



GTAA 2018 ANNUAL REPORT

# COUNT *on* PEARSON





## 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.

## CONTENTS

Connecting Canada to Opportunity	1
Connecting Our Region to Prosperity	13
Strengthening Our Communities	26
Constantly Improving Our Airport	47
A Message from the Board Chair	62
A Message from the President and CEO	66
Board of Directors	69
Executive Team	74
Corporate Governance	76
Sustainability Overview	79
Management’s Discussion and Analysis	F1
Financial Statements	F21
Corporate Information	F60

COUNT *on* PEARSON

Count on our airport  
to be a global hub  
and a North American  
gateway, connecting  
Canada to opportunity.

*Because that’s what our region, the  
country and millions of international  
travellers need us to be.*

welcome







CONNECTING CANADA *to* OPPORTUNITY

Count on Pearson to be a catalyst for trade and commerce, with regular direct flights reaching nearly 3/4 of the global economy.

*Because Canadian enterprises need worldwide connections to grow, diversify and stay competitive.*





# 72% of the global economy via regular direct flights

*Every day, Toronto Pearson has scheduled non-stop flights to destinations worldwide that account for about 72 per cent of global GDP. As our airline partners continue to add new routes and expanded services, that access will soon reach 80 per cent – bringing added economic benefits right across Canada.*



Our airport provides the regular direct connections that Canadian businesses need to explore new markets, forge valuable partnerships, arrange overseas manufacturing and services, and participate in trade missions and events.

- Toronto Pearson ranks second among North American airports for international connectivity. We're the 5th most connected mega hub globally.
- We provide non-stop flights to 175 international destinations, including nearly 60 U.S. cities.
- Compared to our Canadian peers, we offer direct service to 55 per cent more international destinations, and the most connections to all continents.
- Our airline partners serve 15 destinations outside North America with at least two flights daily – more than any other Canadian airport.

The number of international flights in and out of Toronto Pearson has been growing steadily over the past decade. And as carriers sell additional seats and switch to larger, more efficient aircraft, the volume of travellers has risen even more quickly. From 2011 to 2018, Pearson's total international traffic increased by more than 55 per cent.

Many of these travellers are expanding their personal horizons. But many others are venturing abroad to create new business opportunities – and that helps to build a more prosperous economy back home.



## Extending our reach

In 2018, Toronto Pearson introduced new\* or expanded services to the following destinations:

Bucharest\*  
Buenos Aires  
Chongqing  
Guangzhou  
Kiev\*

London Gatwick  
Mexico City  
Miami  
Milan  
Porto\*

Providence  
Shannon  
Zagreb\*  
Zurich



## Connecting all of Canada

### Nova Scotia and China

- 4,000+ passengers flew between Halifax and Beijing via Toronto Pearson in 2018.
- 40 per cent of international students in Nova Scotia are from China.
- 12 per cent of the province's fish and seafood exports are to China – including more than \$80 million worth of lobsters shipped each year through Toronto Pearson.

### Manitoba and India

- 5,700+ passengers flew between Winnipeg and Delhi via Toronto Pearson in 2018.
- 1/3 of economic immigrants to Manitoba were from India.
- 40 per cent of students in the aircraft maintenance program at Winnipeg's Red River College are from India. Many are hired before completing their studies by area employers, including major companies like Boeing and Magellan Aerospace.

### RELATED SDGs



### GRI INDICATORS

102-2 102-6



# 7 million passengers flying to nearly 60 U.S. cities

*For travellers to the United States, Toronto Pearson offers the tremendous advantage of pre-clearance in our terminals by U.S. Customs and Border Protection. Last year, seven million people flew to the nearly 60 U.S. cities served by our carriers, making Pearson the fourth largest U.S. port of entry by air.*



This pre-clearance capability, which dates from the early 1950s, reflects a broader tradition of political and economic cooperation that has characterized Canada-U.S. relations since the 19th century. But in recent years, cross-border air travel has increased significantly. Between 2012 and 2018, passenger volumes between Toronto Pearson and U.S. cities grew by 32 per cent, compared to a 26 per cent increase on routes within Canada.

There are many factors behind this continuing growth, including more economical airfares (despite the relative weakening of the Canadian dollar). But a significant driver is the further integration of economic links between the two countries. Notable trends north of the border include expansion into U.S. markets by Canadian banks and other large companies; increased exports of services such as engineering and management consulting; and higher levels of cross-border shopping via e-commerce providers like Amazon.





## 8% of traffic to/from North America

In 2018, eight per cent of travellers flying beyond the continent – or 16 million passengers – departed from, arrived at or connected through Toronto Pearson.

## The international connection

Importantly, the increase in north-south air traffic doesn't just reflect the fact that more Canadians are travelling to the U.S. Toronto Pearson also serves a growing number of international connecting passengers who choose our airport as the most convenient point of access to and from North America. Our proportion of connecting travellers, at about 31 per cent, is the highest among major Canadian airports. And over the past six years, that connecting traffic has grown at a much higher rate than that of our peers – and of most major U.S. hubs.

This is good news for our airline partners, of course, as well as for Toronto Pearson's financial sustainability. But most significantly, it speaks to our airport's growing profile as the gateway of choice for overseas travellers flying in and out of North America. And that, in turn, benefits all Canadians, who can take advantage of more frequent and wide-ranging services from carriers, not to mention the many enhancements to our facilities made possible by increased connecting traffic.

RELATED SDGs



GRI INDICATORS

102-6



# \$35 billion in exports to 200+ countries as air cargo

*Last year, Toronto Pearson handled some \$35 billion in goods shipped from producers in all provinces and territories to nearly every country around the globe. This represented about 67 per cent of all Canadian exports by air.*



While about a third of air cargo shipments are sent via dedicated freighters, most are shipped in the bellies of passenger aircraft. As carriers continue to add more efficient wide-body aircraft to their fleets, cargo capacity is growing to match rising demand – and competitive rates mean that more exporters are seeing the value of shipping by air. This provides airlines with additional revenues, strengthening the viability of international routes while opening up potential new markets for Canadian manufacturers and agricultural producers.

## Gold Award for Cargo Excellence

Toronto Pearson won Gold at the 2018 Air Cargo Excellence Awards, which recognized our outstanding performance among airports handling between 400,000 and one million tonnes of goods annually.



As global supply chains grow in scope and complexity, the goods most economically transported by air tend to be lightweight, compact and high in value. Worldwide, it's estimated that three per cent of air shipments account for about 35 per cent of trade value. That's certainly true at Toronto Pearson, as the connections we provide to support the flow of people, services and capital prove equally crucial in moving a wide array of high-value products – from biotech and robotics-based innovations created in Ontario and Quebec to resource and energy technologies developed in Alberta and B.C.

In 2018, shipments from Toronto Pearson to international markets – which account for about three-quarters of the total – grew by 3.4 per cent, year over year. Since 2014, total air cargo volume has increased at a compound annual growth rate of about 5.2 per cent.

---

## RELATED SDGs



---

## GRI INDICATORS

102-9

# 35 Canadian cities linked by the most frequent flights

*As a global mega hub, Pearson is also a vital crossroads for Canada. Last year, 22 million passengers travelled domestically via Toronto Pearson, more than through any other Canadian airport. Of the 35 cities to which we provide direct connections, 28 are served by at least two flights daily, and 20 have more than five.*



The domestic connectivity we provide increases productivity, facilitates investment, boosts job creation and access to talent, stimulates commercial partnerships and links the critical resources that fuel innovation. Across this network of busy flight paths, we extend our impact as an economic engine from coast to coast to coast.

For primary industries such as agriculture, forestry, mining and energy – typically based in rural and often remote areas – and also for secondary industries like manufacturing and construction, ensuring businesses run well means moving people, equipment, materials and finished goods smoothly and efficiently across Canada. The same is true for support services in everything from accounting and finance and engineering, to design, IT and process automation. To ensure that enterprises and entire sectors thrive, we must have quick, convenient connections between all parts of the country.

This is what Toronto Pearson helps our airlines deliver. We support the largest share of domestic flights by the country's two major carriers, Air Canada and WestJet. They, in turn, weave together cities large and small, strengthening the fabric of Canada and extending our country roads and urban streets to the far horizons of the global community.

---

**RELATED SDGs**



---

**GRI INDICATORS**

102-6



SHOWCASE

## Global links

*How do you turn a magnificent stretch of Nova Scotia coastline into a worldwide golf destination? First, design and build a spectacular course – and then ensure easy air connections from the rest of Canada, the U.S. and every corner of the globe.*



From his first glimpse of the rugged, cliff-lined coast at Inverness, on the western shore of Cape Breton Island, Ben Cowan-Dewar was inspired. It was December 2004, and the 25-year-old travel entrepreneur had flown out from Toronto to see for himself what local golf enthusiasts had been talking about for years. As he walked a rolling trail high above the dune-lined beaches, looking across the vast Gulf of St. Lawrence, what had begun as a promising idea coalesced into a vision: this was the perfect place to create a course in the spirit of the original links – the narrow stretches of land along the Scottish seacoast where the game was first played some 500 years ago.

*“Air accessibility is a driving force for our business – and the whole region.”*

Like most visions, it didn't turn into reality overnight. Partnering with investor Mike Keiser, a fellow links aficionado who had created the renowned Bandon Dunes courses in Oregon, Ben spent the next eight years piecing together parcels of land, enlisting world-class designers, developing the property – including a house for his wife and young family – and personally overseeing construction of the course and facilities.

What came next is now part of golf lore. When Cabot Links opened in 2012, it gained immediate acclaim, joining the World's 100 Greatest Golf Courses ranked by *Golf Digest*. Four years later, the growing enterprise added a second 18-hole course: Cabot Cliffs, which quickly took the #9 spot on the authoritative *Golf Digest* list. Today the property includes a 72-room lodge, three restaurants and a pro shop. The development also has a collection of architect-designed villas available for purchase and short-term rentals.



## Fast, easy connections

While the Cabot resort offers a one-of-a-kind golf experience, it was clear from the outset that creating a true destination would mean reaching outside Atlantic Canada – and beyond the worldwide community of diehard players who will travel anywhere – to attract the kind of guests who appreciate great golf but also value a smooth, convenient journey.

“We understand that we’re what some would describe as ‘a long way from anywhere,’” Ben says. “Ontario is our biggest market. We also attract many visitors from across Canada and, of course, the U.S. And we regularly welcome guests from other parts of the world. With the steady growth in air travel globally, we see more and more people venturing further afield to enjoy unique experiences. And in our case, we know many of them take advantage of fast, easy connections through Toronto Pearson.”





## An economic driver

The success of the Cabot resort has also brought benefits to the surrounding community. Inverness, a thriving coal-mining town in the late 19th and early 20th centuries, had seen prosperity steadily decline through the 1960s, after most of the remaining mines closed. In the decades since, faced with chronic high unemployment, many residents had left to find work elsewhere in Canada. So for Cape Bretoners, who'd long enjoyed sharing the beauty of their island with visitors, a new wave of golf vacationers meant welcome jobs close to home. "Today we employ about 600 people, including part-time staff and caddies," Ben explains. "And in a town of 1,200, that obviously has a big impact."

