1.</p> <p>In March, we opened our new Baggage Control Room, which has consolidated the operations between both terminals resulting in improvements in identification and resolution of baggage issues.</p> <p>In October 2020, the Computer Aided Dispatch (CAD) system was successfully implemented at Toronto Pearson. CAD is an industry-leading system that changes the way responder groups and our Integrated Operations Control Centre work together. With in-the-moment, location-based dispatching and live reporting, it will allow for faster responses to business units and passengers resulting in expediting resumption of normal operations.</p> <p>Supporting Information: Sustainability Index GRI 201-1 GRI 203-1 Annual Report – Innovation sections in each chapter Annual Information Form – Environmental Matters Annual Information Form – Operational Risks</p>
 <p>SDG 10 Reduced Inequalities</p>	<p>10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p> <p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<p>We continue to be a committed partner in empowering our community and reducing inequality. Through the Propeller Project, we made community investments totalling \$1 million, focused on underemployment.</p> <p>We also launched the Nest Fund, a program directed to organizations primarily run by and focused on people who identify as Black or Indigenous. The Nest Fund issued a call for proposals in 2020 and will review submissions in 2021.</p> <p>We proudly launched the Sunflower Lanyard Program, an initiative to give additional care for passengers with invisible disabilities, reinforcing our commitment to make every passenger’s experience smooth and enjoyable and raising the bar on accessible customer service for a world-class passenger experience. The Sunflower Lanyard Program allows adults and children who are travelling with invisible disabilities to wear, or carry, a lanyard that serves as signal they may require additional help or just a little more time completing a task.</p> <p>We also introduced our new assistive technology BlindSquare, a pilot project for Terminal 1 domestic passengers. This is a self-voicing GPS-based smartphone app for iOS (iPhone only) that provides passengers with information on their location and their surroundings, with messages in English and French. The technology enhances the passenger experience for those who are blind or have low vision by allowing them to navigate the airport environment with greater independence.</p> <p>Supporting Information: Sustainability Index GRI 102-8 GRI 401-1 GRI 404-1 GRI 404-3 GRI 405-2 Annual Report – Healthy Communities Annual Report – Sustainability Approach – Community Engagement and Investment Annual Information Form – Diversity of Directors and Executive Officers</p>

SUSTAINABILITY APPROACH AND PERFORMANCE

SDG	Relevant Targets	Select Contributions
 <p data-bbox="164 577 370 604">SDG 13 Climate Action</p>	<p data-bbox="415 373 673 472">13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p data-bbox="415 485 683 562">13.2 Integrate climate change measures into national policies, strategies and planning</p> <p data-bbox="415 575 654 623">13.2.2 Total greenhouse gas emissions per year</p>	<p data-bbox="737 373 1507 422">At the end of 2020, the GTAA published our updated environmental policy which outlines our commitment to operate our airport in an environmentally responsible way.</p> <p data-bbox="737 434 1487 512">With this new policy, we strive to administer the most effective management practices and cost-effective technology to improve environmental impact. We will also continuously monitor our progress to make sure we are meeting our objectives.</p> <p data-bbox="737 525 1487 602">An important component of GTAA's climate change risk mitigation strategy is the participation in the Airport Carbon Accreditation (ACA) program, which provides a common framework for active carbon management at airports around the world.</p> <p data-bbox="737 615 1500 690">Our sustainability plan, currently in development, sets out a broad range of actions by which we will address the potential impacts of aviation activities at Toronto Pearson – all framed by the global commitment to reduce carbon emissions.</p> <p data-bbox="737 703 1468 751">Our goal is to reduce greenhouse gas emissions from our operations to net-zero by 2050. (See Sustainability Approach.)</p> <p data-bbox="737 764 1487 837">With respect to the mitigation of physical risks associated with climate change, the GTAA also has a Climate Change Vulnerability Assessment for Selected Stormwater Infrastructure at the Airport.</p> <p data-bbox="737 850 1479 949">In partnership with the Globe Series and the City of Mississauga, we launched the Climate and Sports Initiative in February 2020. It is the first program of its kind in Canada that uses sport as a platform to educate, engage and empower Canadians to protect our planet for future generations.</p> <p data-bbox="737 961 1503 1037">This initiative will span many years with the goal of harnessing the power of sports to raise awareness about the impacts of climate change and to equip us with concrete actions we can take to address it.</p> <p data-bbox="737 1050 951 1073">Supporting Information:</p> <p data-bbox="737 1085 899 1108">Sustainability Index</p> <p data-bbox="737 1121 829 1144">GRI 102-15</p> <p data-bbox="737 1157 808 1180">GRI 305</p> <p data-bbox="737 1192 846 1215">TR-AL-110a.1</p> <p data-bbox="737 1228 846 1251">TR-AF-110a.1</p> <p data-bbox="737 1264 857 1287">TR-AF-430a.2</p> <p data-bbox="737 1299 818 1323">TCFD-S.a</p> <p data-bbox="737 1335 824 1358">TCFD-M.b</p> <p data-bbox="737 1371 1068 1394">Annual Report – Sustainability Approach</p> <p data-bbox="737 1407 1182 1430">Annual Information Form – Environmental Matters</p>

SUSTAINABILITY APPROACH AND PERFORMANCE

SDG	Relevant Targets	Select Contributions
 <p>SDG 17 Partnerships for the Goals</p>	<p>17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries</p> <p>17.17 Encourage and promote effective public, public private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p>The GTAA is working with the Government of Canada, Government of Ontario, municipal governments, public health organizations and a range of community stakeholders in the fight against COVID-19.</p> <p>We promote sustainable business practices among local businesses through Partners in Project Green, an initiative co-founded by the GTAA and the Toronto and Region Conservation Authority in 2017.</p> <p>In summer 2020, we undertook a stakeholder and public engagement process to validate our updated Environmental Sustainability Strategy focus areas. In addition to a positive reaction to the streamlined focus areas and agreement that our long-term goals are aligned with leading environmental practices, we learned that we need to raise awareness about our existing programs and how they'll contribute to the updated strategy. Moving forward, we can address opportunities to improve communication, build partnerships and collaborate with the community to achieve our environmental goals.</p> <p>Supporting Information: Sustainability Index GRI 102-12 GRI 102-13 Annual Report – Healthy Communities Annual Report – Sustainability Approach</p>

OUR PRIORITIES

Our priority topics and focus areas were identified through a 2019 strategic planning initiative, which included separate activities for senior leaders, managers and all employees, as well as external research and benchmarking.

Here you'll find our management approach to each of our priority topics, links to relevant discussions elsewhere in our annual report and select performance indicators:

- Corporate responsibility
- Safety
- People
- Passenger and customer experience
- Aviation growth

SUSTAINABILITY APPROACH AND PERFORMANCE

CORPORATE RESPONSIBILITY

As a major employer and the heart of the Airport Economic Zone, Toronto Pearson is committed to operating responsibly and to being a good neighbour. Our success is connected to the success of the communities that surround us, and we work throughout the year to connect and contribute; to respond to our neighbours’ concerns; and to advance shared priorities such as environmental conservation. In addition to engaging locally and regionally, we also work to respond to national and global concerns such as combatting climate change and building the resilience of our infrastructure to extreme weather events. This year, we’ve taken special measures to support our communities – and all Canadians – amid the health and economic impacts of the COVID-19 pandemic.

COMMUNITY INVESTMENT AND ENGAGEMENT

Our Community Investment Program Policy establishes the framework for our signature program – the Propeller Project – which focuses on helping underemployed people pursue more fulfilling careers and contribute to overall economic vitality. Key commitments under the program are to give back to neighbourhoods that are directly and indirectly affected by Toronto Pearson operations; invest one per cent of the GTAA’s net income annually in community-building initiatives; and foster growth and prosperity in our regions and communities and among local residents. This year, we made a notable change to the Propeller Project, introducing the Nest Fund described on page 41 to support capacity-building for organizations run by and focused on the needs of people who identify as Black or Indigenous. Although the financial impacts of the COVID-19 pandemic will force us to temporarily reduce our community investments in the near term, our commitment to the Nest Fund and the rest of the Propeller Project remains steadfast. Supporting the recovery of our community investment program is an important aspect of our broader efforts toward a sustainable recovery for our airport.

Community engagement takes many forms, as outlined in our Stakeholder Engagement section. Our approach includes:

- Partnerships with organizations that are doing meaningful work in the areas of underemployment and career development, environmental sustainability, community vitality, community-building activities, accessibility enhancements or education.
- Public consultations and engagement on issues such as noise, the environment, transit and more. This year, for example, we engaged the public in the development of our new Environmental Policy (see page 55).

This year, due to COVID-19, we had to pause some of the activities through which we typically engage beyond our airport in the wider community. Suspended activities included things like pop-up booths at sites such as libraries and community centres; the Toronto Pearson Street Team; community event sponsorships; and the annual Runway Run that raises funds for the Propeller Project. We’re committed to resuming our full program of community engagement and education activities as soon as it’s safe to do so.



Although the financial impacts of the COVID-19 pandemic will force us to temporarily reduce our community investments in the near term, our commitment to the Nest Fund and the rest of the Propeller Project remains steadfast. Supporting the recovery of our community investment program is an important aspect of our broader efforts toward a sustainable recovery for our airport.

SUSTAINABILITY APPROACH AND PERFORMANCE

NOISE MANAGEMENT

Noise management is a key concern for our communities. We engage regularly with our neighbours and with local leaders, using their insights as well as diverse technical expertise to continually evolve our approach in this area. While aircraft noise can't be eliminated, we take active steps to seek out, evaluate and implement improvements – in both process and technology – with the aim of addressing local concerns while continuing to meet regional and national transportation needs.

- As part of regular business at the airport, we have a noise management program that guides how we work with our partners to manage noise impacts daily. The program, based on the International Civil Aviation Organization's Balanced Approach to Aircraft Noise Management Policy, includes land use planning, operation restrictions (such as limiting the number of flights at night), noise abatement procedures for planes and preferential runway systems.
- Our Noise Management Office monitors noise and noise abatement procedures, and receives, analyzes and responds to public complaints. The Office periodically publishes advisories to notify residents of airfield construction, airport activities and engagement opportunities that could have an impact on normal airport traffic operations and aircraft noise. Noise complaints can be registered through our website or by phone.
- We have noise monitoring terminals strategically located near the airport to gather objective data and assess noise levels in neighbouring communities. In 2020, we also became the first airport in North America to adopt InsightFull, an interactive web portal that lets community members access location-based noise data (see page 42).
- Every five years, we commit to a noise management action plan, which is based on international best practices and public input, and explores ways to evolve and improve the way we manage noise. Our 2018–2022 Noise Management Action Plan includes a range of ambitious programs, which are based on 10 commitments we've made to our communities. As part of the current Action Plan, we've introduced Noise Management Forums, a series of briefings, tables and working groups that help us work smarter with our communities and collaborate better with industry. We continued to share information and seek input from our communities and industry partners through the Noise Management Forums in 2020, moving the program online in keeping with public health recommendations.

- We continually explore ways to balance Canada's transportation needs with the needs of our neighbours. A few examples of current initiatives:

Preferential Runway System Trial. Toronto Pearson uses a preferential runway system for night flights, concentrating operations on runways that affect the fewest residents. In February 2020, we initiated a one-year trial of an enhanced system designed to promote adherence to preferential runway guidance by better coordinating nighttime preferences with other variables (such as wind conditions, snow clearance and maintenance). Although overall traffic was down this year, the trial was a success: a greater share of flights adhered to the updated preferential runway system. Our next steps are to complete an assessment of the trial and determine next steps.

Night Flight Restriction Program. Toronto Pearson caps flight movements between 12:30 am and 6:30 am in order to limit noise impacts. In 2020, we postponed planned adjustments to our night flight budget approach since reduced demand due to COVID-19 pushed traffic far below our existing restrictions. From April 2020 onward, we generally used between a quarter and a third of allowable flights under the night flight budget.

Quieter Fleet Incentive Program. The Airbus A320 family of engines has a known design issue that causes a whining sound on approach. This year, we continued to advance a program encouraging airlines to retrofit these engines for reduced noise impacts. We also offered incentives for those who use quieter, retrofitted aircraft for operations at Toronto Pearson. We project that by 2022, 90 per cent of Airbus A320 aircraft movements at our airport will be made by retrofitted aircraft.

SUSTAINABILITY APPROACH AND PERFORMANCE

ENVIRONMENTAL STEWARDSHIP

Although this year saw passenger traffic decline substantially due to the COVID-19 pandemic, demand for air travel in our region was on the rise before the pandemic and we expect it to rebound in the years to come. Given this context, we are as committed as ever to steadily reducing our environmental impact even as we manage the growing demand for air connectivity. Guided by our newly adopted Environmental Strategy, we continue to seek new ways to reduce our emissions, prepare for the future and do our part on local and global environmental issues.

In addition to complying with all applicable standards and regulations, we maintain an ISO 14001:2015 certified environmental management system (EMS), which helps us set performance targets and pursue continuous improvement. Our reporting practices align with the ISO 14064 standard and the internationally recognized Airport Carbon Accreditation program (in which the GTAA has achieved Level 3 certification). The EMS has six focus areas: reducing emissions, building resilience to climate risks, improving our energy efficiency, improving water management, managing natural resources and reducing waste.

This year we launched a new Environmental Strategy. The strategy encompasses seven distinct action plans, aligned with the six focus areas of our EMS and our Noise Management Program. This new strategy was informed by consultations with diverse stakeholders, as well as a series of baselining exercises. Together, these efforts and

the Environmental Strategy itself have informed a new GTAA Environmental Policy, which was launched in March 2021.

Our environmental programs will remain closely aligned with our broader corporate responsibility initiatives. We continue to develop our monitoring and reporting practices with reference to specific frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the United Nations Sustainable Development Goals (SDGs) – all while maintaining our focus on the overall goals and principles of robust ESG reporting.

We promote sustainable business practices among local businesses through Partners in Project Green, an initiative co-founded by the GTAA and the Toronto and Region Conservation Authority in 2017.

We partner with municipalities and others to promote sustainable planning in our region. This year, the GTAA was a steering panel member on the development of the Etobicoke and Mimico Creek Watersheds, which bound the airport to the east and west (see page 43). Ontario’s planning framework emphasizes the importance of integrated and long-term watershed planning by municipalities, and the GTAA is proud to work with partners to support informed, sustainability-focused conversations on water, waste water and stormwater infrastructure as well as habitat and biodiversity.



This year, the GTAA was a steering panel member on the development of the Etobicoke and Mimico Creek Watersheds, which bound the airport to the east and west.



SUSTAINABILITY APPROACH AND PERFORMANCE

SAFETY

Safety and security are our top priorities – central to every decision we make. We developed the Pearson Safety Program as part of our commitment to the safety and security of our employees and all passengers and guests who visit Toronto. This year, in addition to the many vital safety practices that support the operation of our airport, we adopted new rules and protocols to keep our passengers and employees safe during the COVID-19 pandemic. We also became the first airport in Canada to qualify as a Healthy Airport under the Airport Health Accreditation program launched by Airports Council International (ACI). Information about our Healthy Airport commitment and what it means for the Toronto Pearson community can be found throughout this report, especially on pages 76–81.

- While all companies operating at the airport are responsible for the safety of their employees, we work together to achieve our shared vision of zero injuries to everyone who travels through or works at Toronto Pearson.
- Our Safety Policy sets out guiding principles. The Pearson Safety Program comprises seven safety systems that include policies, programs and training relevant to the various aspects of airport operations: aviation safety; security; terminal and groundside safety; environment; technical and construction; occupational health and safety; and emergency management. Construction-related contractors must have a Certificate of Recognition (COR) as confirmation that their health and safety program meets provincial standards and has been evaluated by a certified auditor.
- When the COVID-19 pandemic hit, we had a pandemic strategy in place. (A pandemic was one of many scenarios contemplated in our emergency preparedness planning.) As the situation progressed, we worked nimbly and collaboratively with stakeholders across the airport community, especially the Toronto Pearson Worker Safety Forum and the Toronto Pearson Safety Leadership Forum (see page 24) to refine and adapt our approach as new information became available. The Toronto Pearson COVID Log (see page 22) was one notable co-creation of worker and employer groups.
- All airports in Canada are required to have a security awareness program that educates employees about their roles and responsibilities in airport security. At Toronto Pearson, employees complete both the national and site-specific modules of the Canadian Airport Security Awareness Program. This training is mandatory for everyone who needs access to restricted areas and for any airport employee who has been away from work for more than a year.
- Across our airport community, we try to bolster our safety and security culture through a constant focus on communications and risk identification. This year, we focused on COVID-related safety policies and messaging. We also conducted a survey of GTAA employees in May 2020, specifically aimed at gauging employees' perceptions of our efforts to support workplace health and safety during the pandemic (see page 78).
- Historically, the GTAA has tracked airport-wide safety performance through the Toronto Pearson Safety Index, which measures employee lost-time injuries per million passengers through participation by airport employers. Due to the focus of all employers on COVID prevention, as well as the layoffs and dramatic reductions in activity driven by the pandemic, it was not practical to collect this data for 2020. Instead, the GTAA focused its attention on the Toronto Pearson COVID Log, as well as logging and resolving specific COVID-driven concerns raised by the Toronto Pearson Worker Safety Forum. The GTAA is currently working to develop alternative metrics for safety performance.

SUSTAINABILITY APPROACH AND PERFORMANCE



PEOPLE

Our airport is a dynamic place to work and there’s a deep sense of pride among our employees in the difference we make for passengers, for our community and for our country. In recent years, we’ve had a strong focus on creating a workplace where people are engaged and supported in advancing their careers in aviation; we remain deeply committed to those priorities. This year, amid the pandemic’s dramatic effects on air travel, we had to make the difficult decision to reduce the GTAA’s workforce.

- In 2020, about 300 employees were let go or laid off, or departed voluntarily. An additional 200 vacant positions were eliminated. Together, these changes amounted to a 27 per cent reduction in our workforce. In addition to extended notice periods and severance packages, all departing staff were offered career transition services and employee assistance support. We also offered displaced staff access to Pearson Works Online, a support platform (see page 22).
- Most GTAA employees work in management, technical, administrative and operational roles, while some are seasonal employees hired for deicing and airfield maintenance. The majority are unionized, represented by either Unifor Local 2002 or the Pearson Airport Professional Fire Fighters Association. The restructuring that took place in 2020 was carried out in close consultation with union representatives to ensure that any changes affecting their members respected the letter and the spirit of our collective bargaining agreements.
- Despite the disruptions that resulted from the pandemic this year, we anticipate recovery and continued growth in the longer term, given the fundamentals of our airport and our region. To achieve our goals, we need to continue to build the skills and systems to attract, develop, engage and reward a high-performing workforce. Our people strategy includes focused initiatives in the areas of employee

health and wellness, performance, development, and recognition, as well as diversity and inclusion. The strategy focuses on:

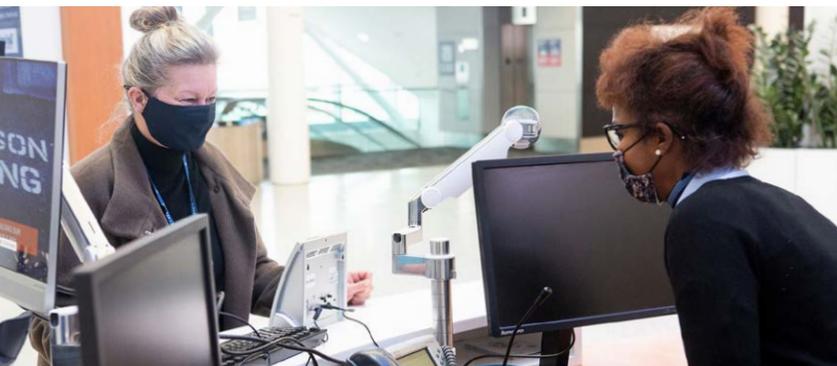
- Protecting our talent and our business to skillfully manage through a pandemic-led downturn in the aviation industry.
- Supporting our recovery by leveraging the talent necessary to quickly pivot the GTAA to thoughtfully rebuild our business in a profitable way.
- Inspiring and engaging GTAA talent to strategically envision and boldly build the airport of the future.
- Diversity and Inclusion is an important part of our approach to building the airport of the future. We have implemented a three-year Diversity and Inclusion Strategy to develop a diverse workforce and an inclusive culture. This new strategy focuses on four key areas to achieve our desired outcomes, including:
 - Leadership commitment and accountability
 - Fair and equitable people practices
 - Inclusive culture
 - Strong community partnerships and impact
- We conduct annual employee feedback surveys and pulses to measure employee engagement and identify ways to improve our employees’ work environment and experience.

SUSTAINABILITY APPROACH AND PERFORMANCE

PASSENGER AND CUSTOMER EXPERIENCE

As the four-time winner of the Airport Service Quality Index award for best large airport in North America, we know that the most successful global hubs have moved beyond simply providing the basics of safety and security, good infrastructure and efficient processes. The best airports provide exceptional passenger experiences that make them airports of choice. While health and safety were always vital imperatives, the COVID-19 pandemic has made it even more important to not only protect passengers’ health but to build passengers’ confidence in Toronto Pearson as a healthy environment.

- Keeping people, baggage, cargo and aircraft moving as quickly and smoothly as possible is essential for achieving consistently superior passenger experiences. It can also deliver public health benefits by keeping people apart and efficiently clearing spaces so they can be cleaned before the next group of passengers arrives. We strive to improve the flow of passengers in our terminals by constantly enhancing systems and processes to reduce passenger wait times, including at screening points, border inspection areas and baggage claim areas.
- We work to make Toronto Pearson an accessible and welcoming experience for everyone. In addition to following all relevant accessibility regulations, we seek to continually expand the supports we offer to all passengers, consulting with local advocacy groups for persons with disabilities and adopting best practices from organizations around the world. After external research conducted during the pandemic found that some persons with disabilities were being negatively affected by new procedures introduced for public health reasons, we rethought our approach to ensure that we were preventing the spread of the virus while ensuring a comfortable and accessible experience for everyone. In support of ongoing improvement, in 2020 we introduced new programs for passengers with disabilities (see page 42) that complement an existing suite of services.
- We work together with all of our partners in airport operations toward common goals. This includes collaborating with airlines on everything from the development of new routes, to improved baggage systems, to support for connecting passengers. Currently, for example, we’re preparing to reconfigure the arrivals and transfer facility in Terminal 3 so connecting passengers can stay within the secure area and not have to unnecessarily repeat processes – a change that will deliver greater convenience as well as public health benefits. Our major airline partners also advise on the various facilities enhancements and new service offerings by which we strive to deliver a better passenger experience.
- In addition to meeting high service standards for cleanliness, disinfection, lighting, space and wait times, we enrich passengers’ experience at Toronto Pearson by creating a safe and welcoming environment and continually expanding and enhancing our retail, dining and other services. This year, we’ve moved toward the adoption of several touchless and low-touch processes – as well as digital messaging services and video support kiosks – designed to support comfort, convenience and infection-control objectives.



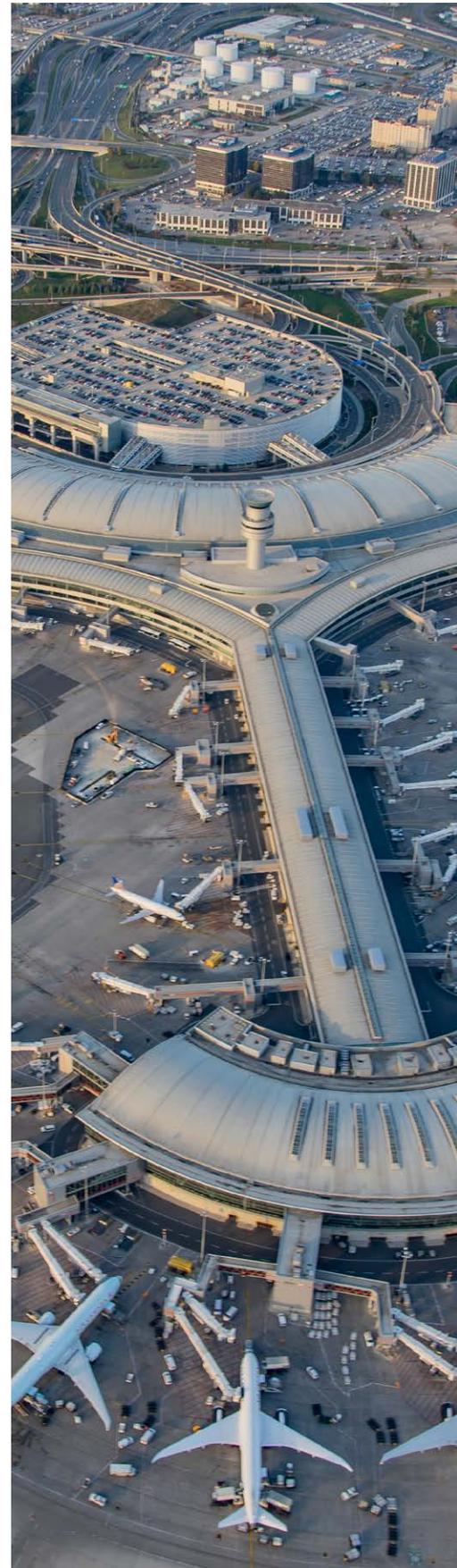
As part of our commitment to delivering outstanding passenger experience, we offer audio translation for over 200 spoken languages.

SUSTAINABILITY APPROACH AND PERFORMANCE

AVIATION GROWTH

Toronto Pearson is Canada’s largest airport by several measures, most notably passenger traffic. The volume of air travellers fluctuates with changing global conditions; the coronavirus pandemic is a dramatic example. But over the medium and long term we expect that passenger volumes will continue to grow, driven by demand from our region and the rest of Canada, as well as international passengers who see Pearson as an ideal North American gateway. Supporting this growth responsibly requires significant planning and investment. As we’ve navigated the many disruptions associated with COVID-19, we have also continued to nurture the practices and relationships that will support our success in the years ahead. This year, we’ve communicated and collaborated actively with diverse partners and stakeholders, including all levels of government.

- Before the pandemic, Toronto Pearson was on the way to joining the top tier of international airports, providing direct connectivity to nearly 80 per cent of the global economy. Even with major adjustments by airlines in the face of low passenger demand through most of 2020, our airport continued to provide regular connectivity to more than half the world’s economy, albeit with less frequent service.
- The connections we provide to support the flow of people, services and capital are equally crucial in moving cargo. As carriers have added more efficient wide-body aircraft to their fleets, cargo capacity has grown to match rising demand. At the same time, competitive rates mean that more exporters are seeing the value of shipping by air. This year, even as passenger traffic fell dramatically, demand for the movement of cargo continued to grow. The loading centre at Toronto Pearson is one of the biggest and busiest in Canada, and we continue to improve our capabilities and processes.
- In 2017, we embarked on a partnership with 11 economically significant regional airports to form the Southern Ontario Airport Network (SOAN). Members work together to accommodate our region’s growing air service needs and act as a catalyst for local and regional investment, business expansion and job creation. In 2019, a complementary organization, the Southern Ontario Municipal Aerospace Council (SOMAC), was created to help local elected mayors and regional chairs coordinate efforts to strengthen airport host municipalities’ support for the aerospace sector as a driver of employment, innovation and productivity. Although SOMAC and SOAN both paused much of their work this year as members focused on challenges associated with the pandemic, Toronto Pearson continued to communicate and collaborate with SOAN to support the delivery of essential services and supplies.



SUSTAINABILITY APPROACH AND PERFORMANCE

STAKEHOLDER ENGAGEMENT

PASSENGERS

We served 13.3 million passengers in 2020, a 73.6 per cent decline from 2019, driven by a dramatic reduction in demand for air travel due to the COVID-19 pandemic.

How We Engage	Passenger Concerns in 2020	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Passenger surveys • Airport Service Quality (ASQ) passenger satisfaction survey • Customer and passenger feedback kiosks • Web portal for passengers, visitors and the community • Social media channels (e.g., Twitter, Facebook, LinkedIn, Instagram) • SMS and WhatsApp (pilot testing underway in 2020) • Virtual customer service agent in terminals 	<p>Passengers' travel concerns this year focused primarily on safety in the context of the pandemic.</p> <p>Top three potential COVID-19 transmission modes about which passengers expressed concern in passenger surveys:</p> <ol style="list-style-type: none"> 1. On the aircraft 2. From other passengers 3. Washrooms <p>Top five practices passengers wanted to see on their journey according to our surveys:</p> <ol style="list-style-type: none"> 1. Physical distancing 2. Increased cleaning 3. Enforcement 4. Distancing on flights 5. Disinfecting technology <p>In addition to safety (the #1 issue), the next four most common categories for queries this year were:</p> <ul style="list-style-type: none"> • connections (especially overnight logistics during the pandemic) • border services (whether planned travel is permitted) • airline, cargo and baggage services • airport services such as retail and restaurants 	<ul style="list-style-type: none"> • For the fourth consecutive year, Toronto Pearson ranked #1 in North America among airports serving more than 40 million passengers annually in the Airport Service Quality (ASQ) satisfaction survey, conducted by Airports Council International (ACI). We received an additional award this year for "Best hygiene measures in North America." The ASQ survey assesses passengers' satisfaction on the day of travel in areas such as check-in, security, food and beverage, and more. This year's criteria were modified to reflect the COVID-19 pandemic. Surveys of departing passengers gauged their level of comfort and perception of risks travelling through Toronto Pearson, and helped us to understand the effects of our Healthy Airport measures on creating confidence in the travel experience. • Toronto Pearson also earned notice through ACI's Voice of the Customer initiative. The airport was recognized for an ongoing commitment to engaging passengers, gathering feedback and prioritizing the voice of passengers during the COVID-19 pandemic, including through engagement activities associated with our Healthy Airport initiative. • Based on consultations last year with Canadian Hearing Services, Autism Ontario and other organizations that helped to inform our accessibility strategy, we introduced new programs in 2020 for passengers with hidden or invisible disabilities, for passengers with hearing loss (see page 42), and for passengers travelling with service animals. • We introduced a virtual customer service agent at key airport information counters, providing a live, touchless video interface to our Passenger Services representatives. Amid the pandemic, the virtual agent provides a safe and effective way of communicating with our team. • This year we pilot-tested new modes of engaging passengers through their mobile devices, offering support via text message and WhatsApp.

SUSTAINABILITY APPROACH AND PERFORMANCE

GTAA EMPLOYEES

GTAA directly employed 1,471 people as of December 31, 2020. Our employees work in management, technical, administrative and other operational roles, or are seasonal employees hired for deicing and airfield maintenance.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Annual employee feedback survey • Quarterly senior leaders' meetings • A CARE line where employees can share their concerns • Updates on our GTAA portal (corporate intranet) <p><i>Paused in 2020 due to COVID-19:</i></p> <ul style="list-style-type: none"> • Evening of Excellence employee recognition event • Managers' meetings 	<ul style="list-style-type: none"> • We conducted a special survey in April 2020 to learn how workers across Toronto Pearson felt we were doing in protecting workplace safety during the pandemic (see page 78). • We added a diversity and inclusion group to our Business Resilience and Innovation Team (BRIT) program. Among other activities, this team led a program of education and facilitated conversations on anti-Black racism, supported by team leaders across the GTAA (see page 21). • We encouraged employees to report any concerns they didn't feel comfortable raising with a manager to our independently monitored CARE (Confidential Anonymous Reporting for Employees) line. This line was in place before the pandemic and we reminded team members it was available as a support. • Because the volume of content on our internal GTAA portal was exceptionally high, we began issuing a recap email to help employees catch up with relevant workplace news they might have missed.



We've implemented a five-year strategy to target specific opportunities for improvement, such as increasing the representation of women and visible minorities in leadership, fostering a more inclusive work environment, and building more diverse talent pipelines by working with local community groups.

SUSTAINABILITY APPROACH AND PERFORMANCE

AIRPORT EMPLOYEES

Before the pandemic, nearly 50,000 people were directly employed at Toronto Pearson. Although that number fell in 2020 as COVID-19 led to layoffs and furloughs, the airport remains a major hub for jobs, and we expect employment levels to rebound as the aviation sector recovers. The GTAA and other airport employers share a commitment to operate in ways that make health, safety and employee engagement top priorities while providing high-quality service to passengers.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Airport Employee Communications Council • Toronto Pearson Safety Program events and activities • Toronto Airport Workers Council • Toronto Pearson Worker Safety Forum • Toronto Pearson Safety Leadership Forum • Employee updates on the Toronto Pearson website • <i>Inside Pearson</i> electronic newsletter • Digital screen network • Cross-functional airport working groups • <i>I am Toronto Pearson</i> movement and workshops • Eye on Safety newsletters • Take Our Kids to Work Day <p><i>Paused in 2020 due to COVID-19:</i></p> <ul style="list-style-type: none"> • Employee airport tours of airside and terminal • Annual safety climate survey 	<ul style="list-style-type: none"> • Although our usual Safety Summit activities were suspended due to COVID-19, we hosted an Airside Safety Week, making talks and resources available to participants. • We engaged regularly with the Toronto Airport Workers Council (TAWC) on the development of COVID-19 safety measures (see page 24). • With the Toronto Pearson Worker Safety Forum, we co-created the Toronto Pearson COVID Log, a voluntary online reporting system for COVID cases at the airport (see page 22). • We launched Pearson Works Online. Originally planned as a cross-stakeholder collaborative platform that promotes the benefits of airport careers and guides the airport to prepare for future workforce needs, the platform was adapted to support airport workers displaced due to reduced demand driven by the pandemic (see page 22).

SUSTAINABILITY APPROACH AND PERFORMANCE

AIRPORT SERVICE PROVIDERS

Airport service providers include ground transportation services, airlines, aviation services and tenant enterprises. We work together to manage customer-service needs and issues and day-to-day operational requirements.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Airline Consultative Committee • Technical Subcommittee • Commercial Affairs Subcommittee • Passenger Operations Subcommittee • Airside Operations Subcommittee • Irregular Operations Subcommittee • Toronto Airport Workers Council <p><i>Paused in 2020 due to COVID-19:</i></p> <ul style="list-style-type: none"> • Safety summits 	<ul style="list-style-type: none"> • We launched Pearson Works Online to support airport workers displaced by the pandemic (see page 22). • We worked closely with the Toronto Airport Workers Council (see page 24) and the Toronto Pearson Safety Leadership Forum (see page 24) to develop, refine and maintain our shared response to COVID-19 as well as the health and safety imperatives associated with regular airport operations. • In response to concerns expressed by airport taxi and limo drivers amid the pandemic, we took several steps to support the health and safety of these vital members of the airport community (see page 20). We also created a dedicated health and safety group that met regularly to address the unique concerns of drivers.

REGIONAL COMMUNITIES

Toronto Pearson is surrounded by three of Canada’s largest municipalities: Brampton, Mississauga and Toronto. Each of these municipalities is made up of unique and distinct neighbourhoods.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • General community engagement line and email • Noise complaints received by phone and online via WebTrak • Topic-specific phone surveys • InsightFull noise monitoring platform • Public opinion and key influence research • Noise Management Forums and monthly updates to Neighbourhood Table • Community Relations section of the Toronto Pearson website • <i>Checking In</i> monthly email newsletter • Community investment via Propeller Project • Partners in Project Green <p><i>Paused in 2020 due to COVID-19:</i></p> <ul style="list-style-type: none"> • Open houses • Toronto Pearson Volunteer Program • Toronto Pearson Street Team • Community tours 	<ul style="list-style-type: none"> • We maintained the Toronto Pearson Noise Management Forums, making a rapid pivot to online engagement (see page 41). • We became the first airport in North America to adopt InsightFull, a platform that allows community members to access location-specific noise data (see page 42). • Through the Propeller Project, we made community investments totalling \$1 million, focused on underemployment, especially in Mississauga, Brampton and Etobicoke. We also launched the Nest Fund, a \$300,000 investment program directed to organizations primarily run by and focused on people who identify as Black or Indigenous (see page 41). The Nest Fund issued a call for proposals in 2020 and will review submissions in 2021. • Unable to engage local schools and young people as we usually do, we launched the Airport Explorers’ Club online (see page 42). • We hosted Pearson Partners Week, which featured a series of virtual gatherings focused on the employment landscape during the pandemic (see page 24). The events drew more than 1,100 community participants.