The influx of tourist spending has also sparked growth across the regional economy, from support services, restaurants and other amenities to additional visitor attractions. And as the Cabot resort continues to expand – adding a clubhouse, a wellness centre and a 10-hole, par-three course – Ben and his team see evidence daily of the close links between local enterprise and global connectivity: "In the past, when Nova Scotia tourism was mainly focused on road travel, a lot of Cape Breton's magic went undiscovered. Today, air accessibility is a driving force for our business – and the whole region."



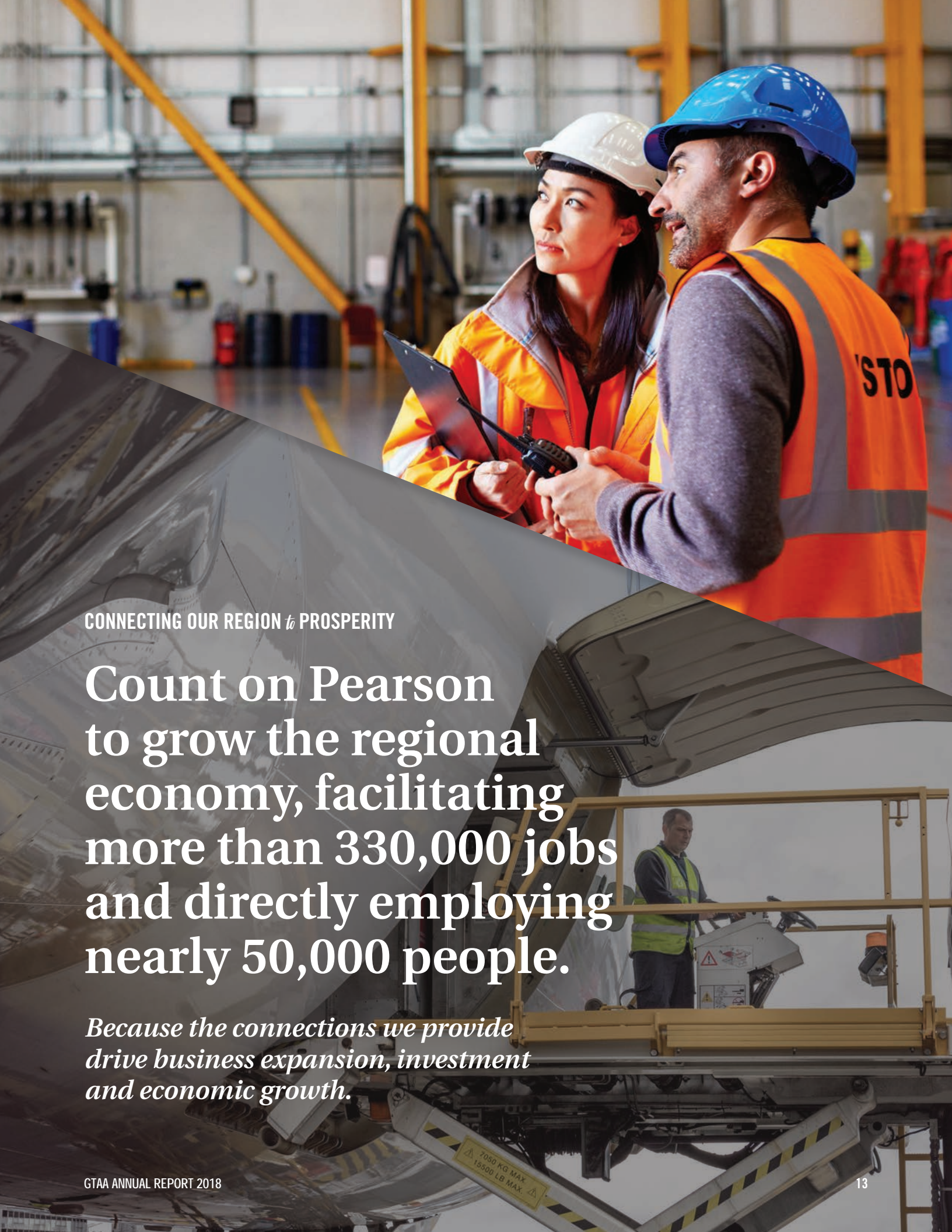
*“When you take a look at what a great airport does, it creates the piece of infrastructure that draws business and enables business to be far more competitive. And this is what Pearson does for Canada.... It’s an enabler for us to attract investment from abroad, and for Canadian businesses to be able to compete and succeed in a dramatically globalizing world economy.”*

---

**Perrin Beatty,**

President and Chief Executive Officer, Canadian Chamber of Commerce





CONNECTING OUR REGION *to* PROSPERITY

Count on Pearson  
to grow the regional  
economy, facilitating  
more than 330,000 jobs  
and directly employing  
nearly 50,000 people.

*Because the connections we provide  
drive business expansion, investment  
and economic growth.*



# 49.5 million people travelled to, from and through our airport

*In 2018, the flow of passengers through Toronto Pearson continued to grow, reaching 49.5 million – an increase of 2.4 million, or 5 per cent, over the previous year. The growth rate among international passengers was even higher, rising by 6.7 per cent and reinforcing our position as North America’s second-largest airport measured by international traffic.*



There are many factors driving this growth. Airlines are investing in larger, more fuel-efficient aircraft, which means they can carry larger numbers of passengers at a lower cost – and with reduced environmental impact. The resulting competitive fares make it possible for more people to fly more often and travel greater distances. But these are simply enablers of a more fundamental upsurge in demand. Canadians, whether pursuing business opportunities or simply eager to explore abroad, want convenient, affordable air connections to every corner of the globe. And our neighbours on other continents – particularly those in emerging economies – want to see what the rest of the world, including Canada, has to offer.





## Driving economic growth

This exponential growth in two-way air traffic reflects Canada's increasing connectedness to the global economy. Between 2013 and 2017, Toronto Pearson's passenger volumes grew at more than triple the rate of national GDP – faster than any other Canadian airport. Our average annual traffic growth in the same time frame, at 5.5 per cent, was the strongest of all global mega hubs.






This trend will continue as the focus of Canada's economy continues to shift from resources and manufacturing to services. When innovative companies venture into overseas markets, it boosts prosperity at home, which in turn motivates more Canadians to travel abroad. At the same time, economic growth in Asia and elsewhere enables more international travellers to visit Canada – and through our gateway airport, all of North America.

## 42% of visits with economic impact

Last year, 42 per cent of tourists, investors and students visiting Canada arrived through Toronto Pearson.

Over the next 20 years, we project that Toronto Pearson will see twice the growth in traffic that we've experienced in the past two decades, reaching 85 million passengers annually. This requires a systematic and responsible growth strategy coordinated among all stakeholders, as outlined in the 2017–2037 Master Plan we presented last year to the federal Minister of Transport. The economic benefits for our region, our province and all of Canada make it a worthy challenge.

### 2018 Passenger Growth

	Volume in millions	Increase over 2017	
Domestic	17.8	2.0%	
International	31.7	6.7%	
Origin and destination	35.0	5.6%	
Connecting	14.5	3.5%	
<b>Total</b>	<b>49.5</b>	<b>5.0%</b>	

**RELATED SDGs**



**GRI INDICATORS**

102-7 A01



# \$42 billion in economic activity is driven by Toronto Pearson

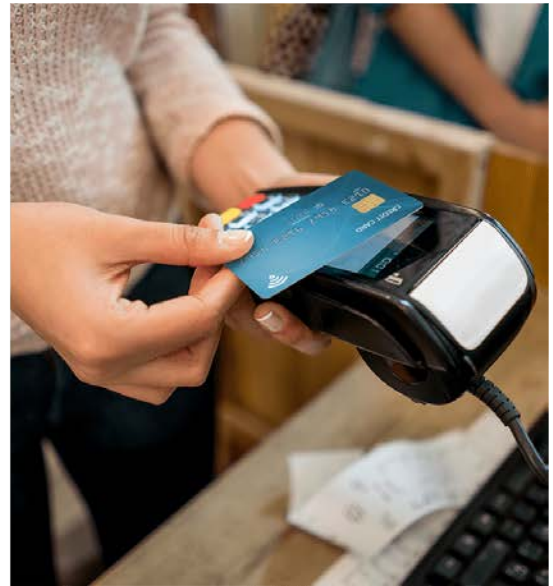
*An independent study commissioned by the GTAA in 2016 concluded that Toronto Pearson contributes about \$42 billion annually to Ontario's economy, or 6.3 per cent of GDP. Key components of this economic activity include:*



- Expenditures on goods and services by businesses and organizations directly associated with our airport.
- The impact of wages paid to the nearly 50,000 people who work at Toronto Pearson and live in nearby communities.
- Spending on accommodations, dining, retail shopping, services and attractions by Canadian and international tourists visiting our region.
- Foreign direct investment in human resources, real estate, production and distribution facilities, and other aspects of business development facilitated by a global mega hub.
- The cascading effect from all of the foregoing factors, as economic expansion sparks further growth in everything from financial and real estate services, to technical and professional consulting, to sales of commercial and consumer goods.

## Creating value on the ground

Economic research funded by the GTAA has determined that for every 10 per cent increase in the volume of international flights at Toronto Pearson, commercial property values in nearby communities increase by 6.9 per cent.



## Mega hub for a mega region

The connectivity that Toronto Pearson provides has a long-term material impact on the entire Canadian economy. Every province and territory exports goods and services via our airport – and in return welcomes skilled workers, investors, entrepreneurs, tourists and international students. But in fact, the full scope of our economic impact extends even deeper into the heart of the continent, encompassing a mega region comprised of Canada’s most populous provinces, Ontario and Quebec, along with eight key U.S. states.

Toronto Pearson’s total catchment area has a population of nearly 110 million and, within that, a workforce of 50 million – about a third of the combined Canadian and U.S. labour pool. With annual economic activity totalling US\$5.8 trillion, or eight per cent of global GDP, there is boundless potential for valuable interconnections and catalytic growth – all within 90 minutes’ flying distance of our airport.



## Igniting regional innovation

As rising demand continues to drive traffic growth, Toronto Pearson is constantly seeking ways to expand and enhance our services for passengers, aircraft and cargo – within a physical footprint that has more constraints than most mega hubs. The challenges we face call for innovative thinking, both within the GTAA and among our diverse stakeholders. So to help spark our collective creativity, we've launched the Toronto Pearson Innovation Fund.

Over the past year, we developed a detailed business model and policy framework for the new fund while identifying key operational challenges that it could be used to address. At the same time, we began engaging with innovation hubs such as the MaRS Discovery District in Toronto, as well as designated Regional Innovation Centres around the province. We also found welcome support among other members of the Southern Ontario Airport Network, whose valuable insights will help ensure that any projects we finance benefit the whole region.

The GTAA's Board of Directors has authorized an annual allocation for the Innovation Fund equivalent to one per cent of net income, which in 2018 represented \$1.1 million. In the coming year, we expect to see this initiative gain momentum in an array of collaborative research projects, proof-of-concept pilots and experimental “sandboxes” for testing new systems and processes.

---

### RELATED SDGs



---

### GRI INDICATORS

102-9

# 6% of Ontario workers have jobs linked to our airport

*More than 49,000 people work at Toronto Pearson, and the economic impact of our operations facilitates about 332,000 jobs across the region. By expediting trade, helping to attract investment and providing a convenient gateway to Canada and the entire continent, we also generate significant employment in our own backyard.*



As the economic engine at the heart of the Airport Employment Zone – Canada’s second-largest employment cluster – Toronto Pearson contributes to productivity right across the country, linking Canadian businesses with markets, commercial partners and investors worldwide. Studies show that each time we extend daily service to another international destination, it adds an estimated 400 jobs to the Canadian economy.

Toronto Pearson’s impact on employment will continue to grow over the next decade and beyond. Based on current projections, we’ve forecast the following metrics for 2030:

- 136,000 direct, indirect and induced jobs
- 131,000 jobs from spending by visitors flying into the region
- 275,000 jobs resulting from additional trade and investment made possible by the connectivity we provide

## Transport-related job growth

From 2007 to 2017, the proportion of national employment ascribed to the Greater Toronto Area (GTA) grew by one percentage point to 18 per cent. Over that same decade, the GTA’s share of transportation and warehousing jobs grew more substantially, from 16 per cent to 20 per cent. Toronto Pearson’s growing impact as a mega hub contributed significantly to that differential.

As a mega hub, Toronto Pearson not only connects Canada to the world – we connect Canadians to livelihoods and future opportunities.

## \$23 billion in FDI

Economic studies estimate that Toronto Pearson generates or facilitates \$23 billion annually in inward foreign direct investment (FDI), and \$25 billion in outward FDI.



## Helping careers take flight

Most people want a job that enables them to reach their full potential. For airport employees who work directly for the GTAA, we've put in place programs to foster individual and collective success. Having achieved our highest-ever employee engagement score in 2018, we seem to be on the right path.

For people living in our surrounding communities, we've reoriented our community investment program to focus on breaking down barriers to meaningful employment. The Propeller Project champions on-the-ground solutions to underemployment by directly investing in local organizations that nurture talent and connect people to the right opportunities.

---

### RELATED SDGs





SHOWCASE

# Location, location, location

*Some companies need to locate right next to a global hub airport to operate effectively; others choose to be as close as possible, ensuring easy connectivity in a fast-changing marketplace. To help both types of businesses, CBRE Limited, a leader in commercial real estate, has a special team dedicated to finding ideal industrial and office sites around Toronto Pearson.*



“Given the option, every company would choose to locate near the airport,” says Scot Steele, an executive vice president with CBRE. “That’s a key consideration for the industrial sector in this part of the city.”

Scot heads a team of brokers who focus on the western end of the Greater Toronto Area. It’s a market that was starting to gain momentum when he joined CBRE in the mid-1980s. And as he set out to identify the key factors driving growth, he quickly saw the importance of having a major airport nearby: “Toronto Pearson was clearly a magnet for real estate sales and leasing.” That insight led CBRE to form a specialized Airport Industrial Team, which Scot still leads today.

## Businesses on the doorstep

For some companies, ensuring the best possible air connections is built into the business model. The most obvious examples are international courier services: both UPS and FedEx have large facilities immediately adjacent to Toronto Pearson.

Another industry that depends on easy access to a global hub is freight forwarding. In recent years, as many smaller logistics providers have been acquired by larger ones, merged companies have consolidated their operations in new or expanded facilities around the airport. Adding to the need for proximity is the fact that many of these companies operate sufferance warehouses – special storage facilities, licensed by the Canada Border Services Agency (CBSA), where

imported goods can be stored up to 40 days before being cleared through customs for sale in Canada. To facilitate inspection by CBSA officers, these warehouses must be located within a prescribed perimeter around the airport.



## Close enough for comfort

Even companies for which air connectivity is less critical still prefer to locate close by – especially growing businesses with a global perspective. A good example is Wayfair, the U.S.-based e-commerce retailer of home furnishings and décor items. In 2018, the company opened its first Canadian warehouse in Mississauga, employing 200 people in an 800,000-square-foot storage and logistics facility. Having a global hub airport right next door was critical for employees travelling to and from Wayfair locations across the U.S., as well as for some air-based order fulfillment. Equally important was having an efficient road network for the online retailer’s truck-based distribution. “Toronto Pearson is not only a draw in terms of air connections,” Scot explains. “It’s also extremely well connected by surface roads – especially the 400-series highways.”

As for public transit, while most people working in the area currently travel by car, Scot foresees a shift in commuting patterns with the opening of the proposed Regional Transit and Passenger Centre at Toronto Pearson. He predicts that the impact will be particularly evident for office-based businesses – some of which have been moving closer to downtown to attract younger employees, who tend to avoid commuting by car (and increasingly don’t even own a vehicle).

“Employers have had trouble attracting millennials to the suburbs,” Scot says. “The ‘Union Station West’ transit hub will get them here.” He predicts that office vacancy rates in the area, currently higher than in Toronto’s core, will drop as well, ultimately sparking more development.





## The next wave

What remains constant amidst these changing trends is the demand among globally focused enterprises for the kind of connectivity that only a mega hub airport can provide. This is true for multinationals – including CBRE itself – that have leaders constantly travelling back and forth for face-to-face meetings. And it's a priority for many other rapidly expanding companies as they try to determine the best strategic locations for new offices.

"Air connectivity is very important for anybody trying to find the best way to get from point A to point B," says Scot. "And oftentimes the conclusion is to meet at point C – which is Toronto. The hub factor is extremely important."

It's a factor that's opening up new avenues for development in the Airport Employment Zone, from innovative hotel chains creating economical "express" locations in nearby industrial parks to the recent launch – backed by U.S. media giant CBS – of a 260,000-square-foot TV production facility just south of the airport.

"Developments like these are part of the next wave," Scot says, "as land and buildings are being put to new and better uses all around Toronto Pearson."

*"Toronto Pearson is not only a draw in terms of air connections. It's also extremely well connected by surface roads – especially the 400-series highways."*





*“We are a product company and an export company. If our customers need to promote our products in their markets, we have to be there – to train them, to support them and to provide the confidence that we’re there, we’re not just a face on a screen.”*

---

**Diego Lai,**  
CEO, Laipac Technology Inc.



STRENGTHENING *our* COMMUNITIES

# Count on Pearson to strengthen our communities with integrated transit solutions, environmental initiatives and programs to build social well-being.

*Because this is what it means to be a mega hub: not just providing connections but helping to advance economic growth, sustainable development and access to opportunity.*



# 1 million vehicles drive past Pearson every day: it's time for a better solution

*In 2017, the GTAA announced plans for an integrated transit centre at Toronto Pearson that would link rail and bus networks in the region and ultimately connect Toronto's western suburbs with much of Southern Ontario. Over the past year, the concept continued to evolve as we worked with Metrolinx and other transportation agencies, as well as community stakeholders and all levels of government, to more clearly define our collective vision for what many are calling "Union Station West."*



If we only consider the goal of facilitating air travel, there are compelling reasons to integrate this new piece of infrastructure – known formally as the Regional Transit and Passenger Centre, or RTPC – into Toronto Pearson. Providing better ground transportation connections would help accommodate the growing demand for global access that we expect will continue in the coming decades. The RTPC would not only get people to and from our airport more quickly and efficiently, but would also meet our need for expanded passenger processing facilities.

The concept envisions outbound passengers, travelling by various mode of ground transport, checking in at the RTPC, while Toronto Pearson's terminals would be reconfigured as concourses only. Similarly, the flow of arriving passengers would be directed to the RTPC for easy connections to ground transportation networks.

## Extending our responsibility

But the scope of our responsibility as a mega hub is not limited to moving passengers within Toronto Pearson's footprint – "from the curb to the gate," as the industry saying goes. Our vision, *to be the best airport in the world*, extends beyond the immediate needs of air travel to take in all dimensions of regional connectivity. It will only be fully realized if we help to facilitate the entire passenger journey, "from home to home."



The value Toronto Pearson delivers to individual passengers is measured by how easily they can travel those crucial extra kilometres to or from their front door or office or hotel room. And the value we deliver as an economic engine can only fulfill its potential if the connectivity we provide extends into the region's commercial, financial and employment ecosystem. This isn't just a gesture of community goodwill; it's a fundamental social and economic obligation of Toronto Pearson – and of any airport that aspires to be a true mega hub.



## The road to peace of mind

The roads and highways that serve the Airport Employment Zone are regularly clogged, as commuters and other commercial vehicles make over a million trips daily. The RTPC would help to alleviate traffic jams – a significant source of carbon pollution – not to mention unhealthy stress for the 300,000 people who work in the area, 95 per cent of whom commute by car.

We've also examined the potential benefits for nearly 450,000 people who travel from the western end of the Greater Toronto and Hamilton Area and back each day. Of those who head into the downtown core, about half use public transit. But twice as many commuters travel the Midtown Arc (the Highway 401 corridor) or the Northern Arc (Highway 407), and less than 10 per cent of them use public transit. Here again, the RTPC would provide a welcome alternative: economical, sustainable and better for everyone's peace of mind.

Among North American cities with populations over five million, virtually all have at least two major transit centres. Whereas Toronto, despite having the worst average commuter drive times in North America – and ranking sixth in the world for traffic congestion – has only one ground transportation hub, Union Station, which cannot alleviate the steady erosion of economic productivity and community well-being.

The RTPC would better connect people to their current workplaces and new opportunities while giving employers access to a larger talent pool. It would improve the flow of goods and services across the GTHA. And indeed, it would get travellers to and from our airport more smoothly and conveniently. All of these positive impacts together represent Toronto Pearson's mega hub vision.