SUSTAINABILITY APPROACH AND PERFORMANCE

FACILITATION AGENCIES

GTAA works closely with the Canadian Airport Transportation Security Authorities (CATSA), Canadian Border Services Agency (CBSA) and U.S. Customs and Border Protection (USCBP) to share information, address security and facilitation issues, and coordinate long-term operations and facility planning.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Meetings with local leadership of each of CATSA, CBSA and USCBP • Email and other day-to-day operational interactions 	<ul style="list-style-type: none"> • The GTAA meets daily with CATSA, CBSA and USCBP to discuss and coordinate operational issues. • Due to the new demands of the pandemic, this year’s collaborative initiatives included enhanced cleaning, implementation of lower-touch/touchless technology integrations to support operations in CBSA and USCBP, and installation of Plexiglas and other health-related facility adaptations. Passenger processing changes included on-site testing and studies of/changes to passenger flow designed to support public health guidelines and the GTAA’s goals of a healthy and excellent passenger experience. • The GTAA also meets with each agency at the local and national level to plan and promote longer-term projects and initiatives to support changing aviation needs. These include the use of new technologies and processes, and planning to meet the resource requirements necessary to ensure that the customer experience at Toronto Pearson is safe, efficient and up to world-class standards. • With each agency, the GTAA has a collaborative and constructive working relationship, which has resulted in significant investments and operational improvements over time.

GOVERNMENTS AND REGULATORS

We actively engage with municipal, provincial and federal levels of government, and with federal and international regulators and agencies (e.g., International Air Transport Association, NAV Canada) on a range of environmental, social and economic issues that affect the GTAA and the broader air transportation industry.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • One-on-one and community meetings • Letters to elected officials • Airport tours • Webinars and learning events <p><i>Paused in 2020 due to COVID-19:</i></p> <ul style="list-style-type: none"> • Work with the Southern Ontario Municipal Aerospace Council (SOMAC), a network created in 2019 to support employment, innovation and productivity in the regional aerospace sector 	<ul style="list-style-type: none"> • We participated with five neighbouring municipalities and other entities in a steering panel to develop a new plan for the Etobicoke and Mimico Creek Watersheds (see page 43). Ontario’s planning framework emphasizes the importance of integrated and long-term watershed planning by municipalities. • We hosted a special event in May featuring the Antonov 225 Mria. The world’s largest and heaviest aircraft touched down at Pearson bearing 25,000 boxes of personal protective equipment. On hand to welcome the vital cargo were Ontario Minister of Transportation Caroline Mulroney, Minister of Finance Rod Phillips, MPP for Mississauga-Malton Deepak Anand and staff from the Premier’s Office. • We hosted several events related to the launch of our Healthy Airport initiative, including a virtual Healthy Airport Innovation event with elected officials, as well as 17 Healthy Airport tours with 53 elected officials and staff, including provincial ministers of health and transportation and the Solicitor General. • Additional regional engagement activities included: direct messages from GTAA President and CEO Deborah Flint to elected officials; three noise webinars with elected officials; a sustainability webinar with elected officials.

SUSTAINABILITY APPROACH AND PERFORMANCE

MEDIA

The media plays an important role in providing public updates on Toronto Pearson operations – including delays and cancellations – and in communicating broader airport initiatives.

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Interviews • Social media • News releases • Media statements 	<ul style="list-style-type: none"> • This year we created a guide to support the media in understanding Toronto Pearson’s safety measures and operational responses to COVID-19, as well as the roles and responsibilities of different agencies and organizations at the airport with respect to the pandemic. The media guide also included key statistics and contact information. • Through the media we also provided: <ul style="list-style-type: none"> • Information for Canadians returning home as travel restrictions intensified in early 2020. • Updates on severe weather affecting flight schedules. • Quarterly passenger traffic and financial information.

AVIATION INDUSTRY

How We Engage	Select Highlights and Initiatives
<ul style="list-style-type: none"> • Industry association meetings • Conferences • Working groups 	<ul style="list-style-type: none"> • We continued to communicate about the role of Southern Ontario Airport Network (SOAN) members in supporting essential services through the pandemic and laying foundations for economic recovery. • We reaffirmed our Level 3 certification in the Airport Carbon Accreditation Program of Airports Council International (ACI). We participated in ACI climate-related working groups. • We earned an ACI Environmental Award in the Environmental Management System category for our environmental strategy that concluded in 2020 (see page 36).

CORPORATE GOVERNANCE



BOARD OF DIRECTORS



DOUGLAS ALLINGHAM

Ontario, Canada
 Corporate Director
 Director since: 2018
 Term expiry: 2021
 Board Chair (effective May 7, 2019)

Mr. Allingham is a civil engineer with 40 years of experience encompassing both the public and private sectors. He is the former Executive Vice President of AECOM Canada Ltd., and has a background in transportation engineering including transit planning, urban design, traffic engineering, environmental assessment, master planning, airport planning and transportation economics. He has served as President of the Canadian Institute of Transportation Engineers, Chair of the Board for the University of Ontario Institute of Technology, Trustee and Chair of the Board of Lakeridge Health and has served on the boards of Durham College and the Durham Abilities Centre. In 2012, he was awarded the Queen Elizabeth II Diamond Jubilee Medal for service to the community.



PETER GREGG

Ontario, Canada
 President and Chief Executive Officer,
 Nova Scotia Power (regulated electric utility)
 Director since: 2018
 Term expiry: 2021
 Governance and Stakeholder Relations
 Committee
 Planning and Commercial Development
 Committee

Mr. Gregg is the President and CEO of Nova Scotia Power Inc., a wholly-owned subsidiary of diversified energy and services company Emera Inc., providing 95% of the generation, transmission and distribution of electrical power to more than 525,000 residential, commercial and industrial customers across Nova Scotia. He was previously President and CEO of the Independent Electricity System Operator (IESO), the corporation responsible for operating the electricity market and directing the operation of the bulk electrical system in the province of Ontario, and President and CEO of Enersource Corporation (now Alectra Utilities) where he led the merger of Enersource with Powerstream and Horizon Utilities, and the purchase of Hydro One Brampton. Mr. Gregg has an MBA from the Ivey School of Business at the University of Western Ontario and received his ICD.D designation from the Institute of Corporate Directors.



JEFF P. FEGAN

Texas, U.S.
 Chief Executive Officer,
 Jefffegan.com LLC (aviation consulting firm)
 Director since: 2014
 Term expiry: 2023
 Human Resources and Compensation
 Committee Planning and Commercial
 Development Committee (Chair)

Mr. Fegan is an executive with extensive experience in the aviation and aerospace industry. He is the former Chief Executive Officer of Dallas/Fort Worth (DFW) International Airport and past Chairman of the Board of Directors of Airports Council International – North America (ACI-NA). Mr. Fegan is skilled in operations management, strategic planning, commercial development and airport development. He graduated from the Georgia Institute of Technology and attended the Stanford Executive Management Program.



KATHLEEN L. KELLER-HOBSON

Ontario, Canada
 Corporate Director
 Director since: 2017
 Term expiry: 2022
 Governance and Stakeholder Relations
 Committee (Chair)
 Planning and Commercial Development
 Committee

Ms. Keller-Hobson is an experienced corporate director and also serves as Lead Director and Chair of the Nominating and Governance Committee of CCL Industries Inc., and as a director of Premium Brands Holdings Corporation and member of its Nominating Committee and Executive Compensation and Human Resources Committee, both publicly traded companies. Prior to 2015, Ms. Keller-Hobson was a senior partner at Gowling Lafleur Henderson LLP and, prior to October 2011, was a senior partner at Bennett Jones LLP, both international law firms. Prior to October 2006, she was a senior partner at Torys LLP, also an international law firm, where she practised law for 25 years including nine years as Managing Partner of its London, England office. During her 35-year legal career, Ms. Keller-Hobson provided strategic advice to global businesses, boards of directors and special committees on significant transactions, critical business issues, and risk management. She has broad international experience and extensive experience in public and private mergers and acquisitions, corporate finance, and corporate governance. Ms. Keller-Hobson obtained her law degree from the University of Ottawa in 1979. She is a holder of the Institute of Corporate Directors' Director designation (ICD.D).

BOARD OF DIRECTORS



DON KENNEDY

Ontario, Canada
 Corporate Director
 Director since: 2020
 Term expiry: 2023
 Audit Committee Planning and Commercial Development Committee

Mr. Kennedy is a retired business executive having served as the Chief Financial Officer for a number of organizations in aviation, freight and logistics, including Canada 3000, where he grew the organization from the startup of a charter airline into a publicly traded travel group with over 5,000 employees. His professional associations include past director of the Air Transport Association of Canada, past director of various airlines fuel consortiums and past member of various aviation and travel industry associations. He also served on the Board of Directors of St. Joseph's Health Centre in Toronto. He is a Chartered Professional Accountant and Chartered Accountant in Ontario since 1981, having started his audit career at PricewaterhouseCoopers LLP. He holds a Bachelor of Commerce (Honours) from Queen's University.



ROGER MAHABIR

Ontario, Canada
 President and Chief Executive Officer, Technology Innovations Inc.; Chairman and Chief Executive Officer, Tracker Networks Inc. (information technology companies)
 Director since: 2013
 Term expiry: 2022
 Audit Committee
 Planning and Commercial Development Committee

Mr. Mahabir is Chairman and Chief Executive Officer of Tracker Networks Inc. Previously, he was founder, Chairman and Chief Executive Officer of Assurent Secure Technologies, a global provider of software security products and services. In these senior executive and owner capacities, Mr. Mahabir's responsibilities included the oversight of the preparation of the financial statements of these companies. He was also responsible for the financial and business terms of the sale of Assurent to TELUS Corporation. He served as a Managing Director and CIO of RBC Capital Markets and RBC Dominion Securities, and as a member of the Audit Committee of the Board of Governors of the University of Waterloo. He is a trained director, having served on the boards and advisory boards of over 20 private and public organizations in Canada, the U.S. and Europe. He was conferred with a Doctor of Law degree (honoris causa) from York University and his innovations in technology have been recognized and archived by the Smithsonian.



HAZEL McCALLION

Ontario, Canada
 Chief Elder Officer, Revera Inc. (retirement living and long-term care company); Special Advisor to the Vice President University of Toronto (Mississauga Campus)
 Director since: 2017
 Term expiry: 2022
 Audit Committee
 Governance and Stakeholder Relations Committee

Ms. McCallion is the Chief Elder Officer of Revera Inc., Chancellor of Sheridan College, and Special Advisor to the University of Toronto, Mississauga campus. She was one of the longest serving mayors in Canada, having served as Mayor of the City of Mississauga for 36 years. The City of Mississauga operated as a debt-free city during her term as mayor. She was an ex officio member of the Audit Committee of the Corporation of the City of Mississauga and was responsible for signing the Internal Audit Charter of the City. She was appointed a member of the Order of Canada in 2005 and appointed to the Order of Ontario in 2020. She has been awarded an honorary Doctor of Laws degree from the University of Toronto, a Doctor of Commerce (honoris causa) from Ryerson University, an Honorary Degree from Wycliffe College and an Honorary Bachelor of Science from Sheridan College.



MICHELE MCKENZIE

Ontario, Canada
 Principal, McKenzie Business Strategies (management consulting firm)
 Director since: 2018
 Term expiry: 2021
 Governance and Stakeholder Relations Committee
 Human Resources and Compensation Committee

Ms. McKenzie is a corporate director and business advisor with strong tourism expertise. She is Principal of McKenzie Business Strategies, an advisory and leadership practice focused on economic development, strategy, marketing and tourism. She spent 10 years in the role of President and CEO of the federal Crown corporation Canadian Tourism Commission ("Destination Canada"), and four years as Deputy Minister of Nova Scotia Tourism, Culture and Heritage. Ms. McKenzie also has experience in international development and has lived and worked in the Middle East. In 2020 she was recognized by the Tourism Industry Association of Canada with a Lifetime Achievement Award. In 2014, she was named by Hotelier Magazine as one of the "10 Most Influential Leaders in Canada's Hospitality Industry in the Past 25 Years." She has extensive board governance experience and in addition to GTAA, currently sits on the boards of Invest in Canada, Fairmont Hot Springs Resort, the Trans Canada Trail, and is a member of the Departmental Audit Committee for Statistics Canada. Ms. McKenzie holds a degree from Dalhousie University and has completed a Fellowship at Harvard University. She also holds the ICD.D designation from the Institute of Corporate Directors.

BOARD OF DIRECTORS



MARC NEEB
 Ontario, Canada
 Corporate Director
 Director since: 2019
 Term expiry: 2022
 Governance and Stakeholder Relations Committee
 Human Resources and Compensation Committee (Chair)

Mr. Neeb is a retired HR executive, having most recently served as the Chief Human Resources Officer at Magna International Inc. His past professional experience includes the Town of Aurora, City of Brampton and the City of Mississauga. He holds degrees and diplomas from the University of Western Ontario, Seneca College and the University of Toronto. He has served on the boards of Southlake Regional Health Centre, Aurora Mayor’s Charity Golf Classic, Community Safety Village of York Region and was the Governor of the Royal Lifesaving Society.



TERRIE O’LEARY
 Ontario, Canada
 Executive Vice President, Business Strategy and Operations, Toronto Global (investment attraction agency for the Toronto region)
 Director since: 2016
 Term expiry: 2021
 Governance and Stakeholder Relations Committee
 Human Resources and Compensation Committee

Ms. O’Leary is Executive Vice President, Business Strategy and Stakeholder Relations at Toronto Global. Toronto Global is the Toronto Region’s foreign direct investment attraction, marketing and sales corporation. A seasoned executive with extensive private and public sector experience, Ms. O’Leary served two terms on The World Bank Board of Directors in Washington, DC, as the representative of Canada, Ireland and the Caribbean. Prior to living in Washington, she was Chief of Staff to former Finance Minister Paul Martin and worked at Merrill Lynch in Toronto before moving to Ottawa. A graduate in economics from McGill University, Ms. O’Leary brings best practice in strategic planning, corporate governance, economic development, and stakeholder and government relations to the table.



ERIC PLESMAN
 Ontario, Canada
 Head of Global Real Estate, Healthcare of Ontario Pension Plan
 Director since: 2019
 Term expiry: 2022
 Audit Committee
 Planning and Commercial Development Committee

Mr. Plesman is the Head of Global Real Estate at Healthcare of Ontario Pension Plan (HOOPP), a \$104 billion Canadian pension plan providing retirement security to more than 400,000 healthcare workers in Ontario. Mr. Plesman is responsible for the real estate investment activities at HOOPP, including the current \$15.5 billion existing real estate portfolio.

Prior to joining HOOPP in May 2021, Mr. Plesman was Executive Vice President, North America at Oxford Properties, a real estate company owned by OMERS (Ontario Municipal Employee Retirement System) with \$60 billion in assets under management. He was responsible for Oxford’s North American Investments (equity and debt) and Development activity across all asset classes (office, industrial, retail, multi-family and hotel), as well as Oxford’s North American Retail and Industrial businesses representing \$17 billion and ~1,000 people. Mr. Plesman was a member of the executive management team and has held various senior roles at Oxford over the past 10 years. His past experience also includes roles in investment banking and real estate private equity at Morgan Stanley (London, U.K., New York City and Toronto) as well as Arthur Andersen in Amsterdam.

He holds a BA from the University of Western Ontario and an HBA in Business Administration from the Ivey Business School at the University of Western Ontario. He served on the NAIOP Greater Toronto Area Board of Directors and was the Chair of the Government Relations Committee in 2018 and Co-Chair in 2019.



MICHELLE SAMSON-DOEL
 Ontario, Canada
 President, Samson-Doel Group Limited (investment company)
 Director since: 2014
 Term expiry: 2023
 Audit Committee
 Human Resources and Compensation Committee

Ms. Samson-Doel is President of Samson-Doel Group Limited, a private capital corporation, and former Executive Chair of the Board of Multi-Marques Inc. – the largest manufacturer and distributor of bakery products in the province of Quebec and the eastern provinces with 3,500 employees and recipient of the Canada’s Top 50 Best Managed Private Companies Award. She also serves on the board of Lallemand, Lallemand Investments and St. Johns Packaging. She previously served on numerous boards, including Boralex, OLG and Women’s College Hospital Foundation. Ms. Samson-Doel is a Chartered Professional Accountant and Chartered Accountant in Ontario since 1983. She holds a BComm from the University of Toronto.

BOARD OF DIRECTORS



MARK F. SCHWAB

Florida, U.S.
 Senior Advisor, Cartrawler (travel technology firm) and PASSUR Aerospace (aviation intelligence firm)
 Director since: 2017
 Term expiry: 2023
 Human Resources and Compensation Committee
 Planning and Commercial Development Committee

Mr. Schwab is an experienced airline industry executive, having recently served as Chief Executive Officer of Star Alliance, the world's first and most comprehensive global airline alliance of 26 members. He has a deep background in the airline industry, having served in international and corporate leadership roles with major carriers such as United Airlines, US Airways, American Airlines and Pan Am. He is a graduate of the University of Virginia. He serves on the board of a not-for-profit organization, Greater Naples Leadership.



RAJEEV VISWANATHAN

Ontario, Canada
 Chief Financial Officer & Partner
 Forum Equity Partners, (investment and development firm)
 Director since: 2020
 Term expiry: 2023
 Audit Committee
 Governance and Stakeholder Relations Committee

Mr. Viswanathan is the CFO and a partner at Forum Equity Partners, a private alternative investment and development firm with a focus on real assets. At Forum, he is responsible for the overall financial management of the firm, including financial strategy, planning, controls, risk management, tax, information technology and reporting. He is also responsible for the ongoing investment and asset management oversight of the firm's investments and sits on Forum's investment committee. Prior to joining Forum, he was the CFO of Dream Global REIT, a Western European, \$6 billion, dual-listed (TSX and Frankfurt) commercial office and industrial platform that was acquired in 2019 by Blackstone. Prior to his appointment at Dream Global, Mr. Viswanathan was CFO for Dream Office REIT (TSX-listed). Before Dream, he spend almost a decade at Brookfield holding various senior finance roles, including corporate treasury and helping to establish Brookfield's Private Funds group. During his tenure with Brookfield, he also worked at General Growth Properties, a US\$40 billion shopping mall REIT, where he rebuilt and upgraded various finance capabilities following GGP's bankruptcy emergence. He is a CPA, CA and CFA charterholder, with a Master of Accounting and Bachelor of Mathematics from the University of Waterloo.



JOHAN C. VAN 'T HOF

Ontario, Canada
 President, Tonbridge Corp. (merchant bank)
 Director since: 2017
 Term expiry: 2021
 Audit Committee (Chair)
 Planning and Commercial Development Committee

Mr. van 't Hof is President of Tonbridge Corp., a Toronto-based merchant bank and advisory firm, and has been a lecturer at the University of Toronto, the University of Waterloo, and the School of Accountancy for the Institute of Chartered Accountants of Ontario. Prior to his current role, Mr. van 't Hof was CEO of Tonbridge Power Inc., a publicly traded entity, and Chief Operating Officer and Director of Carter Group Inc., a North American automotive parts manufacturer. Prior to these roles, he was Partner and Managing Director at PricewaterhouseCoopers LLP (project finance and privatization) and was seconded to the Ontario Securities Commission by his firm. In such role he acted for 11 airport authorities in Canada in transferring operations from Transport Canada, and for 25 governments in project finance and privatization transactions globally, in energy corrections, airports and roads. He has testified to the U.S. Senate and the Canadian Parliament on infrastructure policy. Mr. van 't Hof is a Chartered Professional Accountant and Chartered Accountant in Ontario and holds an MBA from the University of Toronto. He has served as Chair of the Audit Committees of two international public companies and two private companies.

EXECUTIVE TEAM

DEBORAH FLINT

President and Chief Executive Officer
Effective February 2020.

MARTIN BOYER

Vice President and Chief Information
Officer

CRAIG BRADBROOK

Chief Operating Officer

IAN L.T. CLARKE

Chief Financial Officer

KATH HAMMOND

Vice President, General Counsel,
Corporate Safety and Security

MARK CARBONELLI

Chief Human Resources Officer

HILLARY MARSHALL

Vice President, Stakeholder Relations
and Communications

PATRICK NEVILLE

Vice President, Airport Development
and Technical Services

CORPORATE GOVERNANCE

The GTAA was incorporated in 1993 as a non-share capital corporation and recognized as a Canadian Airport Authority by the Government of Canada in 1994. The GTAA assumed operation of Toronto Pearson International Airport on December 2, 1996. In 2014, the GTAA was continued under the *Canada Not-for-profit Corporations Act*.

The GTAA is a reporting issuer under Canadian securities legislation.

As a corporation without share capital, the GTAA has Members rather than shareholders or other equity holders. The process for nominating and electing Members is based on the GTAA's By-Law.

The GTAA's Members are also its Directors. The GTAA's Board of Directors (the "Board") is composed of 15 Directors elected by the GTAA's Members. Directors serve terms of up to three years and are eligible to be re-elected by the Members to serve for a maximum of nine years.

Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. The search process includes engaging the Named Community Nominators which include the Toronto Region Board of Trade, the Board of Trade of the City of Mississauga, the Board of Trade of the City of Brampton, the Law Society of Ontario, Professional Engineers Ontario and the Chartered Professional Accountants of Ontario.

Five Directors are elected by the Members from candidates nominated by the following municipalities: the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto.

Two Directors are elected by the Members from nominees of the Government of Canada and one Director is elected by the Members from a nominee of the Province of Ontario.

A nominee may be the incumbent Member if that Member is eligible to serve for another term.

The Board assesses candidates put forward by the relevant nominators to determine whether the candidates possess the skills, experience and abilities required by the Board.

The GTAA is committed to ensuring that diversity is integrated into all aspects of its hiring policies and practices, including at the Board of Directors level. Diversity includes not only considerations of gender, but also of race, ethnicity, cultural background, age and other attributes. Information about the Board's Diversity Policy and the diversity of the Board can be found in the GTAA's Annual Information Form which may be accessed at www.sedar.com.

All of the Directors on the GTAA's Board are independent, as that term is defined in applicable securities legislation. The GTAA's Board is a "skills based" Board; namely, the Directors are elected on the basis of their abilities, experience and skills needed to oversee the GTAA's complex and industry-leading activities of operating and managing Toronto Pearson.

The Board is responsible for the overall stewardship of the GTAA, including overseeing the Corporation's governance and strategic direction and supervising Management, which is responsible for the day-to-day conduct of the business and affairs of the Corporation.

The Board's written mandate is contained in the Terms of Reference of the Board, included in the GTAA's Annual Information Form, which may be accessed at www.sedar.com.

In 2020, there were four standing committees of the Board: the Audit Committee; the Governance and Stakeholder Relations Committee; the Human Resources and Compensation Committee; and the Planning and Commercial Development Committee. The mandates of the Committees of the Board are summarized below:

AUDIT COMMITTEE

The Audit Committee is mandated by the Board to undertake delegated work on the Board's behalf and to gain reasonable assurance regarding the integrity of risk management, financial reporting, accounting, auditing and internal controls, as well as to fulfill relevant legal obligations of an Audit Committee of a reporting issuer. In so doing, the Committee oversees and monitors the integrity of the GTAA's financial statements and financial reporting processes, including overseeing the work of the GTAA's external auditor, overseeing the qualifications and independence of the external auditor, and providing an open avenue of communication between the senior management of the GTAA, the external auditor, the internal auditor, and the members of the Board and Committees of the Board.

The Committee also oversees the effectiveness of risk management for audit-related, financial and such other risks assigned by the Board of Directors and provides oversight of the GTAA's pension fund and plans. The Charter of the Audit Committee is included in the GTAA's Annual Information Form, which may be accessed at www.sedar.com.

CORPORATE GOVERNANCE

GOVERNANCE AND STAKEHOLDER RELATIONS COMMITTEE

The Governance and Stakeholder Relations Committee is charged with overseeing the effective governance of the GTAA and making recommendations to the Board and its Committees on measures to enhance effectiveness. The Committee also oversees the GTAA's stakeholder relations and communications strategy for building brand and social licence, including overseeing the GTAA's Community Investment Program.

The Committee is also responsible for overseeing the Board Member nomination process; maintaining a skills matrix to identify desired skills, experience and other attributes; recruiting, interviewing and assessing candidates to the Board and recommending the issuance of Memberships to candidates; Board succession planning; the orientation program for new Directors; overseeing Director continuing education; assessing the effectiveness of the Board and the Committees of the Board; and overseeing adherence to corporate governance requirements.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee's mandate is to oversee matters related to the GTAA's human resources strategy, including executive compensation, succession planning, development, talent management, performance oversight and recruitment; compensation matters relating to the President and Chief Executive Officer and officers; and matters relating to enterprise-wide human resources risks, policies and relevant matters.

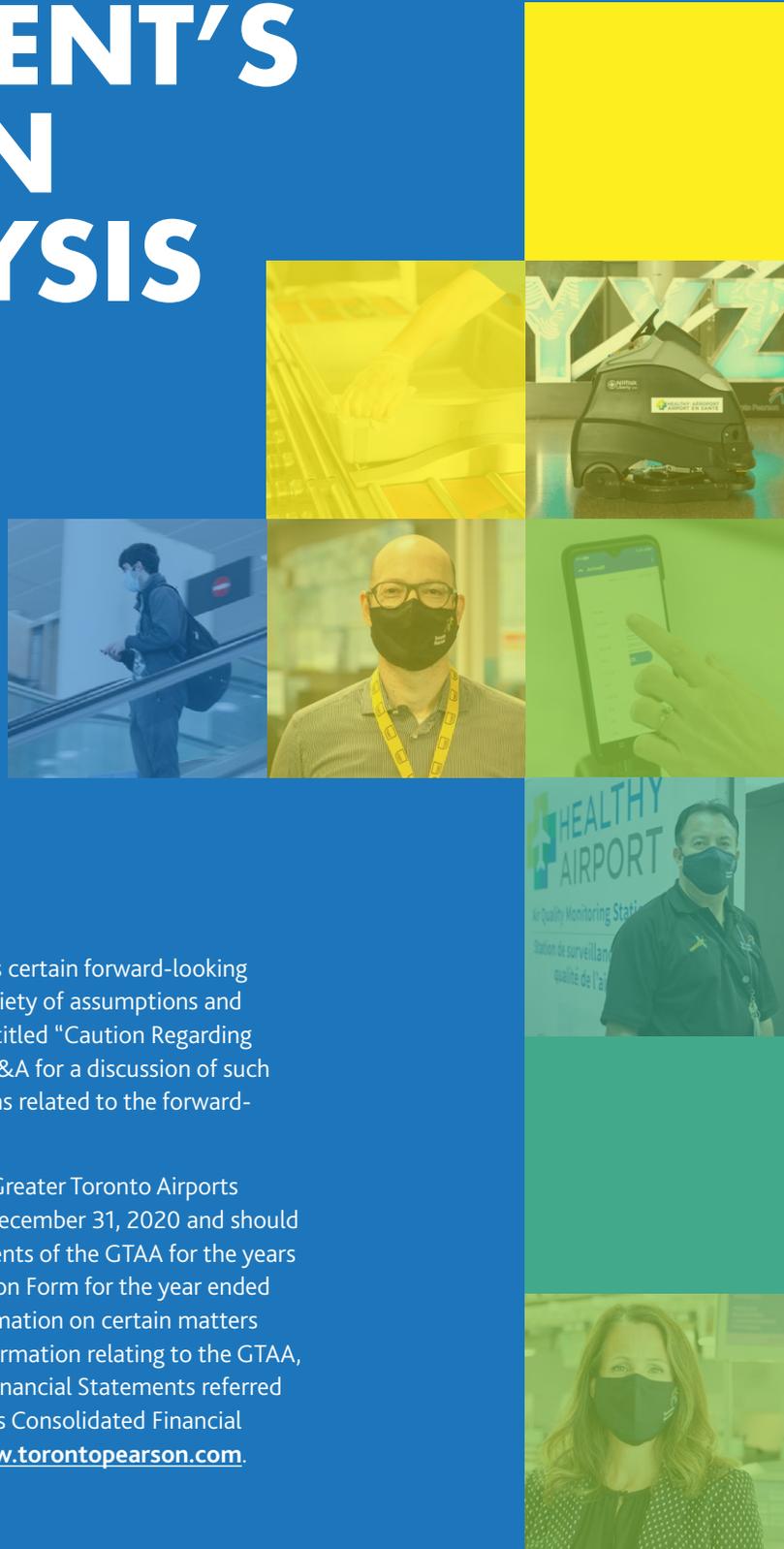
PLANNING AND COMMERCIAL DEVELOPMENT COMMITTEE

The Planning and Commercial Development Committee's mandate includes overseeing the Corporation's 2017–2037 Master Plan and Land Use Plan, ensuring that the Corporation has an appropriate, up-to-date and approved Long-Term Infrastructure Plan, overseeing environmental reporting, commercial development of the airport, planning and development activities including real estate development, ensuring utilization of infrastructure and facilities to meet the needs of the GTAA's passengers and stakeholders including air carriers and cargo shippers, and ensuring that the Corporation has in place the systems necessary to undertake such matters.

The Committee is also responsible for reviewing and making recommendations with respect to capital projects in excess of the CEO's delegated authority, overseeing the effective implementation of material capital projects, providing feedback to Management on strategic capital projects, and overseeing the effectiveness of risk management of commercial development and planning-related risks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020
Dated March 24, 2021



FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking information. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Please refer to the section titled "Caution Regarding Forward-Looking Information" contained at the end of this MD&A for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking information.

This report discusses the financial and operating results of the Greater Toronto Airports Authority (the "GTAA" or the "Company") for the year ended December 31, 2020 and should be read in conjunction with the Consolidated Financial Statements of the GTAA for the years ended December 31, 2020 and 2019, and the Annual Information Form for the year ended December 31, 2020. These documents provide additional information on certain matters that may or may not be discussed in this report. Additional information relating to the GTAA, including the Annual Information Form and the Consolidated Financial Statements referred to above, is available on SEDAR at www.sedar.com. The GTAA's Consolidated Financial Statements and MD&A are also available on its website at www.torontopearson.com.

MANAGEMENT'S DISCUSSION & ANALYSIS

CORPORATE PROFILE

The GTAA is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act*. The GTAA manages and operates Toronto – Lester B. Pearson International Airport (the "Airport" or "Toronto Pearson") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Ground Lease has an initial term of 60 years expiring in 2056, with one renewal term of 20 years. The Ground Lease is available on SEDAR at www.sedar.com and on the GTAA's website at www.torontopearson.com. The GTAA's wholly-owned subsidiary, Malton Gateway Inc. ("MGI"), a holding company, was incorporated in April 2017 and holds the shares of Airway Centre Inc. ("ACI") which was also incorporated in April 2017 to acquire and manage commercial properties that are unrelated to the direct management, operation or maintenance of the Airport. The properties acquired by ACI do not form part of the premises leased to the GTAA by the federal government under the Ground Lease.

Select Key Financial and Operational Information

(\$ millions)	2020	2019		Change ⁽¹⁾	2018
				%	
Total Revenues	823.5	1,521.3	(697.8)	(45.9)	1,471.7
Total operating expenses (excluding amortization)	544.7	795.4	(250.7)	(31.5)	751.1
EBITDA^{(2), (3)}	278.8	725.9	(447.1)	(61.6)	720.6
EBITDA Margin ^{(2), (3)}	33.9%	47.7%		(13.8)pp	49.0%
(Loss) Earnings Before Interest, Net ⁽⁴⁾	(69.0)	435.1	(504.1)	(115.9)	443.6
Net (Loss) Income	(383.4)	139.8	(523.2)	(374.2)	113.7
<i>See "Results of Operations" for details</i>					
<i>See Net Operating Results for reconciliation from net (loss) income to EBITDA</i>					
Free Cash Flow⁽⁵⁾ (\$ millions)	(513.1)	(0.2)	(512.9)		(124.6)
<i>See "Liquidity and Capital Resources" section for details</i>					
Passenger Activity (millions)					
Domestic	5.5	18.1	(12.6)	(69.8)	17.8
International	7.8	32.4	(24.6)	(75.8)	31.7
Total	13.3	50.5	(37.2)	(73.6)	49.5
Flight Activity					
Aircraft movements (thousands)	174.4	452.8	(278.4)	(61.5)	472.7
MTOW ⁽⁶⁾ (million tonnes)	16.0	38.4	(22.4)	(58.3)	37.4
Seats (millions)	21.9	60.0	(38.1)	(63.4)	59.3
Load factor	60.7%	84.3%		(23.6)pp	83.4%
<i>See "Operating Activity" section for details</i>					
At December 31	2020	2019		Change ⁽¹⁾	2018
				%	
Total Debt (\$ millions)	7,002.8	6,411.7	591.1	9.2	6,370.3
Net Debt⁽⁷⁾	6,481.8	5,965.2	516.6	8.7	5,959.1
Key Credit Metrics (\$)					
Total Debt/Enplaned Passenger ⁽⁸⁾	1,052	254	798	314.2	258
Net Debt ⁽⁷⁾ /Enplaned Passenger ⁽⁸⁾	974	236	738	312.7	241
<i>See "Liquidity and Capital Resources" section for details</i>					

⁽¹⁾ "Change" is based on detailed actual numbers (not rounded as presented); pp = percentage points.

⁽²⁾ EBITDA, a non-GAAP financial measure, is earnings before interest and financing costs and amortization. Refer to section "Non-GAAP Financial Measures".

⁽³⁾ Refer to "Results of Operations – Net Operating Results" section for EBITDA and EBITDA margin narrative details.

⁽⁴⁾ (Loss) Earnings before interest, net is (loss) earnings before interest and financing costs, net. Refer to "Results of Operations – Net Operating Results" section for narrative details.

⁽⁵⁾ Free cash flow, a non-GAAP financial measure, is cash generated from operations, less cash interest and financing costs less capital expenditures. Refer to section "Non-GAAP Financial Measures". See "Liquidity and Capital Resources" section for narrative details and the free cash flow calculation.

⁽⁶⁾ MTOW is aircraft maximum take-off weight as specified by the aircraft manufacturers.

⁽⁷⁾ Net Debt, a non-GAAP financial measure, is gross debt less cash and restricted funds. Refer to section "Non-GAAP Financial Measures".

⁽⁸⁾ Enplaned passengers are defined as equal to half of total passengers and is based on prior 12 months activity.

OVERVIEW

The GTAA's mandate includes developing, managing and operating airports within the south-central Ontario region, to set fees and charges for the use of such airports and to develop and improve airport facilities. Toronto Pearson, as a global hub, continues to serve the Southern Ontario region and connects flights to and from other domestic and international destinations.

COVID-19 Pandemic

SARS-CoV-2, more commonly known as "COVID-19", was declared a pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic and resulting economic contraction has had, and is expected to continue to have, a material negative impact on demand for air travel globally. Toronto Pearson has experienced material declines in passenger and flight activity since March 2020, as compared to the same periods in 2019. Due to the pandemic and the resultant travel restrictions including border closures, severe financial impacts and economic contraction, there have been multiple flight and route cancellations by air carriers.