### **RTPC = lower GHG**

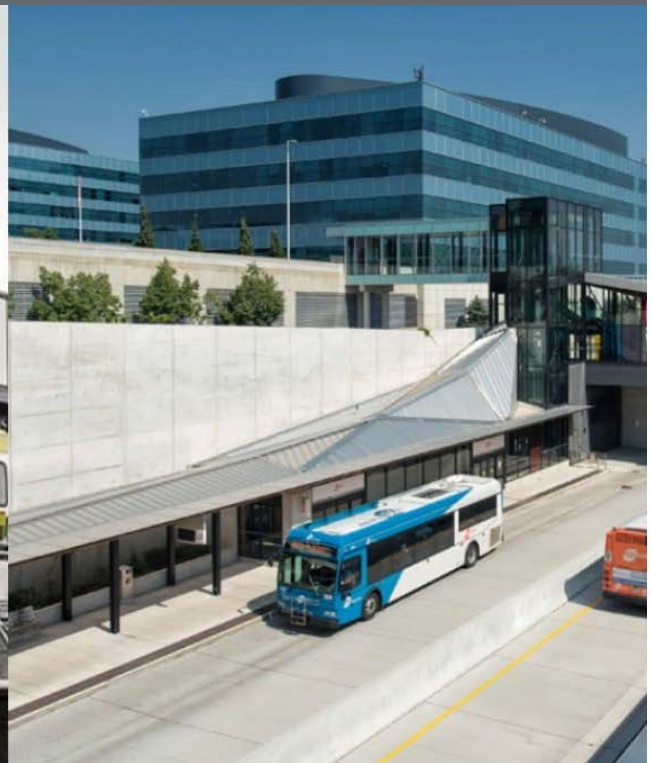
We believe that creating the Regional Transit and Passenger Centre (RTPC) at Toronto Pearson would increase transit usage among air travellers and airport employees from the current 10 per cent to a target range of 25–30 per cent. This would reduce greenhouse gas (GHG) emissions by an estimated 83,000 tonnes a year – equivalent to taking 18,000 cars off the road.

## Partnerships in progress

In April 2018, the GTAA and Metrolinx formally committed to work together in studying how the planned Regional Transit and Passenger Centre (RTPC) would connect to existing and proposed networks, including:

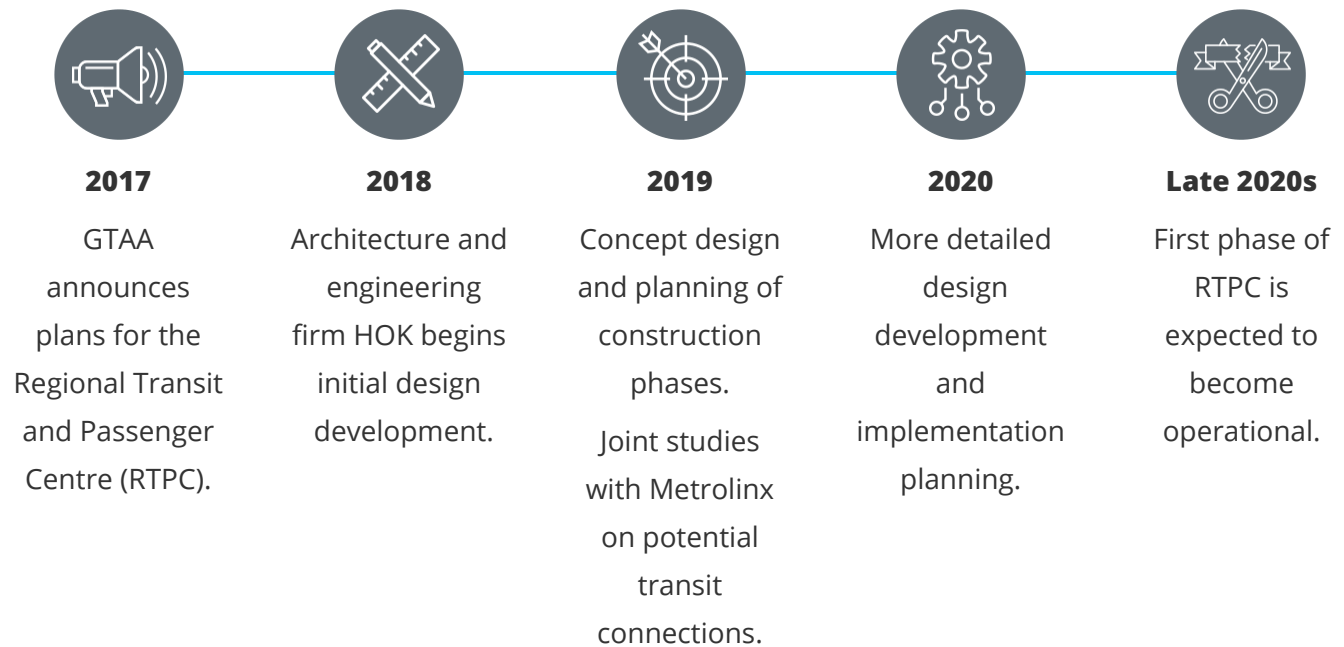
- the UP Express service between Pearson and downtown Toronto
- the rail corridor serving the Kitchener-Waterloo innovation hub
- the Eglinton Crosstown West LRT and Finch LRT services
- Mississauga Transitway, as well as various local and regional bus services
- other improved ground transportation links to/from Toronto Pearson and the Airport Employment Zone.

In November 2018, Mississauga Transitway launched a new MiWay airport express service, providing faster service between Pearson and western Mississauga – another key step toward aggregating regional transit connections at the RTPC. And at the beginning of 2019, the Toronto Region Board of Trade, supported by the chair of Durham Region, the mayor of Kitchener and other regional leaders, published a report on improving transportation in the Southern Ontario innovation corridor that endorses the RTPC as “a priority infrastructure project that would reduce congestion, increase supply chain efficiency and support export-driven business in the corridor.”





## Transit schedule



## Uber and Lyft pilot

In June 2018, Toronto Pearson launched a pilot with two leading transportation network companies, Uber and Lyft, in response to demand from passengers who find these services convenient. Initial feedback indicates that travellers appreciate having additional choices within our range of ground transportation options.

# SOAN soars

The Southern Ontario Airport Network (SOAN) continues to gain momentum, with Sarnia Chris Hadfield Airport joining in early 2019. Toronto Pearson and 10 of the region’s most commercially significant airports launched the network two years ago to develop a more integrated air transportation network, optimize current capacity and coordinate investments to meet growing demand in Ontario’s industrial heartland. In 2018, we worked to raise the profile of SOAN airports through meetings with local and elected municipal officials, underlining the economic benefits of having airports in their communities. SOAN airports also marketed our network at events in Ontario and the U.S.

As part of the GTAA’s Senior Leadership Development Program (developed with the Ivey Business School at Western University), one of our teams was charged with identifying opportunities for further collaboration within SOAN. Among the ideas that won support was a proposed materials exchange in which snow removal machines, terminal seating and other equipment would be offered to other SOAN members instead of being sold when no longer needed by an individual airport.



### RELATED SDGs



# \$1 million-plus invested in community building

*A global mega hub is obviously defined, first and foremost, by the connections it provides to other parts of the world. But that connectivity only has value if it also reaches deep into an airport's surrounding region, creating impacts that extend beyond transportation infrastructure to all aspects of economic and social well-being.*



This is how we frame the GTAA's commitment to corporate responsibility: to fully deliver on our promise as a mega hub connecting Canada to opportunity, we must also take a leadership role in helping the communities on our doorstep grow stronger.

Our community-building efforts are particularly focused on helping the underemployed pursue more rewarding livelihoods. More than 300,000 people work in the Airport Employment Zone, Canada's second-largest employment cluster after downtown Toronto. But for the two million people living within a 17-km radius of Toronto Pearson, there is a significantly higher rate of underemployment than in the overall Greater Toronto Area. Approximately 43 per cent of our neighbours, despite having post-secondary degrees, are working in jobs that are well below their education or skill levels.

## \$100,000 charity run

In September 2018, our 11th annual Runway Run welcomed 2,500 participants in a 5K run and a 2K walk at Toronto Pearson, raising \$100,000 to help support local communities through the Propeller Project.



This is where we believe the GTAA can help make a difference: championing on-the-ground solutions to underemployment by directly investing in local organizations that foster talent and connect people to the right opportunities.



## Making good things fly

Our signature community investment program is the Propeller Project. Through it, we invest one per cent of net income annually in community-building initiatives across our region. Many GTAA employees play an active role in these efforts. And we invite the broader public to join us by placing donations in the Propeller Project globes situated throughout the airport, or by participating in our annual Runway Run fundraiser.

In 2016, we started a project to determine an appropriate focus area for the Propeller Project going forward – one that was a high priority for nearby communities and would address a significant social issue. Through research, stakeholder interviews and consultations, we learned about the high levels of underemployment in our region – a challenge that is reflected in low income levels and often leads to chronic poverty. This was particularly true for recent school graduates, as well as for later-stage newcomers to Canada – people who have been in the country for three years or more and are no longer eligible for support from social services agencies. At the same time, we found that local businesses were frustrated by a shortage of skilled labour that inhibited their ability to grow.

Based on these learnings, we reoriented the Propeller Project in 2018 to focus on research, advocacy and programs aimed at helping local residents move into jobs that are better aligned with their knowledge, skills and education. In doing so, we also expect to identify and support pilot ideas that will help area businesses identify, hire and retain the workforce they require for sustained growth.

While we'll continue to support a number of broader-based initiatives aimed at creating stronger and healthier communities, our primary focus will be on helping to address the complex issues of underemployment in our region.

*In 2018, the GTAA invested \$1.02 million in 24 local non-profit organizations serving Toronto, Mississauga and Brampton.*



## Our community partners

In keeping with our new focus, we've made a three-year, \$300,000 commitment to MABELLEarts, a community organization in Central Etobicoke that has taken a leading role in developing arts programs for unemployed and underemployed newcomers (see our feature story, "Creating change through art"). Here are some of the other organizations we're partnering with:

**NPower Canada** – We work with NPower to address both unemployment and underemployment through its sector-based workforce development program. In 2018, this partnership offered free skills training, job placement and career laddering services in the IT sector to 120 low-income young adults across Peel Region.

**Windmill Microlending** – We support the work of Windmill Microlending (formerly the Immigration Access Fund) in providing access to low-interest loans for skilled immigrant professionals living in communities around the airport. These loans facilitate the accreditation process for newcomers seeking work in the professions they were trained for, or looking to upgrade their education and skills to help establish new careers in Canada.

**Newcomer Kitchen** – The GTAA is a signature partner of Newcomer Kitchen, an organization that brings together Syrian refugee women to cook and sell homemade meals to the community, with all proceeds shared among the cooks.

Since the program was launched, Newcomer Kitchen has grown to support over 50 Syrian families and has built a large team of volunteers.

*“Toronto Pearson has demonstrated a real concern for the community and the many newcomers who travel to Canada with high hopes when they arrive at the airport. Through its funding of social services initiatives, Toronto Pearson is helping make their hopes and dreams a reality.”*

— COSTI Immigrant Services

---

**RELATED SDGs**





# 8,300+ responses to our online noise survey

*As our airport grows, we find new ways to collaborate with neighbouring communities and other stakeholders as we work to manage the effects of aircraft noise. While we can't eliminate noise entirely, we're learning that there are things we can do to provide relief and lessen impacts – through sustained consultation and collaboration with communities, industry partners and noise experts.*



## Growing responsibly

*Growing Responsibly*, our 2018–2022 Noise Management Action Plan, sets out a five-year strategy for improving how Toronto Pearson manages noise. Created following an international best practices study of 26 comparator airports around the world – and guided by input from more than 3,000 local residents – the plan includes a range of ambitious programs based on the 10 commitments we've made to our communities.

In 2018, we started tackling the short-term priorities outlined in the plan – notably the Quieter Fleet Incentive Program, which targets aircraft noise by encouraging airlines to bring the quietest planes in their fleets to Toronto Pearson. By 2020, we will offer carriers incentives to retrofit the A320 family of aircraft, whose engines produce a high-pitched whistling sound related to air intake. As a first step, we have engaged with carriers to advise them of our plans and ask for their support.

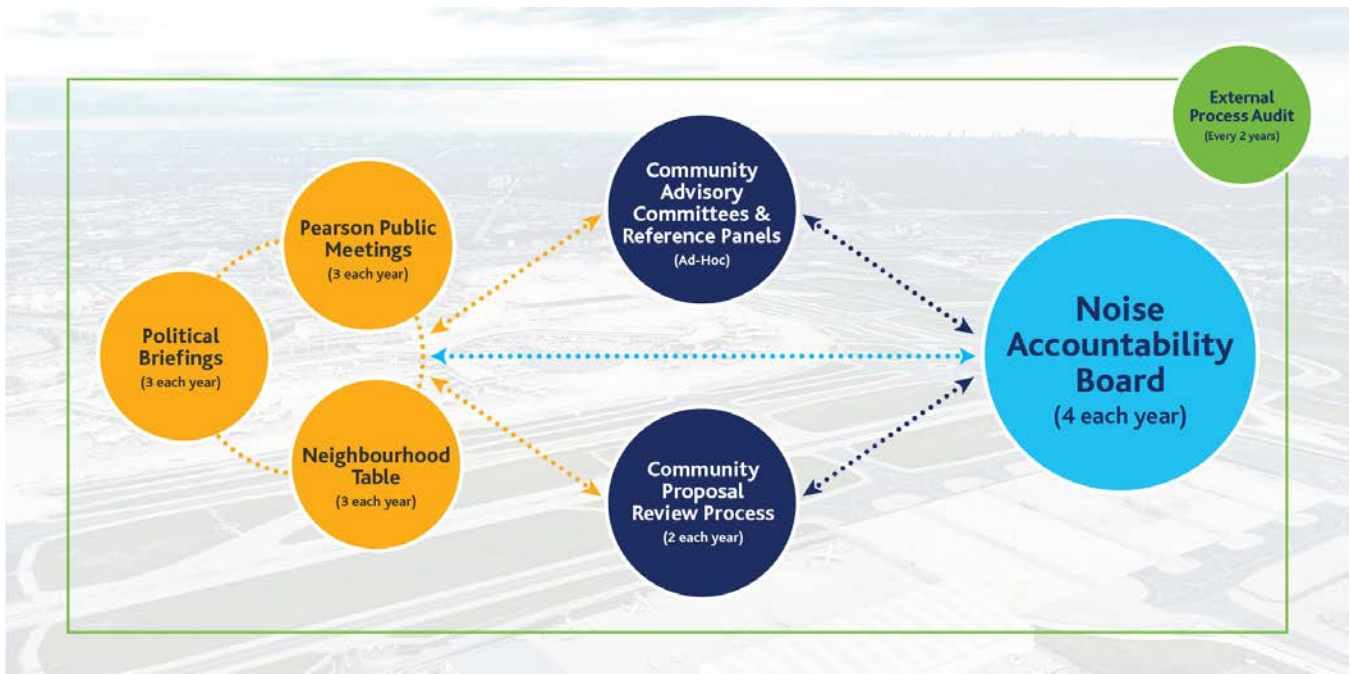
## A better way to engage

Another key Action Plan initiative was a review of the Community Environment and Noise Advisory Committee (CENAC), which for many years has been the only regular forum through which community members and elected officials can suggest how we should work together to manage impacts.

It became apparent, through engaging with stakeholders and conducting extensive research, that our noise management strategy had outgrown a single committee. We needed to find another approach that was more inclusive and would better enable us to coordinate and pursue various noise-related initiatives. As a result of this analysis, we decided to replace CENAC with an expanded engagement platform: the Toronto Pearson Noise Management Forums.

The new forums will create opportunities for sustained, productive conversations about noise through more frequent political briefings and neighbourhood table discussions, as well as enhanced public meetings and more regular resident working groups and reference panels. In addition to incorporating many of the noise engagement practices we've implemented over the past few years, the forums will introduce two new elements: an independent panel of industry experts who will assess and respond to community proposals about noise management; and a biannual external audit to review and publicly report on our progress toward Noise Management Action Plan goals.

## Toronto Pearson Noise Management Forums



Please see our community presentation to learn more about the Toronto Pearson Noise Management Forums.

## Six ideas to reduce noise

In 2015, the GTAA and NAV Canada, the national provider of civil air navigation services, began a series of conversations on the topic of noise mitigation in communities across the Greater Toronto Area. This was in direct response to neighbours asking that we do more to manage our airport's impact – and telling us we needed to get better at addressing community concerns and suggestions.

These conversations informed a noise mitigation engagement plan that has become known as the *Six Ideas*. In 2018, following two years of technical analysis, we reported back to the community on our progress and gathered additional feedback.

Information about the *Six Ideas* and our consultations reached more than 2.9 million people over the past year via multiple communications channels, from online surveys and technical briefings to opportunities for one-on-one interactions with NAV Canada air traffic controllers about aircraft management. During a six-week period in March and April, 430 residents attended meetings across the region, and more than 900 people responded to our survey. The resulting Public Engagement Report, published in July 2018, outlined what we'd heard from community members about each idea and how we planned to respond.

## From idea to action

Many of the *Six Ideas* were implemented by the end of 2018. While NAV Canada has primary responsibility for ideas 1 to 4, which relate to how airborne aircraft approach and depart Toronto Pearson, we have a major role to play in Idea 5.

For eight weekends in the summer, we tested a runway alternation program, providing scheduled relief from aircraft noise every other weekend to residents living under the final approach and initial departure paths of the east-west runways. Operational analysis showed that relief was possible in the early morning and late evening. At the same time, survey results indicated community support for the program. As a result, we are exploring the option of a full summer trial in 2019 with continued collaboration from airline partners and NAV Canada.

## Why noise annoys

The GTAA is supporting research at the University of Windsor analyzing the effects of aircraft noise on airport-neighbouring communities. The researchers, citing several decades of study in this area, hypothesize that to manage noise effectively, we need to consider the annoyance factor alongside decibel levels.



## Six Ideas



### Idea 1

Nighttime approaches



### Idea 2

Nighttime departures



### Idea 3

Increase downwind speed



### Idea 4

Continuous descent operation



### Idea 5

Summer weekend runway alternation program



### Idea 6

Preferential runway system review

## Hearing the message

Prior to testing Idea 5, we conducted a communications and consultation campaign that reached:

- 747,000 people through an advertising campaign
- more than 163,000 residents by phone
- 101 elected officials via briefings and communications

In return, we received more than 8,300 online survey responses.

### RELATED SDGs



### GRI INDICATORS

103-1 103-2 A07

## 46% reduction in GHG emissions since 2006

*The United Nations has included climate action among its 17 Sustainable Development Goals (SDGs), underlining the serious global threats posed by climate change and the need for strong action by countries, businesses and communities. At Toronto Pearson, we're focused on achieving a 20 per cent reduction in greenhouse gas (GHG) emissions from 2006 levels by 2020, and an 80 per cent reduction by 2050. Having so far cut GHG in our operations by 46 per cent, we feel the prospects are good for reaching our long-term goal.*



Ten years ago, as the magnitude and potential impact of climate change was becoming increasingly clear, the GTAA chose to lead by example. Rather than waiting to comply with international agreements and planned legislation, we moved proactively to find ways of reducing energy consumption and associated GHG emissions. We believed then, as we do today, that it is our responsibility, as Canada's largest airport and a leading global mega hub, to make a meaningful contribution in this area.

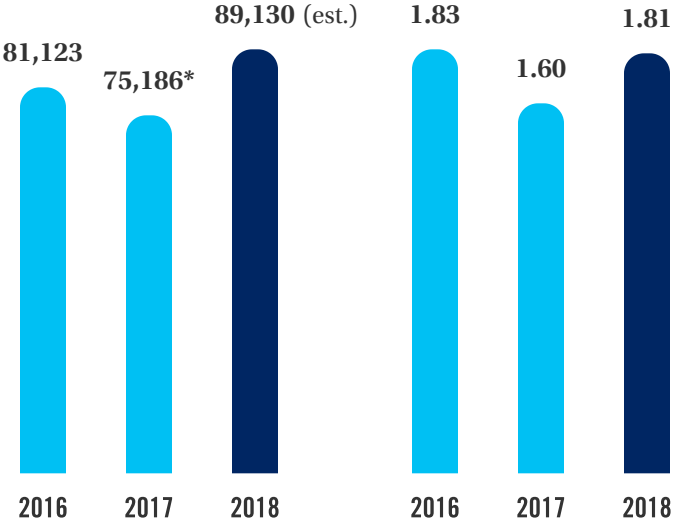
Our efforts are wide-ranging, reflecting the myriad business activities, vehicles and job types that are part of Toronto Pearson's day-to-day operations. However, the actions we take generally fall into two categories: mitigation, as we work to lower GHG emissions through reduced energy consumption; and adaptation, as we ensure that our facilities are ready for the expected future effects of climate change.

We have achieved significant success with energy reduction projects that focus on switching to energy-efficient LED lighting, and on upgrading the airport's heating, ventilation and air conditioning (HVAC) systems. In addition, we invest in electric vehicles and charging stations. We encourage employees, passengers and visitors to use public transit. We've incorporated green building standards into our construction codes. And we work with our airline partners to promote processes and technologies that lower fuel burn and emissions – for example, by designing our airside infrastructure to minimize the time aircraft spend with their engines idling.

There are currently 32 electric vehicle charging stations around Toronto Pearson, all of them available free of charge to airport employees and the general public. These complement a more extensive network of about 80 charging stations used by electric baggage tugs and other service vehicles in airside operations.

**Total annual CO<sub>2</sub>e emissions**  
(tonnes)

**Intensity CO<sub>2</sub>e**  
(kilograms per passenger)



The increase from 2017 to 2018 was a result of higher exports from the airport’s cogeneration plant to the Ontario electricity grid. Such exports are part of the GTAA’s contract with the Independent Electricity System Operator, and their volume is driven by provincial demand.

\*The total stated in our 2017 Annual Report was an estimate (exact figures were not available at the time of publication). It has been restated in this year’s report to reflect actual 2017 CO<sub>2</sub>e emissions.



## Level 3 carbon rating

In 2018, Toronto Pearson was recertified at Level 3 in the Airport Carbon Accreditation program managed by Airports Council International. This places us in rare company among North American airports. Certification at this level requires us to measure the carbon footprint of our operations, set and achieve reduction targets, and engage third parties in our efforts. The final step, Level 4, is carbon neutrality – a goal we hope to achieve in the future. (There is currently only one carbon-neutral airport in North America.)

Please see the Sustainability Overview to learn about what we're doing to manage waste responsibly and to protect and restore our natural environment.