During 2020, Toronto Pearson processed 73.6 per cent fewer passengers than it did in the same period in 2019. In the period from March 2020 to December 2020, passenger volumes at Toronto Pearson dropped significantly from an average of 141,000 per day to an average of 13,000 per day, as compared to the average for March 2019 to December 2019. The number of flights dropped as well, from an average of 1,191 per day to approximately 253 per day, as compared to the average for March 2019 to December 2019. As at December 31, 2020, airlines operating at Toronto Pearson dropped from 67 to 45, as compared to December 31, 2019.

The reduced activity is having a material and negative impact on the GTAA's business and results of operations, including aeronautical and commercial revenues and Airport Improvement Fees ("AIF"). During 2020, total revenues dropped 45.9 per cent or \$697.8 million, compared to 2019. During 2020, the GTAA incurred a net loss of \$383.4 million, a decrease of 374.2 per cent or \$523.2 million, compared to a net income of \$139.8 million in 2019.

The pandemic has also had a significant negative impact on air carriers operating at the Airport, including Toronto Pearson's key hub airlines, Air Canada and WestJet. During the third quarter of 2020, the GTAA amended its long-term aeronautical fees agreements with each of these carriers in part to adjust the fees paid under the agreements to reflect the reduced current and projected flight activity. Under the amended agreements, for the remainder of 2020 and the entirety of 2021, each carrier will pay amounts calculated on the basis of: (i) the GTAA's standard aeronautical fees plus (ii) a portion of the respective variance between the standard aeronautical fees amount and the original base fee payable under the agreements for those years. In 2022 and 2023, each of the carriers will pay revised amounts calculated using a combination of the GTAA's standard aeronautical fees and the original base fee. Each carrier will continue to be eligible for rebates, should flight and passenger activity recover, and original growth thresholds are exceeded in a given year. While considerable uncertainty remains over the near-term demand for air travel, the amended agreements are expected to result in reduced overall aeronautical revenues to the GTAA over their remaining terms.

Many of the GTAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. The GTAA has provided financial accommodation and other assistance through a number of programs including payment abatements, deferrals and contract relief through proposed and amended contracts. The GTAA has taken a measured approach so as to offer these arrangements to partners that are in good standing and that the GTAA believes will be critical partners post COVID-19. These accommodations have, and will continue to have, over the period covered by the accommodation, an adverse impact on the GTAA's business and related cash flows. The majority of deferred payments have been paid in late 2020, while the remaining deferrals are expected to be paid in 2021. Exposure to payment deferrals is mitigated in part by some security deposits in the form of cash and letters of credit, as well as active credit monitoring activities. There can be no assurance that deferred amounts will be collected in accordance with the terms of the deferral arrangements, or at all.

The GTAA, both solely and in cooperation with government, partners and employees, has taken the following actions in response to the pandemic:

a. Financial Response

- From March 1, 2020 until December 31, 2020, the GTAA drew \$690.0 million of cash from short-term borrowings in light of the continuing impact of the COVID-19 pandemic on the GTAA's revenues and operations. On November 3, 2020, the GTAA issued \$500.0 million Series 2020-1 Medium-Term Notes ("MTNs") due May 3, 2028 at a coupon rate of 1.54 per cent for net proceeds of \$497.8 million. The net proceeds partially paid down the outstanding short-term debt. The GTAA's net liquidity position (including cash) as at December 31, 2020 was \$1.4 billion.
- The GTAA has implemented significant reductions to operating and capital expenditures, including a hiring freeze and a reduction in 2020 actual capital spend by \$265 million. Details on these reductions are noted under the "Capital Projects" section. In addition, the GTAA has temporarily closed operating access to over 40 per cent of its terminal facilities given the reduced travel activity.
- On July 14, 2020, Toronto Pearson announced the reduction of approximately 500 positions due to impacts created by COVID-19. The GTAA announced that it would not fill approximately 200 unfilled positions and would eliminate approximately an additional 300 existing positions through voluntary departures and layoffs. The cuts represent a reduction of 27 per cent of the GTAA's pre-pandemic workforce. The GTAA has worked with Unifor and the Pearson Airport Professional Firefighters to implement the changes while respecting their collective bargaining agreements. In addition, Management and the Board implemented reductions to their compensation arrangements. As at December 31, 2020, the GTAA has estimated the financial impact of the restructuring to be approximately \$22.5 million which is recorded in salary, wages and benefits expense on the consolidated statements of operations and comprehensive (loss) income.
- On July 27, 2020, the GTAA successfully completed an amendment to the Corporation's Master Trust Indenture ("MTI"). The MTI amendment temporarily exempts the requirement for the GTAA to comply with its Rate Covenant prescribed under the MTI, which is comprised of two covenant tests, for fiscal years 2020 and 2021. See "Liquidity and Capital Resources".
- On July 31, 2020, the GTAA extended its committed revolving operating credit facility ("Operating Credit Facility") by an additional year to May 22, 2023. Concurrent with the extension, the credit facility syndicate also approved the exemption of the MTI Rate Covenant for fiscal years 2020 and 2021 as it relates to the credit facility agreements.
- On September 30, 2020, the GTAA announced the following changes to aeronautical rates and the AIF, effective January 1, 2021:
 - Aeronautical rates for commercial aviation increased by 3 per cent.
 - The AIF for departing passengers increased by \$5 to \$30, in line with the average of other major city Canadian airports.
 - The AIF for connecting passengers increased by \$2 to \$6.
 - Aeronautical rates for all business and general aviation aircraft 19,000 kilograms or less increased to \$575 per arrival movement.

These changes to aeronautical rates and the AIF follow more than a decade during which there were no increases to commercial aeronautical rates or the AIF at Toronto Pearson. In addition to other revenue-generating and cost-cutting initiatives, these increases will contribute to the GTAA's ability to make continued investments in healthy air travel and industry recovery.

b. Passenger and Safety Response

- The GTAA has placed passenger and employee health first and has implemented safety measures with guidance from the GTAA's new Chief Medical Officer and public health agencies, to reduce the spread of COVID-19. These measures include: increased cleaning; providing hand sanitizer; metering of arriving flights; working with government agencies to ensure that passengers are processed efficiently and safely; reconfiguration of passenger queuing, in-terminal seating, kiosks and check in counters to allow better distancing; and signs, digital screens, passenger announcements and floor markers to encourage social distancing.

MANAGEMENT'S DISCUSSION & ANALYSIS

- In June 2020, Toronto Pearson launched its “Healthy Airport” commitment with partners, government agencies and stakeholders designed to set strong, consistent, reliable standards for passenger and airport worker health protection. The Healthy Airport commitment is a comprehensive program that outlines the steps that the Airport and its partners are implementing to restore confidence in the safety of air travel given the new realities. The commitment has evolved since June 2020 and includes the following:
 - The Airport has implemented improved technologies resulting in faster and reduced touch processes;
 - All passengers and Airport workers must wear a face covering at all times when in public areas of the Airport;
 - Access to the Airport, including the terminal buildings, is limited to travellers disembarking from flights and departing travellers, and workers performing their work duties;
 - Everyone using Airport facilities must maintain two meters physical distance whenever possible and wear a face covering;
 - Airport workers must not dwell or loiter in terminal spaces and must not use seating inside the Terminals;
 - Every vendor, contractor, and employer operating at the Airport must have in place a “workplace contact tracing program” that allows them to quickly identify, remove/self-isolate at home, educate, and support individuals who have had close contact with someone who has tested positive for COVID-19; and
 - A COVID-19 Safety Alert (“CSA”) device was made available to GTAA employees working on-site at the Terminals to help reinforce physical distancing, improve existing workplace contact tracing processes and allow more timely notification to help reduce the spread of COVID-19 in the workplace.
- On September 10, 2020, Toronto Pearson became the first Canadian airport to achieve global Health Accreditation by Airports Council International.
- On March 1, 2021, Toronto Pearson was awarded “Best hygiene measures by region” in North America by Airports Council International. New this year as a result of the COVID-19 pandemic is a survey category on airport hygiene. This new accolade is largely the result of Toronto Pearson’s Healthy Airport initiative, which is a multi-layered approach to creating a safe and healthy airport experience through enhanced cleaning informed by an industrial hygienist; measures such as mask wearing and limited terminal access; innovative solutions such as UV-C light disinfection and air quality monitoring; and a commitment to advancing scientific knowledge through various testing trials as four foundational pillars of the program.
- The GTAA knows that the entire passenger experience extends beyond the Airport. This means that the passenger views the safety of travel in every step: from their home, to and through the terminal, the airplane environment, destination surface travel and accommodation, followed by the return trip. Any concern in any component will diminish the traveller’s confidence in the safety of their journey. Accordingly, it is imperative that each participant deliver service flawlessly on a consistent basis in order to restore confidence in the safety of air travel. The GTAA is undertaking various measures, including significant advocacy at several levels, with industry participants, to reinforce the message of consistent delivery of safety in the integrated travel experience in order to re-establish traveller confidence.
- Effective July 30, 2020, the Minister of Transport issued mandatory measures requiring temperature screening of any person entering a restricted area within an air terminal building from a non-restricted area and of every person undergoing screening at a non-passenger screening checkpoint outside an air terminal building. Temperature screenings are conducted by Canadian Air Transport Security Authority (“CATSA”) at passenger and non-passenger (employee) screening points.

c. Testing, Research and Data Collection

- The GTAA has worked with its partners and agencies to implement new processes, technology solutions and facility enhancements that will enable Toronto Pearson to come out of the pandemic delivering an even better Airport experience. New innovations include a variety of UV light applications for sanitization throughout the Airport; over three kilometers of plexiglas barriers installed throughout the Terminals; the introduction of personal protective equipment vending machines; and the use of probiotic spray to sanitize high-touch areas. The GTAA is committed to working with its airline partners to connect passengers safely once again across Canada and eventually, across the globe. To this end, Air Canada and the GTAA provided resources and support for a COVID-19 research study that was conducted at Toronto Pearson by McMaster HealthLabs. The study began on September 3, 2020 and ran until November 14, 2020 with the aim of gathering data to explore the effectiveness of various quarantine periods. The study was designed in accordance with research ethics board-approved scientific protocols. Interim results were released on November 17, 2020, based on more than 20,000 tests conducted on more than 8,600 study participants from September 3 to October 2, 2020. The interim results indicated:
 - 99 per cent of study participants tested negative for COVID-19 with 1 per cent testing positive;
 - Of the 1 per cent testing positive for COVID 19:
 - 0.7 per cent detected on arrival
 - 0.3 per cent detected on day 7
 - 0.1 per cent detected on day 14

The pilot phase has demonstrated the feasibility of airport-based testing with self-collected nasal/oral swabs as well as home-based collection during quarantine. Final results are expected to be released in the near term.

- The provincial and federal governments have implemented varying degrees of border control and travel restrictions. The GTAA has cooperated with government to help ensure the safety of all passengers and workers. A number of initiatives and requirements have been introduced in early 2021 as summarized below due to the increasing COVID-19 cases in Ontario and the rest of Canada and due to new global variants of COVID-19 believed to be more contagious. As a result of the following initiatives and requirements, the GTAA has experienced a further reduction in passenger and flight volumes at the Airport since mid-February 2021. Refer to the "Operating Activity" section for further details on passenger and flight volumes. In light of these evolving travel restrictions, the GTAA continues to adapt its operations to provide passengers a safe and efficient travel experience:
 - On January 6, 2021, the Ontario government launched a voluntary pilot COVID-19 testing program at the Airport where travellers were tested upon arrival through a polymerase chain reaction ("PCR") test.
 - On January 6, 2021, the Canadian federal government issued *Interim Order Respecting Certain Requirements for Civil Aviation Due to COVID-19, No. 18* requiring all travellers coming to Canada by air to provide proof of a negative COVID-19 test taken within 72-hours of departure. All international travellers are still required to follow the federal government's 14-day mandatory quarantine, even if they receive a negative test result before departure. The restrictions were also expanded to land crossings between the U.S. and Canada starting February 15, 2021 including for Canadians returning home from their second residences in the U.S. With certain exceptions for essential travellers, people driving into Canada must provide proof of a negative COVID-19 PCR test taken in the U.S. within 72 hours and quarantine for 14 days. Canada has extended these travel restrictions to all travellers coming to Canada until April 21, 2021, and restrictions may be further extended to limit travel to Canada.
 - Effective January 26, 2021, travellers flying into the U.S. from international destinations, such as Canada, are required to show proof of a negative COVID-19 test taken 72 hours before boarding their flight.
 - On January 29, 2021, the federal government and Canadian airlines agreed to suspend all flights to and from Mexico and Caribbean countries until April 30, 2021. These measures came into effect as of January 31, 2021.
 - Between February 1 and 21, 2021, the Ontario government ordered nearly all international passengers landing at the Airport and staying in Ontario to take a mandatory COVID-19 test at the Airport before following existing federal quarantine rules.

MANAGEMENT'S DISCUSSION & ANALYSIS

- Effective February 22, 2021, the federal government modified its quarantine rules by ordering all international passengers landing at the Airport (with certain exceptions) or connecting to other cities in Canada to take a mandatory COVID-19 test at the Airport and quarantine in a designated hotel at their own expense while they await results. Those with negative test results must quarantine for the remaining two weeks in a hotel or at home, while those with positive test results must quarantine in designated government facilities. Passengers are able to take their connecting flights within Canada once negative test results are received. International travellers that are connecting to destinations outside of Canada are exempt from the order provided they stay on the secure side of the terminals. As of February 22, 2021, travellers arriving at the Canada/U.S. land border points were also required to take COVID-19 tests upon arrival.
- On March 8, 2021, the GTAA, with a financial contribution from the Government of Canada, initiated a COVID-19 Antigen test study. There are currently 285 Airport workers who have volunteered to be tested three times per week for a period of 8-12 weeks.
- Effective March 16, 2021, departing passengers to the U.S. were eligible to be tested at the Airport as part of the testing study using Antigen COVID-19 tests. Negative results from such tests may be relied on for travel to the U.S.
- The Canadian federal government has indicated that free vaccines will be available to everyone who lives in Canada over the course of 2021. Until extensive immunization is achieved, public health measures will continue to be essential to minimize the spread of COVID-19 in Canada. Government vaccine rollout and containment of new variants are among factors likely to influence public sentiment towards air travel.

d. Government Financial Support:

- The Government of Canada waived Ground Lease rent from March 2020 to December 2020 for Canadian Airport Authorities that pay rent to the federal government. This reduced Ground Lease rent costs by approximately \$73 million in 2020. The Government of Canada also announced that it will defer Ground Lease rent payments in respect of 2021, with such payments to be made over a ten-year period commencing in 2024.
- The GTAA has received payments from the Canada Revenue Agency under the Canada Emergency Wage Subsidy ("CEWS") program. The Canadian government has extended the CEWS program until June 2021. The total amount claimed under the program in 2020 was \$48.8 million; \$46.4 million of which was recorded on the consolidated statements of operations and comprehensive (loss) income and \$2.4 million was recorded against assets under construction in property and equipment on the consolidated statements of financial position.
- The GTAA and the Canadian Airports Council continue to engage actively with governments at all levels to discuss the GTAA's Healthy Airport commitment and the innovative steps the organization has taken to protect public health and the health and well-being of its workforce and travellers. Additionally, the GTAA is engaging with government to discuss financial support given the essential economic role that Toronto Pearson plays in Canada's economy, supply chain, trade and employment and in vaccine delivery and logistics. The GTAA is also seeking the following further short-term assistance from government:
 - **2021 and 2022 relief from Ground Lease rent payments:** The Airport Ground Lease rent relief for 2020 and deferral for 2021 has assisted the GTAA to weather the financial impacts of COVID-19. However, the GTAA believes the COVID-19 impact will go beyond 2021 and that airports require further support. The Canadian aviation industry is at risk of becoming much less competitive vis-à-vis airports in Europe and the U.S. where significant government grants and other aid has been provided to their airports. As a result, the GTAA is seeking further relief from Airport Ground Lease rent for 2021 and 2022.
 - **Regulatory flexibility and funding:** The GTAA and other Canadian airports are seeking flexibility to adjust tight implementation deadlines and dedicated federal funding to help airports meet pending regulatory requirements.
 - **Capital stimulus:** The GTAA is seeking government support for infrastructure projects and investment in transit projects, low-touch technologies and projects that support the Healthy Airport commitment, and other investments to ensure the long-term competitiveness of Canada's aviation infrastructure.

e. Management's Financial Assessment:

- As a result of COVID-19 and changing travel restrictions in place around the world, there is very limited accurate visibility on the future of travel demand, which is now severely inhibited. Passenger and flight activity may not return to pre-COVID-19 levels for at least three to five years according to certain industry participants. Management continues to analyze the extent of the financial impact of COVID-19, which is and continues to be material. While the full duration and scope of the COVID-19 pandemic cannot be known at this time, the GTAA believes that the pandemic will not have a material impact on the long-term financial sustainability of the Airport.

MANAGEMENT'S DISCUSSION & ANALYSIS

- The COVID-19 pandemic is placing downward pressures on the GTAA's liquidity. Though the GTAA has experienced a material cash outflow in 2020 due to lower passenger volume, given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, reductions to its operational and capital expenditures, government assistance and its cash-on-hand, the GTAA does not anticipate any funding shortfalls and expects to meet its payment obligations as they come due. However, the pandemic may also impact the cost of capital and ability to access the capital markets in the future which may arise from disrupted credit markets, and possible credit ratings watch or downgrade of the GTAA's debt.

Given the rapidly evolving circumstances surrounding the COVID-19 pandemic and resulting economic contraction, there is inherently more uncertainty associated with the GTAA's business. Refer to "Risk Factors" of the Corporation's most recent Annual Information Form for risk disclosure regarding the impact of COVID-19 on the GTAA's business. In light of the dynamic operating environment, Management will continue to assess advanced strategies to ensure both safety and sustainability of the organization.

OPERATING ACTIVITY

The GTAA's key activity drivers, which have a direct impact on its financial results, are passenger levels and flight activity, including aircraft movements, size and seats.

Passenger Activity

Passenger traffic at the Airport decreased in 2020 by 73.6 per cent, from 50.5 million passengers in 2019 to 13.3 million passengers in 2020, representing an annual decline of 37.2 million passengers.

Total passenger traffic at the Airport is categorized into one of two sectors: domestic (passengers travelling within Canada) and international (passengers travelling to and from destinations outside Canada). During 2020, the worst decline was in the international sector, followed by the domestic sector, recording decreases in passenger traffic of 75.8 per cent and 69.8 per cent, respectively, when compared to 2019.

The following table summarizes passenger activity by sector for 2020, 2019 and 2018:

Passenger Activity ⁽¹⁾ (in millions)	2020	2019	Change ⁽²⁾	2018
			%	
Domestic	5.5	18.1	(12.6)	17.8
International	7.8	32.4	(24.6)	31.7
Total	13.3	50.5	(37.2)	49.5
Origin and destination	9.3	35.2	(25.9)	35.0
Connecting	4.0	15.3	(11.3)	14.5
Total	13.3	50.5	(37.2)	49.5
Origin and destination	70.0%	69.6%	0.4pp	70.8%
Connecting	30.0%	30.4%	(0.4)pp	29.2%
Total	100.0%	100.0%		100.0%

⁽¹⁾ "% Change" is based on detailed actual numbers (not rounded as presented).

⁽²⁾ Based on Airline reporting, passenger estimates may vary from actual numbers.

Toronto Pearson's passenger activity since mid-March 2020 has been directly and materially impacted by COVID-19, when compared to 2019.

In the period from March 2020 to December 2020, passenger volumes at Toronto Pearson dropped significantly from an average of 141,000 per day to an average of 13,000 per day, as compared to the average for March 2019 to December 2019. The number of flights dropped as well, from an average of 1,191 per day to approximately 253 per day, as compared to the average for March 2019 to December 2019. As at December 31, 2020, airlines operating at Toronto Pearson dropped from 67 to 45, as compared to December 31, 2019.

During the fourth quarter of 2020, passenger volumes at Toronto Pearson dropped significantly from an average of 129,000 per day to an average of 17,000 per day, as compared to the same period in 2019. The number of flights dropped as well, from an average of 1,117 per day to approximately 288 per day, as compared to the same period in 2019.

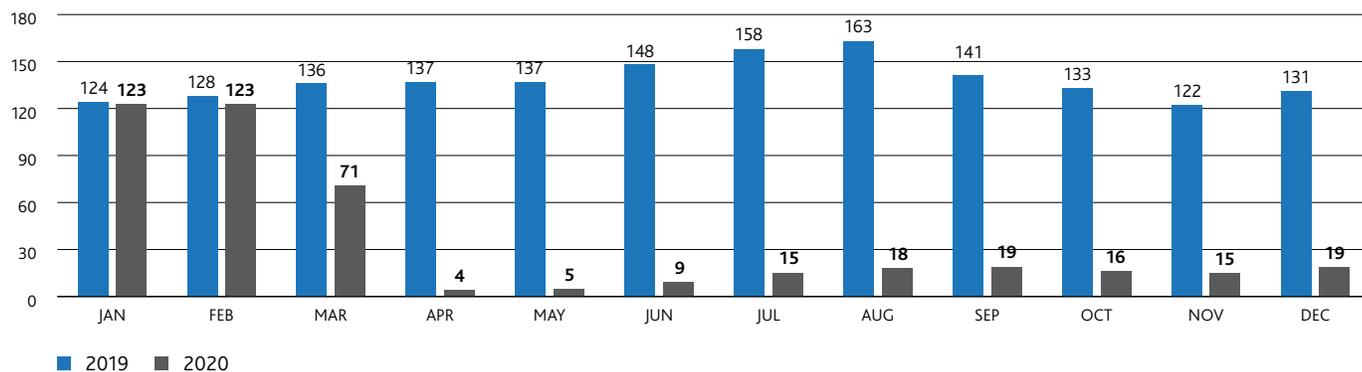
In January 2021, passenger volumes dropped from an average of 123,400 per day to 16,200 per day and flights per day dropped from 1,052 per day to 235 per day, compared to the same period of 2020.

In February 2021, passenger volumes dropped from an average of 123,000 per day to 10,000 per day and flights per day dropped from 1,036 per day to 167 per day, compared to the same period of 2020.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following table outlines the monthly average number of passengers that travelled through Toronto Pearson daily during 2020, as compared to the same periods of 2019.

Passengers Per Day (thousands)



COVID-19 has resulted in global reductions in passenger air travel and extensive flight and route changes. The reductions are the result of the following. Refer to COVID-19 in the “Overview” section above for further details.

- travel restrictions that limit travel to essential travel only and require all international arriving travellers to quarantine for 14 days;
- rules in place by other countries that restrict travel from Canada;
- air carrier route changes and cancellations;
- air carrier ad hoc changes in flight schedules;
- focus on cargo flights to maintain the supply chain;
- focus on repatriation flights of Canadian citizens and permanent residents and restrictions on non-essential travel;
- official global travel advisory published by the Government of Canada to “avoid all non-essential travel outside Canada until further notice”;
- variants of COVID-19, believed to be more contagious, being detected in late 2020 that have resulted in the temporary closing of Canadian borders to passengers;
- beginning in early January 2021, the requirement of new negative COVID-19 test results for all international arrivals to Canada and to the U.S. (including from Canada);
- beginning in early February 2021, Ontario mandatory international passenger arrivals’ testing at the Airport for travellers remaining in Ontario; and
- beginning in late February 2021, federal mandatory international passenger arrivals’ testing at the Airport once landed with strict restrictions such as a three-day hotel stay at the passengers’ expense and possible further quarantine at a government facility if they test positive for COVID-19.

Due to the significant reduction in passenger demand, Canadian air carriers that operate at Toronto Pearson commenced grounding some of their fleet in late March and early April 2020. Domestic air carriers further suspended a few of their domestic routes in response to low air travel volumes. Some other carriers returned to operations but at greatly reduced frequencies commencing in October 2020.

There are two principal types of passengers: origin and destination passengers and connecting passengers. An origin and destination passenger is a passenger initiating or terminating a trip at a specific airport, reflecting the economic health of a region, while a connecting passenger changes aircraft at that same airport en route to a final destination, symbolizing the strength of a hub. During 2020, origin and destination passengers decreased 73.5 per cent to 9.3 million passengers and connecting passengers decreased 73.9 per cent to 4.0 million passengers, when compared to 2019. During 2020, the percentage of origin and destination passengers versus connecting passengers was 70.0 per cent and 30.0 per cent, respectively, compared to 69.6 per cent and 30.4 per cent in 2019.

Flight Activity

Flight activity is measured by aircraft movements, defined as a landing or takeoff of an aircraft. Each aircraft has a maximum take-off weight ("MTOW"), as specified by the aircraft manufacturers, and total number of seats. MTOW and seats are used to calculate the majority of posted air carrier charges for each aircraft landing. The load factor, the ratio of passengers to seats, is a measure of aircraft capacity utilization and is computed as a percentage of seats filled by passengers.

The following table summarizes aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor for 2020, 2019 and 2018.

Flight Activity ⁽¹⁾	2020	2019		Change ⁽²⁾	2018
(in thousands)				%	
Aircraft movements ⁽³⁾	174.4	452.8	(278.4)	(61.5)	472.7
Passenger aircraft movements	149.1	414.9	(265.8)	(64.1)	435.3
(in millions)					
MTOW (tonnes)	16.0	38.4	(22.4)	(58.3)	37.4
Seats	21.9	60.0	(38.1)	(63.4)	59.3
Seats per passenger aircraft movement	147.1	144.5	2.6	1.8	136.3
Load factor	60.7%	84.3%		(23.6)pp	83.4%

⁽¹⁾ Flight activity measures above reflect both arriving and departing.
⁽²⁾ "% Change" is based on detailed actual numbers (not rounded as presented).
⁽³⁾ Aircraft movements include both passenger and non-passenger aircraft movements.

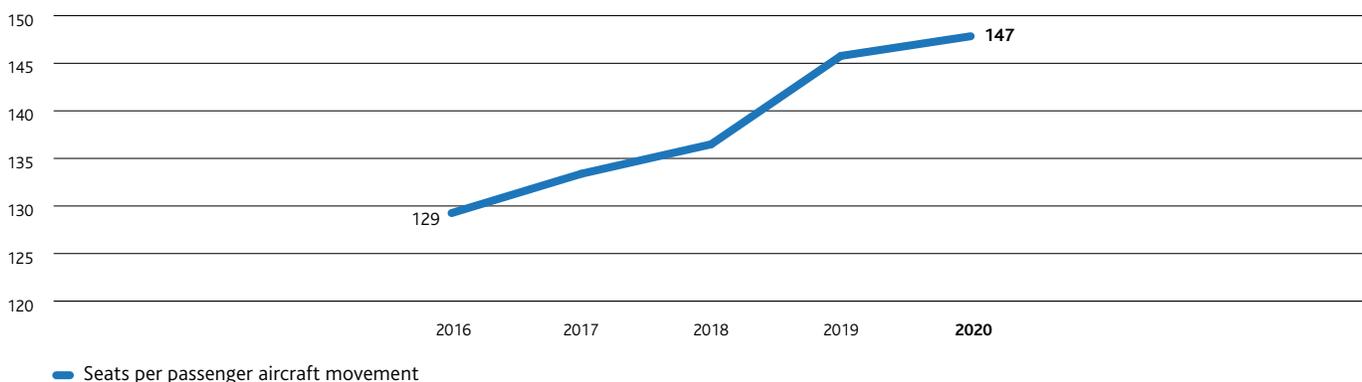
Passenger aircraft movements declined 64.1 per cent in 2020 as compared to 2019 due to the air travel restrictions and aircraft groundings that resulted from the COVID-19 pandemic. Aircraft movements, which include both passenger and non-passenger movements, decreased 61.5 per cent in 2020 as compared to 2019.

During 2020, MTOW was 16.0 million tonnes, a decrease of 58.3 per cent as compared to 2019. This change reflects the continued impact of the COVID-19 pandemic.

Seats decreased during 2020 by 63.4 per cent to 21.9 million as compared to 60.0 million seats in 2019. The number of seats per passenger aircraft movement during 2020 was 147.1, an increase of 2.6 seats or 1.8 per cent when compared to 144.5 seats per passenger aircraft movement from 2019 due to larger aircraft utilized. Load factors decreased 23.6 percentage points from 84.3 per cent in 2019 to 60.7 per cent in 2020.

As the chart below illustrates, the number of seats per passenger aircraft movement has been increasing over the last five years.

Seats per Passenger Aircraft Movement (seats)



On October 25, 2020, Toronto Pearson welcomed a new airline partner, Swoop, to the Airport.

On December 18, 2020, Toronto Pearson welcomed another new Canadian carrier, OWG, to the Airport.

MANAGEMENT'S DISCUSSION & ANALYSIS

On January 27, 2021, Air Transat suspended all flights out of Toronto Pearson for the winter season through to April 30, 2021 as the travel and tour company continues to face diminished demand due to COVID-19. Air Transat reported in their press release that continued travel restrictions and the numerous measures imposed, including the requirement to present a negative COVID-19 test and to quarantine upon return to Canada, have had a significant impact on Air Transat's bookings.

On January 29, 2021, the federal government and Canadian airlines agreed to suspend all flights to and from Mexico and Caribbean countries until April 30, 2021. These measures came into effect as of January 31, 2021. Refer to the "Overview" section for further details.

Toronto Pearson continues to work to ensure safe operations and to support the national economy through cargo operations. Additionally, passenger airlines have converted some of their aircraft for cargo-only purposes to move cargo across Canada and around the world. Toronto Pearson is dedicated to working with all carriers to keep the flow of goods moving in support of the Canadian economy, including critical goods such as vaccines needed to fight COVID-19.

For the most current operating activity statistics, please consult the GTAA's website at www.torontopearson.com.

RESULTS OF OPERATIONS

The following section discusses the GTAA's approach to setting its fees and charges, together with its financial results. Under the GTAA's financial model, funds generated at the Airport are used for Airport operations, ancillary aviation-related activities, construction, acquisitions, repairs and maintenance, and debt service (interest and repayment of principal).

Declines in passenger and flight activity are having a material negative impact on the GTAA's business and results of operations, including aeronautical and commercial revenues and AIF. Similar to other Canadian airports, the GTAA has taken immediate steps to address the financial impacts, including the reduction of 2020 operating costs and planned capital spending. In addition, the GTAA has temporarily closed operating access to over 40 per cent of its terminal facilities given the reduced travel activity.

Aeronautical Fees and Charges and AIF

The GTAA has the right to set aeronautical fees and charges as required at any time. In practice, the GTAA establishes aeronautical fees and charges on an annual basis and historically has notified the airlines in September of such changes. The GTAA also has AIF agreements with each air carrier that takes off from and lands at Toronto Pearson whereby air carriers undertake to collect AIF from each of their enplaned passengers on the GTAA's behalf.

On September 30, 2020, the GTAA announced the following changes to aeronautical rates and the AIF, effective January 1, 2021:

- Aeronautical rates for commercial aviation increased by 3 per cent.
- The AIF for departing passengers increased by \$5 to \$30, in line with the average of other major city Canadian airports.
- The AIF for connecting passengers increased by \$2 to \$6.
- Aeronautical rates for all business and general aviation aircraft 19,000 kilograms or less increased to \$575 per arrival movement.

These changes to aeronautical rates and the AIF follow more than a decade during which there were no increases to commercial aeronautical rates or the AIF at Toronto Pearson. In addition to other revenue-generating and cost-cutting initiatives, these increases will contribute to the GTAA's ability to make continued investments in healthy air travel and industry recovery.

The pandemic has also had a significant negative impact on air carriers operating at the Airport, including Toronto Pearson's key hub airlines, Air Canada and WestJet. During the third quarter of 2020, the GTAA amended its long-term aeronautical fees agreements with each of these carriers in part to adjust the fees paid under the agreements to reflect the reduced current and projected flight activity. Under the amended agreements, for the remainder of 2020 and the entirety of 2021, each carrier will pay amounts calculated on the basis of: (i) the GTAA's standard aeronautical fees plus (ii) a portion of the respective variance between the standard aeronautical fees amount and the original base fee payable under the agreements for those years. In 2022 and 2023, each of the carriers will pay revised amounts calculated using a combination of the GTAA's standard aeronautical fees and the original base fee. Each carrier will continue to be eligible for rebates, should flight and passenger activity recover, and original growth thresholds are exceeded in a given year. While considerable uncertainty remains over the near-term demand for air travel, the amended agreements are expected to result in reduced overall aeronautical revenues to the GTAA over their remaining terms.

Aviation Industry Operational Recognition

The GTAA was recognized by Airports Council International for exceptional passenger service and environmental sustainability practices:

- On March 1, 2021, Toronto Pearson was awarded "Best hygiene measures by region" in North America. New this year as a result of the COVID-19 pandemic is a survey category on airport hygiene. The GTAA was also awarded for the fourth year in a row "Best Large Airport in North America serving more than 40 million passengers".
- In August 2020, Toronto Pearson received an Environmental Achievement Award from Airports Council International recognizing its 60 per cent reduction in greenhouse gas emissions.
- The GTAA was awarded the 2020 Environmental Achievement Award in the Environmental Management Category from Airport Council International-North America (ACI-NA) for its 20/2020 sustainability strategy, which was developed in 2009 with the goal of reducing greenhouse gas (GHG) emissions by 20 per cent (from 2006 levels) by 2020.

Revenues

Revenues are derived from i) aeronautical fees and charges (which include landing fees, general terminal charges and apron fees), ii) AIF and iii) commercial revenues (which include car parking, ground transportation, concessions, rentals, counter fees, check-in fees, deicing facility fees and other sources). Rentals include activities for both the GTAA and ACI.

Landing fees are based on the MTOW of arriving aircraft; general terminal charges are based on the number of seats of an arriving aircraft; and apron fees are based on the usage of apron and aircraft gates and bridges. The AIF is charged on a per-enplaned passenger basis, with a different rate for originating and departing passengers as opposed to connecting passengers. A significant portion of commercial revenues is correlated with passenger activity.

Many of the GTAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. The GTAA has provided financial accommodation and other assistance through a number of programs including payment abatements, deferrals and contract relief through proposed and amended contracts. The GTAA has taken a measured approach so as to offer these arrangements to partners that are in good standing and that the GTAA believes will be critical partners post COVID-19. These accommodations have, and will continue to have, over the period covered by the accommodation, an adverse impact on the GTAA's business and related cash flows. The majority of deferred payments have been paid in late 2020, while the remaining deferrals are expected to be paid in 2021. The GTAA is working with affected parties to review their situations and may consider payment deferrals and/or adjustments as appropriate.

The following table summarizes the GTAA's consolidated revenues for the years ended December 31, 2020, 2019 and 2018.

Revenues (\$ millions)	2020	2019	Change ⁽¹⁾		2018
			\$	%	
Landing fees	248.0	324.0	(76.0)	(23.5)	318.5
General terminal charges	137.6	193.7	(56.1)	(28.9)	191.3
Aeronautical Revenues	385.6	517.7	(132.1)	(25.5)	509.8
Concessions and rentals	212.2	315.2	(103.0)	(32.7)	277.5
Car parking and ground transportation	79.6	203.3	(123.7)	(60.9)	191.8
Other	17.6	37.0	(19.4)	(52.5)	32.6
Commercial Revenues	309.4	555.5	(246.1)	(44.3)	501.9
Airport Improvement Fees	128.5	448.1	(319.6)	(71.3)	460.0
Total Revenues	823.5	1,521.3	(697.8)	(45.9)	1,471.7

⁽¹⁾ "% Change" is based on detailed actual numbers (not rounded as presented).

Aeronautical revenues decreased 25.5 per cent to \$385.6 million during 2020, when compared to 2019, due to decreases in MTOW and arriving seats caused by the impacts of COVID-19. This impact was partially offset by the provisions in the long-term commercial agreements in place with the two main hub air carriers.

MANAGEMENT'S DISCUSSION & ANALYSIS

Consolidated concession and rental revenues decreased by 32.7 per cent to \$212.2 million during 2020 when compared to 2019. This decrease was mainly due to the significant reduction in passenger activity impacting retail operating performance. Payment deferrals and contract relief resulted in reduced minimum annual guarantees ("MAG") from certain commercial clients. In 2020, the GTAA's revenues from its retail tenants, advertising and sponsorship partners (concession revenues) at the Airport decreased 43.7 per cent to \$94.0 million from \$167.0 million in 2019. Rental revenues decreased 20.3 per cent to \$118.2 million in 2020 from \$148.2 million in 2019. Excluding ACI revenues, rental revenues decreased by 25.8 per cent to \$87.2 million during 2020 when compared to 2019.

During the 12-month period prior to the end of December 31, 2020, retail store sales per enplaned passenger at Toronto Pearson were \$21.49 versus \$22.01 in 2019, a \$0.52 or 2.4 per cent decrease. Retail store sales are the gross sales generated by the GTAA's retail tenants. These tenants, under their leasehold agreements with the GTAA, pay a percentage of gross sales to the GTAA as rent. Retail stores include retail, restaurant and beverage establishments.

Due to the COVID-19 pandemic and resultant reduction in global air travel and terminal activity, the commercial businesses operating at the Terminals have experienced material impacts to their operations since March 2020. During 2020, food and beverage business performance was down approximately 73 per cent and retail operations (excluding food and beverage) were also down approximately 75 per cent, as compared to the same period of 2019. For those businesses remaining open, self-serve stations have been eliminated, all quick-serve seating has been removed with only take-out available and most in-line sit down restaurants have closed temporarily.

Car parking and ground transportation revenues decreased 60.9 per cent to \$79.6 million during 2020 when compared to 2019. The reduction in passenger volumes at the Airport, due to the impacts from the COVID-19 pandemic, contributed towards this decline. Parking volumes have decreased approximately 76 per cent during 2020 compared to 2019 in line with the reduction in passenger volumes as a result of COVID-19.

Other revenues, which are comprised of deicing, fire and emergency services training and other miscellaneous revenues, decreased 52.5 per cent to \$17.6 million during 2020, when compared to 2019. Deicing revenues have decreased 51.9 per cent or \$16.2 million during 2020 to \$15.0 million, compared to 2019, due to the impacts of COVID-19 partially offset by higher deicing costs in 2020 which are passed through to the customer.

AIF revenue decreased 71.3 per cent to \$128.5 million during 2020 compared to 2019. The decrease was due to the reduction in passenger volumes at the Airport due to the impacts from the COVID-19 pandemic.

Expenses

Expenses include the costs to operate and maintain the Airport, interest and financing costs, and amortization of property and equipment, investment property and intangible assets.

The following table summarizes GTAA's consolidated expenses for the years ended December 31, 2020, 2019 and 2018.

Expenses (\$ millions)	2020	2019	Change ⁽¹⁾		2018
			\$	%	
Ground rent	15.6	170.8	(155.2)	(90.9)	165.2
PILT ⁽²⁾	40.3	38.4	1.9	5.0	36.6
Total ground rent and PILT	55.9	209.2	(153.3)	(73.3)	201.8
Goods and services	315.3	384.9	(69.6)	(18.1)	357.4
Salaries, wages and benefits	173.5	201.3	(27.8)	(13.8)	191.9
Total Operating Expenses before Amortization	544.7	795.4	(250.7)	(31.5)	751.1
Amortization of property and equipment, investment property and intangible assets	347.8	290.8	57.0	19.6	277.0
Total Operating Expenses	892.5	1,086.2	(193.7)	(17.8)	1,028.1
Interest expense on debt instruments and other financing costs, net of interest income	314.4	295.3	19.1	6.5	298.5
Early retirement of debt charge	-	-	-	-	28.7
Loss on cash flow hedge	-	-	-	-	2.7
Total Expenses	1,206.9	1,381.5	(174.6)	(12.6)	1,358.0

⁽¹⁾ "% Change" is based on detailed actual numbers (not rounded as presented).

⁽²⁾ Payments-in-lieu of real property taxes.

MANAGEMENT'S DISCUSSION & ANALYSIS

Ground rent payments to the federal government are calculated as a percentage of Airport Revenues, as defined in the Ground Lease, at a rate of 12 per cent of Airport Revenues in excess of \$250 million. Ground rent expense decreased by 90.9 per cent to \$15.6 million during 2020, when compared to 2019. On March 30, 2020, the Government of Canada announced that it would waive ground rent from March 2020 through to December 2020 for Canadian Airport Authorities that pay rent to the federal government. Based on the draft Ground Lease amendment, ground rent expense for 2020 represents 2/12th of the annual ground rent due by the GTAA calculated in accordance with the Ground Lease. On December 30, 2020, the Government of Canada announced that it would defer the ground rent for the 2021 lease year, with repayment over a 10-year period beginning in 2024.

The GTAA is exempt from the payment of real property taxes under the *Assessment Act (Ontario)*, and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by regulation. The annual PILT is based on actual passenger volumes from two years prior and is subject to a maximum annual increase of five per cent under the *Assessment Act*. The PILT expenditure increased 5.0 per cent to \$40.3 million during 2020, when compared to 2019. ACI pays municipal real property taxes in the ordinary course of business, as the investment properties acquired by ACI are not used directly for Airport operations.

Expenditures for goods and services decreased 18.1 per cent or \$69.6 million to \$315.3 million during 2020, when compared to 2019. The GTAA incurred lower expenditures due to measures that the GTAA implemented since March 2020 as a result of the impacts from COVID-19, including a reduction in costs related to passenger and baggage flow, temporarily closing operating access to over 40 per cent of its terminal facilities and reductions in various contract service levels and discretionary costs. There was also a reduction in AIF administration fees due to the lower passenger volumes and lower snow removal costs as a result of milder winter weather conditions in 2020. These decreases were partially offset by increases in allowance for bad debt, information technology costs, asset write-offs and Healthy Airport initiatives.

Salaries, wages and benefits decreased 13.8 per cent or \$27.8 million to \$173.5 million during 2020, when compared to 2019. The decrease was due to the relief from the federal government's wage subsidy through the CEWS program which amounted to \$46.4 million, the hiring freeze in place since March 2020 and a decrease in seasonal workers due to the impacts of COVID-19. The savings were partially offset by the severances incurred due to the workforce reduction undertaken in 2020.

Amortization of property and equipment, investment property and intangible assets increased 19.6 per cent to \$347.8 million during 2020, when compared to 2019. This increase was mainly due to a change in the estimated useful life of certain terminal assets which resulted in an increase in amortization.

Part of the GTAA's operating expenses include goods and services, salaries and amortization that support the activities provided by government agencies at the Airport. The GTAA's operating costs to support government agencies during 2020 of \$38.5 million decreased \$9.0 million or 18.9 per cent, when compared to 2019. These included direct and indirect investments to CATSA, U.S. Customs and Border Protection ("USCBP") and Canada Border Services Agency ("CBSA") to enhance the security and border services they provide. Although these costs in support of government agencies at the Airport have reduced significantly due to lower passenger volumes, the GTAA continues to maintain the same level of service standards.

Interest expense and other financing costs, net of interest income, increased by 6.5 per cent to \$314.4 million during 2020, when compared to 2019. The increase was due to higher fixed-rate interest costs from the issuance of Series 2019-1 and 2019-2 MTNs during April and October 2019, respectively, incremental short-term borrowings since March 2020 due to the COVID-19 impacts on operations, and \$8.5 million of costs related to obtaining the MTI amendment in July 2020.

Net Operating Results

The following table summarizes the GTAA's consolidated net operating results for the years ended December 31, 2020, 2019 and 2018.

Net Operating Results (\$ millions)	2020	2019	Change ⁽¹⁾		2018
			\$	%	
Net (Loss) Income	(383.4)	139.8	(523.2)	(374.2)	113.7
Add: Early retirement of debt charge	-	-	-	-	28.7
Loss on cash flow hedge	-	-	-	-	2.7
Less: Unamortized bond premium	-	-	-	-	(5.3)
Adjusted Net (Loss) Income	(383.4)	139.8	(523.2)	(374.2)	139.8
Add: Interest and financing costs, net	314.4	295.3	19.1	6.5	298.5
Unamortized bond premium	-	-	-	-	5.3
(Loss) Earnings Before Interest, net	(69.0)	435.1	(504.1)	(115.9)	443.6
Add: Amortization ⁽²⁾	347.8	290.8	57.0	19.6	277.0
EBITDA ⁽³⁾	278.8	725.9	(447.1)	(61.6)	720.6
EBITDA Margin	33.9%	47.7%		(13.8)pp	49.0%

⁽¹⁾ "% Change" is based on detailed actual numbers (not rounded as presented).

⁽²⁾ Amortization means amortization of property and equipment, investment property and intangible assets.

⁽³⁾ EBITDA is a non-GAAP financial measure.

During 2020, the GTAA incurred a net loss of \$383.4 million, a decrease of 374.2 per cent or \$523.2 million compared to the net income in 2019. The decrease in net income was due to the impacts from COVID-19 resulting in a material reduction in revenues of \$697.8 million, an increase in severances from the workforce reduction and costs related to obtaining the MTI amendment. These items were partially offset by the cost savings from the waiver of the Ground Lease rents granted by the federal government for March to December 2020, the CEWS program, and measures taken by the GTAA to lower costs such as the hiring freeze, reduction of operating expenses and temporarily closing operating access to over 40 per cent of its terminal facilities.

Earnings before interest and financing costs and amortization ("EBITDA") decreased 61.6 per cent to \$278.8 million during 2020, when compared to 2019. The EBITDA margin decreased by 13.8 percentage points to 33.9 per cent during 2020, when compared to 2019. The decrease in EBITDA and EBITDA margins were due to material revenue reductions and increased severances caused by the impacts of COVID-19 offset by the cost savings mentioned above and the significant portion of fixed operating costs. EBITDA is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

Summary of Quarterly Results

Select unaudited consolidated quarterly financial information for the quarters ended March 31, 2019 through December 31, 2020, is set out in the following table.

(\$ millions) ⁽⁴⁾	Quarter Ended							
	2020				2019			
	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
Revenues	151	148	186	339	385	403	371	362
Operating expenses (excluding amortization) ⁽⁵⁾	94	145	121	184	210	189	188	207
Amortization ⁵	96	93	84	74	74	73	73	71
(Loss) Earnings before interest and financing costs, net	(39)	(90)	(19)	81	101	141	110	84
Interest and financing costs, net	77	87	77	74	77	73	73	73
Net (loss) income	(116)	(177)	(96)	7	24	68	37	11

⁽⁴⁾ Rounding may result in the figures differing from the results reported in the condensed consolidated interim financial statements and consolidated financial statements.

⁽⁵⁾ Amortization means amortization of property and equipment, investment property and intangible assets.

The GTAA's quarterly results are influenced by passenger activity and aircraft movements, which vary with travel demand associated with holiday periods and other seasonal factors. In addition, factors such as weather and economic conditions may affect operating activity, revenues and expenses. Changes in operating facilities at the Airport may affect operating costs, which may result in quarterly results not being directly comparable. Due to these factors and given the material and rapidly evolving impact of the COVID-19 pandemic on the GTAA's business and results of operations, the historical quarterly results cannot be relied upon to determine future trends.

CAPITAL PROJECTS

The GTAA focuses on capital programs and projects which improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance the customer experience. Due to the COVID-19 pandemic and its impact on passenger volumes, the GTAA undertook a review of its capital program and significantly reduced its capital spending by over \$265 million to \$345 million of work performed in 2020.

In 2020, the GTAA funded capital investments primarily through proceeds from debt issuances or short-term borrowings. The GTAA may access the capital markets further, as required. The GTAA is also seeking government support for shovel-worthy infrastructure projects such as the Terminal 3 Automated Transfer Facility and investment in transit-oriented projects.

Due to the material impacts of COVID-19, a significant number of projects within the capital program have been reduced, deferred or postponed, and a review of the capital program in light of the COVID-19 pandemic is ongoing. Deferred and delayed capital projects will be brought back online based on future needs to better align the timing of capital projects with air travel activity and cash flow requirements.

The GTAA's most significant current and projected capital projects, progress-to-date and capital funds expended are as follows:

Airside Pavement Restoration Program – Over the next five years, the 2020–2024 Airside Pavement Restoration Program will restore an estimated 1.5 million square meters of airside surfaces. The program is based on current pavement condition surveys and predictive modelling. Rehabilitation of Runway 15L33R and associated taxiways was completed in 2020. In response to COVID-19, this project was reviewed and will continue as planned to comply with operational and regulatory requirements. From the inception of the Airside Pavement Restoration Program to December 31, 2020, the GTAA has expended \$35.4 million. During 2020, the GTAA expended \$35.4 million.

Terminal 1 Concourse F Sectorization – The Terminal 1 Concourse F Sectorization will increase passenger processing capacity, reduce connection times and increase gate capacity and flexibility for both narrow and wide body aircraft. The capacity increases will be achieved by expanding CATSA and CBSA facilities and flows for passengers on a third level, more direct connections to gates for passengers and re-sectorization of Terminal 1 to provide access to large aircraft for international gates and gate modifications to allow larger aircraft. In response to COVID-19, this project was reviewed and will continue as planned given the advanced stages of construction. From the inception of the Terminal 1 Concourse F Sectorization to December 31, 2020, the GTAA has expended \$95.9 million. During 2020, the GTAA expended \$53.3 million.

Baggage-Handling Improvements – The Baggage-Handling Improvements program is being undertaken in Terminal 1 and Terminal 3 to add baggage-handling capacity, and improve system reliability and dependability, to meet current as well as future anticipated baggage processing requirements. The current project commenced in the fourth quarter of 2018. The program includes several design-build work packages that are intended to enhance the way the Airport operates and to enhance the passenger experience. In response to COVID-19, three of the four projects within the first phase are planned to continue as scheduled given the advanced stage of construction. The final project within the first phase will have its scope reduced and full completion deferred to a future date. From the inception of the Baggage Handling Improvements to December 31, 2020, the GTAA has expended \$194.5 million. During 2020, the GTAA expended \$77.5 million.

Terminal 1 Pier G Expansion – The GTAA has been upgrading and expanding its capacity at the Pier G facility in Terminal 1 to accommodate narrow body aircraft operations. This project is intended to increase the planned narrow body aircraft parking positions to 11, further expand the associated apron, increase the retail services for passengers travelling to and from the U.S. and improve passenger flow and circulation.

The Pier G expansion plan also includes additional hold room space, provides more efficient and secure passenger flows, and improves the passenger experience by creating additional retail and lounge space, gate flexibility and a faster connection process by creating a full arrivals corridor and contact stands. In response to COVID-19, construction phasing and timing has been reviewed and, as a result, all elements of the program have been deferred. From the inception of the Pier G commuter facility upgrade and expansion to December 31, 2020, the GTAA has expended \$131.3 million. During 2020, the GTAA expended \$23.2 million.

Terminal 3 Redevelopment and Expansion ("T3REP") – The T3REP program is intended to renovate and upgrade the parts of the Terminal that were not part of the original Terminal 3 Improvement Projects. The preliminary planning and design of these projects commenced in late 2018 and will focus on projects to meet passenger growth. While the planning and design of the T3REP program is currently underway, in response to COVID-19, certain elements of the project have now been deferred to a future date. From the inception of the T3REP to December 31, 2020, the GTAA has expended \$14.6 million. During 2020, the GTAA expended \$5.2 million.

MANAGEMENT'S DISCUSSION & ANALYSIS

Terminal 1 Redevelopment and Expansion ("T1REP") Project One – The T1REP Project One consists of design and construction of the mezzanine area above the existing arrivals baggage hall and relocates the USCBP facilities and In-transit Pre-clearance ("ITPC") facilities for origin and destination and connecting passengers. The facility is expected to increase capacity by an estimated 30 per cent and simplify passenger flow. However, in response to COVID-19, this project has been deferred to a future date. From the inception of T1REP Project One to December 31, 2020, the GTAA has expended \$40.4 million. During 2020, the GTAA expended \$17.7 million.

Transit Planning and Development ("TPD") – The GTAA has been working closely with Metrolinx and other transit agencies on improved transit access to Toronto Pearson. These improvements include:

- Improvements to service and related infrastructure enhancements to the UP Express;
- Planned Eglinton Crosstown West expansion (Light Rail Transit – "LRT") to Toronto Pearson;
- Possible future connection of the Finch LRT to Toronto Pearson; and
- Bus service improvements.

The space and infrastructure required to enable improved transit access must be coordinated with the development plans of Toronto Pearson. From the inception of the TPD to December 31, 2020, the GTAA has expended \$21.7 million. During 2020, the GTAA expended \$6.7 million. Currently, all TPD related expenditures are expensed on the Consolidated Statement of Operations. Given the impacts from COVID-19, the state of the aviation industry and the uncertainty of travel demand, the GTAA has suspended any further expenditures on TPD; however, the Company continues to cooperate with the relevant transit agencies.

Terminal 3 Arrivals & Transfer Facility ("T3ATF") – The T3ATF will provide for improved connection time at Terminal 3, producing the equivalent processing time as Terminal 1 among arriving passengers who are completing their air travel in Toronto from those connecting through Pearson. A separate transfer facility for international and transborder passengers connecting to domestic or international destinations will expedite the connections process and relieve the passenger of the need to clear customs, collect their bag and then proceed back through the departures process for their connecting flight. The expanded facility, estimated to be an incremental 8,000 square metres, will provide more space for physical distancing and incorporates innovative and touchless processes for customs clearance and security. At this stage, concept design of the project is complete; however, the project has been suspended due to the impact of COVID-19. Management is seeking government support to restart the project.

ASSETS AND LIABILITIES

Total consolidated assets, liabilities and deficit and accumulated other comprehensive loss as at December 31, 2020, 2019 and 2018, are set out in the following table.

(\$ millions)	2020	2019	Change 2020-2019	2018
Total assets	6,685.5	6,583.4	102.1	6,437.6
Total liabilities	7,288.2	6,806.9	481.3	6,811.1
Deficit and accumulated other comprehensive loss	(602.7)	(223.5)	(379.2)	(373.5)

At December 31, 2020, when compared to December 31, 2019, the GTAA's total assets had increased by \$102.1 million primarily due to a \$72.9 million increase in cash, \$55.5 million increase in intangibles and other assets and \$26.6 million increase in ground rent receivable partially offset by a \$78.4 million decrease in property and equipment as a result of the reduced capital program. The GTAA's total liabilities increased by \$481.3 million primarily due to a \$479.2 million increase in long-term borrowings and a \$110.2 million increase in short-term borrowings, partially offset by reductions in accounts payable and accrued liabilities of \$97.2 million, and reductions in security deposits claimed against receivables and other deferred revenue of \$22.2 million. Refer to the "Liquidity and Capital Resources" section for further details.

The deficit and accumulated other comprehensive loss of \$602.7 million at December 31, 2020, as reported on the consolidated statements of financial position, has increased due to the impacts of COVID-19 on passenger and flight activities and the results from operations.

MANAGEMENT'S DISCUSSION & ANALYSIS

Restricted Funds (\$ millions)	2020	2019	Change	
			2020-2019	2018
Debt Service Fund	68.8	68.8	–	60.6
Debt Service Reserve Funds	349.0	347.4	1.6	328.1
Total MTI Restricted Funds	417.8	416.2	1.6	388.7

As shown in the table above, total restricted funds increased slightly from \$416.2 million in 2019 to \$417.8 million in 2020 due to the GTAA's issuance of the Series 2020-1 MTNs. The restricted funds which are cash-funded have been invested in short-duration investment-grade instruments.

The various Debt Service Funds represent funds for regular payments of interest and principal and amounts set aside with the Trustee under the GTAA's MTI, as security for specific debt issues. As the MTI amendment temporarily exempts the requirement for the GTAA to comply with its Rate Covenant prescribed under the MTI for 2020, no funds are currently required to be deposited into the Debt Service Coverage Fund to meet the debt service covenant. The Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund are funded with letters of credit.

LIQUIDITY AND CAPITAL RESOURCES

The following table provides the calculation of consolidated free cash flow, net debt and key credit metrics for the GTAA for the years indicated:

(\$ millions)	2020	2019	Change	2018
Cash flows from operating activities	169.5	729.1	(559.6)	730.6
Capital expenditures ⁽¹⁾ – property and equipment	(342.0)	(421.9)	79.9	(319.4)
Capital expenditures ⁽¹⁾ – investment property	(13.6)	(6.6)	(7.0)	(178.4)
Interest paid and other financing costs, net ⁽²⁾	(327.0)	(300.8)	(26.2)	(314.0)
Early retirement of debt charge	–	–	–	(28.7)
Payment on termination of cash flow hedge	–	–	–	(14.7)
Free Cash Flow⁽³⁾	(513.1)	(0.2)	(512.9)	(124.6)
Increase in restricted funds	(1.6)	(27.5)	25.9	66.2
Borrowings (Repayments), net	587.6	35.4	552.2	68.7
Net Cash (Outflow)/Inflow	72.9	7.7	65.2	10.3
	At December 31			
	2020	2019	Change	2018
Total Debt	7,002.8	6,411.7	591.1	6,370.3
Cash	103.2	30.3	72.9	22.5
Restricted funds	417.8	416.2	1.6	388.7
Net Debt⁽⁴⁾	6,481.8	5,965.2	516.6	5,959.1
Key Credit Metrics (\$)				
Total Debt/Enplaned Passenger ⁽⁵⁾	1,052	254	314.2%	258
Net Debt ⁽⁴⁾ /Enplaned Passenger ⁽⁵⁾	974	236	312.7%	241

⁽¹⁾ Capital expenditures – property and equipment are acquisition and construction of property and equipment and intangible assets; Capital expenditures – investment property are acquisitions and construction of investment property. Both are per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2020.

⁽²⁾ Interest and financing costs excludes non-cash items and reflects the cash payment activities of the Corporation net of interest income; therefore, it is a non-GAAP financial measure. Refer to section “Non-GAAP Financial Measures”.

⁽³⁾ Free cash flow, a non-GAAP financial measure, is defined as cash flow from operating activities per the Consolidated Statement of Cash Flows less interest and financing costs paid, net of interest income, less capital expenditures (property and equipment, and investment property). Refer to section “Non-GAAP Financial Measures”.

⁽⁴⁾ Net Debt, a non-GAAP financial measure, is gross debt less cash and restricted funds. Refer to section “Non-GAAP Financial Measures”.

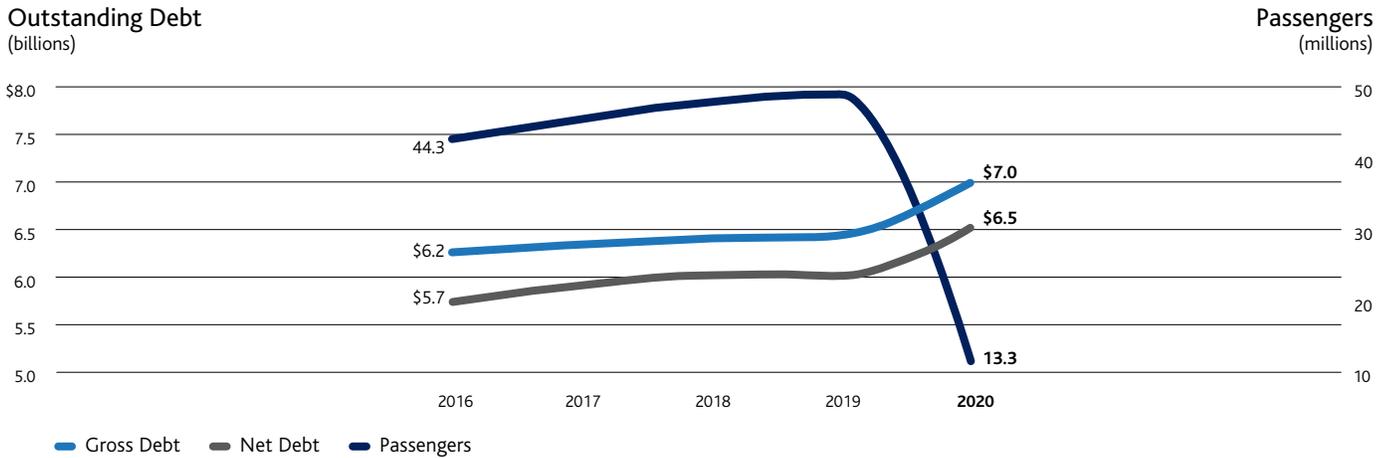
⁽⁵⁾ Enplaned passengers are defined as equal to half of total passengers and is based on the prior 12 months activity.

Cash flows from operations decreased by \$559.6 million to \$169.5 million during 2020, when compared to 2019, primarily due to material revenue reductions and severances partially offset by cost savings from the waiver of the Ground Lease rents, the CEWS program, and measures taken by the GTAA to lower costs such as the hiring freeze and temporarily closing operating access to over 40 per cent of its terminal facilities. The free cash flow deficit increased by \$512.9 million during 2020, when compared to 2019, primarily driven by the material drop in cash flows from operations due to the reasons mentioned above, partially offset by lower capital expenditures in 2020. Free cash flow is a non-GAAP financial measure. Refer to section “Non-GAAP Financial Measures” for additional information. Net cash flows increased by \$65.2 million to \$72.9 million when compared to 2019 due to borrowings, net of repayments, of \$587.6 million that offset the free cash flow deficit.

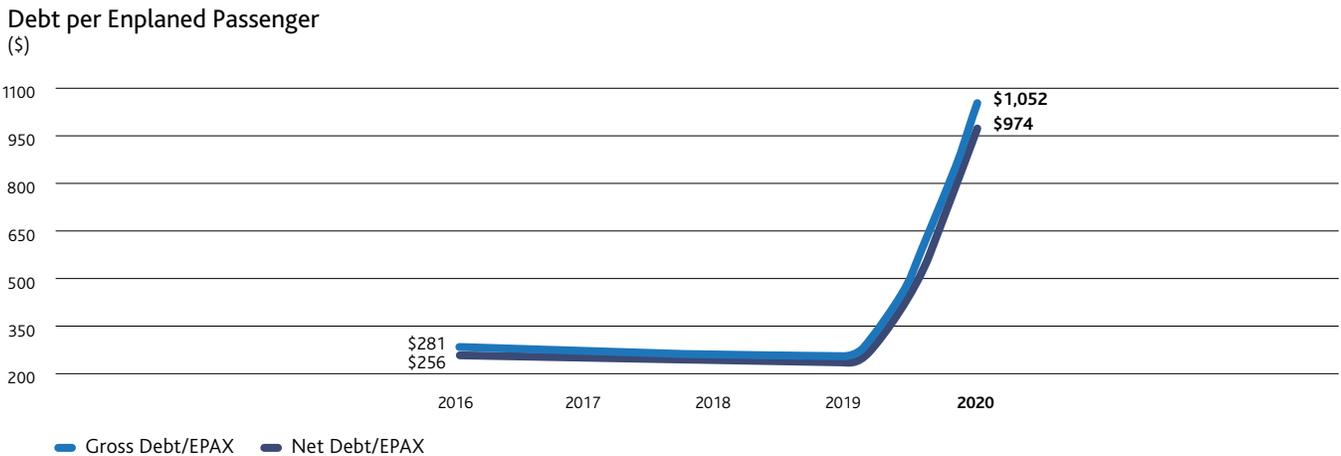
MANAGEMENT'S DISCUSSION & ANALYSIS

Gross Debt increased by \$591.1 million to \$7.0 billion as at December 31, 2020 when compared to December 31, 2019 due to borrowings, net of repayments, of \$587.6 million. Net Debt increased by \$516.6 million to \$6.5 billion as at December 31, 2020 when compared to December 31, 2019. Net Debt is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The following chart tracks the GTAA's increase of gross debt over the last five years from \$6.2 billion in 2016 to \$7.0 billion in 2020 and an increase in net debt from \$5.7 billion in 2016 to \$6.5 billion in 2020, primarily due to the impacts of COVID-19.



The GTAA's total debt per enplaned passenger, one of the airport industry's key financial metrics, increased from \$281 in 2016 to \$1,052 in 2020, and net debt per enplaned passenger increased from \$256 in 2016 to \$974 in 2020. The GTAA's debt per enplaned passenger has been on a downward trajectory over the last several years; however, it has increased significantly in 2020 due to higher debt and lower passenger volumes from the impacts of COVID-19, as illustrated in the following chart. Net debt per enplaned passenger is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for additional information.



An overall Capital Markets Platform has been established by the GTAA with the MTI setting out the security and other common terms and conditions of all debt, including bank facilities, revenue bonds and MTNs. The platform has been used to fund certain capital programs, and the GTAA will continue to access the capital markets to fund capital programs and to refinance maturing debt as and when needed.

MANAGEMENT'S DISCUSSION & ANALYSIS

The objective of the GTAA's investment and cash management strategy is to ensure that the cash requirements for operations, capital programs and other demands are met, and to access capital markets as may be required. The COVID-19 pandemic is placing downward pressures on the GTAA's liquidity. The GTAA has taken steps to limit this that include extending the commitments available under its revolving credit facility to 2023 to provide additional flexibility in light of the continuing impact of the COVID-19 pandemic on the GTAA's revenues and operations, and reducing and deferring operational and capital expenditures. The GTAA's net liquidity position (including cash) as at December 31, 2020 was \$1.4 billion. The GTAA has an internal financial risk policy that includes a statement that the GTAA will always maintain available liquidity of at least \$200 million. During the MTI covenant exemption period, the GTAA will, within five days of the end of each quarter, publish on the GTAA's website if such available liquidity at the end of a quarter is below \$200 million. The GTAA monitors its cash flow requirements and conducts consistent analysis of trends and expected fluctuations in the Company's liquidity and capital resources. Though the GTAA has experienced a material cash outflow in 2020 due to lower passenger volume, given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, reductions to its operational and capital expenditures, government assistance and its cash-on-hand, the GTAA does not anticipate any funding shortfalls and expects to meet its payment obligations as they come due.

Many of the GTAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. The GTAA has provided financial accommodation and other assistance through a number of programs including payment abatements, deferrals and contract relief through proposed and amended contracts. The GTAA has taken a measured approach so as to offer these arrangements to partners that are in good standing and that the GTAA believes will be critical partners post COVID-19. These accommodations have, and will continue to have, over the period covered by the accommodation, an adverse impact on the GTAA's business and related cash flows. The majority of deferred payments have been paid in late 2020, while the remaining deferrals are expected to be paid in 2021. Exposure to payment deferrals is mitigated in part by some security deposits in the form of cash and letters of credit, as well as active credit monitoring activities. There can be no assurance that deferred amounts will be collected in accordance with the terms of the deferral arrangements and there may be other events outside of the control of the GTAA that could also have a negative impact on its liquidity. Refer to the "Risk Factors" section of this MD&A.

The GTAA's long-term debt obligations as issued under its MTI have been assigned credit ratings by Standard & Poor's Rating Service ("S&P") and Moody's Investors Service, Inc. ("Moody's") of "A+" and "Aa3", respectively. On March 30, 2020, Moody's reaffirmed the GTAA's Aa3 rating and stable outlook and further reiterated the rating through their periodic review completed on October 16, 2020. On April 1, 2020, S&P reaffirmed the GTAA's credit rating of A+ but revised its outlook from stable to negative due to COVID-19 and related travel restrictions, which have triggered an unprecedented decline in air traffic. On January 28, 2021, S&P once again reaffirmed the GTAA's credit rating of A+ with a negative outlook.

The GTAA's Commercial Paper ("CP") obligations have been assigned a credit rating of "R-1 (low)" and an issuer rating of "A (high)" by DBRS. The DBRS rating was reaffirmed on July 20, 2020.

Ratings are intended to provide investors with an independent view of the credit quality of the GTAA's debt. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. These ratings may change as the rating agencies continue to review the ongoing impact of COVID-19 on the Company. See the "Risk Factors" section of this MD&A. The GTAA's Annual Information Form for the year ended December 31, 2020 contains more detailed information about the GTAA's credit ratings.

From March 1, 2020 until December 31, 2020, the GTAA drew \$690.0 million of cash from short-term borrowings in light of the continuing impact of the COVID-19 pandemic on the GTAA's revenues and operations. The excess cash was invested in short-term highly liquid investment instruments in line with the GTAA's Investment Policy and the MTI. On November 3, 2020, the GTAA issued \$500.0 million Series 2020-1 MTNs due May 3, 2028 at a coupon rate of 1.54 per cent for net proceeds of \$497.8 million. The net proceeds partially paid down the outstanding CP. As at December 31, 2020, the GTAA had borrowing capacity under its Operating Credit Facility available for general corporate purposes of \$1.2 billion, available capacity under its Letter of Credit Facility of \$40.8 million and unrestricted cash of \$103.2 million.

MANAGEMENT'S DISCUSSION & ANALYSIS

Liquidity and Credit Facilities (\$ millions)			December 31, 2020		December 31, 2019	
			Size	Drawn/ CP Backstop	Available	Available
Source	Currency	Expiry				
Cash and cash equivalents	CAD				103.2	30.2
Credit facilities:						
1) Operating Credit Facility ^{(1), (2)}	CAD	May 22, 2023	1,400.0	–	1,400.0	1,400.0
Commercial paper backstop ⁽²⁾				170.0	(170.0)	(60.0)
Available for general use					1,230.0	1,340.0
2) Letter of Credit Facility	CAD	May 22, 2021	150.0	109.2	40.8	40.8
			1,550.0	279.2	1,270.8	1,380.8
Total net liquidity (including cash)					1,374.0	1,411.0
3) Hedge Facility ⁽³⁾	CAD	Per contract	150.0	–	150.0	150.0
Total credit facilities and cash			1,700.0	279.2	1,524.0	1,561.0

⁽¹⁾ The Operating Credit Facility is a committed bank facility which is revolving in nature.

⁽²⁾ At December 31, 2020, \$170.0 million of the Operating Credit Facility fully backstopped the \$170.0 million of outstanding CP.

⁽³⁾ The hedge facility is a non-cash facility and allows the Corporation to enter into derivative transactions. Any amounts reported represent 'mark-to-market' losses on outstanding contracts.

The GTAA maintains the credit facilities set out in the above table. These facilities rank pari passu with outstanding debt under the MTI by way of a pledged bond issued to the banking syndicate. The Operating Credit Facility and the Letter of Credit Facility can be extended annually for one additional year with lenders' consent. On July 31, 2020, the GTAA extended its committed revolving operating credit facility by an additional year to May 22, 2023. Concurrent with the extension, the credit facility syndicate also approved the exemption of the MTI Rate Covenant for fiscal years 2020 and 2021 as it relates to the credit facility agreements.

The \$1.4 billion Operating Credit Facility is used for general corporate purposes to fund capital projects or operating expenses, as required, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2020, \$170.0 million of CP was outstanding, no amounts were drawn from the Operating Credit Facility, \$109.2 million of the \$150.0 million Letter of Credit Facility was utilized, and no amounts were secured by the \$150.0 million hedge facility.

As at December 31, 2020, the GTAA had a working capital deficiency of \$192.8 million, as computed by subtracting current liabilities from current assets. This was primarily due to the \$170.0 million of CP outstanding. Working capital is a financial metric that measures the short-term liquidity for those assets that can readily be converted into cash to satisfy both short-term liabilities and near-term operating costs and capital expenditures. As at December 31, 2020, the GTAA's Operating Credit Facility had \$1.2 billion available for general corporate purposes, which is the balance net of \$170.0 million used as backstop against the outstanding CP issuances. Management believes that the available credit under the Operating Credit Facility, its cash flows from operations, cash-on-hand and the GTAA's ability to access the capital markets provide sufficient liquidity for the GTAA to meet its financial obligations and other current liabilities as they come due.

The following table analyzes the GTAA's short- and long-term contractual obligations in nominal dollars as at December 31, 2020 by relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. The debt obligations include both principal and interest cash flows.