## Going Green Award

Toronto Pearson was recognized with a 2018 Airports Going Green Award for our Green Commuter Rebate Program, which offers GTAA employees a \$50 monthly reward when they carpool, walk, cycle or use transit to and from work at least 70 per cent of the time.

---

### RELATED SDGs



---

### GRI INDICATORS

103-1 103-2 305-5

## SHOWCASE

# Creating change through art

*MABELLEarts is a special kind of organization that exists to create art and inspire collaboration among neighbours. In the process, it transforms neglected spaces into meeting places where people in low-income communities can connect, make friends and pursue economic opportunities.*



“Over the years, we’ve learned that parks and public spaces can play a vital role in welcoming newcomers to Canada and helping them integrate into communities,” says Leah Houston, founder and artistic director of MABELLEarts. “In 2016, when waves of Syrian refugees came to Canada, we invited those being resettled in our area – central Etobicoke’s Mabelle neighbourhood, not far from Toronto Pearson – to take part in our summer programming. While working together to transform a small park in the centre of the community, we’ve built lasting relationships with people of all ages, backgrounds and abilities.”

## Help where it’s needed

Founded in 2007, MABELLEarts set out to gain a deeper understanding of the needs of community members and the barriers they faced in their search for meaningful employment. Today, the not-for-profit’s training and employment program provides summer jobs and post-secondary preparation for local youth; job-related training for diverse community members; hands-on skills development for newcomer women; and a range of volunteer opportunities for newcomers, refugees and asylum-seekers.

In 2018, the GTAA, having previously supported the organization’s arts programming, committed an additional \$300,000 in funding to MABELLEarts over a three-year period. One of the largest-ever donations made through our Propeller

Project, the funds will be used to scale up community leadership programming, skills development and placemaking activities with the goal of creating more employment and economic opportunities for community members.

“The GTAA understands how an arts organization can be an economic engine in a low-income neighbourhood,” Leah says. “Among other priorities, the GTAA’s investments will enable us to offer more training and support to women for small-scale economic ideas. For example, we’ve retrofitted a trailer into a mobile kitchen. Women from the community will now have the opportunity to make food they can then sell out of the trailer during our events.”



## A fitting tribute to a special place

Tasmeen Syed, a Grade 11 student at the local high school, has been involved with MABELLEarts since she was five years old and is now a part-time staff member. “There was never much to do in our neighbourhood,” she recalls, “so we’d run around the park. One day we saw a program that MABELLEarts had organized, and we joined in. Since then, I’ve been involved in everything from building a large public bake oven in the middle of the park to making paper, creating shows and doing after-school activities.”

The young woman credits MABELLEarts with helping her find a path in life. “They really care about you and try to incorporate something for everyone. In the future, I want to become a psychiatrist and help people – but in a way that makes everyone feel safe, welcome and special, just like MABELLEarts does.”

*“The GTAA understands how an arts organization can be an economic engine in a low-income neighbourhood.”*

**— Rana Sarkar, Consul-General of Canada, San Francisco and Silicon Valley**





*“This is the front door for Canada in many ways. I think there’s a real opportunity for this airport to be one of the great windows on the world for Canada... [and] the bedrock for building the prosperity engine for the 21st century.”*

---

**Rana Sarkar,**

Consul-General of Canada, San Francisco and Silicon Valley



CONSTANTLY IMPROVING *our* AIRPORT



# Count on Pearson to deliver a great travel experience, building on our #1 quality ranking among North American airports.

*Because travellers expect us to get them where they're going smoothly, safely, comfortably and reliably.*



# #1 in North America – once again – for airport service quality

*In 2018, for the second consecutive year, Toronto Pearson received top ranking for our size category in the annual Airport Service Quality (ASQ) survey, conducted globally by Airports Council International. Our ASQ score of 4.45, up from 4.31 the previous year, places us ahead of all other airports serving more than 40 million passengers annually – not only in North America, but also in Europe, Africa, Australia, Latin America and the Caribbean.*



The benchmark ASQ survey, conducted quarterly, measures 10 key quality indicators, from wait times at security, to the helpfulness of airport employees, to overall cleanliness and ambience. Toronto Pearson's scores once again rose significantly in all categories, extending the upward curve of continuous improvement we've charted over the past decade.

This recognition for our collective efforts means all the more when we consider who ultimately judges our performance: the travellers who appreciate all aspects of their Pearson experience, from the efficiency of our check-in kiosks, to the range of dining options we offer, to the 1,700 new signs we've installed to improve flight updates and wayfinding.

## 1.5 million passengers assisted

Over the past year, community members participating in the Toronto Pearson Volunteer Program helped more than 1.5 million passengers through our terminals, answering questions and guiding them on their way in both pre- and post-security areas.



# 11.4% growth in commercial revenues

*Toronto Pearson's fastest-growing source of income continues to be commercial revenues from non-aeronautical sources such as parking and ground transportation fees, retail and dining concessions, and rent paid by airlines for check-in counters and kiosks. In 2018, commercial revenues grew by 11.4 per cent to \$501.9 million – an all-time high.*







The aeronautical fees we charge to airlines flying in and out of Toronto Pearson have either been held constant or lowered for 11 consecutive years. Our carriers have been able to reduce the average cost per enplaned passenger, benefiting from the overall growth in passenger traffic, as well as our successful efforts to increase commercial revenues while managing operating costs and capital expenditures.

In 2018, we advised carriers that Toronto Pearson's aeronautical rates and charges would once again remain unchanged in 2019. The Airport Improvement Fee – collected by carriers from their passengers and invested by the GTAA in capital programs (including associated debt service) to further enhance Toronto Pearson – has likewise been held constant or lowered for the past nine years.

The GTAA's continued strong financial performance enables us to pursue new initiatives that will further improve both the passenger experience and services to carriers – while reinforcing Toronto Pearson's commitment to safety and security, employee engagement and corporate responsibility. At the same time, we're advancing our long-term goals for financial sustainability by increasing net income and reducing debt per enplaned passenger.

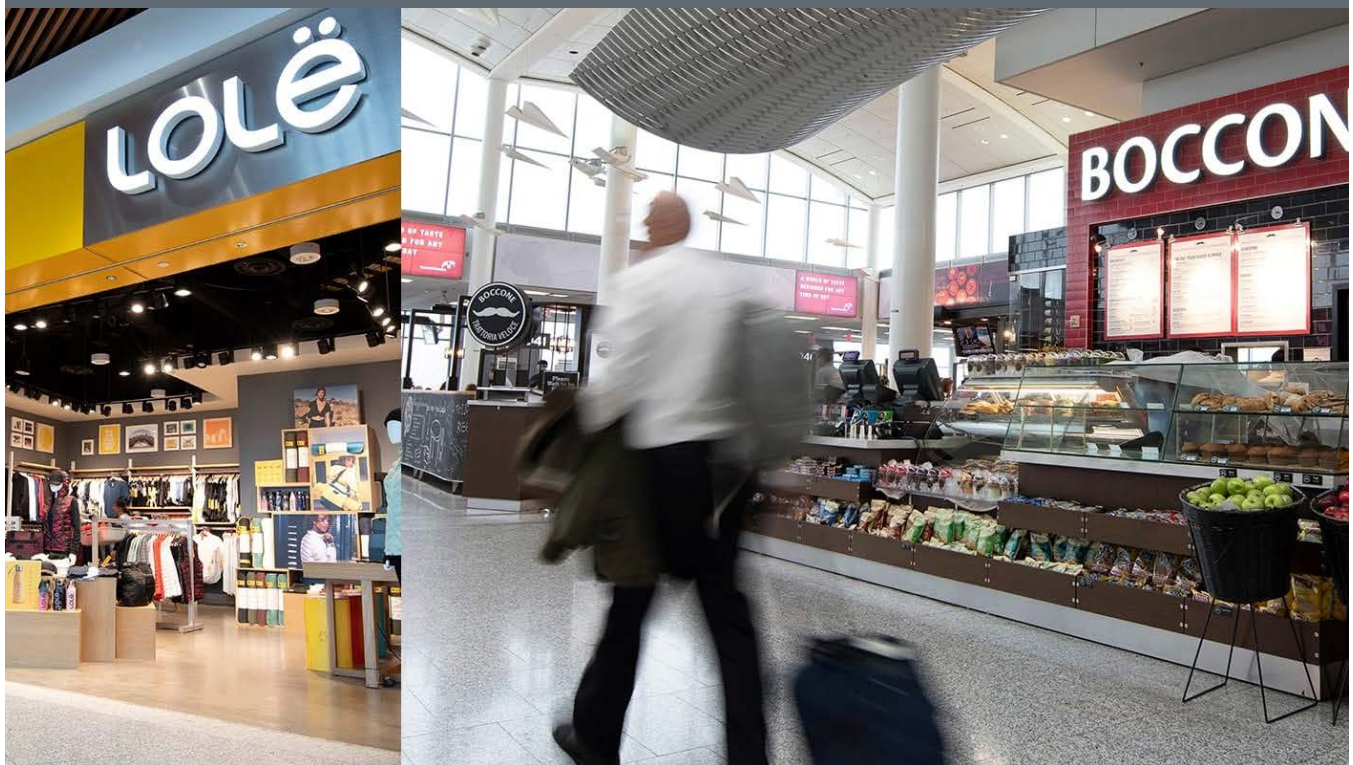
## 2018 Revenue Growth (in \$ millions)

	2018	2017	Increase	
<b>Aeronautical:</b> landing fees, general terminal charges and apron fees	509.8	501.0	1.8%	
<b>Commercial:</b> concessions and rentals, ground transportation, parking, etc.	501.9	450.6	11.4%	
<b>Airport improvement fees</b>	460.0	436.1	5.5%	
<b>Total</b>	<b>1,471.7</b>	<b>1,387.7</b>	<b>6.1%</b>	

## 27 new restaurants, shops and services

Toronto Pearson's array of passenger amenities continued its steady growth in 2018 with the opening of an additional 27 retail stores, restaurants and services in redeveloped areas of both terminals. Among the new brands represented are Johnston & Murphy, the footwear and fashion accessory retailer, and boutique-style Dylan's Candy Bar. Restaurant options in Terminal 3 were expanded with the launch of the Distillery District Food Hall, which showcases venues in the historic dining and shopping precinct in downtown Toronto.

Overall sales from dining and retail concessions increased by \$38 million from 2017, yielding a gain of \$10 million in revenue to the GTAA. This was complemented by a gain of \$5 million, year over year, in partnership and advertising revenue.



### The Look of Genesis

Travellers know they can easily rent a car at Toronto Pearson, but they don't think of the airport as a place to shop for a new vehicle. That changed in 2018 when Genesis Motor, the luxury division of South Korean automaker Hyundai, opened its first airport showroom in Terminal 1. The Genesis brand presence also includes digital signage in the parking garage and sponsorship of valet parking services.