MANAGEMENT'S DISCUSSION & ANALYSIS

Contractual Obligations (\$ millions)	Total	Payments Due by Period			
		Less than 1 year	1 year to 3 years	4 years to 5 years	Thereafter
Accounts payable and accrued liabilities	193.0	193.0	–	–	–
Purchase obligations ⁽¹⁾	614.4	319.2	184.0	65.7	45.5
Commercial paper	170.0	170.0	–	–	–
Long-term debt principal	6,806.8	20.7	433.5	51.5	6,301.1
Interest payable on long-term debt	4,245.8	324.5	633.1	615.3	2,672.9
	12,030.0	1,027.4	1,250.6	732.5	9,019.5

⁽¹⁾ Purchase obligations include commitments for goods and services contracts as at December 31, 2020 the GTAA entered into that are required to operate the Corporation in the ordinary course of business over the next few years. It also includes capital and property commitments of approximately \$157.8 million.

Accounts payable, accrued liabilities and purchase obligations are expected to be funded through operations and short-term borrowings, while CP and long-term debt obligations and related interest payable are expected to be funded primarily through a combination of borrowings from accessing the capital markets and cash flows generated from operations.

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2020 of approximately \$157.8 million, as compared to \$297.7 million at December 31, 2019. The GTAA expects to fund these commitments primarily through proceeds from additional borrowings.

A measure of the GTAA's ability to service its indebtedness is its ability to comply with certain covenants in the MTI. The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; (as such capitalized terms are defined in the MTI). Both covenant tests exclude amortization of property and equipment, investment property and intangible assets from expenses. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further determines whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets.

The GTAA sets its rates and charges, fees and rentals so that these two covenants under the MTI are met. However, on July 27, 2020, the GTAA successfully completed the amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of the two covenant tests, for fiscal years 2020 and 2021. The exemption was sought due to the negative impacts of COVID-19, the unknown duration of the material decline in passenger and flight activity, the risks to achieving covenant compliance and the consequential risks. In 2020, the GTAA's operating covenant ratio measured at 94.2 per cent compared to the minimum requirement of 100 per cent, and the debt service covenant ratio measured at 54.4 per cent compared to the minimum requirement of 125 per cent. However, as noted above, the GTAA was exempt from complying with both of these covenant ratios under the MTI for fiscal years 2020 and 2021.

NON-GAAP FINANCIAL MEASURES

Throughout this MD&A, there are references to the following performance measures which in Management's view are valuable in assessing the economic performance of the GTAA. While these financial measures are not defined by the International Accounting Standards Board ("IFRS"), and they are referred to as non-GAAP measures which may not have any standardized meaning, they are common benchmarks in the industry, and are used by the GTAA in assessing its operating results, including operating profitability, cash flow and investment program.

EBITDA and EBITDA Margin

EBITDA is earnings before interest and financing costs and amortization, and EBITDA margin is EBITDA divided by revenues. EBITDA is a commonly used measure of a company's operating performance. This is used to evaluate the GTAA's performance without having to factor in financing and accounting decisions.

MANAGEMENT'S DISCUSSION & ANALYSIS

Free Cash Flow

Free Cash Flow ("FCF") is cash flow from operating activities per the consolidated statements of cash flows less capital expenditures (property and equipment, and investment property) and interest and financing costs paid, net of interest income (excluding non-cash items). FCF is used to assess funds available for debt reduction or future investments within Toronto Pearson.

Net Debt

Net Debt is defined as gross debt less cash and restricted funds.

Net Debt per Enplaned Passenger

Net Debt per Enplaned Passenger is defined as net debt over total enplaned passengers ("EPAX"). EPAX is defined as equal to half of total passengers and is based on the prior 12-months' activity. EPAX is widely used in the aviation industry and represents a passenger boarding a plane at a particular airport. Net debt per EPAX is commonly used by airports and other users to assess an appropriate debt burden for an airport.

Net Liquidity

Net liquidity is defined as the total of the borrowing capacity available for general corporate purposes under its Operating Credit Facility, capacity available under its Letter of Credit Facility and unrestricted cash. Net liquidity is important for demonstrating how easily the GTAA can pay off its short term liabilities and debts and how long it can cover its total costs.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies of the GTAA and changes thereto are set out in Note 3 of the Consolidated Financial Statements as at December 31, 2020 and 2019. These consolidated financial statements include the accounts of the GTAA consolidated with those of its wholly-owned and controlled subsidiaries, MGI and ACI. All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

The GTAA has adopted the following amendments to standards effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

a. Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

These standards were amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have an impact on the consolidated financial statements.

b. Amendments to IFRS 3, Business Combinations:

This standard was amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have an impact on the consolidated financial statements.

c. Amendments to IFRS 16, Leases:

This standard was amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendments are effective for periods beginning on or after June 1, 2020. The early adoption of these amendments did not have an impact on the consolidated financial statements.

RELATED PARTY TRANSACTIONS

As a corporation without share capital, the GTAA has Members rather than shareholders. The Members of the GTAA are also its directors. The GTAA is governed by a 15-member Board of Directors. Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. Five Directors are elected by the Members from candidates nominated by the following municipalities: the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto. Two Directors are elected by the Members from nominees of the Government of Canada and one Director is elected by the Members from a nominee of the Province of Ontario.

The Government of Canada, and its respective government-related entities, are considered related parties for accounting purposes only due to their ability to nominate Members and due to the material nature of the Ground Lease (see Note 1, General Information, Airport Subject to Ground Lease). In accordance with IFRS, this meets the definition of significant influence, but not control. The GTAA has applied the exemption for government-related entities to disclose only significant transactions. These transactions are reflected in the Consolidated Financial Statements as at December 31, 2020 and 2019 under Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority, Note 13, Leases, for amounts due under the Ground Lease and Note 22, COVID-19 Impact, for information on the Canada Emergency Wage Subsidy program.

The GTAA's related parties also includes Key Management personnel. Key Management includes the President and Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO") and the Vice Presidents who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. At December 31, 2020, the GTAA had normal course transactions with Key Management personnel in the ordinary course of their employment with the GTAA. The GTAA's Board of Directors collectively oversee the management and operation of the Airport. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of Management. In this respect, the GTAA had normal course transactions with the Board of Directors with respect to compensation paid in connection with their role as a Director.

INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures within the Corporation have been designed to provide reasonable assurance that all relevant information is identified to its CEO, its CFO and its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by Management, under the supervision of, and with the participation of the Corporation's CEO and CFO, to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

The Corporation has filed certifications as required by National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, signed by the Corporation's CEO and CFO, that report on the appropriateness of the financial disclosure, the design and effectiveness of the Corporation's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

As a result of the COVID-19 pandemic, reporting issuers must consider whether any COVID-19-related changes, such as the transition to remote working for employees, may impede the effectiveness of existing disclosure controls or internal controls over financial reporting. In response to these changes, Management conducted a review of key financial controls and have found that there has been no significant impact on the design and operating effectiveness of these controls as a result of the COVID-19 pandemic during the fiscal year. Management will continue to monitor and assess controls.

The Corporation's Audit Committee reviewed this MD&A and the audited consolidated financial statements, and the Corporation's Board of Directors approved these documents prior to their release.

Management's Report on Disclosure Controls and Procedures

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as at December 31, 2020, that such disclosure controls and procedures were effective.

Management's Report on Internal Controls over Financial Reporting

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's internal controls over financial reporting (as defined under National Instrument 52-109). In making this evaluation, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commissions ("COSO") in Internal Control – Integrated Framework (2013). Based on that evaluation, Management and the CEO and CFO have concluded that, as at December 31, 2020, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the Corporation's Corporate Disclosure Policy and the functioning of its Disclosure Committee.

No changes were made in internal controls over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting. Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary or desirable.

RISK FACTORS

The GTAA, its operations and its financial results are subject to certain risks. The GTAA's Board of Directors is accountable for the oversight of the key enterprise risks of the GTAA's business and is responsible for determining that Management has effective policies and procedures to identify, assess and manage such risks.

The GTAA has established an Enterprise Risk Management ("ERM") program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals. Specific risks are monitored by each of the four board committees and the board monitors significant strategic risks quarterly.

Please see the Corporation's most recent Annual Information Form available on www.sedar.com for a discussion of risk factors that could materially affect the GTAA's business, operating results, and financial condition. The risk factors described in the Annual Information Form are not the only risks and uncertainties that the Corporation faces. Additional risks and uncertainties not presently known to the GTAA or that the GTAA considers immaterial may also materially and adversely affect its business operations.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements or forward-looking information about the GTAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Words such as "believe", "expect", "plan", "intend", "estimate", "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" often identify forward-looking information.

Specific forward-looking information in this document includes, among others, statements regarding the following: the expected impact of COVID-19 including on the long-term financial sustainability of the Airport; expected domestic and international passenger traffic and cargo; expected return to pre-COVID-19 passenger and flight levels; investment in the Airport including with respect to capital projects and physical infrastructure; future Airport demand or activity; the GTAA's borrowing requirements and its ability to access the capital markets; the GTAA's ability to comply with covenants; debt levels and service costs; revenues, cash flows, working capital and liquidity and no funding shortfalls; terminal, airside, infield and other capital developments at the Airport and the funding of the developments; budgets and expenditures relating to capital programs and the funding of such programs; the timing of construction and commencement of operations of facilities currently planned or under construction at the Airport; the use of certain restricted reserve funds; and the funding of outstanding capital commitments.

Given the rapidly evolving circumstances surrounding the COVID-19 pandemic and the resulting economic contraction, there is inherently more uncertainty associated with the material factors and assumptions underlying the forward-looking information contained in this document compared to prior periods. There is very limited visibility on travel demand given changing government restrictions in Canada and around the world. These restrictions and concerns about travel due to the COVID-19 pandemic, including passengers' concerns, are severely inhibiting demand for air travel. The COVID-19 pandemic is also having significant impacts, including on business and consumer spending which may impact demand for travel. The GTAA cannot predict the full impact or the timing for when conditions may improve.

MANAGEMENT'S DISCUSSION & ANALYSIS

Other material factors and assumptions include: the course of the COVID-19 virus and the emergence and spread of variants; availability of rapid, effective testing, vaccinations and effective treatments for the virus; government and passenger actions; the post-pandemic economic recovery; the impact of costs associated with new processes, technology solutions and facility enhancements in response to the COVID-19 pandemic; the GTA's population base and diversified economy will provide the basis for strong aviation demand in the future; air carrier capacity will meet future demand for air travel in the Greater Toronto Area; the Greater Toronto Area will continue to attract domestic and international travelers; no other significant event such as a natural disaster or other calamity will occur that has an impact on the ordinary course of business or the macroeconomic environment; the GTAA will be able to access the capital markets at competitive terms and rates; and no significant cost overruns relating to capital projects will occur. These assumptions are based on information currently available to the GTAA, including information obtained by the GTAA from third-party experts and analysts.

There is significant risk that predictions, forecasts, conclusions and projections, which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information. Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: risks related to the COVID-19 pandemic or other public health emergencies on the GTAA's business; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers and the GTAA's ability to comply with covenants under its MTI and credit facilities post-2021; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk; competition from other airports; wars, riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the GTAA's publicly filed disclosure documents and, in particular, those identified in the Annual Information Form available at www.sedar.com.

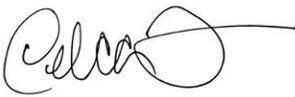
The forward-looking information contained in this document represents expectations as of the date of this report and is subject to change. Except as required by applicable law, the GTAA disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events or for any other reason.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Greater Toronto Airports Authority have been prepared by management and approved by the Board of Directors and the Members of the Greater Toronto Airports Authority. Management is responsible for the preparation and presentation of the information contained in these financial statements and other sections of this Annual Report. The Greater Toronto Airports Authority maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

The Greater Toronto Airports Authority's independent auditor, PricewaterhouseCoopers LLP, have been appointed by the Members of the Corporation to express their professional opinion on the fairness of these financial statements.

The Board of Directors ensures that management fulfills their responsibilities for financial reporting and internal controls through an Audit Committee, which is composed of five directors. This Committee reviews the financial statements and reports to the Board of Directors. The auditor has full and direct access to the Audit Committee.



Deborah Flint
President and Chief Executive Officer



Ian Clarke
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Greater Toronto Airports Authority

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greater Toronto Airports Authority and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of operations and comprehensive (loss) income for the years then ended;
- the consolidated statements of changes in deficit and accumulated other comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 24, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 (in thousands of Canadian dollars)	2020	2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	103,173	30,249
Restricted funds (Note 6)	68,760	68,827
Accounts receivable (Note 7)	93,131	86,741
Ground rent receivable (Note 8)	28,848	2,250
Inventory	14,471	12,416
Prepays	6,444	6,379
	314,827	206,862
Non-current assets		
Restricted funds (Note 6)	349,073	347,374
Intangibles and other assets (Note 9)	151,069	95,570
Property and equipment (Note 10)	5,323,685	5,402,076
Investment property (Note 11)	482,572	473,328
Post-employment benefit asset (Note 14)	64,235	60,433
	6,685,461	6,585,643
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	193,021	290,199
Security deposits and deferred revenue	62,606	84,792
Long-term debt and commercial paper (Note 12)	252,004	141,826
	507,631	516,817
Non-current liabilities		
Deferred credit (Note 9)	11,194	13,396
Post-employment benefit liabilities (Note 14)	12,200	9,096
Long-term debt and credit facilities (Note 12)	6,749,083	6,269,861
Other liabilities (Note 22)	8,090	-
	7,288,198	6,809,170
Deficit and Accumulated Other Comprehensive Loss	(602,737)	(223,527)
	6,685,461	6,585,643

Commitments and Contingent Liabilities (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

Signed on Behalf of the Board



Doug Allingham
Chair

Signed on Behalf of the Board



Johan C. van 't Hof
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(unaudited) (in thousands of Canadian dollars)	2020	2019
	\$	\$
Revenues (Note 18)		
Landing fees	247,972	323,944
General terminal charges	137,661	193,653
Airport improvement fees	128,476	448,082
Car parking and ground transportation	79,566	203,316
Concessions	94,027	167,001
Rentals	118,175	148,243
Other	17,585	37,017
	823,462	1,521,256
Operating Expenses		
Ground rent (Notes 1 and 13)	15,597	170,803
Goods and services (Note 20)	315,340	384,867
Salary, wages and benefits (Note 22)	173,523	201,275
Payments-in-lieu of real property taxes	40,301	38,382
Amortization of property and equipment (Note 10)	324,912	277,350
Amortization of intangibles (Note 9)	11,588	4,454
Amortization of investment property (Note 11)	11,241	9,017
	892,502	1,086,148
(Loss) Earnings before interest and financing costs, net	(69,040)	435,108
Interest income	10,021	11,858
Interest expense on debt instruments and other financing costs	(324,401)	(307,147)
Interest and financing costs, net (Note 12)	(314,380)	(295,289)
Net (Loss) Income	(383,420)	139,819
Items that may be reclassified subsequently to Net (Loss) Income:		
Amortization of terminated hedges and interest rate swap	1,394	4,030
Items that may not be reclassified subsequently to Net (Loss) Income:		
Pension and non-pension remeasurements, net (Note 14)	2,816	6,134
Other Comprehensive Income	4,210	10,164
Total Comprehensive (Loss) Income	(379,210)	149,983

Related party transactions (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Year Ended December 31, 2020 (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2020	(203,237)	(20,290)	(223,527)
Net Loss	(383,420)	-	(383,420)
Amortization of terminated hedges and interest rate swap	-	1,394	1,394
Pension and non-pension remeasurements, net	2,816	-	2,816
Total Comprehensive (Loss) Income for the year	(380,604)	1,394	(379,210)
Balance, December 31, 2020	(583,841)	(18,896)	(602,737)

Year Ended December 31, 2019 (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2019	(349,190)	(24,320)	(373,510)
Net Income	139,819	-	139,819
Amortization of terminated hedges and interest rate swap	-	4,030	4,030
Pension and non-pension remeasurements	6,134	-	6,134
Total Comprehensive Income for the year	145,953	4,030	149,983
Balance, December 31, 2019	(203,237)	(20,290)	(223,527)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 (in thousands of Canadian dollars)	2020	2019
	\$	\$
Cash Flows from (used in) Operating Activities		
Net (Loss) Income	(383,420)	139,819
Adjustments for:		
Amortization of property and equipment	324,912	277,350
Amortization of investment property	11,241	9,017
Amortization of intangibles and other assets	16,684	9,550
Net loss on disposal of property and equipment and intangible assets	106	490
Post-employment benefit plans	2,118	387
Interest and financing costs, net	314,380	295,289
Amortization of deferred credit	(2,202)	(2,202)
Changes in working capital and other:		
Accounts receivable	(6,390)	470
Prepays	(65)	(1,392)
Ground rent receivable	(26,598)	(2,250)
Inventory	(2,055)	(1,201)
Accounts payable and accrued liabilities	(65,103)	3,855
Security deposits and deferred revenue	(22,186)	(43)
Other liabilities	8,090	-
	169,512	729,139
Cash Flows from (used in) Investing Activities		
Acquisition and construction of property and equipment and intangible assets	(341,995)	(421,864)
Acquisition and construction of investment property	(13,708)	(6,644)
Proceeds on disposal of property and equipment	186	116
Increase in restricted funds	(1,632)	(27,465)
	(357,149)	(455,857)
Cash Flows from (used in) Financing Activities		
Issuance of medium-term notes, net of issuance costs	497,043	1,389,965
Repayment of medium-term notes and long-term debt	(19,436)	(318,258)
Issuance (repayment) of commercial paper	109,970	(1,036,493)
Interest paid and other financing costs, net	(327,016)	(300,777)
	260,561	(265,563)
Net Cash Inflow	72,924	7,719
Cash and cash equivalents, beginning of year	30,249	22,530
Cash and cash equivalents, end of year	103,173	30,249

As at December 31, 2020, cash and cash equivalents consisted of cash of \$12.2 million (December 31, 2019 - \$31.0 million), cash equivalents of \$91.1 million (December 31, 2019 - \$nil) less outstanding cheques of \$0.1 million (December 31, 2019 - \$0.8 million).

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. GENERAL INFORMATION

The Greater Toronto Airports Authority ("GTAA") is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act*.

The GTAA is authorized to manage and operate airports within the south-central Ontario region, including the Greater Toronto Area, on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA currently manages and operates Toronto – Lester B. Pearson International Airport (the "Airport") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease").

The GTAA's registered office and principal place of business is located at 3111 Convair Drive, Mississauga, Ontario, Canada.

Airport Subject to Ground Lease

The Ground Lease is the principal document governing the relationship between the GTAA and Transport Canada at the Airport. It determines the rent to be paid and generally allocates risk and responsibilities between the GTAA and the federal government for all matters related to the operation of the Airport. Under the Ground Lease, all revenue and expenditure contracts in effect on December 1, 1996 were assigned to the GTAA. The GTAA did not assume any liability with respect to claims against the federal government incurred prior to December 2, 1996.

By virtue of its status as the tenant under the Ground Lease, the GTAA has the authority to set and collect airline rates and charges; negotiate and issue leases, licenses and permits; and construct and develop the infrastructure of the Airport. The Ground Lease permits the GTAA to pledge its leasehold interest in the Airport as security.

The Ground Lease sets out that if the GTAA were to purchase or enter into an agreement to purchase any land adjacent to or in the vicinity of the Airport for the purposes of managing, operating or maintaining the Airport, the GTAA shall transfer title of such land to the Landlord and that such land shall become part of the Ground Lease.

Properties owned by the GTAA's wholly-owned subsidiaries are not used for the purposes of managing, operating or maintaining the Airport and therefore do not form part of the Ground Lease.

Ground rent is calculated as a percentage of Airport Revenue, as defined by the Ground Lease and related documents, using escalating percentages with the following ranges: 0 per cent for Airport Revenue below \$5.0 million, 1 per cent for Airport Revenue between \$5.0 million and \$10.0 million, 5 per cent for Airport Revenue between \$10.0 million and \$25.0 million, 8 per cent for Airport Revenue between \$25.0 million and \$100.0 million, 10 per cent for Airport Revenue between \$100.0 million and \$250.0 million, and 12 per cent for Airport Revenue in excess of \$250.0 million. The calculation of Airport Revenue is subject to audit by Transport Canada. See Note 8, Ground Rent Receivable, for additional information regarding 2020 ground rent and Note 13, Leases.

The Ground Lease has an initial term of 60 years expiring in 2056, with one renewal term of 20 years.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Handbook for the Chartered Professional Accountants of Canada. These consolidated financial statements were approved by the Board of Directors on March 24, 2021.

In applying the GTAA's accounting policies, as described in Note 3, Significant Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5, Critical Accounting Judgements and Key Source of Estimation Uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of Measurement

The consolidated financial statements have been prepared on a going-concern basis under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities which are measured at fair value.

Principles of Consolidation

These consolidated financial statements include the accounts of the GTAA consolidated with those of its wholly-owned and controlled subsidiaries, Malton Gateway Inc. and Airway Centre Inc. Malton Gateway Inc. was incorporated in 2017 and holds the shares of Airway Centre Inc. Airway Centre Inc. was also incorporated in 2017 to acquire and manage commercial properties that are unrelated to the direct management, operation and maintenance of the Airport.

All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

Segment Reporting

The GTAA consists of two operating segments: the first is for managing, operating and maintaining the Airport and the second is to manage the commercial properties. However, the second operating segment does not meet the quantitative thresholds to be considered a reportable segment as defined by IFRS 8, Operating Segments.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars, which is the GTAA's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the GTAA's functional currency are recognized in the consolidated statements of operations and comprehensive (loss) income.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term, liquid investments with remaining terms to maturity of three months or less.

Inventory

Inventory consists of natural gas and parts and supplies held for use at the Airport. Inventory is stated at the lower of cost and net realizable value. Cost of natural gas is determined using the first-in, first-out method. Cost of parts and supplies is determined using the weighted-average cost method. Net realizable value is determined as being the estimated replacement cost.

Financial Instruments

Financial assets and liabilities are recognized when the GTAA becomes a party to the contractual provisions of the instrument on the trade date. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the GTAA has transferred substantially all risks and rewards of ownership.

At initial recognition, the GTAA classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

- (i) Amortized cost: A financial asset shall be measured at amortized cost if both of the following conditions are met:
 - (a) the financial asset is held in order to collect contractual cash flows; and
 - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:
 - (a) the financial asset is held to collect contractual cash flows and selling financial assets; and
 - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.
- (iii) Fair value through profit or loss ("FVPL"): A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.
- (iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, security deposits and long-term debt. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost using the effective interest method. Long-term debt is recognized initially at fair value, net of any transaction costs incurred and discounts/premiums, and subsequently recorded at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payments are due within 12 months. Otherwise, they are presented as non-current liabilities in the consolidated statements of financial position.

At initial recognition, the GTAA measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of the financial assets carried at FVPL are expensed in profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Subsequent measurement of financial instruments depends on the GTAA's business model for managing the asset and the cash flow characteristics of the asset.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

As at December 31, 2020, the GTAA had no derivative instruments outstanding that have been designated as a hedge. However, certain gains and losses relating to settled hedging instruments are being amortized to the consolidated statements of operations and comprehensive (loss) income over the term to maturity of the previously hedged item (see Note 17, Financial Instruments).

Impairment of Financial Assets

The GTAA recognizes an allowance for expected credit losses for all financial assets not held at fair value through profit or loss. For amounts receivable, the GTAA applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognized upon initial recognition of the receivables. To measure the expected credit losses, the GTAA has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the customer and the economic environment. The GTAA considers a financial asset in default when contractual payment is over 90 days past due. However, in certain cases, the GTAA may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full.

Impairment of Long-lived Assets

Property and equipment, intangibles and other assets and investment property are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The GTAA evaluates impairment by examining long-lived assets for impairment indicators and examines any prior period impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

GTAA as a Lessee

The GTAA assesses whether a contract is or contains a lease at the inception of a contract. The GTAA recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments (including in-substance fixed payments) that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the GTAA uses its incremental borrowing rate which is the rate that the GTAA would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset.

Variable rents that do not depend on an index or rate such as the Ground Lease payments are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as ground rent in the consolidated statements of operations and comprehensive (loss) income (see Note 13, Leases).

Lease payments relating to short-term leases or leases of low-value assets are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

GTAA as a Lessor

Lease income from operating leases where the GTAA is the lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statements of financial position based on their nature.

In arrangements where the GTAA sub-leases an asset to a third party, the GTAA classifies the sub-lease as a finance lease if it transfers a significant portion of the risks and rewards of ownership of the right-of-use asset to the lessee. For finance sub-leases, the GTAA derecognizes the right-of-use asset relating to the head lease, and recognizes a receivable at an amount equal to the net investment in the sub-lease. The GTAA does not have any finance leases as a lessor.

From time to time, the GTAA may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the GTAA applies IFRS 9 in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, Leases, and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

Intangibles and Other Assets

As required under the terms of the Ground Lease, in certain instances, the title of land acquired is transferred to the federal government, while the GTAA retains use of the land. The purchase price for acquired land is recorded as land acquisition costs in the consolidated statements of financial position and amortized on a straight-line basis over the remaining term of the Ground Lease in ground rent expense in the consolidated statements of operations and comprehensive (loss) income.

Computer software costs are capitalized and amortized on a straight-line basis in amortization of intangible assets in the consolidated statements of operations and comprehensive (loss) income over the period of their expected useful lives, which range from three to 10 years.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and borrowing costs.

These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease. No amounts are amortized longer than the lease term plus one renewal option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Property and equipment are amortized at the following annual rates:

Buildings and structures ("Terminal and Airside assets")	Straight-line over two to 60 years
Bridges and approach systems ("Terminal and Airside assets")	Straight-line over five to 40 years
Baggage handling systems	Straight-line over 18 to 25 years
Improvements to leased land	Straight-line over the remaining term of the Ground Lease
Runways and taxiways ("Terminal and Airside assets")	Straight-line over 10 to 40 years
Airport operating assets	Straight-line over two to 40 years

The GTAA allocates the amount initially recognized with respect to an item of property and equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of goods and services expense in the consolidated statements of operations and comprehensive (loss) income.

Assets under construction are transferred to property and equipment when the asset is available for use, and amortization commences at that time.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in interest and financing costs in the consolidated statements of operations and comprehensive (loss) income in the period in which they are incurred.

Investment Property

Investment property is property held for capital appreciation and/or to earn rental income. Property is stated at historical cost less accumulated amortization and any recognized impairment loss, with the exception of land, which is recorded at cost less any accumulated impairment loss.

Amortization on investment property assets is calculated using the straight-line method to allocate an asset's cost over its estimated useful life. Amortization rates for each significant component range from three to 50 years.

The fair value of all investment property is estimated annually. In the year of acquisition, it is assumed that the cost approximates fair value.

Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of operations and comprehensive (loss) income in the period of derecognition. Transfers are made to or from the investment property category only when there is a change in use.

Payments-in-lieu of Real Property Taxes

The GTAA is exempt from the payment of real property taxes under *the Assessment Act (Ontario)*, and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by regulation. The annual PILT is based on actual passenger volumes in a prior year and is subject to a maximum annual increase under the *Assessment Act*. The properties held by Airway Centre Inc. are not subject to PILT, and Airway Centre Inc. and its tenants pay municipal real property taxes in the ordinary course.

Revenue Recognition

The GTAA recognizes revenue when it transfers control over a product or service to a customer and revenue is measured at the transaction price agreed under the contract. The GTAA does not currently have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Landing fees and general terminal charges, net of adjustments, and car parking revenues are recognized as Airport facilities are utilized. Airport Improvement Fees ("AIF") are recognized upon the enplanement of the passenger. AIF revenue is remitted to the GTAA based on airlines self-assessing their passenger counts. An annual reconciliation is performed by the GTAA with air carriers. Concessions revenue and car rental revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum rent guarantees. For contracts that have specified minimum guarantees, revenue is recorded on a straight line basis. Ground transportation revenue is recognized based on a combination of the duration of the term of the licenses and permits, and utilization fees. Rentals revenue is recognized straight-line over the duration of the respective agreements. Other revenue is mainly composed of deicing revenue which is recognized upon arrival of aircrafts.

Post-employment Benefit Obligations

The GTAA maintains defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans for its employees. The cost of defined contribution pension plans is charged to expense as they are earned by employees. The cost of defined benefit plans and other post-employment benefit plans is determined using the projected unit credit method. The related pension asset/liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation as at the consolidated statements of financial position date less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Actuarial valuations for defined benefit plans and other post-employment benefit plans are carried out at each consolidated statement of financial position date.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the consolidated statements of operations and comprehensive (loss) income in subsequent periods.

Past service costs are recognized in net (loss) income when incurred.

For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is based primarily on the extent to which the GTAA can unilaterally reduce future contributions to the plan.

Provisions

Provisions are recognized when the GTAA has a present obligation (legal or constructive) as a result of a past event, when it is more likely than not that the GTAA will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are included in accounts payable and accrued liabilities.

Deferred Financing Costs

Deferred financing costs (except for line of credit fees that are recognized in the period in which they occur) and debt issuance premiums or discounts are included in debt balances and recognized as an adjustment to interest expense over the life of the debt. The GTAA uses the effective interest method to recognize bond interest expense.

Government Grants

In accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, a government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Government grants are recognized in net (loss) income on a systematic basis over the periods in which the GTAA recognizes as expenses the related costs for which the grants are intended to compensate. See Note 22, COVID-19 Impact.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The GTAA has adopted the following amendments to standards effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

a) Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

These standards were amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have an impact on the consolidated financial statements.

b) Amendments to IFRS 3, Business Combinations:

This standard was amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have an impact on the consolidated financial statements.

c) Amendments to IFRS 16, Leases:

This standard was amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendments are effective for periods beginning on or after June 1, 2020. The early adoption of these amendments did not have an impact on the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In applying the GTAA's accounting policies, which are described in Note 3, Significant Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

The following are the critical judgements that management has made in the process of applying the GTAA's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Property and Equipment, Intangibles, Other Assets and Investment Property

Critical judgements are utilized in determining when an item of property and equipment, intangibles, other assets and investment property are available for use as intended by management as well as in determining amortization rates and useful lives of these assets and whether impairments are necessary.

Critical judgement is exercised in determining whether an acquisition of investment property or group of investment properties should be accounted for as an asset acquisition or a business combination.

Expected Credit Loss Provision

Management uses judgement to estimate expected credit losses based on its historical credit loss experience, forward-looking factors specific to the customer and the economic environment. The provision could materially change and may result in significant changes to trade and other receivable balances as management continues to assess credit risk.

IFRIC 12, Service Concession Arrangements

Management has concluded that it does not fall within the scope of IFRIC 12, Service Concession Arrangements, given the current structure of the GTAA's arrangements with Transport Canada, whereby the GTAA is not controlled by a single government.

Leases

In some cases, the GTAA sub-leases land held under the Ground Lease to third parties. Management uses its judgement in determining whether the sub-lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Key Source of Estimation Uncertainty

The following are key assumptions concerning the future, and key source of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

Post-employment Benefit Obligations

The GTAA accounts for pension and other post-retirement benefits through the use of actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including discount rates, expected salary increases and mortality rates. Actual results may differ from results that are estimated based on assumptions. Additional information is disclosed in Note 14, Post-employment Benefit Obligations.

Airport Improvement Fees

AIF is recognized when departing passengers board the aircraft, using information from air carriers obtained after the boarding has occurred. Therefore, management estimates AIF using information obtained from air carriers, if available, as well as its knowledge of the market, economic conditions and historical experience.

6. RESTRICTED FUNDS

Restricted funds consist of certain funds, the use of which is directed by the Master Trust Indenture (“MTI”) dated December 2, 1997, as supplemented or amended from time to time, or Medium-Term Note (“MTN”) offering documents, and which consist of the Debt Service Fund and Debt Service Reserve Fund (the “Trust Funds”) and Operations, Capital and Financing Funds. These funds are invested in cash or eligible short-term financial assets with less than one year to maturity as follows:

As at December 31	2020	2019
	\$	\$
Debt Service Fund		
Principal	8,627	8,121
Interest	60,133	60,706
	68,760	68,827
Debt Service Reserve Funds		
Revenue Bonds		
Series 1997-3 due December 3, 2027	36,773	36,912
Series 1999-1 due July 30, 2029	40,057	40,171
Medium-Term Notes		
Series 2000-1 due June 12, 2030	38,742	38,967
Series 2001-1 due June 4, 2031	35,637	35,821
Series 2002-3 due October 15, 2032	38,215	38,249
Series 2004-1 due February 2, 2034	38,711	38,869
Series 2010-1 due June 7, 2040	22,839	22,887
Series 2011-1 due February 25, 2041	31,922	32,114
Series 2011-2 due December 2, 2041	18,326	18,398
Series 2012-1 due September 21, 2022	12,317	12,376
Series 2018-1 due June 1, 2037	8,296	8,336
Series 2019-1 due April 3, 2029	6,928	6,949
Series 2019-2 due October 17, 2039	12,395	12,435
Series 2020-1 due May 3, 2028	3,855	-
Security for Bank Indebtedness		
Series 1997-C Pledged Bond	4,060	4,890
	349,073	347,374
	417,833	416,201
Less: Current portion	(68,760)	(68,827)
	349,073	347,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, restricted funds consisted of the following:

	2020	2019
	\$	\$
Cash	28,200	28,027
Guaranteed Investment Certificates	389,633	388,174
	417,833	416,201

Trust Funds

The GTAA is required to establish and maintain with the Trustee the Trust Funds in accordance with the terms of the MTI (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities). The Trust Funds are held for the benefit of the bondholders and noteholders for use and application by the Trustee in accordance with the terms of the MTI.

(a) Debt Service Fund (Principal and Interest)

Amounts in the Debt Service Fund are allocated to either a Principal Account or an Interest Account. Amounts in the Debt Service Fund are disbursed by the Trustee to pay interest and principal as they become due.

On a monthly basis, the GTAA is required to deposit into the Principal Account an amount equal to one-twelfth of the total principal amount included in annual debt service, during the term, for any bonds or notes due in such year. During 2020, the principal requirements of the Debt Service Fund were funded through cash flows from operations. The fund balance as of December 31, 2020 was \$8.6 million (December 31, 2019 – \$8.1 million). During 2020, principal of \$19.4 million (December 31, 2019 – \$18.3 million) was paid from the Principal Account of the Debt Service Fund, and \$19.9 million was deposited and/or allocated to the fund by the GTAA for the principal of the Series 1999-1 and MTNs (December 31, 2019 – \$18.8 million).

Also, on a monthly basis, the GTAA is required to deposit into the Interest Account an amount equal to one-sixth of the semi-annual aggregate interest requirement due on all outstanding bonds and MTNs. The fund balance as of December 31, 2020 was \$60.1 million (December 31, 2019 – \$60.7 million).

(b) Debt Service Reserve Funds

To the extent provided in any supplemental indenture, the GTAA is required to set aside funds in the Debt Service Reserve Fund for each series of bond or MTNs. The required amount is established at the time of issue of each series of bond or MTNs and is funded from the proceeds of each issue. Amounts held in the Debt Service Reserve Fund are held in trust for the benefit of the bondholders or noteholders for use and application in accordance with the terms of the MTI.

At the maturity of each series of bond or MTNs, funds not applied by the Trustee will be returned to the GTAA.

Included among these Trust Funds is a Debt Service Reserve Fund related to the \$1.9 billion pledged bond (Series 1997-C) securing the credit facilities (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities).

Operations, Capital and Financing Funds

The GTAA has established an Operating and Maintenance Reserve Fund and a Renewal and Replacement Reserve Fund pursuant to the MTI. The Operating and Maintenance Reserve Fund is calculated as one-sixth of the projected operating and maintenance expenses estimated for the following fiscal year. As at December 31, 2020, this fund was secured by a letter of credit of \$103.0 million (December 31, 2019 – \$103.0 million). This amount is to be used only for operating and maintenance expenses or other purposes as required for the safe, ongoing operation and maintenance of the Airport as set out in the MTI. The Renewal and Replacement Reserve Fund is also secured by a letter of credit of \$3.0 million (December 31, 2019 – \$3.0 million). This amount is to be used for unanticipated repairs to, or the replacement of, property and equipment as set out in the MTI.

7. ACCOUNTS RECEIVABLE

As at December 31	2020	2019
	\$	\$
Trade accounts receivable	84,599	78,418
Canada Emergency Wage Subsidy receivable (Note 22)	16,619	-
Other receivables	10,808	9,088
Less: Expected credit loss allowance	(18,895)	(765)
	93,131	86,741

Included in trade accounts receivable and other receivables is \$3.3 million due from Canadian Air Transportation Security Authority (December 31, 2019 – \$19.2 million) which is a related party for accounting purposes. No provision has been made against these receivables. See Note 15, Related Party Transactions.

8. GROUND RENT RECEIVABLE

Total ground rent receivable on the consolidated statements of financial position was \$28.8 million as at December 31, 2020 (December 31, 2019 – \$2.2 million).

On March 30, 2020, the Government of Canada announced that it would waive ground rent from March 2020 through to December 2020 for Canadian Airport Authorities that pay rent to the federal government. Based on the draft Ground Lease amendment, ground rent expense for 2020 represents 2/12th of the annual ground rent due by the GTAA calculated in accordance with the Ground Lease. As such, the GTAA has recognized a ground rent receivable in the amount of \$14.4 million as at December 31, 2020 (December 31, 2019 – \$2.2 million).

Also included in ground rent receivable was \$14.4 million which represents the GTAA's March 2020 ground rent payment. This amount was subsequently reimbursed by Transport Canada on January 22, 2021.

On December 30, 2020, the Government of Canada announced that it would defer the ground rent for the 2021 lease year, with repayment over a 10-year period beginning in 2024.

9. INTANGIBLES AND OTHER ASSETS

	December 31, 2020		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land acquisition costs	50,763	(12,405)	38,358
Computer software	116,051	(23,820)	92,231
Clean Energy Supply Contract	44,655	(24,175)	20,480
	211,469	(60,400)	151,069
	December 31, 2019		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land acquisition costs	50,763	(11,338)	39,425
Computer software	43,867	(12,232)	31,635
Clean Energy Supply Contract	44,655	(20,145)	24,510
	139,285	(43,715)	95,570

The aggregate amortization expense with respect to land acquisition costs for 2020 was \$1.1 million (2019 – \$1.1 million) and is included in ground rent expense in the consolidated statements of operations and comprehensive (loss) income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the carrying amount of intangible asset costs is as follows:

	Land Acquisition Costs	Computer Software	Total
	\$	\$	\$
Balance, January 1, 2020	39,425	31,635	71,060
Additions	–	72,184	72,184
Amortization expense	(1,067)	(11,588)	(12,655)
Balance, December 31, 2020	38,358	92,231	130,589
Balance, January 1, 2019	40,493	16,153	56,646
Additions	–	19,936	19,936
Amortization expense	(1,068)	(4,454)	(5,522)
Balance, December 31, 2019	39,425	31,635	71,060

On February 1, 2006, the GTAA entered into the Clean Energy Supply Contract (“CES Contract”) with Independent Electricity System Operator (“IESO”) (formerly, the Ontario Power Authority), pursuant to which the GTAA is obligated to have 90 MW of electrical energy available to the Ontario power grid. The term of the CES Contract is for 20 years, subject to early termination rights available to the GTAA. The contract allows for payments by either party, depending on whether net electricity market revenues that the GTAA is deemed to have earned are greater or less than a predetermined threshold, as defined in the CES Contract.

The carrying value of the CES Contract, which was evaluated at \$44.7 million, is being amortized on a straight-line basis over the remaining term of the contract. The amortization expense with respect to the CES Contract value for 2020 was \$4.0 million (2019 – \$4.0 million) and is included in the goods and services expense in the consolidated statements of operations and comprehensive (loss) income.

The GTAA also recorded a deferred credit of \$44.0 million, which is being amortized on a straight-line basis, over the term of 20 years. The unamortized balance at December 31, 2020 was \$11.2 million (December 31, 2019 – \$13.4 million). During 2020, the reduction of the unamortized liability of \$2.2 million (December 31, 2019 – \$2.2 million) was recorded as a reduction to goods and services expense in the consolidated statements of operations and comprehensive (loss) income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

	December 31, 2020						
	Terminal and Airside Assets	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	6,707,999	404,114	9,480	542,179	805,404	538,624	9,007,800
Additions	310	-	-	-	-	246,503	246,813
Disposals	(26,039)	-	-	-	(1,056)	-	(27,095)
Transfers	311,433	48,470	-	52,985	56,389	(469,277)	-
Balance, end of year	6,993,703	452,584	9,480	595,164	860,737	315,850	9,227,518
Accumulated amortization							
Balance, beginning of year	2,674,077	215,361	3,642	232,551	480,093	-	3,605,724
Amortization expense	226,569	16,384	158	20,946	60,855	-	324,912
Disposals	(25,878)	-	-	-	(925)	-	(26,803)
Balance, end of year	2,874,768	231,745	3,800	253,497	540,023	-	3,903,833
Net book value, end of year	4,118,935	220,839	5,680	341,667	320,714	315,850	5,323,685

	December 31, 2019						
	Terminal and Airside Assets	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	6,558,848	396,807	9,480	537,798	753,877	387,545	8,644,355
Additions	273	-	-	-	-	370,481	370,754
Disposals	(485)	-	-	-	(6,824)	-	(7,309)
Transfers	149,363	7,307	-	4,381	58,351	(219,402)	-
Balance, end of year	6,707,999	404,114	9,480	542,179	805,404	538,624	9,007,800
Accumulated amortization							
Balance, beginning of year	2,490,796	200,022	3,484	212,826	427,949	-	3,335,077
Amortization expense	183,600	15,339	158	19,725	58,528	-	277,350
Disposals	(200)	-	-	-	(6,503)	-	(6,703)
Transfers	(119)	-	-	-	119	-	-
Balance, end of year	2,674,077	215,361	3,642	232,551	480,093	-	3,605,724
Net book value, end of year	4,033,922	188,753	5,838	309,628	325,311	538,624	5,402,076

As at December 31, 2020, \$315.9 million (December 31, 2019 – \$538.6 million) of property and equipment was under construction and not yet subject to amortization. Included in this amount is \$12.0 million (December 31, 2019 – \$15.5 million) of capitalized interest. During the year, borrowing costs for active projects were capitalized at the rate of 4.8 per cent, which represents the weighted-average rate of the GTAA's general borrowings (2019 – 4.9 per cent).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTY

As at December 31	2020	2019
	\$	\$
Cost		
Balance, beginning of year	499,964	493,320
Additions	20,485	6,644
Balance, end of year	520,449	499,964
Accumulated amortization		
Balance, beginning of year	26,636	17,619
Amortization expense	11,241	9,017
Balance, end of year	37,877	26,636
Net book value, end of year	482,572	473,328

Investment property consists of a flight simulator facility and commercial properties (land and buildings) owned by the GTAA and its controlled subsidiaries. These properties are leased to third parties.

Office space and building improvements during the year were \$20.5 million. These commercial properties are subject to municipal real property taxes.

The total fair value of all commercial properties, based on an independent valuation, was \$526.9 million as at December 31, 2020 (December 31, 2019 – \$500.3 million). The fair values are within Level 3 of the fair value hierarchy.

For the year ended December 31, 2020, the commercial properties generated \$30.8 million (December 31, 2019 – \$31.4 million) in rental revenue and incurred \$25.0 million (December 31, 2019 – \$23.7 million) in direct operating expenses.

12. LONG-TERM DEBT, COMMERCIAL PAPER AND CREDIT FACILITIES

As at December 31, long-term debt and commercial paper ("CP"), net of unamortized discounts and premiums and accrued interest, consisted of:

Series	Coupon Rate	Maturity Date	Principal Amount	December 31 2020	December 31 2019
			\$	\$	\$
Revenue Bonds					
1997-3	6.45%	December 3, 2027	321,500	320,770	320,466
1999-1	6.45%	July 30, 2029	242,225	247,736	267,450
Medium-Term Notes					
2000-1	7.05%	June 12, 2030	526,550	527,403	527,244
2001-1	7.10%	June 4, 2031	492,150	491,621	491,348
2002-3	6.98%	October 15, 2032	468,960	475,535	475,452
2004-1	6.47%	February 2, 2034	567,428	577,961	577,674
2010-1	5.63%	June 7, 2040	400,000	399,009	398,893
2011-1	5.30%	February 25, 2041	600,000	607,692	607,537
2011-2	4.53%	December 2, 2041	400,000	398,766	398,653
2012-1	3.04%	September 21, 2022	388,000	390,823	390,552
2018-1	3.26%	June 1, 2037	500,000	498,023	497,838
2019-1	2.73%	April 3, 2029	500,000	500,831	500,536
2019-2	2.75%	October 17, 2039	900,000	898,387	898,066
2020-1	1.54 %	May 3, 2028	500,000	498,322	-
			6,806,813	6,832,879	6,351,709
Commercial paper borrowings			170,000	169,958	59,978
				7,002,837	6,411,687
Other fees				(1,750)	-
Less: Current portion (including accrued interest)				(252,004)	(141,826)
				6,749,083	6,269,861

As at December 31, 2020, accrued interest included in the current portion of the long-term debt was \$63.1 million (December 31, 2019 – \$62.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On November 3, 2020, the GTAA issued \$500.0 million Series 2020-1 MTNs due May 3, 2028 at a coupon rate of 1.54 per cent for net proceeds of \$497.8 million. The net proceeds partially paid down the outstanding short-term debt. As at December 31, 2020, the GTAA had borrowing capacity under its Operating Credit Facility available for general corporate purposes of \$1.2 billion, available capacity under its Letter of Credit Facility of \$40.8 million and unrestricted cash of \$103.2 million.

On July 27, 2020, the GTAA successfully completed an amendment to the GTAA's MTI. The MTI amendment temporarily exempts the requirement for the GTAA to comply with its Rate Covenant prescribed under the MTI, which is comprised of two covenant tests, for fiscal years 2020 and 2021. The exemption was sought due to the negative impacts of COVID-19, the unknown duration of the material decline in passenger and flight activity, the risks to achieving covenant compliance and the consequential risks.

On July 31, 2020, the GTAA extended its committed revolving Operating Credit Facility by an additional year to May 22, 2023. Concurrent with the extension, the credit facility syndicate also approved the exemption of the MTI Rate Covenant for fiscal years 2020 and 2021 as it relates to the credit facility agreements.

As at December 31, interest and financing costs, net, consisted of the following:

	2020	2019
	\$	\$
Interest income	10,021	11,858
Interest expense on debt instruments	(326,888)	(315,298)
Capitalized interest	15,855	15,737
Amortization of terminated hedges and interest rate swap	(1,394)	(4,030)
MTI amendment fees	(8,501)	-
Other financing fees	(3,473)	(3,556)
	(324,401)	(307,147)
Interest and financing costs, net	(314,380)	(295,289)

With the exception of Series 1999-1 revenue bonds, principal on each series of revenue bond and MTNs is payable on the maturity date. Series 1999-1 are amortizing revenue bonds repayable in scheduled annual installments of principal, payable on July 30 of each year. These payments commenced July 30, 2004 and will continue until maturity in 2029.

Set out below is a comparison of the amounts that would be reported if long-term debt amounts were reported at fair values. Fair values were based on quoted market rates for GTAA bonds as at the date of the consolidated statements of financial position. The fair values are within Level 2 of the fair value hierarchy.

	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
	\$	\$	\$	\$
Long-term debt	6,832,879	8,696,473	6,351,709	7,882,290

All notes are redeemable in whole or in part at the option of the GTAA at any time.

Each series of notes issued after 2017 has a specific par call date which occurs before the respective maturity date of each series. Any redemptions after the par call date would occur at the bond's respective par value. Any redemptions made prior to the par call date would be subject to the redemption price. The redemption price is defined as the greater of (i) the face value amount plus accrued and unpaid interest and (ii) the price based on yields over Government of Canada bonds with similar terms to the par call date (calculated from the redemption date).

Each series of notes issued prior to 2017 has no par call date. The redemption price is defined as the greater of (i) the face value amount plus accrued and unpaid interest and (ii) the price based on yields over Government of Canada bonds with similar terms to maturity (calculated from the redemption date).

There are no material non-cash changes affecting liabilities from financing activities.

Credit Facilities

The GTAA has a \$1.4 billion Operating Credit Facility, which is used for general corporate purposes to fund capital projects or operating expenses, as required, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2020, \$170.0 million of CP was outstanding (December 31, 2019 – \$60.0 million), no amounts were drawn from the Operating Credit Facility (December 31, 2019 – \$nil), \$109.2 million of the \$150.0 million Letter of Credit Facility was utilized (December 31, 2019 – \$109.2 million), and no amounts were secured by the \$150.0 million hedge facility. As at December 31, 2020, the GTAA's Operating Credit Facility had \$1.2 billion available for general corporate purposes, which is the balance net of \$170.0 million used as backstop against the outstanding CP issuances. Indebtedness under the credit facility bears interest at rates that vary with the lenders' prime rate, Bankers' Acceptance rates and LIBOR, as appropriate.

13. LEASES

Ground Lease

The GTAA's commitment with respect to the annual Ground Lease is based on set percentage levels of the GTAA's revenues (see "Airport Subject to Ground Lease" in Note 1, General Information). Ground rent expense in 2020 was \$14.5 million (2019 – \$169.7 million) excluding amortization of land acquisition costs (see Note 8, Ground Rent Receivable and Note 9, Intangibles and Other Assets).

Other Leases as a Lessor

The GTAA leases, under operating leases, land and certain assets that are included in property and equipment and investment property to various third parties. Many leases include renewal options, in which case they are subject to market price revision. The lessees do not have the ability to acquire the leased assets at the end of the lease.

Income from subleasing land in the year was \$26.7 million (2019 – \$28.9 million).

Variable payments form part of certain lease agreements. Total variable payments recognized in the consolidated statements of operations and comprehensive (loss) income for 2020 was \$23.8 million (2019 – \$64.6 million).

Future minimum lease receipts (excluding variable payments) from non-cancellable leases are as follows:

	2021	2022	2023	2024	2025	Thereafter
	\$	\$	\$	\$	\$	\$
December 31, 2020	104,055	78,147	59,028	44,520	35,207	316,764
December 31, 2019	195,245	174,898	105,974	63,729	39,951	322,555

14. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined Benefit Pension Plans

The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan. The other defined benefit pension plan is a registered pension plan for certain retired senior executives of the GTAA. Both plans do not accept new members.

The GTAA measures its accrued benefit obligations and the fair value of plan assets for both of its defined benefit pension plans for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2020, and the next required valuation is as of January 1, 2021.

(a) Characteristics of the Plans

Benefit obligations are estimated using the projected unit credit method. Under this method, each participant's benefits under the plans are attributed to years of service, taking into consideration future salary increases (as applicable) and the plan's benefit allocation formula. The GTAA's net obligation is calculated separately for each plan and is determined as the benefit obligation less the fair value of plan assets.

When the above calculations result in a benefit to the GTAA, the recognized asset is limited to the net total of the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The plans are final average earnings pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the registered plan and for one supplemental plan member, pensions paid are indexed with inflation.

The weighted-average duration of the defined benefit plans is 14.2 years.

(b) Risks Associated with the Plans

The nature of these benefits exposes the GTAA to a number of risks, the most significant of which are as follows:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform the discount rate, this will create a deficit under the plan. The pension plans currently invest approximately 61 per cent in equities, which may outperform corporate bonds in the long term, but may contribute to volatility in valuation and risk in the short term.

(ii) Changes in Bond Yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the pension plan's assets invested in fixed income.

(iii) Inflation Risk

The majority of the defined benefit plans' obligations are linked to inflation, with higher inflation leading to higher liabilities. The majority of the plan's assets may have some correlation with inflation and, as such, an increase in inflation may reduce any surplus and/or increase any deficit.

(iv) Life Expectancy

The majority of the plans' obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the plans' liabilities, with the exception of life insurance liabilities.

(c) Amounts Recognized in the Financial Statements

The amounts recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2020	2019
	\$	\$
Present value of funded obligation	(218,096)	(203,065)
Fair value of plan assets	282,331	263,498
Funded status - surplus	64,235	60,433
Net defined benefit asset	64,235	60,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The combined movement in the two defined benefit pension plans as at December 31 is as follows:

	2020	2019
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	203,065	183,190
Current service cost	2,029	2,092
Interest cost	6,036	6,798
Benefits paid	(7,669)	(7,884)
Employee contributions	344	388
Other	1,111	-
Remeasurements:		
Loss from changes in financial assumptions	14,433	17,999
Experience (gain) loss	(1,253)	482
Balance, end of year	218,096	203,065
Plan assets		
Fair value, beginning of year	263,498	235,901
Interest income	7,774	8,807
Return on plan assets, excluding amounts included in interest income	17,969	24,693
Employer contributions	823	1,846
Employee contributions	344	388
Benefits paid	(7,669)	(7,884)
Administrative expenses paid from plan assets	(408)	(253)
Fair value, end of year	282,331	263,498
Funded status – surplus	64,235	60,433

As at December 31, 2020, each of the GTAA's defined benefit pension plans was in a surplus position. One plan was in a surplus position of \$63.7 million (2019 – \$59.3 million), with an accrued obligation of \$200.8 million (2019 – \$186.3 million) and a fair value of plan assets of \$264.5 million (2019 – \$245.6 million). The other plan was in a surplus position of \$0.5 million (2019 – \$1.1 million), with an accrued obligation of \$17.3 million (2019 – \$16.7 million) and a fair value of plan assets of \$17.8 million (2019 – \$17.8 million).

The GTAA's net defined benefit pension plan expense for the year ended December 31 is as follows:

	2020	2019
	\$	\$
Current service cost	2,029	2,092
Interest cost	6,036	6,798
Interest income	(7,774)	(8,807)
Other	1,111	-
Administrative expenses	342	342
Defined benefit pension plan expense recognized in net (loss) income	1,744	425
Amounts recognized in other comprehensive income:		
Loss from changes in financial assumptions	14,433	17,999
Experience (gain) loss	(1,253)	482
Return on plan assets	(17,903)	(24,782)
Total remeasurements recognized in accumulated other comprehensive loss	(4,723)	(6,301)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the net defined benefit asset as at December 31 is as follows:

	2020	2019
	\$	\$
Net defined benefit asset, beginning of year	60,433	52,711
Defined benefit cost included in net (loss) income	(1,744)	(425)
Total remeasurements included in other comprehensive income	4,723	6,301
Employer contributions	823	1,846
Net defined benefit asset, end of year	64,235	60,433

The accrued benefit obligation by participant status as at December 31 is as follows:

	2020	2019
	\$	\$
Active members	68,688	66,009
Vested deferreds	8,223	10,129
Retirees	141,185	126,927
Accrued benefit obligation	218,096	203,065

The GTAA's plan assets consist of the following as at December 31:

Asset Category	Fair Value of Plan Assets	
	2020	2019
Equity securities	61%	61%
Fixed income	39%	39%

The fair values of equity and fixed income plan assets are primarily based on quoted market prices in active markets.

d) Significant Actuarial Assumptions

The significant actuarial assumptions used in measuring the GTAA's accrued defined benefit pension plan obligations are as follows (weighted-average assumptions as at December 31):

	2020	2019
Discount rate	2.57%	3.09%
Rate of compensation increase	2.50%	3.00%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
Long-term rate of return on plan assets	4.80%	4.30%

Mortality rates have been established in accordance with the Canadian Pensioners' Mortality Table Private Sector published by the Canadian Institute of Actuaries.

e) Future Cash Flows

The sensitivity of the post-employment benefit obligation to changes in the weighted-average significant actuarial assumptions as at December 31, 2020 would be as follows:

	Change in Assumption	Increase in Assumption	Decrease in Assumption
		\$	\$
Discount rate	1.00 %	(26,792)	33,180
Rate of price inflation	1.00 %	30,058	(25,446)
Mortality	1 year	7,443	(7,443)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligation to significant actuarial assumptions, the same method (present value of the obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

As at January 1, 2020, the registered defined benefit plan had a funding valuation solvency surplus of \$16.3 million. The supplementary defined benefit plan had a solvency deficit of \$0.2 million as at January 1, 2020. The GTAA has fully funded this deficit.

Expected contributions, benefit payments and administrative expenses for both defined benefit pension plans for the year ended December 31, 2021 are \$1.8 million, \$8.6 million and \$0.3 million, respectively.

Defined Contribution Pension Plan Expense

The GTAA maintains four pension plans with defined contribution provisions providing pension benefits to employees who commenced working for the GTAA after December 1996 as well as those former Transport Canada employees who elected to transfer their pension credits to the GTAA plan. The net expense for the defined contribution pension plans in 2020 was \$5.4 million (2019 – \$5.9 million).

The GTAA's contribution to the registered defined contribution pension plans is a maximum of 6.5 per cent of the employee's gross earnings. For designated employees of one unfunded supplemental plan, the GTAA's notional contribution equals 16 per cent of the employee's gross earnings less amounts already contributed to the plan by the employee and the GTAA. Recorded in post-employment benefit liabilities on the consolidated statements of financial position is the estimated obligation for this plan at December 31, 2020 of \$4.0 million (December 31, 2019 – \$3.3 million).

On January 1, 2021, certain employees, under the terms of their collective agreement, became members of the College of Applied Arts and Technology Pension Plan ("CAAT Pension Plan"). Similar to the GTAA's defined contribution pension plan, the GTAA's contributions to the CAAT Pension Plan is a maximum of 6.5 per cent of the employee's gross earnings. This will cause all future employer contributions to be made to the CAAT Pension Plan instead of the GTAA defined contribution pension plan.

Severance Entitlement Plan

The GTAA has a severance entitlement plan for certain employees under the terms of their collective bargaining agreement. The plan provides a payment upon retirement, resignation, termination or death to eligible employees or their beneficiaries based on years of service and vesting restrictions. The GTAA records the cost of this obligation based on an independent actuarial valuation updated annually.

Since the GTAA's accrued severance entitlement plan is unfunded, the net obligation is equal to the sum of the benefit obligations for all the members under this plan. As at December 31, 2020, the balance of the accrued benefit obligation was \$3.5 million (2019 – \$2.8 million), the post-employment benefit expense recognized in net (loss) income for the year ended December 31, 2020 was \$0.2 million (2019 – \$0.2 million), benefits paid were \$0.2 million (2019 – \$nil) and the non-pension remeasurements loss recognized in other comprehensive income was \$0.7 million (2019 – gain of \$0.2 million).

Other Employee Future Benefits

Certain employees are provided with paid-up life insurance at the time of retirement. At December 31, 2020, the estimated obligation for this payment is \$4.7 million (December 31, 2019 – \$3.0 million), the post-employment benefit expense recognized in net (loss) income for the year ended December 31, 2020 was \$0.5 million (2019 – \$0.3 million), and the non-pension measurement loss recognized in other comprehensive income was \$1.2 million (2019 – \$nil). This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

15. RELATED PARTY TRANSACTIONS

Related Parties

As a corporation without share capital, the GTAA has Members rather than shareholders. The Members of the GTAA are also its directors. The GTAA is governed by a 15-member Board of Directors. Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. Five Directors are elected by the Members from candidates nominated by the following municipalities: the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto. Two Directors are elected by the Members from nominees of the Government of Canada and one Director is elected by the Members from a nominee of the Province of Ontario.

The Government of Canada, and its respective government-related entities, are considered related parties for accounting purposes only due to their ability to nominate Members and due to the material nature of the Ground Lease (see Note 1, General Information, Airport Subject to Ground Lease). In accordance with IFRS, this meets the definition of significant influence, but not control.

The GTAA has applied the exemption for government-related entities to disclose only significant transactions. See Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority, Note 13, Leases, for amounts due under the Ground Lease and Note 22, COVID-19 Impact, for information on the Canada Emergency Wage Subsidy program.

Compensation of Key Management and Directors

The GTAA's related parties also includes Key Management personnel. Key Management includes the CEO, the CFO and the Vice Presidents who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. The GTAA's Board of Directors collectively oversee the management and operation of the Airport. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of Management.

The following table includes compensation to Key Management personnel and Members of the Board of Directors for the years ended December 31 included in the consolidated statements of operations and comprehensive income.

	2020	2019
	\$	\$
Salaries, fees and short-term benefits	10,476	9,283
Post-employment benefits	847	828
Other long-term benefits	17	16
Total (included in salaries, wages and benefits)	11,340	10,127

16. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2020 of approximately \$157.8 million (December 31, 2019 – \$297.7 million).

Letters of Credit

A number of letters of credit for \$109.2 million in total were outstanding as at December 31, 2020 (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities).

Cogeneration Plant

The GTAA has entered into certain contracts in order to secure the supply and delivery of natural gas necessary for anticipated future operations of the Cogeneration Plant. Under these contracts, the GTAA will be required to make payments relating to both the delivery of natural gas based on standard rate agreements and the cost of natural gas as determined by market rates. The GTAA has also entered into a delivery contract that establishes a maximum volume of natural gas inventory that the GTAA is permitted to maintain, as of November 30 of each year. The GTAA has the option to dispose of natural gas in excess of this maximum volume either through consumption or through the sale of natural gas to third parties.

Contingent Liabilities

The GTAA is subject to legal proceedings and claims from time to time that arise in the normal course of business. Where appropriate, the GTAA has recorded provisions while it actively pursues its position. Where it is the opinion of management that the ultimate outcome of these matters will not result in a probable outflow of cash, no provisions have been recorded.

17. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Fair value measurements recognized in the consolidated statements of financial position must be categorized in accordance with the following levels:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Observable inputs other than quoted prices included in Level 1 such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; or
- c) Level 3 – Significant unobservable inputs that are supported by little or no market activity.

Financial instruments that are not measured at fair value in the consolidated statements of financial position are represented by accounts receivable, accounts payable and accrued liabilities, security deposits, long-term debt and commercial paper, and other liabilities. The fair values of these items, excluding long-term debt, approximate their carrying values due to their short-term nature. The fair value of long-term debt is disclosed in Note 12, Long-Term Debt, Commercial Paper and Credit Facilities.

Restricted funds are categorized as Level 2 as the GTAA uses observable inputs such as yield curves applicable to identical assets to fair value this group.

There were no transfers of financial instruments between the levels during the year.

Risk Management

In the normal course of business, the GTAA is exposed to a number of financial risks that can affect its operating performance. The GTAA's overall financial risk management program seeks to minimize potential adverse effects on the GTAA's financial performance.

The GTAA's treasury function is responsible for the procurement of the GTAA's capital resources and for the management of financial risk. All treasury operations are conducted within policies and guidelines approved by the Board of Directors and are within the requirements set out in the MTI. Compliance with these policies is monitored by the regular reporting of treasury activities to the Audit Committee of the Board. The GTAA's operating activities result in financial risks that may arise from changes in market risk, credit risk and liquidity risk.

Market Risk

(a) Interest Rate Risk

The GTAA's exposure to interest rate risk relates to its MTNs and short-term borrowing as described in Note 12, Long-Term Debt, Commercial Paper and Credit Facilities. As at December 31, 2020, all of the GTAA's MTNs are fixed-rate carried liabilities and, therefore, changes in interest rates do not have an impact on interest payments but may have an impact on the fair value of this debt. The borrowings under the CP program and credit facilities will fluctuate in accordance with changes in interest rates; however, this is not considered significant.

The GTAA also has exposure to interest rate risk through its short-term investments in restricted funds (see Note 6, Restricted Funds) and other borrowings (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities). As at December 31, 2020, \$389.6 million of the GTAA's short-term investment holdings carried various terms to maturity from one to 365 days. Therefore, changes in the interest rate would not have a significant impact on the fair value of restricted funds due to the short-term nature of the investments. The remaining funds were invested in savings accounts that are highly liquid, and therefore the principal balances were protected regardless of changes in interest rates.

(b) Foreign Currency Rate Risk

The GTAA undertakes certain transactions denominated in foreign currencies, primarily the U.S. dollar. However, the GTAA's exposure to any foreign currency risk is not significant.

Credit Risk

Credit risk is the risk that a loss may occur from the failure of another party to perform according to the terms of the contract, causing the other party to suffer a loss. The GTAA is subject to credit risk through its financial assets, which include cash and cash equivalents, restricted funds and accounts receivables. The GTAA performs ongoing credit valuations of these balances and maintains valuation allowances for potential credit loss.

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(a) Cash and Cash Equivalents and Restricted Funds

The GTAA invests its cash and cash equivalents and restricted funds in highly rated investment instruments with low risk profiles according to the guidelines specified in the MTI. The MTI requires that the GTAA invest its restricted funds with financial institutions with investment grade rates of AA or higher. The GTAA also has the ability to invest in highly rated government investment instruments.

The credit quality of cash and cash equivalents and restricted funds that are neither past due nor impaired can be assessed by reference to external credit ratings (if available):

As at December 31	2020	2019
	\$	\$
Cash and Cash Equivalents		
AA	103,173	30,249
Restricted funds		
AA	417,833	365,689
AA low	–	50,512
	417,833	416,201

(b) Accounts Receivable

Credit risk with respect to accounts receivable is managed by the GTAA's credit evaluation process, reasonably short collection terms and the creditworthiness of its customers. The GTAA regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual losses.

Before accepting a new air carrier, the GTAA uses an external credit scoring system to assess the potential customer's credit quality, as well as an internal credit rating system. All customers are subject to credit checks and require prepayment or a deposit in the form of cash, a letter of credit or a letter of guarantee. Operational and credit-related reviews for aeronautical customers are seasonally reviewed for adequacy. Should the requirements for security deposits change, new payment terms or deposit requirements will be established. A security deposit is required for most non-aeronautical customers as well. Credit checks for these latter customers are performed at the time of the agreement negotiations, renewals and amendments.

An expected credit loss allowance is maintained, consistent with the credit risk, historical trends, general economic conditions and other information and is taken into account in the consolidated financial statements.

The credit quality of accounts receivable are assessed by reference to external credit ratings (if available). As at December 31, 2020, \$24.0 million in accounts receivables had an external credit rating of A or higher and \$43.2 million had a rating of B or higher. An external credit rating was not available for the remaining accounts receivable balance.

There is a concentration of service with two air carriers that represent approximately 51.9 per cent (2019 – 45.4 per cent) of total revenue, and 8.6 per cent (2019 – 11.9 per cent) of the accounts receivable balance, excluding prepayments and/or deposits on hand, at December 31, 2020.

Liquidity Risk

Liquidity risk is the risk that the GTAA will not be able to meet its financial liabilities and obligations as they become due.

The GTAA manages liquidity risk by maintaining adequate cash and available credit facilities. The COVID-19 pandemic is placing downward pressures on the GTAA's liquidity. The GTAA has taken steps to limit this that include extending the commitments available under its revolving credit facility to 2023 to provide additional flexibility in light of the continuing impact of the COVID-19 pandemic on the GTAA's revenues and operations, and reducing and deferring operational and capital expenditures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The GTAA has an internal financial risk policy that includes a statement that the GTAA will always maintain available liquidity of at least \$200 million. During the MTI covenant exemption period, the GTAA will, within five days of the end of each quarter, publish on the GTAA's website if such available liquidity at the end of a quarter is below \$200 million.

Quarterly cash flow projections are prepared by management and reviewed by the Audit Committee to ensure a sufficient continuity of funding. To maintain a flexible program, debt maturities are spread over a range of dates, thereby ensuring that the GTAA is not exposed to excessive refinancing risk in any one year or any period within one year.

The GTAA maintains credit facilities and a CP program and executes a Capital Markets Platform to meet cash needs as debt maturities occur (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities, and Note 21, Capital Risk Management). The GTAA mitigates risk related to liquidity in the CP program via the credit facilities available under its lines of credit.

The table below analyzes the GTAA's financial liabilities by relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations, as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. It includes both principal and interest cash flows.

	December 31, 2020			
	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	\$	\$	\$	\$
Accounts payable and accrued liabilities	42,538	150,483	-	-
Commercial paper	54,997	114,961	-	-
Long-term debt	7,812	337,384	2,066,797	8,640,672
	105,347	602,828	2,066,797	8,640,672
	December 31, 2019			
	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	\$	\$	\$	\$
Accounts payable and accrued liabilities	63,831	226,368	-	-
Commercial paper	59,978	-	-	-
Long-term debt	8,439	329,057	2,040,092	8,454,823
	132,248	555,425	2,040,092	8,454,823

Additional disclosure about the GTAA's credit facilities and long-term debt can be found in Note 12, Long-Term Debt, Commercial Paper and Credit Facilities.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statements of financial position where the GTAA currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the GTAA enters into various arrangements that do not meet the criteria for offsetting in the consolidated statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the financial instruments which may be subject to enforceable master netting arrangements or other similar agreements but not offset, as at December 31, 2020 and 2019, and shows in the "Net Amount" column what the net impact would be on the GTAA's consolidated statements of financial position if all set-off rights were exercised in circumstances described above. As at December 31, 2020, no recognized financial instruments are offset in the consolidated statements of financial position.

	December 31, 2020		
	Gross Amount Presented in the Consolidated Statements of Financial Position	Related Accounts Not Set Off in the Consolidated Statements of Financial Position	Net Amount
	\$	\$	\$
Financial assets			
Accounts receivable	93,131	(24,328)	68,803
Restricted funds	417,833	(413,773)	4,060
	510,964	(438,101)	72,863
Financial liabilities			
Security deposits	(24,328)	24,328	-
Long-term debt (including current portion)	(6,832,879)	413,773	(6,419,106)
	(6,857,207)	438,101	(6,419,106)
			December 31, 2019
	Gross Amount Presented in the Consolidated Statements of Financial Position	Related Accounts Not Set Off in the Consolidated Statements of Financial Position	Net Amount
	\$	\$	\$
Financial assets			
Accounts receivable	86,741	(32,289)	54,452
Restricted funds	416,201	(411,311)	4,890
	502,942	(443,600)	59,342
Financial liabilities			
Security deposits	(32,289)	32,289	-
Long-term debt (including current portion)	(6,351,709)	411,311	(5,940,398)
	(6,383,998)	443,600	(5,940,398)

18. REVENUE

During the year, the GTAA recognized \$665.0 million (2019 – \$1.3 billion) from contracts with customers and \$158.5 million (2019 – \$247.0 million) of revenue was recognized under IFRS 16, Leases.

Deferred revenue was \$52.3 million as at December 31, 2019, and was fully recognized in the consolidated statements of operations and comprehensive (loss) income in 2020. \$44.1 million of cash was received during the year that related to performance obligations yet to be satisfied resulting in a deferred revenue balance of \$44.1 million as at December 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2020	2019
	\$	\$
Trade payables	76,829	58,211
Accrued expenses	110,117	222,037
Commodity sales tax payable	151	3,021
Provisions	1,455	1,943
Other liabilities	4,469	4,987
	193,021	290,199

20. GOODS AND SERVICES EXPENSE BY NATURE

Years Ended December 31	2020	2019
	\$	\$
Property and equipment maintenance and repairs	65,418	100,619
Outsourcing and professional services	106,120	131,717
Utilities	19,212	21,165
Policing and security	35,898	40,306
Snow removal	25,923	36,312
AIF administration fee	5,146	17,923
Small parts and material supplies	7,108	7,926
Insurance	7,196	6,314
Expected credit loss	18,487	418
Other	24,832	22,167
	315,340	384,867

21. CAPITAL RISK MANAGEMENT

The GTAA defines its capital as current and long-term portions of debt; borrowings under the CP program; borrowings, if any, under the GTAA's credit facilities (see Note 12, Long-Term Debt, Commercial Paper and Credit Facilities); cash; and restricted funds (see Note 6, Restricted Funds).