### Our FAB award

Toronto Pearson won the award for Airport Food & Beverage Offer of the Year at the 2018 FAB Awards, an annual competition recognizing best practices among more than 200 international airports. At the same event in Helsinki, The Hearth by Lynn Crawford, operated by HMSHost in Terminal 1, was named Airport Casual Dining Restaurant of the Year.



---

**GRI INDICATORS** 102-7

# 95% in 10 minutes: our security-screening goal

*In 2018, the Canadian Air Transport Security Authority (CATSA) screened 19.5 million departing passengers at Toronto Pearson, an increase of about 4.8 per cent over the previous year. Of this total, 92.3 per cent passed through security in less than 15 minutes. Although this compares favourably to average security wait times at airports worldwide, we've joined with other mega hub airports in adopting the "95/10" standard: 95 per cent of passengers screened within 10 minutes.*



Meeting the 95/10 goal will require significant investment in new security technologies such as facial recognition and biometrics, as well as continued collaboration among the various government agencies who help facilitate the flow of outbound passengers at Toronto Pearson. We recognize that human resources are constrained by the current fiscal and staffing policies of the federal government. Still, by sharing ideas and working together, we're making progress.

A case in point is the CATSA Plus initiative, which deploys redesigned security lanes to help passengers proceed more quickly to their gates while ensuring a safe, secure screening process. Introduced in mid-2017 in the U.S. departures area of Terminal 1, CATSA Plus was subsequently launched in Terminal 3 at the beginning of 2018. We then undertook a phased implementation in the domestic and international areas of Terminal 1 through the rest of the year and into early 2019.

## 58 U.S. customs kiosks

Most passengers flying from Toronto Pearson to the U.S. can use 58 self-service Automated Passport Control kiosks, reducing the time they spend interacting with United States Customs and Border Protection (USCBP) officers. (In addition, members of the Nexus and Global Entry trusted traveller programs can use 47 Global Entry kiosks in both terminals to pre-clear U.S. Customs.)

CATSA Plus has proven to be highly effective in processing passengers efficiently, yielding more than double the throughput of standard CATSA screening lanes. We're confident that these investments in faster, higher-volume checkpoints, combined with efforts to harmonize processes such as trusted traveller screening to the U.S. – as well as our continued cost-recovery partnership with CATSA – will enable us to move steadily closer toward our 95/10 goal.

## 66 self-service baggage drops

We added another 10 self-service baggage drops in 2018, bringing the total for both terminals to 66. A dozen airlines carrying more than 80 per cent of Toronto Pearson passengers benefit from this automated system.



## 338 convenient check-in kiosks

To optimize flow, we continue to encourage both passengers and airlines to take advantage of self-service check-in kiosks, adding another 43 in the past year for a total of 338. We've also increased the number of accessibly designed kiosks from 30 to 83. Automated check-in is now available with 22 carriers, up from 17 in 2017.

## Making customs easier

We've also adopted the 95/10 standard as our objective for processing inbound passengers through immigration and customs in collaboration with the Canadian Border Services Agency (CBSA). In 2018, we continued to add primary inspection kiosks in Terminal 3; up to 98 per cent of all arriving passengers can now use the 150 available kiosks to clear CBSA checkpoints.

At the same time, in Terminal 1 we've expanded the Automated Border Clearance program for Canadian citizens and U.S. passport holders, increasing the number of kiosks to more than 50. (In addition, Toronto Pearson has 30 Nexus kiosks for passengers in the joint U.S./Canada trusted traveller program.)



## E-gates in Terminal 1

In June 2018, we introduced four electronic gates on the bridge connecting domestic and U.S./international gates in Terminal 1. Now passengers simply scan their own boarding passes rather than having them checked by operations representatives – which helps them move more easily through the airport while enabling us to deploy valuable human resources elsewhere.

The International-to-Domestic Passenger and Baggage Connections Program – known as ITD – enables passengers arriving from designated European and U.S. cities to proceed directly to domestic connecting flights without having to collect and recheck their luggage; instead, they retrieve their bags at their final Canadian destination. In 2018, we enhanced ITD in Terminal 1, extending it to more European origin cities, as well as Air Canada flights from Japan. We also expanded the program in Terminal 3 for WestJet passengers. ITD connection times are shorter – in many cases facilitated by buses that carry international passengers directly to their domestic departure gates – and the smooth-flowing process has prompted favourable feedback from passengers.

Following a similar strategy, in 2018 we collaborated with CBSA on a pilot project called I-to-I – for International-to-International – installing 35 kiosks for passengers who arrive in Terminal 1 from outside Canada and are connecting on the same day to other international (non-U.S.) destinations. Instead of interacting with CBSA officers, these connecting passengers simply scan their passports at I-to-I kiosks and proceed to their departure gates. Those who do need to be rechecked are processed through special pre-board screening lanes. Over 600,000 passengers took advantage of I-to-I in 2018, which significantly reduced connection times while helping to streamline traffic in other CBSA processing areas.

SHOWCASE

## Long-range forecast

*Pelmorex, the pioneering Canadian company behind The Weather Network and its French-language counterpart, MétéoMédia, has evolved into a leading provider of weather information and data solutions, expanding into markets worldwide – and maintaining national and global connections through Toronto Pearson.*



Every day, The Weather Network helps millions of people plan their lives – and dress accordingly. After more than a quarter-century, Canada’s leading source of round-the clock weather updates ranks among the country’s most trusted brands. The business behind the forecasts, though, is less well known – even though Pelmorex Corp., headquartered in the Toronto suburb of Oakville, has been celebrated as one of Canada’s top employers and best-managed companies.

Founded in 1989 by Montreal-born entrepreneur Pierre L. Morrissette, Pelmorex began as a network of radio stations in northern Ontario. But with the 1993 acquisition of The Weather Network and MétéoMédia, the broadcaster soon became Canada’s go-to source for timely and accurate weather information. From the outset, Pelmorex was an innovator, developing technology that could generate forecasts for any point on the planet within a square kilometre. The Weather Network was quick to embrace the power of the Internet; its website, launched in 1995, is now one of Canada’s top 10 online destinations. The network was similarly ahead of the curve with its introduction of mobile web services in 2002; today its smartphone, tablet and TV apps are part of Canadians’ daily routine.

*“Because Pearson is a world-class hub, we know we’ll get in and out quickly and efficiently.”*



## And now the latest... data

As Pelmorex has grown through these three phases – broadcast, web and mobile – its main source of revenue continues to be the fees paid by advertisers to reach millions of subscribers. But now the business model is evolving once again.

“The fourth phase is data,” explains Sam Sebastian, President and CEO since 2017 (when Pierre L. Morrissette became Executive Chairman). Pelmorex data scientists take weather information and correlate it with the sales data of consumer-facing companies, yielding insights that enable more effective, localized decision-making. Working with a quick-service restaurant chain, for example, the Pelmorex team shows how sales of key items rise or fall depending on weather conditions. Even better, they advise on how to adjust local advertising, promotions and inventory in response to detailed forecasts.

“We can provide a remarkable level of insight on when to lean in or lean back on products or services affected by weather,” says Sam, who joined Pelmorex after a dozen years with Google, most recently as managing director for Canada. “The scale and precision we bring to targeting these kinds of decisions helps us engage our advertising customers in new strategic conversations.”





## Weather is everywhere

The other dimension of Pelmorex’s growth is geographical. The Weather Network initially established a presence in English-speaking markets like the U.S. and the U.K. Now, as a web and app-based information hub, it provides customized local forecasts wherever users happen to be. At the same time, Pelmorex has acquired or built uniquely branded platforms in several countries, including Eltiempo.es in Spain, Otempo.pt in Portugal and the Clima network in Mexico, Colombia, Argentina and other parts of Latin America. And that global expansion continues, as the company explores potential partnerships from India to Australia to elsewhere in Europe.

“Like a lot of great Canadian companies, our goal is to export what we’ve created,” Sam says, “expanding our advertising and data businesses around the world. Whether we grow organically, by acquisition or through partnerships, our approach everywhere is to keep it local, making sure we have the team, the trusted brand and, obviously, the language and culture that fit each market we serve.”

## The Pearson forecast: zero friction

Even in the accelerating digital economy that has fuelled Pelmorex's growth, there's still a need to bring people together. Within Canada, team members travel between Toronto, Montreal and sales offices across the West. "We're flying back and forth constantly," Sam says, "having face-to-face conversations to make sure we're all aligned." Similarly, leaders and teams regularly fly to and from both U.S. coasts, as well as Europe, Asia and Latin America. "It's a business requirement as we continue building the connections and partnerships we need to expand internationally."

A critical enabler of those connections is minutes from Pelmorex's Oakville headquarters: Toronto Pearson. "When you travel for business, you just want to fly there, get the work done and come back to your family," Sam says. "And because Pearson is a world-class hub, we know we'll get in and out quickly and efficiently. We're in the weather business, so we know things may slow down a bit when active weather hits. But aside from those few uncontrollable exceptions, the planes run on time. The ability to clear U.S. customs is a huge advantage. And the operating machinery of Pearson is almost unnoticeable – which is a huge compliment. It just becomes frictionless travel, which for any business person is all you really want."

SHOWCASE

# I am Toronto Pearson

*“I am here to help people,” says Michelle Henry, a screening officer with the Canadian Airport Transport Security Authority (CATSA) at Toronto Pearson. “They see that I have a smile on my face and that I want to create a positive relationship. Some regular passengers say they look forward to seeing me, and that makes me happy. I love my job.”*



In 2016, people working in all areas of Toronto Pearson came together to discuss what they did each day to give passengers the best possible airport experience. Those conversations soon became a grassroots movement, and by the end of 2017, more than 10,000 proud airport employees had adopted its rallying cry: *I am Toronto Pearson*.

The movement continued to gain momentum over the past year, attracting over 8,000 additional members from companies and organizations responsible for everything from baggage handling to dining to cleaning and maintenance. Michelle Henry is one of 500 *I am Toronto Pearson* ambassadors who take the lead in creating a positive difference for passengers – and inspiring co-workers to do the same.

“Sometimes people I work with tell me, ‘I could never be like you,’” says Michelle, who screens passengers in Terminal 1 domestic departures for GardaWorld, a private security firm under contract to CATSA. “But kindness is not difficult. And the more you help people, you don’t even think about it. It’s just a matter of being who you are. I believe everybody has goodness in them.”

*“I am Toronto Pearson just means being the person I’ve always been – but now I can show it a little more.”*





Nearly 50,000 people work at Toronto Pearson for a wide array of enterprises, public and private, large and small. *I am Toronto Pearson* encourages all employees to reach beyond their official job descriptions and provide directions, share tips or simply welcome passengers with a friendly greeting. Through countless informal encounters linked by a common question – “How can I help?” – they ensure millions of travellers move more smoothly and comfortably through our airport each year. And in doing so, they reinforce the reputation for courtesy and helpfulness that once again earned Toronto Pearson the #1 quality rating among North American airports in the 2018 ASQ global passenger survey.

“I look forward to coming to work every day,” says Michelle, who lives in nearby Mississauga with her husband and four children. “*I am Toronto Pearson* just means being the person I’ve always been – but now I can show it a little more.”