The GTAA's objectives when managing capital are to:

- Maintain a capital structure and an appropriate credit rating that provide financing options to the GTAA when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity or resulting in a downgrade to the credit ratings of the existing indebtedness;
- Maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments; and
- Satisfy covenants set out in the MTI, in applicable years.

The GTAA is a corporation without share capital and, accordingly, is funded through operating revenues, AIF revenue, restricted funds, the debt capital and CP markets and its bank credit facilities. The GTAA uses a rate-setting methodology that targets levels of cash flow sufficient not only to fund operating expenses, maintenance and restoration capital expenditures, and partial debt repayment but also, in most years, to fund certain other capital investments. Consistent with this mandate, any excess funds generated by the GTAA are reinvested in the Airport.

Capital Markets Platform

The GTAA's ongoing capital requirements, as noted above, are financed through the issuances of debt. The GTAA maintains a financing program referred to as the Capital Markets Platform, capable of accommodating a variety of corporate debt instruments. All indebtedness incurred under the Capital Markets Platform is secured under the MTI, which establishes common security and a set of common covenants by the GTAA for the benefit of all its lenders. The security is comprised of: an assignment of the revenues of the GTAA; a specific charge on certain funds; restricted funds and accounts; an unregistered first leasehold mortgage of the GTAA's leasehold interest in the Airport; and a guarantee and related collateral security of subsidiaries, as designated from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Debt Service Reserve Funds are funded from the net proceeds of each bond or MTN issuance (see Note 6, Restricted Funds). The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; (as such capitalized terms are defined in the MTI). Both covenant tests exclude amortization of property and equipment, investment property and intangible assets from expenses. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further determines whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets.

The GTAA sets its rates and charges, fees and rentals so that these two covenants under the MTI are met. However, on July 27, 2020, the GTAA successfully completed the amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of the two covenant tests, for fiscal years 2020 and 2021.

22. COVID-19 IMPACT

The COVID-19 pandemic and resulting economic contraction has had, and is expected to continue to have, a material negative impact on demand for air travel globally. Toronto Pearson has experienced material declines in passenger and flight activity since March 2020, as compared to the same periods in 2019. Management continues to analyze the extent of the financial impact of COVID-19, which is and continues to be material. While the full duration and scope of the COVID-19 pandemic cannot be known at this time, the GTAA believes that the pandemic will not have a material impact on the long-term financial sustainability of the Airport.

The GTAA has received payments from the Canada Revenue Agency under the Canada Emergency Wage Subsidy program. The Canadian government has extended the program until June 2021. The total amount claimed under the program in 2020 was \$48.8 million; \$46.4 million of which was recorded on the consolidated statements of operations and comprehensive (loss) income and \$2.4 million was recorded against assets under construction in property and equipment on the consolidated statements of financial position. As at December 31, 2020, the balance included in accounts receivable on the consolidated statements of financial position was \$16.6 million (2019 – \$nil). See Note 7, Accounts Receivable.

On July 14, 2020, Toronto Pearson announced the reduction of approximately 500 positions due to impacts created by COVID-19. As at December 31, 2020, the GTAA has estimated the financial impact of the restructuring to be approximately \$22.5 million which is recorded in salary, wages and benefits expense on the consolidated statements of operations and comprehensive (loss) income. Throughout the year, payments of \$6.3 million have been made, resulting in a balance of \$14.5 million (2019 – \$nil) in accounts payable and accrued liabilities on the consolidated statements of financial position. Also included in other liabilities was a balance of \$1.7 million related to the restructuring program (December 31, 2019 – \$nil).

DISCLOSURE REQUIREMENTS OF THE GROUND LEASE

Subsection 9.01.07, Paragraphs (a) to (g) of the Ground Lease requires the Greater Toronto Airports Authority ("GTAA" or "Corporation") to publish in its Annual Report the following:

a) Audited Financial Statements

The auditors' report and the audited financial statements are found on pages 100 to 132 and the summary of affairs (Management's Discussion and Analysis or "MD&A") is found on pages 74 to 99 of the Annual Report.

b) Report on the Business Plan and Objectives for 2020

The projected cash flows in any year constitute the business plan for that year. The business plan for 2020 is the 2020 summary of projected cash flows, which is found below in Paragraph (c) (the "2020 Business Plan"). A report on the GTAA's performance relating to the 2020 Business Plan is discussed in Paragraph c) below and in the MD&A.

c) Variances and Corrective Measures with Respect to the Report on the 2020 Business Plan

The following table provides a comparison between the 2020 actual results and the 2020 Business Plan.

(in millions, unaudited)	2020		Favourable/ (Unfavourable)
	Actual	Business Plan	
	\$	\$	\$
Revenues	823,462	1,554,185	(730,723)
Operating expenses	(544,761)	(859,852)	315,091
Earnings before interest and amortization, net	278,701	694,333	(415,632)
Amortization	(347,741)	(290,021)	(57,720)
Interest expense and financing costs, net ⁽¹⁾	(314,380)	(298,475)	(15,905)
Consolidated net income (loss)	(383,420)	105,837	(489,257)
Add: Amortization	347,741	290,021	57,720
Add: Interest expense and financing costs, net ¹	314,380	298,475	15,905
Add: Other non-cash items	5,118	-	5,118
Add: Changes in working capital	(122,397)	-	(122,397)
Cash flow from operations	161,422	694,333	(532,911)
Less: Acquisition and construction of property, expenditures, and intangible assets	(341,809)	(610,000)	268,191
Less: Acquisition and construction of investment property	(13,708)	-	(13,708)
Less: Interest paid and other financing costs, net	(327,016)	(298,475)	(28,541)
Cash source (use) before capital sources	(521,111)	(214,142)	(306,969)

⁽¹⁾ Includes interest income of \$10 million.

For a more complete discussion of the 2020 financial results and capital projects, see the MD&A and the Annual Information Form for the year ended December 31, 2020, copies of which are available on SEDAR at www.sedar.com. The GTAA's MD&A is also available on its website at www.torontopearson.com.

For the year ended December 31, 2020, Consolidated Net Loss for the GTAA was \$489.3 million unfavourable to the 2020 Business Plan, primarily as a result of lower revenue primarily due to the COVID-19 pandemic.

For the year ended 2020, revenues were \$730.7 million unfavourable to the 2020 Business Plan, primarily due to COVID-19 and travel restrictions driving reduced aviation activity and therefore lower maximum take-off weight ("MTOW"), Seats and AIF revenues. The significantly reduced passenger activity negatively impacted concession and rental revenues including reductions due to reduced minimal annual guarantees negotiated with commercial partners.

DISCLOSURE REQUIREMENTS OF THE GROUND LEASE

For the year ended 2020, operating expenses were \$315.1 million favourable to the 2020 Business Plan, primarily due to the Federal Government decision to waive 10 months of ground rent payments and various cost reduction initiatives undertaken by management including a reduction in costs related to passenger and baggage flow, temporarily closing operating access to over 40 per cent of the terminal facilities and reductions in various contract service levels and discretionary costs. There was also a reduction in AIF administration fees due to the lower passenger volumes and lower snow removal costs as a result of milder winter weather conditions in 2020. These decreases were partially offset by increases in allowance for bad debt, information technology costs, asset write-offs, Healthy Airport initiatives and severance costs incurred due to the workforce reduction undertaken in 2020.

For the year ended 2020, amortization expenses were \$57.7 million unfavourable to the 2020 Business Plan, primarily due to a change in the estimated useful life of certain terminal assets which resulted in an increase in amortization.

For the year ended 2020, interest expense, net of interest income, was \$15.9 million unfavourable to the 2020 Business Plan, primarily due to incremental short-term borrowings since March 2020 due to the COVID-19 impacts on operations, and \$8.5 million of costs related to obtaining the Master Trust Indenture ("MTI") amendment in July 2020.

Due to the COVID-19 pandemic and its impact on passenger volumes, the GTAA undertook a review of its capital program and significantly reduced its 2020 Business Plan of \$610 million to \$345 million. Deferred and delayed capital projects are reviewed on a regular basis and will be brought back online based on future needs to better align the timing of capital projects with air travel activity and cash flow requirements. Spend during the year primarily related to certain ongoing projects such as the Airside Pavement Restoration Program, the Terminal 1 Pier G expansion, the Terminal 1 Concourse F Sectorization and the baggage-handling improvements in Terminal 1 and Terminal 3. A further discussion of key projects can be found in the "Capital Projects and Acquisitions" section of the MD&A.

Pursuant to the MTI, the deposit to the Notional Principal Fund and the letter of credit adjustment regarding the Operations and Maintenance Reserve Fund were as projected.

d) Summary of the Five-Year Business Plan

The five-year Business Plan (2021 to 2025) is driven by four key corporate goals:

- Driving financial strength and cost competitiveness
- Delivering operations effectiveness and a healthy airport experience
- Value creation through business development and diversification; and
- Supporting and empowering employees to thrive in a new work environment

As we bridge through the pandemic period and into recovery, we will position ourselves for success in a new, more digital and sustainable world. By managing costs and diversifying revenue streams we look to return to profitability. The compounded annual growth rates from 2021 to 2025 for passengers, seats, and MTOW are 39 per cent, 27 per cent and 28 per cent, respectively.

Effective January 1, 2021, aeronautical fees were increased for the first time in over 13 years. Aeronautical fees increased a modest 3% while AIF rates increased \$5 per originating/departing passenger and \$2 per connecting passenger.

The Corporation typically undertakes capital projects to meet one of the following key objectives: (i) to comply with regulatory requirements (e.g., safety, security or environmental); (ii) to expand the capacity or improve the productivity of existing assets; (iii) to restore or replace existing assets; (iv) to modify existing infrastructure to improve revenue or reduce costs; or (v) to add new capacity or businesses to the Airport beyond the existing infrastructure.

In the near term, the Corporation will preserve liquidity and emphasize a capital program that focuses on maintenance, regulatory compliance, and safety-related projects to ensure asset and passenger safety. Capital expenditures during the five-year period are expected to average approximately \$300 million per year, with a greater weight of the capital to be spent in the latter half of the five-year period but remaining subject to the length and impact of the COVID-19 pandemic.

As a reporting issuer, the GTAA is restricted in its ability to publish forward looking information. The reader is cautioned that some assumptions used to derive forecast information may not materialize due to unanticipated events and circumstances, such as the COVID-19 pandemic. Therefore, the actual results achieved during the period may vary, and the variations may be material. For a more complete discussion of the risks and uncertainties and caution regarding forward-looking statements, see the MD&A and the Annual Information Form, copies of which are available on SEDAR at www.sedar.com. The GTAA's MD&A is also available on its website at www.torontopearson.com.

DISCLOSURE REQUIREMENTS OF THE GROUND LEASE

e) Remuneration to Board and Salary of Senior Officers

For 2020, the Chair of the Board of Directors received remuneration in the amount of \$171,000, while the other Directors earned remuneration ranging from \$17,625 to \$83,350. For 2020, salaries for the Corporation's senior officers ranged from \$291,353 to \$750,000. Senior officers are also eligible for a performance-based bonus.

A Director's annual remuneration varies by the number of Board and Board Committee meetings attended and the manner of attendance, whether the Director serves as a Chair of a committee, and whether the Director has served for a full or part year. A senior officer's salary varies by the responsibilities and experience of the senior officer and whether the senior officer has served for a full or part year.

Additional information regarding the remuneration paid to the Directors and the senior officers is available in the Annual Information Form, copies of which are available on SEDAR at www.sedar.com.

f) Ethical Business Conduct

The Corporation has a "Code of Business Conduct and Ethics" (the "Code"), which has been approved by the Corporation's Board of Directors (the "Board"). The Code complies with the requirements of the Canadian Securities Administrators' National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation's Directors, officers, employees and contractors. A copy of the Code may be accessed on SEDAR at www.sedar.com.

The Board monitors compliance with the Code, and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code and declares the reasons for the non-compliance. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("C.A.R.E."), which permits the anonymous reporting of an employee, officer or Director's unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation.

All Directors and officers indicated that they are in compliance with the Code.

g) Report on Contracts Over \$110,000 Not Tendered

The Ground Lease stipulates that any contracts in excess of \$110,000 (adjusted periodically by CPI from an original threshold of \$75,000) that are not awarded through a public tendering process must be described in the Corporation's Annual Report. Such description must identify: the parties to the contracts; the amount, nature and circumstances of the contract; and the reasons for not awarding such contract on the basis of a public competitive tendering process. The table below summarizes the applicable contracts awarded in 2020. Definitions for the "reason for award without public tender" can be found at the end of the table.

Contract Value	Contractor	Description	Reason for Award without Public Tender
\$100K-\$500K	Airports Council International 2049342	Airport Service Quality benchmarking program	B
	Metroland Media	Publish print ads in local newspapers	B
	David Wexler Human Capital	Consulting services	B
	Hays Recruiting	Staffing recruitment	A
	Visual Productions Group 2054964		B
	KPMG	Enterprise architecture advisory services	A
\$500K-\$1M	24 Seven Source Talent 2051448	Temporary support staff for corporate marketing and design department.	A

A. Where the GTAA determines that in connection with an existing contract for the supply of goods and services that is expiring, it is most efficient and practicable to extend or award a new contract to the existing contractor or services supplier where such contractor or services supplier has developed a specific skill set or knowledge base in respect of that contract not found on the market.

B. Where there is just one contractor, or services supplier, that can provide the required goods or services.

Where a competitive sourcing process was undertaken, and a contract entered into pursuant to which the GTAA receives revenue, then any associated acquisition of goods and services is not deemed to be a sole source contract.

DISCLOSURE REQUIREMENTS OF THE GROUND LEASE

Section 9.01.07, Paragraphs (a) to (g) of the Ground Lease

The Tenant shall, prior to each public meeting to be held pursuant to Subsection 9.01.05, publish an annual report in respect of the Lease Year (in this Subsection 9.01.07 called “that Lease Year”) immediately preceding the Lease Year in which the public meeting is held which shall, as a minimum:

- a) include the audited annual financial statements of the Tenant for that Lease Year, the Tenant’s Auditor’s report on such Tenant’s audited annual financial statements, and a summary of the Tenant’s affairs for that Lease Year;
- b) contain a report on the Tenant’s performance relating to the Tenant’s business plan and objectives established for that Lease Year, and as applicable for the previous five Lease Years;
- c) include an explanation by the Tenant of all variances and corrective actions taken with respect to the Tenant’s performance described in Paragraph 9.01.07(b);
- d) present a summary of the Tenant’s business plan for the then current Lease Year and the Tenant’s business plan containing a forecast for the next five Lease Years, including specific objectives (measurable where feasible), for such summary and forecast and relating to the approved objectives of the Tenant;
- e) contain a report on the remuneration provided to each Board member and on the salary of each of the Senior Officers of the Tenant;
- f) contain a report on compliance or non-compliance with the Tenant’s Code of Conduct; and
- g) report on all contracts in excess of an amount obtained by multiplying seventy-five thousand (\$75,000) dollars by the CPI Adjustment Factor for that Lease Year which are entered into during that Lease Year and which contracts were not awarded on the basis of a public competitive tendering process. Such report shall identify the parties to the contract, the amount of the contract, the nature of the contract, the circumstances of the contract and the reasons for not awarding such contract on the basis of a public competitive tendering process.

GRI, SASB AND TCFD INDEX



GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-1 Name of the organization			Greater Toronto Airports Authority
GRI 102-2 Activities, brands, products, and services			Toronto Pearson is a key North American gateway and one of the continent's largest airport in terms of international passenger traffic, reaching more than two-thirds of the global economy via regular direct flights in pre-pandemic times.
GRI 102-3 Location of headquarters			The GTAA operates out of Mississauga, Ontario, Canada.
GRI 102-4 Location of operations			The GTAA operates out of Mississauga, Ontario, Canada.
GRI 102-5 Ownership and legal form			<p>The GTAA was incorporated in March 1993 as a corporation without share capital under the Canada Corporations Act and recognized as a Canadian Airport Authority by the federal government in November 1994. Effective February 27, 2014, the GTAA has continued under the Canada Not-for-profit Corporations Act, the successor legislation to the Canada Corporations Act. The GTAA is authorized to operate airports within the south-central Ontario region, including the Greater Toronto Area (the "GTA"), on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA currently manages and operates Toronto Pearson International Airport (the "Airport" or "Toronto Pearson") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Ground Lease has a term of 60 years, with one renewal term of 20 years.</p> <p>The Ground Lease is available here</p>
GRI 102-6 Markets served			<p>Global air travel has been significantly disrupted by the pandemic and has affected regularly scheduled routes. At December 31, 2020, Toronto Pearson had 45 air carriers providing flights to 79 international and 26 Canadian cities.</p> <p>Sectors for passenger travel are comprised as follows:</p> <p>Domestic: 56.5%</p> <p>International: 21.1%</p> <p>Transborder: 22.4%</p> <p>Types of customers include passenger flights, cargo and commercial. Airport activity is also reported in the Annual Information Form</p>
GRI 102-7 Scale of the organization			<p>13.3 million people travelled to, from and through our airport.</p> <p>1,471 employees</p> <p>174,400 aircraft movements</p> <p>Annual Information Form</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-8 Information on employees and other workers			<p>Gender: F 28%, M 72%</p> <p>Non-union: 25%</p> <p>Union: PAPFFA 5%, Unifor 70%</p> <p>Employment category: Permanent 90%, Seasonal 9%, Term 1%</p> <p>Age: <30 5%, 30–39 23%, 40–49 34%, 50–59 29%, 60–65 8%, >65 1%</p> <p>Employee category: Full Time 100%, Part Time 0%</p> <p>Annual Report – Healthy Workforce</p> <p>Annual Report – Healthy Business</p> <p>Annual Report – Sustainability Approach – Stakeholder Engagement</p>
GRI 102-9 Supply chain			<p>The GTAA facilitates the movement of people and goods by air; our supplies are purchased locally through an audited contracting process.</p> <p>Annual Report – Healthy Business</p> <p>Working Together</p> <p>Annual Information Form</p>
GRI 102-10 Significant changes to the organization and its supply chain			<p>There are no significant changes for the reporting period.</p>
GRI 102-11 Precautionary Principle or approach			<p>The GTAA is federally regulated and follows the Canadian Environmental Assessment Act.</p> <p>The GTAA also maintains an ISO 14001 environmental management system.</p> <p>Annual Report – Sustainability Approach – Environmental Stewardship</p> <p>GTAA Website – Our Environment</p> <p>Environmental Sustainability Strategy</p>
GRI 102-12 External initiatives			<p>United Nations Sustainable Development Goals</p> <p>Annual Report – Healthy Communities</p> <p>Annual Report – Sustainability Approach – Community Investment and Engagement</p> <p>Annual Report – Sustainability Approach – Environmental Stewardship</p> <p>Community</p>
GRI 102-13 Membership of associations			<p>Airports Council International</p> <p>Canadian Airports Council</p> <p>For a listing of other associations please refer to:</p> <p>Annual Report – Healthy Communities</p> <p>Annual Report – Sustainability Approach – Community Investment and Engagement</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-14 Statement from senior decision-maker			Annual Report – Message from the President and CEO Annual Report – Message from the Board Chair
GRI 102-15 Key impacts, risks, and opportunities		<p>TCFD-S.a Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material</p> <p>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>Annual Report – Message from the President and CEO Annual Report – Message from the Board Chair Annual Report – Healthy Communities Annual Report – Management’s Discussion and Analysis Annual Information Form – Risk Factors</p> <p>Through the implementation of the elements of the Environmental Management System, Management has identified the relevant physical and transition risks to the organization. ISO 14001 targets were set for 2020 and reported on under GTAA’s GRI reporting.</p> <p>Annual Information Form – Environmental Matters Annual Information Form – Operational Risks</p>
GRI 102-16 Values, principles, standards, and norms of behavior			<p>The Corporation has a Code of Business Conduct and Ethics (the “Code”), which has been approved by the Corporation’s Board of Directors (the “Board”). The Code complies with the requirements of the Canadian Securities Administrators’ National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation’s Directors, officers, employees and contracted staff. A copy of the Code may be accessed at SEDAR. The Board monitors compliance with the Code and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code, and to declare the reasons for the non-compliance.</p> <p>Code of Business Conduct and Ethics</p>
GRI 102-17 Mechanisms for advice and concerns about ethics			<p>The Board has implemented Confidential Anonymous Reporting for Employees (“C.A.R.E.”), which permits the anonymous reporting of an employee, officer or Director’s unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation.</p> <p>GRI-102-16 C.A.R.E. Line</p>

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-18 Governance structure		TCFD-G.a Governance Disclose the organization's governance around climate-related risks and opportunities	As a corporation without share capital, the GTAA has Members rather than shareholders or other equity holders. The GTAA is governed by a Board consisting of 15 Directors. The Directors are elected by the Members. Directors serve a term of three years and are eligible to be re-elected subject to a maximum total term of nine years. Annual Report – Governance and Leadership – Board of Directors Annual Report – Governance and Leadership – Corporate Governance Annual Information Form – Board Mandate The Board's oversight of risk includes environmental and climate related risk. The Board and Management assess climate-related risks and opportunities via the GTAA's Enterprise Risk Management ("ERM") program which provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals.
GRI 102-19 Delegating authority		TCFD-G.a Governance Describe the organization's governance around climate-related risks and opportunities	The GTAA's Board meets on a regular basis and views its principal responsibility as overseeing the conduct of the GTAA's business and setting the strategic direction for the GTAA. Annual Information Form – Board Mandate
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics		TCFD-G.a Governance Disclose the organization's governance around climate-related risks and opportunities	Economic: Chief Financial Officer Environmental: Vice President, Airport Development and Technical Services Social: Vice President, Stakeholder Relations and Communications Annual Information Form
GRI 102-21 Consulting stakeholders on economic, environmental, and social topics			Annual Report – Healthy Communities Annual Report – Sustainability Approach – Community Investment and Engagement Annual Report – Sustainability Approach – Stakeholder Engagement
GRI 102-22 Composition of the highest governance body and its committees			The GTAA is governed by a Board consisting of 15 Directors Annual Report – Governance and Leadership – Board of Directors GTAA's website – Governance There are four standing committees of the Board: the Audit Committee; the Governance and Stakeholder Relations Committee; the Human Resources and Compensation Committee; and the Planning and Commercial Development Committee.
GRI 102-23 Chair of the highest governance body			Board Chair, Doug Allingham (Independent)
GRI 102-24 Nominating and selecting the highest governance body			Annual Information Form – Corporate Governance – Nomination of Members Annual Information Form – Diversity of Directors and Executive Officers

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-25 Conflicts of interest			There are no reported conflicts of interest.
GRI 102-26 Role of highest governance body in setting purpose, values, and strategy		TCFD-G.a Governance Disclose the organization's governance around climate-related risks and opportunities	The Board ensures that long-term goals and strategies are developed and implemented to ensure Toronto Pearson continues to support and foster growth in the Greater Toronto Area. The Board also ensures that the necessary systems are in place to manage the risks associated with the GTAA's business, and to monitor and measure Management's performance in carrying out the GTAA's objectives. Annual Information Form – Board Mandate
GRI 102-27 Collective knowledge of highest governance body		TCFD-G.a Governance Disclose the organization's governance around climate-related risks and opportunities	Annual Information Form – Orientation and Continuing Education Annual Information Form – Board Mandate
GRI 102-28 Evaluating the highest governance body's performance			The Board also oversees the processes and systems to manage the risks associated with the GTAA's business, and monitors and measures Management's performance in carrying out the GTAA's strategic plan, vision and mission. Annual Information Form – Corporate Governance – Board Committees
GRI 102-29 Identifying and managing economic, environmental, and social impacts		TCFD-G.a Governance Disclose the organization's governance around climate-related risks and opportunities TCFD-G.a Governance Describe management's role in assessing and managing climate-related risks and opportunities TCFD-M.b Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Annual Report – Healthy Business Annual Report – Healthy Economy Annual Report – Healthy Communities Annual Information Form

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-30 Effectiveness of risk management processes		<p>TCFD-M.a Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>TCFD-M.b Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p>The Board and its Committees oversee risk management and take steps to ensure that Management has an effective risk management structure in place. Management is responsible for ensuring that policies and practices are effective and meet legislative and regulatory requirements and take into account best practices. The GTAA has developed and implemented an Enterprise Risk Management (“ERM”) program that provides a disciplined approach for identifying, assessing, treating, and managing risks, and the integration of risk considerations into its strategic planning. An enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA’s strategic priorities, including Environmental, Social and Governance (“ESG”) related risk factors. ISO 14001 system requires the GTAA to set annual targets, with climate change being included in the approach.</p> <p>Annual Report – Sustainability Approach Annual Information Form – Environmental Matters</p>
GRI 102-31 Review of economic, environmental, and social topics		<p>TCFD-G.a Governance Disclose the organization’s governance around climate-related risks and opportunities</p> <p>TCFD-G.b Governance Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>Annual Report - Corporate Governance</p> <p>Topics are reviewed at regularly held Board meetings. The Board typically meets quarterly; however, in 2020, the Board met more frequently. During 2020, there were ten meetings of the Board, six meetings of the Governance and Stakeholder Relations Committee, five meetings of the Audit Committee, five meetings of the Human Resources and Compensation Committee, and four meetings of the Planning and Commercial Development Committee.</p> <p>Annual Information Form – Board Committees Annual Information Form – Compensation of Directors</p>
GRI 102-32 Highest governance body’s role in sustainability reporting		<p>TCFD-G.a Governance Disclose the organization’s governance around climate-related risks and opportunities</p> <p>TCFD-G.b Governance Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>The Annual Report is reviewed in draft by the Board of Directors; the Board provides the Board Chair, together with the President and CEO, the authority to approve the final Report.</p> <p>Annual Information Form – Board Mandate</p>
GRI 102-33 Communicating critical concerns			<p>Critical concerns are communicated through regularly held Board meetings, strategy updates and meeting minutes.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-34 Nature and total number of critical concerns			<p>The day-to-day operation of the airport is the responsibility of Management. The response to the interruption of airport operations lay with Management through well-developed emergency plans.</p> <p>The Board typically meets quarterly; however, in 2020, the Board met more frequently. During 2020, there were ten meetings of the Board, six meetings of the Governance and Stakeholder Relations Committee, five meetings of the Audit Committee, five meetings of the Human Resources and Compensation Committee, and four meetings of the Planning and Commercial Development Committee.</p> <p>Annual Information Form – Compensation of Directors</p> <p>Annual Information Form – Environmental and Climate Related Risks</p>
GRI 102-35 Remuneration policies			<p>Annual Report – Disclosure Requirements of the Ground Lease</p> <p>Annual Information Form – Compensation Discussion and Analysis</p>
GRI 102-36 Process for determining remuneration			<p>Annual Information Form – Compensation Discussion and Analysis</p>
GRI 102-37 Stakeholders' involvement in remuneration			<p>The GTAA embraces its obligations under federal employment equity and human rights legislation; hiring practices and remuneration are determined based on the individual, irrespective of the gender and background of employees. In addition, five of the GTAA Board members are required to annually present GTAA operational updates to their respective communities. The public has access to these meetings and the GTAA's annual general meeting.</p> <p>Annual Information Form – Compensation Discussion and Analysis</p>
GRI 102-38 Annual total compensation ratio			<p>Top-paid employee total compensation (excluding benefits): \$1,610,990</p> <p>Median total compensation for employees: \$85,527</p> <p>Total compensation ratio: 19:1</p> <p>Annual Information Form – Compensation Discussion and Analysis</p>
GRI 102-40 List of stakeholder groups			<p>Annual Report – Sustainability Approach – Stakeholder Engagement</p>
GRI 102-41 Collective bargaining agreements	<p>TR-AL-310a.1 Percentage of active workforce covered under collective bargaining agreements</p>		<p>PAPFFA: 5%</p> <p>UNIFOR: 70%</p> <p>Annual Report – Healthy Workforce</p> <p>Annual Information Form</p>
GRI 102-42 Identifying and selecting stakeholders			<p>Annual Report – Healthy Communities</p> <p>Annual Report – Sustainability Approach – Stakeholder Engagement</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-43 Approach to stakeholder engagement			Annual Report – Healthy Economy Annual Report – Healthy Communities Annual Report – Sustainability Approach – Stakeholder Engagement
GRI 102-44 Key topics and concerns raised			Annual Report – Sustainability Approach – Stakeholder Engagement
GRI 102-45 Entities included in the consolidated financial statements			Annual Report – Management’s Discussion and Analysis
GRI 102-46 Defining report content and topic boundaries			Annual Report – Sustainability Approach – Reporting on Our Performance Annual Information Form
GRI 102-47 List of material topics			Annual Report – Sustainability Approach – Reporting on Our Performance Annual Information Form
GRI 102-48 Restatements of information			Change to GRI Standard: To ensure compliance with the disclosure requirements, particularly following the introduction of new GRI disclosures in 2020, we have shifted to GRI’s Core reporting. To complement our sustainability reporting, we are introducing a selection of SASB and TCFD metrics in 2020.
GRI 102-49 Changes in reporting			There have not been any significant changes to the GTAA’s reporting activities.
GRI 102-50 Reporting period			January 1, 2020 – December 31, 2020 Published May 2021
GRI 102-51 Date of most recent report			January 1, 2019 – December 31, 2019 Published May 2020
GRI 102-52 Reporting cycle			Annual
GRI 102-53 Contact point for questions regarding the report			Contact Us
GRI 102-54 Claims of reporting in accordance with the GRI Standards			This report has been prepared in accordance with the GRI Standards: Core option.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
General Disclosures			
GRI 102-55 GRI content index			This table is the GTAA 2020 GRI Content Index, and is referred to as “Sustainability Index” in the GTAA’s 2020 Annual Report – Sustainability Approach.
GRI 102-56 External assurance			The GTAA has an internal verification program that reviews Toronto Pearson’s performance data – including, but not limited to, assessing how data was captured, collected, reviewed and reported. External assurance was not conducted for the sustainability content within the 2020 Annual Report. The GTAA does not have a policy pertaining to external assurance for its sustainability performance.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Management Approach			
<p>GRI 103-1 Explanation of the material topic and its Boundary</p> <p>GRI 103-2 The management approach and its components</p> <p>GRI 103-3 Evaluation of the management approach</p>	<p>TR-AL-110a.2/ TR-AF-110a.2</p> <p>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</p>		<p>Annual Report – Healthy Airport</p> <p>Annual Report – Healthy Business</p> <p>Annual Report – Healthy Workforce</p> <p>Annual Report – Healthy Communities</p> <p>Annual Report – Sustainability Approach – Community Investment and Engagement</p> <p>Annual Report – Sustainability Approach – Safety</p> <p>Annual Report – Sustainability Approach – Environmental Stewardship</p> <p>Annual Report – Sustainability Approach – People</p> <p>Annual Report – Sustainability Approach – Passenger and Customer Experience</p> <p>Annual Report – Sustainability Approach – Aviation Growth</p> <p>Annual Report – Management’s Discussion and Analysis</p> <p>Code of Business Conduct and Ethics</p> <p>Partnering with Us</p> <p>Noise Management</p> <p>Climate Change</p> <p>Waste Management</p> <p>Healthy Environment Initiatives</p> <p>Our Environment</p> <p>Environmental Policy</p> <p>Safety</p> <p>Safety and Security Policy</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Economic Performance			
GRI 201-1 Direct economic value generated and distributed			<p><i>In thousands of CAD:</i></p> <p>Direct economic value generated (total revenue): 833,483</p> <p>Economic value distributed: 900,464</p> <p>Economic value retained: (66,981)</p> <p>Annual Report – Management’s Discussion and Analysis</p>
GRI 201-2 Financial implications and other risks and opportunities due to climate change		<p>TCFD-S.b Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material</p> <p>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p> <p>TCFD-R.a Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks</p> <p>Describe the organization’s processes for identifying and assessing climate-related risks</p>	<p>The GTAA has implemented the ISO 14001, which includes Climate Change. The Environmental Management System informs part of our business plans to achieving the system targets.</p> <p>The GTAA’s Environmental Services division provides quarterly reports on environmental targets, risks and mitigation plan monitoring to senior management. Such risks include impacts on physical and transitional risks from climate change, and changes to environmental regulation.</p> <p>With the GTAA’s ERM and EMS programs both having adopted ISO approaches, the process for identifying and assessing climate-related risks are very similar.</p> <p>Annual Report - Management’s Discussion and Analysis</p> <p>United Nations Sustainable Development Goals</p> <p>Annual Information Form – Environmental Matters</p> <p>Annual Information Form – Operational Risks</p>
GRI 201-3 Defined benefit plan obligations and other retirement plans			<p>The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan.</p> <p>The GTAA measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year.</p> <p>Annual Report</p> <p>Annual Report – Healthy Workforce</p>
GRI 201-4 Financial assistance received from government			<p>The GTAA claimed \$48.8 million during 2020 under the Canada Emergency Wage Subsidy program.</p> <p>The GTAA saved \$472.7million in 2020 Ground Rent under amendments to the Ground Lease.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Market Presence			
GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Not applicable: This indicator is not relevant as all starting salaries exceed the local minimum wage rate specified under the relevant labour legislation.
GRI 202-2 Proportion of senior management hired from the local community			The GTAA is based at one single location in Toronto, Ontario, Canada. The GTAA does not have a procedure for local hiring for senior management. When hiring executive roles, the search is not limited to just those who live in the GTA. Individuals residing in the local community receive equal consideration to those outside depending on the particular role.
GRI AO1 Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin, destination and transfer, including transit passengers			Total passengers: 13,312,715 Domestic: 5,467,000 International: 4,813,000 Transborder: 3,033,000 Annual Information Form – Air Passenger Traffic
GRI AO2 Annual total number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights			Air Terminal Building (ATB) movements: 149,077 Non-ATB movements: 25,368 Total movements: 174,445 <i>Non-ATB total (arrival and departure) movements:</i> Cargo: 14,254 Military/government: 92 Helicopter: 66 GA: 10,956 Annual Information Form – Flight Activity
GRI AO3 Total amount of cargo tonnage			Total cargo: 388,631.643 tonnes Belly cargo: 201,742.602 tonnes Freight: 186,889.041 tonnes Annual Information Form – Air cargo

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Indirect Economic Impacts			
GRI 203-1 Infrastructure investments and services supported			Annual Report – Management’s Discussion and Analysis Annual Report – Healthy Economy Annual Report – Healthy Communities GTAA’s website: Building Better Transit
GRI 203-2 Significant indirect economic impacts			Annual Report – Management’s Discussion and Analysis Annual Report – Healthy Economy Annual Report – Healthy Communities GTAA’s website: Propeller Project
Procurement Practices			
GRI 204-1 Proportion of spending on local suppliers			In the GTAA’s procurement policy, we have clauses on use of Canadian labour and materials where feasible. Our overall spend with all our suppliers in 2020 was \$594M (excluding Ground Lease), of which 85% was spent in Ontario. 99% of the Ontario spend was in the GTHA.
Anti-corruption			
GRI 205-1 Operations assessed for risks related to corruption	SV-PS-510a.1 Description of approach to ensuring professional integrity		Both internal and external auditors have conducted a risk assessment to determine the risk of internal corruption. The GTAA maintains a whistleblower policy.
GRI 205-2 Communication and training about anti-corruption policies and procedures	SV-PS-510a.1 Description of approach to ensuring professional integrity		All GTAA employees, contracted staff and Board members are required to know, understand and adhere to the GTAA Code of Business Conduct and Ethics which addresses the issue of corruption. During their orientation, 100% of GTAA staff are required to review the Code and sign a statement affirming that they shall conduct themselves in accordance with the Code, and to proactively disclose any potential conflicts of interest.
GRI 205-3 Confirmed incidents of corruption and actions taken	SV-PS-510a.1 Description of approach to ensuring professional integrity		In 2020 there were zero incidents. The GTAA has made a confidential, anonymous hotline available to employees; through this method, employees may report any perceived instances of unethical or illegal business practices.
Anti-competitive Behavior			
GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SV-PS-510a.1 Description of approach to ensuring professional integrity		No legal actions against the GTAA for anti-competitive behaviour or anti-trust or monopoly practices. The summary of all litigation involving the GTAA maintained by Legal Services and Corporate Risk does not contain any legal actions against the GTAA for these types of matters. In addition, a review of the websites of the Competition Bureau and the Federal Court of Canada does not indicate any legal actions against the GTAA for these types of matters.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Materials			
GRI 301-1 Materials used by weight or volume			<p>This is a list of some of the key materials used by the GTAA in our operations:</p> <p>Potassium acetate (KA) – quantity purchased from January 1, 2020 to December 31, 2020 (kg): 442,786</p> <p>Sodium formate (SF) – quantity purchased from January 1, 2020 to December 31, 2020 (kg): 767,320</p> <p>Aircraft deicing/anti-icing fluid used – total glycol dispensed (litres): 8,871,633</p>
GRI 301-2 Recycled input materials used			<p>The GTAA is committed to a policy of developing, operating and maintaining the airport using environmentally sound design, including the encouragement and use of recycled material when possible.</p> <p>The GTAA is also a member of the Partners in Project Green Materials Exchange program, which is an online platform facilitating the exchange of materials between organizations to divert resources from landfill and reduce costs.</p>
Energy			
GRI 302-1 Energy consumption within the organization	<p>IF-RE-130a.1 Energy consumption data coverage as a percentage of total floor area, by property subsector</p>		<p>Direct Energy Consumption Natural gas consumption for 2020: 20,809,585 m³ (includes Co-Gen facility)</p> <p>Unleaded fuel consumption: 492,966.45 litres</p> <p>Diesel fuel consumption: 1,519, 021.64</p> <p>Indirect Energy Consumption Total electricity consumption (kWh): 200,729.492 (excludes tenant recovery and cogeneration supply to airport)</p> <p>Unleaded fuel consumption: 492,966.45 litres</p> <p>Diesel fuel consumption: 1,519, 021.64</p>
GRI 302-3 Energy intensity ratio			<p>This is currently not calculated. The GTAA is focused on achieving an absolute energy reduction.</p>

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Energy			
<p>GRI 302-4 Reduction of energy consumption</p>			<p>Reduction in energy consumption from conservation projects: 5,552,000 ekWh</p> <p><i>Some of the initiatives in 2020 include:</i></p> <ul style="list-style-type: none"> Cup efficiency improvements AMF maintenance bay LED high bay Exterior lighting wall packs at AMF AMF dry storage facility interior high bay Recommissioning of T1 daylight harvesting lighting program Runway and apron lighting upgrade to LED Solar panel installation near 410 for advertising signage Installation of 2 electric boilers in T1 <p>Reduction is based on total calculated savings from all initiatives completed in a year.</p> <p>We have estimated the impact of COVID-19 on our overall GHG reduction. Compared to the 2006 base year, COVID-related shuts and slowdown of activity reduce GHG by about 10%.</p>
Environment and Climate Change			
		<p>TCFD-R.b Risk Management</p> <p>Disclose how the organization identifies, assesses, and manages climate-related risks</p> <p>Describe the organization's processes for managing climate-related risks</p>	<p>As a requirement of the ISO 14001:2015 certification, the GTAA developed and implemented an Environmental Policy for the airport that is reviewed annually. The purposes of the GTAA's Environmental Policy are to provide high-level direction to the GTAA's environmental goals and initiatives including to reduce and control environmental risks and to promote continuous improvement and regulatory compliance.</p> <p>The GTAA's Environmental Policy addresses corporate commitments to combat climate change concerns as follows:</p> <p>Climate Change Resiliency: Taking the appropriate steps to be resilient to the risks of climate change, by assessing how climate change will create new, or alter current, climate-related risks; and mitigating those risks.</p> <p>Carbon Neutrality and Emissions: Reducing GTAA's emissions footprint by making improvements in operational efficiency and investment in projects for the direct reduction and/or offset of energy consumption and GHG emissions to achieve net-zero GHG by 2050.</p> <p>In addition to the work under the EMS, the GTAA has conducted stakeholder engagement and industry scans to better understand the different dimensions of transition risks to allow the GTAA to monitor and assess emerging or new risks, especially the speed of the risk exposure materializing.</p> <p>Annual Information Form – Environmental Matters and Operational Risks</p> <p>Annual Report – Management's Discussion and Analysis</p> <p>United Nations Sustainable Development Goals</p>

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Environment and Climate Change			
		<p>TCFD-R.c Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks</p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>The GTAA has developed and implemented an Enterprise Risk Management ("ERM") program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals.</p> <p>TCFD-R.b (above) Annual Information Form – Environmental Matters</p>
		<p>TCFD-S.c Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</p> <p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>Annual Information Form - Environmental Matters Annual Information Form - Operational Risks</p>
		<p>TCFD-M.c Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>Annual Report – Sustainability Approach Annual Information Form – Environmental Matters GTAA Website – Climate Change Our Environment</p>

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Water			
<p>GRI 303-1 Interactions with water as a shared resource</p>			<p>The GTAA is provided with potable water from the Region of Peel municipal system which draws primarily from Lake Ontario. Potable water is consumed in the terminals and other GTAA owned and operated facilities. Residual water is released to the municipal water system for downstream treatment.</p> <p>The GTAA also collects surface runoff in stormwater retention ponds or facilities that can be released to the local stormwater system when compliant with water quality regulations and guidelines or diverted to the sanitary system for treatment. Activities at Toronto Pearson that may impact surface water may include but are not limited to: deicing, fuelling, and aqueous fire fighting foam (AFFF).</p> <p>The GTAA has established a water monitoring program to identify the impacts of airport operations on water quality. The water monitoring program consists of a seasonal sampling schedule, divided between fall/winter and spring/summer. During the fall/winter sampling schedule, additional grab sample locations are included to closely monitor the effects of deicing operations on the water quality from airport property. If compliant with water quality regulations and guidelines, fluid captured within the stormwater facilities will be discharged to the stormwater system. Alternatively, fluid may be diverted to the municipal sanitary system for downstream treatment in accordance with municipal agreements for discharge.</p> <p>The GTAA also has a groundwater monitoring program, which is enacted on a multi-year rotational basis.</p> <p>The GTAA commissioned a Water Use Profile Study by external consultants to identify and evaluate potential potable water savings. A number of minor items were identified that are being actioned as appropriate. In addition, GTAA was subjected to water audits by the Region of Peel in 2011 and no significant opportunities were identified.</p> <p>The GTAA has classified water-related impacts into a number of categories, including but not limited to: natural hazard assessments (i.e., flooding and erosion), water quality and quantity characterization (and sampling and assessment programs), climate change considerations, and restoration and best management practices.</p> <p>No water sources are significantly affected by the withdrawal of water. The GTAA is provided with potable water from the Region of Peel municipal system which draws primarily from Lake Ontario.</p> <p>The GTAA has invested in, and maintains, robust stormwater infrastructure capable of capturing the first 25 mm of precipitation on our property, ensuring downstream flooding considerations are accounted for. Additional treatment technologies (i.e., oil/grit separators, underground containment facilities, etc.) are also utilized in order to ensure water quality levels are met appropriately.</p> <p>The GTAA participates as a steering group member, with the Toronto and Region Conservation Authority on the Etobicoke Creek and Mimico Creek watersheds, where the final discharge of stormwater from the airport property discharges. This provincial planning framework emphasizes the importance of watershed planning for integrated and long-term planning by municipalities. Policy direction in the Provincial Policy Statement encourages a coordinated approach to planning to protect, improve or restore the quality and quantity of water by using the watershed as the ecologically meaningful scale for integrated and long-term planning. The Growth Plan for the Greater Golden Horseshoe and the Greenbelt Plan require municipalities, partnering with conservation authorities as appropriate, to undertake watershed planning to inform the identification of water resource systems, the protection, enhancement or restoration of the quality and quantity of water, and decisions on allocation of growth and planning for water, waste water and stormwater infrastructure.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Water			
GRI 303-1 Interactions with water as a shared resource (continued)			<p>The GTAA currently does not recycle or reuse water. The GTAA commissioned a Water Use Profile Study by external consultants to identify and evaluate potential potable water savings. A number of minor items were identified that are being actioned as appropriate. In addition, the GTAA was subjected to water audits by the Region of Peel in 2011 and no significant opportunities were identified.</p> <p>The GTAA is certified to the ISO 14001 standard; the process for setting targets is documented in the GTAA's ISO manual. Environmental aspects at the GTAA are identified by examining airport operations within the defined scope and determining which products, services and/or activities have or can have impacts on environmental receptors. New or planned development is taken into account when identifying new aspects.</p> <p>An aspect review is completed each year. If there are any new or changed activities, products or services at the airport that may affect water quality, they are evaluated to determine if they are significant. If the activity, product or service is determined to have a significant impact, a new target will be developed to mitigate or manage the environmental impact.</p>
GRI 303-2 Management of water discharge-related impacts			<p>The GTAA follows all federal and provincial guidelines for effluent exiting airport property, including but not limited to the Canadian Environmental Protection Act (CEPA) and Canadian Council of Ministers of the Environment (CCME). The GTAA also sends contaminated fluid to the municipal sanitary system, as per individual agreements with the governing municipal authority.</p>
GRI 303-3 Water withdrawal	<p>IF-RE-140a.1 Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector</p> <p>IF-RE-140a.2 (1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector</p> <p>IF-RE-140a.3 Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector</p>		<p>Total water withdrawal from all areas in megalitres, and a breakdown of this total by the following sources:</p> <p>Surface water: 0 Groundwater: 0 Seawater: 0 Produced water: 0 Third-party water: 742.6 (includes Toronto Pearson Airport: 543.919, Co-Gen facility: 51.680, and tenants: 147.033)</p> <p>Total water withdrawal from all areas with water stress in megalitres, and a breakdown of this total by the following sources, if applicable:</p> <p>Surface water: 0 Groundwater: 0 Seawater: 0 Produced water: 0 Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.-0</p> <p>A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megalitres by the following categories:</p> <p>Freshwater ($\leq 1,000$ mg/L total dissolved solids): N/A Other water ($> 1,000$ mg/L total dissolved solids): N/A</p> <p>The GTAA is provided with potable water from the Region of Peel municipal system which draws primarily from Lake Ontario. Potable water is consumed in the terminals and other GTAA owned and operated facilities. Residual water is released to the municipal water system for downstream treatment.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Water			
<p>GRI 303-4 Water discharge</p>			<p>Total water discharge to all areas in megalitres, and a breakdown of this total by the following types of destination: Surface water: 1071.29 megalitres Groundwater: N/A Seawater: N/A Third-party water, and the volume of this total sent for use to other organizations: 198.713 (Co-Gen facility: 51.680, and tenants: 147.033) A breakdown of total water discharge to all areas in megalitres by the following categories: Freshwater ($\leq 1,000$ mg/L total dissolved solids): 1071.29 megalitres Other water ($> 1,000$ mg/L total dissolved solids): 38.3 megalitres Total water discharge to all areas with water stress in megalitres, and a breakdown of this total by the following categories: Freshwater ($\leq 1,000$ mg/L total dissolved solids): N/A Other water ($> 1,000$ mg/L total dissolved solids): N/A The GTAA uses an Environmental Management System (EMS) that is certified to ISO 14001:2015. Through the EMS, the GTAA identifies all aspects of the business' products, activities and services that could potentially have an environmental impact. Once identified, these aspects are vetted through a risk analysis process to recognize if mitigation factors are required. Also as part of the EMS, an annual legal review is conducted to ensure that all applicable legislation is identified and being adhered to. All discharges of effluent are conducted using federal and provincial regulations and guidelines. In 2020, there was one incident of non-compliance, where water exiting airport property was above the discharge limit of 100 ppm for glycol. Investigation took place of the area and no direct link to the glycol exceedance was found. Subsequent sampling had no high levels of glycol. An exceedance is recorded when sampling for given parameters indicates a concentration greater than federal and/or provincial water quality regulations and guidelines and the ability to contain the fluid has reached capacity, therefore bypassing containment into the stormwater system.</p>
<p>GRI 303-5 Water consumption</p>			<p>Total water consumption from all areas in megalitres: 742.6 (includes Toronto Pearson Airport: 543.919, Co-Gen facility: 51.680, and tenants: 147.033) Total water consumption from all areas with water stress in megalitres: N/A Change in water storage in megalitres, if water storage has been identified as having a significant water-related impact: N/A Total water consumption is calculated using water bills from municipality based on water metering.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Biodiversity			
GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			The airport property and adjacent areas are not considered protected areas or areas of high biodiversity value.
GRI 304-2 Significant impacts of activities, products, and services on biodiversity			The airport property and adjacent areas are not considered protected areas or areas of high biodiversity value.
GRI 304-3 Habitats protected or restored			Quantitative monitoring of Spring Creek and Etobicoke Creek resumed in 2015 and continues to drive capital planning restoration efforts.
GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			There are no listed species on site.
AO9 Total annual number of wildlife strikes per 10,000 aircraft movements			<p>Total number of confirmed wildlife strikes reported at Toronto Pearson: 54</p> <p>This includes any remains found within 200 feet of the runway surface that have not been reported as strikes but cannot be attributed to other activities (per Canadian Aviation Regulations).</p> <p>Total number of possible strikes (reported by flight crew but no remains found): 43</p> <p>Cumulative confirmed strike rate: 3.34 strikes/10,000 movements</p> <p>The majority of strikes occur on the east/west runways, reflecting the majority of aircraft traffic.</p> <p>The overall number of strikes is much lower reflecting the considerable drop in traffic.</p> <p>The rate itself has risen slightly as the comparison of events against traffic remains similarly matched to 2019.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Emissions			
<p>GRI 305-1 Direct (Scope 1) GHG emissions and explanation of the methodology used</p>	<p>TR-AL-110a.1 / TR-AF-110a.1 Gross global Scope 1 emissions</p> <p>TR-AF-430a.2 Total greenhouse gas (GHG) footprint across transport modes</p>	<p>TCFD-M.b Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p>43,736 tonnes CO₂e</p> <p>This number includes all combustion of fuels such as natural gas, gasoline and diesel, etc. that happens on site to support GTAA operations. This number does not include tenants such as restaurants operating out of T1 and T3 as they are charged back for their usage. This number also does not include electricity supplied by the grid as that electricity is produced off site.</p> <p>GHG emissions are third-party verified on an annual basis as part of the federal Output-Based Pricing System (OBPS) regulations and as part of the ACA certification process.</p> <p>This scope does include natural gas boilers, fleet vehicles, generators and the cogeneration plant which supplies the airport and the grid with electricity at opportunistic times throughout the year, for example. The methodology used is in accordance with ISO 14064.</p>
<p>GRI 305-2 Energy indirect (Scope 2) GHG emissions</p>	<p>TR-AF-430a.2 Total greenhouse gas (GHG) footprint across transport modes</p>	<p>TCFD-M.b Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p>3,566 tonnes CO₂e</p>
<p>GRI 305-3 Other indirect (Scope 3) GHG emissions</p>	<p>TR-AF-430a.2 Total greenhouse gas (GHG) footprint across transport modes</p>	<p>TCFD-M.b Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p>As part of its commitment to reducing environmental impacts, the GTAA has aligned reporting standards to include ISO 14064, the Output Based Pricing System (OBPS) regulations, and the internationally recognized Airport Carbon Accreditation program (GTAA is currently level 3 – optimization). In order to align standards, the GTAA has expanded the reporting boundary beyond the core airport operations to include emissions from the sale and production of electricity in this year’s report. The GTAA currently reports on Scope 1 and Scope 2 emissions.</p>
<p>GRI 305-4 GHG emissions intensity</p>			<p>3.85 kg CO₂e/passenger (Scope 1 and 2 emissions)</p> <p>Annual Report – Healthy Economy</p>
<p>GRI 305-5 Reduction of GHG emissions</p>			<p>71% reduction in GHG emissions since 2006</p>
<p>GRI 305-6 Emissions of ozone-depleting substances (ODS)</p>			<p>Data is not available until June 2021.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Emissions			
GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	TR-AF-120a.1 Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, and (3) particulate matter (PM10)		Data is not available until June 2021.
AO5 Ambient air quality levels according to pollutant concentrations in micrograms per cubic meter (µg/m ³) or parts per million (ppm) by regulatory regime	TR-AF-120a.1 Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, and (3) particulate matter (PM10)		<p>Ambient air quality levels according to pollutant concentrations in micrograms per cubic metre (µg/m³), parts per million (ppm) or parts per billion (ppb) by regulatory regime. The GTAA has committed to update and improve air quality monitoring at Toronto Pearson International Airport. As a result, in 2020 the GTAA has installed an updated ambient air quality monitoring network at Toronto Pearson. All air quality reporting for the GTAA follows requirements in "Operations manual for air quality monitoring in Ontario" published online by the Ontario Ministry of the Environment, Conservation and Parks (MECP).</p> <p>PM10 24-hour (AAQC – 50 µg/m³): Measured maximum 39 µg/m³</p> <p>SO₂ 1-hour (AAQC 40 ppb – Standard 250 ppb): Measured maximum 56 ppb</p> <p>SO₂ 24-hour (Standard 100 ppb): Measured maximum 4 ppb</p> <p>SO₂ annual (AAQC 4 ppb): Measured maximum 4 ppb</p> <p>NO₂ 1-hour (AAQC 200 ppb – Standard 200 ppb): Measured maximum 63 ppb</p> <p>NO₂ 24-hour (AAQC 100 ppb – Standard 200 ppb): Measured maximum 47 ppb</p> <p>CO 1-hour (AAQC 30 ppm): Measured maximum 1.88 ppm</p> <p>CO 8-hour (AAQC 13 ppm): Measured maximum .75 ppm</p> <p>Ozone 1-hour (O3) (AAQC 80 ppb – Standard 80 ppb): Measured maximum 79 ppb</p> <p>PM2.5 24-hour (Target 27 µg/m³): Measured maximum 28 µg/m³</p> <p>PM2.5 24-hour (Target 27 µg/m³): Measured maximum 28 µg/m³</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Waste			
<p>GRI 306-1 Waste generation and significant waste-related impacts</p>			<p>Activities that generate highest volume of waste are retail/food and beverage. Second would be materials that are required for facility maintenance.</p> <p>Retail/food and beverage are highest waste generators from packaging to food waste. As well as airlines generating paper product waste from bag tags, etc. Organization generated waste is predominantly facility maintenance materials as well as paper products.</p> <p>The GTAA receives a monthly report which certifies the metric tonnes collected from each building.</p>
<p>GRI 306-2 Management of significant waste-related impacts</p>			<p>All waste is managed by third-party contracts. Waste collected within the facility is collected by a contractor and disposed of in appropriate compactors and in accordance with coloured bags. White for domestic waste, blue for recycling and orange in line with CFIA for international waste.</p> <p>There is no waste sortation facility on site; however, the contractor that collects the waste from the receptacles and restaurants completes a visual to seek for contaminated recycling waste and will dispose of the waste in the appropriate composter.</p> <p>The receptacles across the organization are labelled with specific labels to direct waste into the correct stream.</p> <p>The waste hauler that collects the compacted waste takes it to the contractor's facility and places it on a conveyor for sortation. Any waste that is not recyclable is taken to the incineration facility for energy from waste recovery.</p> <p>No waste generated at this organization, whether upstream or downstream, goes to a landfill. All waste that is not recoverable is incinerated.</p>
<p>GRI 306-3 Waste generated</p>			<p>Total amount of waste in metric tonnes: 3,014.24</p> <p>Waste for energy recovery: 915.89 metric tonnes</p> <p>Waste for recycling: 2,098.35 metric tonnes</p> <p>Waste is generation energy recovery/recycling: cans, assorted plastic and glass; wood; metal; office paper/newspaper/ cardboard/organics</p>
<p>GRI 306-4 Waste diverted from disposal</p>			<p>Total weight of waste diverted from disposal: 2,098.35 metric tonnes</p> <p>Composition of waste: cans, assorted plastic and glass; wood; metal; office paper/newspaper/cardboard/organics</p> <p>Hazardous waste: N/A</p> <p>Total weight of non-hazardous waste diverted from disposal in metric tonnes is 2,098.35, and a breakdown of this total diverted is by recycling.</p> <p>The total weight in metric tonnes of non-hazardous waste diverted from disposal is calculated all offsite and equals 2,098.35 metric tonnes.</p> <p><i>Items recycled are:</i></p> <p>Cans and assorted plastics: 623.196 metric tonnes</p> <p>Wood: 10.89 metric tonnes</p> <p>Metal: 53.875 metric tonnes</p> <p>Office paper/newspaper: 108.586 metric tonnes</p> <p>Cardboard: 601.159 metric tonnes</p> <p>Organics: 700.644 metric tonnes</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Waste			
GRI 306-5 Waste directed to disposal			<p>Total weight of waste directed to disposal in metric tonnes is 3,014.24</p> <p>Total weight of hazardous waste is N/A</p> <p>Total weight of non-hazardous waste directed to disposal in metric tonnes, and a breakdown of this total by the following disposal operations:</p> <p>Incineration (with energy recovery): 3,014.24</p> <p>Incineration (without energy recovery): 0 (All waste is incinerated with energy recovery.)</p> <p>Landfilling: 0</p> <p>The breakdown of the total weight in metric tonnes of non-hazardous waste directed to disposal:</p> <p>On-site: 0 (No sorting facility on site.)</p> <p>Off-site: 3,014.24</p> <p>On-site waste is directed to various streams with signage on the waste receptacles indicating in which stream it is to be deposited. This is not weighed on site as there is no physical sortation facility.</p>
Noise			
AO7 Number and percentage change of people residing in areas affected by noise			<p>The GTAA has a robust Noise Management Program which is updated every 5 years through a new Noise Management Action Plan. The Corporation's Noise Management Program is based on the International Civil Aviation Authority's balanced approach to noise management: reduction of noise at source (engine and airframe), land use planning and management, noise abatement, and operational procedures and operating restrictions.</p> <p>As part of this, to mitigate the number of residents impacted by operational noise, the GTAA has worked with the neighbouring municipalities to create an Airport Operating Area ("AOA") surrounding the airport. The AOA, which is based on noise contours, delineates an area within which certain land uses that are incompatible with airport operations, including residential development and schools, are opposed by the GTAA. The AOA has been incorporated into the official plans of the cities of Toronto, Mississauga and Brampton, and the Region of Peel.</p> <p>Annual Report – Healthy Communities</p> <p>Annual Report – Sustainability Approach – Community Investment and Engagement</p> <p>Annual Information Form – Ground Lease</p> <p>Noise Management</p>
Environmental Compliance			
GRI 307-1 Non-compliance with environmental laws and regulations			<p>The GTAA has not received any fines or non-monetary sanctions for non-compliance with environmental laws and regulations for 2019–2020 operations at the time of releasing of this report.</p>
Supplier Environmental Assessment			
GRI 308-1 New suppliers that were screened using environmental criteria			<p>Our Environmental Policy is provided in all contracts awarded through an RFP/Tender process, and environmental criteria are included in the RFP/Tender evaluation process. Therefore, 100% of our large contracts are aware of our Environmental Policy.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Employment			
GRI 401-1 New employee hires and employee turnover			As of December 31, 2020, the GTAA employed approximately 1,471 persons who were engaged in management, technical, administrative and general labour activities. This number includes 131 seasonal employees, who were employed in general labour activities in the deicing and airfield maintenance departments. The majority of the GTAA's employees are unionized, represented by either Unifor Local 2002 or the Pearson Airport Professional Fire Fighters Association ("PAPFFA").
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			The GTAA has a single location of operations, and all employees are eligible for benefits with the exception of temporary non-unionized employees. Permanent full-time and part-time GTAA employees are provided a comprehensive compensation package that includes group health benefits, paid and unpaid leave, and participation in a Defined Contribution Pension Plan.
GRI 401-3 Parental leave			There is a legislated obligation under the Canada Labour Code (Part III) to provide an employee with Parental Leave upon their request (provided they are eligible as the birth parent of a newborn or parent of an adopted child) and to ensure any employee who takes maternity or parental leave is reinstated in the position that the employee occupied when the leave commenced. If there is a valid reason that the employee cannot be reinstated, the GTAA is still obliged to reinstate the employee in a comparable position with the same wages and benefits and in the same location. In addition, the GTAA tops up the equivalent to the difference between Canada's Employment Insurance benefits and 93% of the employee's normal weekly rate up to a maximum of 30 weeks (employee must have completed six (6) months of service), with the exception of Unifor employees, who are topped up to 100%, as of August 1, 2019 due to changes in their Collective Agreement. A total of 10 women and 23 men took Parental Leave in 2020. The GTAA's retention rate in relation to Parental Leave for 2020 was 97%.
Labor/Management Relations			
GRI 402-1 Minimum notice periods regarding operational changes			The Collective Agreement includes language pertaining to minimum notice periods regarding significant operational changes, in particular the articles on Layoff/Recall and Technological Change, where a 120-day notice period is provided to the union. At the commencement of this notice period, the parties meet to consult prior to the employees ultimately receiving notice pertaining to such operational changes.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Occupational Health and Safety			
GRI 403-1 Occupational health and safety management system	TR-AL-540a.1 TR-AF-540a.1 Description of implementation and outcomes of a Safety Management System		The GTAA has implemented an Occupational Health and Safety Management System. This system has been implemented based on the ISO standard as a method of risk mitigation. The system covers all of the GTAA workers, including contract workers.
GRI 403-2 Hazard identification, risk assessment, and incident investigation			<p>The GTAA uses a Hazard Identification, Assessment and Control process to determine how to minimize risk to workers. This includes Job Safety Analysis, field-level hazard assessments, risk assessments and concern reviews.</p> <p>The GTAA uses systems of quality control and quality assurance to monitor compliance and effectiveness.</p> <p>The OHS committee and system owners use this information to develop annual improvement goals.</p> <p>An online all-incident reporting form is used to capture any incidents. Workers have the right to refuse as per the Canada Labour Code (CLC).</p> <p>The GTAA has a comprehensive concern review process used to investigate incidents and create corrective action plans.</p>
GRI 403-3 Occupational health services			The GTAA is located in Ontario, Canada, and access to occupational medical services is not impeded in our community. Access is easy and government-funded. The GTAA also has access to occupational health nurse services, an industrial hygienist service and a Chief Medical Officer to help make medically appropriate decisions.
GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	TR-AL-540a.1 TR-AF-540a.1 Description of implementation and outcomes of a Safety Management System		All GTAA employees are represented by both a Workplace Health and Safety Committee (WHSC) and a Policy Occupational Safety and Health (POSH) Committee. These committees meet regularly to discuss health and safety concerns, review progress and make recommendations to improve health and safety in the workplace, ensuring that the underlying principles of the internal responsibility system are followed at all times.
GRI 403-5 Worker training on occupational health and safety			The GTAA has a wide array of Health and Safety training courses – both general and task specific. These are based on legislation and the information that feeds out of the management system and its concern reviews.
GRI 403-6 Promotion of worker health			The GTAA is located in Ontario, Canada, and access to non-occupational medical services is not impeded in our community. Access is easy and government-funded.
GRI 403-7 Prevention and mitigation of occupational health and safety impacts			The GTAA has a comprehensive pre-qualification process and only uses contractors that have their own Health and Safety Management systems.
GRI 403-8 Workers covered by an occupational health and safety management system	TR-AL-540a.1 TR-AF-540a.1 Description of implementation and outcomes of a Safety Management System		The GTAA has implemented an Occupational Health and Safety Management System. This system has been implemented based on the ISO standard as a method of risk mitigation. The system covers all of the GTAA workers who are employed in the Airport Management field.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Occupational Health and Safety			
GRI 403-9 Work-related injuries	TR-AF-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees		<p><i>For all employees:</i></p> <p>The number and rate of fatalities as a result of work-related injury: 0</p> <p>The number and rate of high-consequence work-related injuries (excluding fatalities): 21 (called Lost Time: rate 1.47)</p> <p>The number and rate of recordable work-related injuries: 53 (rate 3.99)</p> <p>The main types of work-related injury: Slip & Fall and Musculoskeletal</p> <p>The number of hours worked: 192,000</p> <p>Data for all workers who are not employees but whose work and/or workplace is controlled by the organization is not tracked internally. External to GTAA are contractors which control their own hazards.</p> <p>Incidents are captured, investigated and corrective action built for all hazards; the GTAA does not categorize incidents as high-hazard.</p> <p>All hazards are assessed as they are identified. System goal is to eliminate and/or mitigate.</p> <p>Incident rates have been calculated based on 200,000 hours worked.</p> <p>No workers have been excluded from this disclosure.</p> <p>High-hazard is interpreted as Lost Time.</p>
GRI 403-10 Work-related ill health	TR-AF-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees		The GTAA had no fatalities or work-related ill health incidents in 2020.
Training and Education			
GRI 404-1 Average hours of training per year per employee			This data is unavailable due to our training system technology and varying methods of training delivery.
GRI 404-2 Programs for upgrading employee skills and transition assistance programs			<p>The GTAA provides employees with a wide range of both job-specific and developmental training opportunities, based on training plans that are created for them based on their specific, identified training needs.</p> <p>The GTAA also regularly provides information sessions to employees on a range of topics, including retirement planning.</p> <p>Annual Report – Sustainability Approach – People</p>
GRI 404-3 Percentage of employees receiving regular performance and career development reviews			100% of our non-unionized employees receive a semi-annual and an annual performance and career development review.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Diversity and Equal Opportunity			
GRI 405-1 Diversity of governance bodies and employees	<p>SV-PS-330a.1 Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees</p> <p>SV-PS-330a.2 (1) Voluntary and (2) involuntary turnover rate for employees</p>		<p>Governance bodies are excluded from our reporting because the GTAA does not have direct control over the composition of our Board of Directors.</p> <p>Annual Information Form – Corporate Governance - Nomination of Members</p> <p>As of December 31, 2020: 28% of our current workforce is female. 5% are under the age of 30 (1% female and 4% male); 57% are 30–49 years old (17% female and 40% male); and 38% are over the age of 50 (10% female and 28% male)</p>
GRI 405-2 Ratio of basic salary and remuneration of women to men			<p>The GTAA has a single location of operations. The GTAA embraces its obligation under federal employment equity and human rights legislation.</p> <p>Employee salaries are determined based on the scope of work performed, irrespective of the gender of employees.</p> <p>Women (Average Salary) Manager: \$123,970 Non-manager: \$82,114</p> <p>Men (Average Salary) Manager: \$134,152 Non-manager: \$86,638</p>
Non-discrimination			
GRI 406-1 Incidents of discrimination and corrective actions taken			<p>In 2020, there were two reports of alleged discrimination. The related investigations are ongoing.</p>
Freedom of Association and Collective Bargaining			
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			<p>The Canadian legislative environment protects our workers' rights. Our employees have already exercised the right to representation by a union.</p>
Child Labor			
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor			<p>The GTAA does not use or employ child labour in its operations. The contractors or suppliers we deal with directly are not considered a risk for incidents of child labour or exposing young workers to hazardous work.</p> <p>The GTAA does not undertake types operations of significant risk for incidents of child labour, and does not operate in a country or geographic area with operations and suppliers considered at high risk.</p> <p>As companies operating in Canada, the GTAA and its contractors are obligated to comply with applicable laws including, but not limited to, the Canadian Labour Legislation.</p>

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Forced or Compulsory Labor			
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			<p>The GTAA does not use or employ forced or compulsory labour in its operations.</p> <p>Virtually all our suppliers are located in Canada and the United States, where forced or compulsory labour is not seen as an issue. As companies operating in Canada, the GTAA and its contractors are obligated to comply with applicable laws including, but not limited to, the Canadian Labour Legislation.</p>
Security Practices			
GRI 410-1 Security personnel trained in human rights policies or procedures			All full-time employees within our Safety and Security department are required to have a full understanding of the GTAA's human rights policies, procedures and obligations.
Rights of Indigenous Peoples			
GRI 411-1 Incidents of violations involving rights of indigenous peoples			There have been no incidents during the reporting period.
Human Rights Assessment			
GRI 412-1 Operations that have been subject to human rights reviews or impact assessments			As a federally regulated private-sector employer, the GTAA is subject to the Employment Equity Act, and as part of the Legislated Employment Equity Program, submits employment equity reports to Employment and Social Development Canada on an annual basis in the prescribed format.
GRI 412-2 Employee training on human rights policies or procedures			<p>Accessible Customer Experience: 91.8%</p> <p>Creating a Respectful Workplace: 92%</p> <p>The total number of hours of training devoted to human rights policies or procedures concerning aspects of human rights is unavailable due to the training technology used.</p>
GRI 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			The GTAA has no significant investment in other entities.

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Local Communities			
GRI 413-1 Operations with local community engagement, impact assessments, and development programs			Annual Report – Healthy Communities Annual Report – Sustainability Approach – Stakeholder Engagement Community Programs
GRI 413-2 Operations with significant actual and potential negative impacts on local communities			The Toronto Pearson Noise Management Program is a set of initiatives – land use planning, operating restrictions such as the night flight budget, noise abatement procedures, and the preferential runway system – that are standard across airports worldwide in the efforts to mitigate noise impacts on residents. At Toronto Pearson, this program is reviewed every five years, and a new Noise Management Action Plan is issued to introduce new initiatives. For example, the 2018–2022 Action Plan has resulted in a new interactive noise information web portal and the A320 family retrofit reporting program. Noise Management
Supplier Social Assessment			
GRI 414-1 New suppliers that were screened using social criteria			The GTAA is in the process of gathering information to understand our suppliers’ current practices. Suppliers are not currently screened using social criteria.
Public Policy			
GRI 415-1 Political contributions			Effective January 1, 2017, contributions to parties, constituency associations, nomination contestants, candidates and leadership contestants registered under the Election Finances Act may be made only by persons individually. GTAA is prohibited from making political contributions.
Customer Health and Safety			
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Toronto Pearson launched its “Healthy Airport” commitment with partners, government agencies and stakeholders which is designed to set strong, consistent, reliable standards for passenger and airport worker health protection. The Healthy Airport commitment is a comprehensive program that outlines the steps that the airport and its partners are implementing to restore confidence in the safety of air travel given the new realities. No reports of non-compliance regarding products or services rendered Annual Report - Healthy Airport Annual Information Form – General Development of the Business Healthy Airport

GRI, SASB AND TCFD INDEX

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2020)
Marketing and Labelling			
GRI 417-3 Incidents of non-compliance concerning marketing communications			There have been no incidents of non-compliance in 2020.
Customer Privacy			
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SV-PS-230a.3 (1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected		The organization has not identified any substantiated complaints from outside parties or regulatory bodies in 2020.
Socioeconomic Compliance			
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	SV-PS-510a.1 Description of approach to ensuring professional integrity		To the best of our knowledge, there have been no violations.

We welcome your feedback

If you have any questions or comments regarding this report, or suggestions for topics you'd like to see covered in future reports, please write to us at:

Greater Toronto Airports Authority
Toronto Pearson International Airport
P.O. Box 6031
3111 Convair Drive
Toronto AMF, Ontario, Canada L5P 1B2

or send an email to Publication@GTAA.com.

Thank you for your interest

The Greater Toronto Airports Authority (GTAA) was incorporated in 1993 and manages Toronto Pearson International Airport under terms set out in our December 1996 lease with the Canadian federal government.

Writing

Doug Dolan Communications and Amy Langstaff

Design and Sustainability Consulting

The Works Design Communications

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