***“I’m excited and I’m encouraged to see that Pearson... [is] aggressively pursuing the whole idea of becoming the best airport in the world. That’s a great thing for the region, and it’s a great thing for Canada overall... and it’s a great thing for tourism.”***

**Charlotte Bell,**  
President and Chief Executive Officer, Tourism Industry Association of Canada

## A message from the Board Chair

*In 2018, a record 49.5 million passengers travelled through Toronto Pearson. This was an increase of five per cent, or 2.4 million passengers, compared to the previous year. It reflects the steady rise in demand that has shaped our airport's development over the past two decades, as more and more Canadians fly for business, pleasure, education and research, and in doing so strengthen professional, cultural and family connections around the globe.*

*"We provide the vital connections that help ensure our region and all of Canada are more dynamic, resilient and ready for the future."*

---

**David Wilson**, Chairman



Toronto Pearson is a vital piece of regional infrastructure, providing easy access to the world for people in the Greater Toronto Area and across Southern Ontario. At the same time, the number of connecting passengers flying through our airport continues to rise, accounting for 29.2 per cent of traffic during the past year. Their decision to travel via Pearson speaks to the superior connections we offer over other hubs, as well as our reputation for delivering a convenient, smooth-flowing travel experience.

That millions more passengers every year are choosing to fly in and out of Toronto Pearson attests to our continued progress in delivering on the GTAA's strategy. It's also a tribute to the diligence, dedication and pride of nearly 50,000 people who work at our airport. But as demand for air travel continues to grow, we never lose sight of longer-term challenges. As forecast in our Master Plan, we envision serving 85 million passengers annually by 2037. And while the total number of aircraft movements will not go up proportionately (as the average number of passengers per flight rises to 140 from the current 110), we'll face increasing pressure to optimize facilities while investing strategically in further enhancements within the airport's prescribed footprint.

## Building a strong foundation

As a non-share capital corporation, the GTAA constantly reinvests in Toronto Pearson to keep pace with future needs. In 2018, adjusted net income rose to \$139.8 million, compared to \$112.2 million in the previous year. This was a result of overall growth in passenger traffic and a corresponding increase in commercial revenues of more than 11 per cent, to a record \$501.9 million.

Commercial revenues are mainly generated from ground transportation and parking fees, retail and dining concessions, and rent paid by carriers for check-in counters and kiosks. As Toronto Pearson's fastest-growing source of income, they're critical to funding the significant investments the GTAA has mapped out over the next few years for everything from additional gate capacity to new passenger amenities to further integration of automated baggage systems.

These and other commitments are detailed in the GTAA's strategic plan, which the Board and management are currently updating to cover the five-year period through 2024. Moving forward, we'll continue to enhance the passenger experience and the support we provide to carriers and other partners – as always, while upholding the highest standards of safety and security for both passengers and airport employees.

Equally important, we're committed to maintaining a robust financial position and increasing capital strength to prepare for future growth. As total revenues rose over the past year to \$1.5 billion, we once again took the opportunity to retire a portion of long-term debt ahead of schedule. At year-end, we had reduced gross debt per enplaned passenger by 3.8 per cent compared to 2017, strengthening the foundation of a company that must plan ahead over several decades.

## Connected to our communities

Toronto Pearson's performance is both an outcome and a driver of economic growth, as we provide the vital connections that help ensure our region and all of Canada are more dynamic, resilient and ready for the future. And as CEO Howard Eng notes in his message, the global connectivity that our airport provides also extends into surrounding communities. The GTAA has taken the lead on regional transportation initiatives such as the Southern Ontario Airport Network and the integration of bus and rail services through our proposed Regional Transit and Passenger Centre at Toronto Pearson.

These initiatives are anchored by a deeper sense of responsibility toward the communities we're in business to serve – and in particular those neighbourhoods that are directly and indirectly affected by Toronto Pearson's operations. The GTAA has committed to investing 1 per cent of annual net revenue in support of community organizations across our region. In 2018, we provided \$1.02 million to support 24 not-for-profits that are working to advance social change in Toronto, Mississauga and Brampton – with a focus on addressing the problem of underemployment.

The Airport Employment Zone around Toronto Pearson is the second-largest employment cluster in the country. But among the nearly two million people who live within a 17-km radius of the airport, there is a significantly higher rate of underemployment than in the overall Greater Toronto Area. About 43% of our neighbours, despite having earned post-secondary degrees, hold jobs that are well below their education or skill levels. A high proportion of the underemployed are women; many are recent immigrants whose credentials and experience aren't readily recognized in Canada.



This is an area where the GTAA can have a concrete and lasting impact. Through our community investment program, the Propeller Project – whose various initiatives are detailed in this annual report – we can help to bring about meaningful change while fostering longer-term social and economic well-being.

*“Through our community investment program, the Propeller Project, we can help to bring about meaningful change while fostering longer-term social and economic well-being.”*

---

**David Wilson**, Chairman

## Representing all stakeholders

The Board of Directors provides oversight and guidance to management, helping set strategic priorities while collectively representing the interests of the GTAA and all of its diverse stakeholders. Three members will be retiring from the Board in 2019: we thank **Paul Currie**, **Kathy Milsom** and **Danielle Waters** for their valuable contributions and wise counsel.

The Board also welcomed three new members in 2018:

**Peter Gregg** is President and CEO of the Independent Electricity System Operator, the corporation that manages Ontario’s electricity market and directs the operation of the province’s bulk electrical system.

**Doug Allingham** is a transportation engineer with 40 years of experience in both the public and private sectors, most recently as an Executive Vice President of engineering firm AECOM Canada Ltd.

**Michele McKenzie** is the founder of McKenzie Business Strategies, an advisory practice focused on economic development, strategy, marketing and tourism, and is the former President and CEO of the Canadian Tourism Commission.

## A legacy for the future

Howard Eng has indicated that he will be retiring in 2020 after eight years as President and CEO of the GTAA. Under Howard’s leadership, Toronto Pearson has experienced unprecedented growth, gaining an additional 15 million passengers since 2012. Our airport has emerged as a global mega hub, joining the 30 largest hubs worldwide and ranking fifth for international connectivity. Leading a handpicked management team, Howard has helped Pearson set new benchmarks in operational excellence while earning top marks for service quality.

On behalf of the Board, I want to thank Howard for his vision, determination and exemplary leadership. His wide-ranging accomplishments, from growing valuable international traffic to developing an integrated transit strategy to strengthening financial sustainability, will bear fruit for years to come. And his legacy will inspire GTAA employees and their colleagues across Toronto Pearson as they continue working together to connect Canada to a world of opportunity.



David Wilson  
Chairman

---

**GRI INDICATORS**    102-14    102-15    102-27

## A message from the President and CEO

*Toronto Pearson's many stakeholders count on us to connect Canada to the world, and the world to Canada. Our airport creates jobs and facilitates imports and exports. We help attract tourism and investment throughout the surrounding region and across the country. We welcome newcomers who expand our nation's talent pool. And by making Canada more globally connected, we contribute to long-term growth in the local, regional and national economies.*

*"As more and more Canadian companies see that their future growth lies beyond our borders, we're constantly looking to add new routes."*

---

**Howard Eng**, President and Chief Executive Officer



Canada has always been a trading nation. But the commodities we trade in are changing dramatically as the global marketplace evolves and our own economy matures. In the past, we exported resources like ore, grain and lumber by ship, and finished products such as vehicles and machinery by rail. While such exports continue to be important, today a growing number of Canadian enterprises earn their revenue from the exchange of knowledge and services. And this is where air connectivity plays a crucial role.

Canadian expertise in diverse fields – from engineering and investment banking to artificial intelligence and biotech – requires fast, convenient connections to support interactions with clients, partners and investors worldwide. At the same time, professionals from overseas must be able to reach Canada easily, whether they're flying here to complete a deal or commuting regularly as part of an ongoing collaboration.

Joining the businesspeople, entrepreneurs and investors who arrive through our airport are millions of tourists who look forward to exploring our region and the rest of Canada. Even the tens of thousands of foreign students who attend Canadian colleges and universities represent, in effect, another source of export income within the booming global knowledge economy.

Toronto Pearson has grown steadily to support this growth. With regularly scheduled, non-stop flights to 175 international destinations, we provide direct access to more than 70 per cent of the world's economy. We've added



valuable connections as Canada has expanded existing trade alliances and forged new ones. And as more and more Canadian companies see that their future growth lies beyond our borders, we're constantly looking to add new routes. As Perrin Beatty, President and CEO of the Canadian Chamber of Commerce, says elsewhere in this report, Toronto Pearson is "an enabler for us to attract investment from abroad, and for Canadian businesses to be able to compete and succeed in a dramatically globalizing world economy."

## Strategically positioned

Pearson is ideally located not only to serve the most populous part of the country, but to be a continental gateway; at about 44°N, we're actually south of many of our airlines' U.S. destinations. We provide an efficient point of access to the dynamic Northeast economic mega zone straddling the Canada-U.S. border. For up to 200 million people living within two hours' flying time, we're the most convenient hub for reaching key economies on five continents. That's why we continue to be North America's second busiest airport in terms of international traffic: of the 2.4 million additional passengers who travelled through Toronto Pearson last year, 2.1 million were flying to and from international destinations.

All of this connectivity translates into employment and economic growth in our region. At the same time, our airport is strategically situated to provide an efficient hub for ground transportation. Over the past year, we continued to work with Metrolinx and all levels of governments on our plan for an integrated Regional Transit and Passenger Centre linking rail and bus networks across the western GTHA and much of Southern Ontario. The same rising demand that has spurred the growth of Toronto Pearson is driving pressure for better transit connections to the Airport Employment Zone, along with the congested Northern Arc corridor that spans communities like Vaughan, Richmond Hill and Markham.

The creation of "Union Station West," as many are calling the proposed transit centre, is long overdue; Toronto is the only major city of its size with a single ground transportation hub – Union Station. In taking a leadership role on this project, we recognize the advantages it will offer for people travelling to and from Toronto Pearson. But that's not the real driver. Our region needs better transit solutions for the same reason it needs a globally connected airport: to continue thriving economically and ensure even greater prosperity in the future.

In April 2019, Premier Ford of Ontario unveiled his government's ambitious transit vision, explaining that the province is "investing in transportation to bring relief and new opportunities to transit users and commuters." As experts in connectivity, including the day-to-day challenges of getting people smoothly from A to B, the GTAA is committed to help move this initiative forward and make a tangible contribution to its success.

*"Our region needs better transit solutions for the same reason it needs a globally connected airport: to continue thriving economically and ensure even greater prosperity in the future."*

---

**Howard Eng**, President and Chief Executive Officer

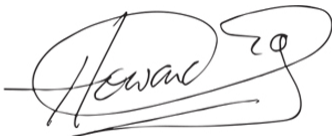
## Consistent, reliable flow

As we strengthen Toronto Pearson's regional, national and global connections, we're equally focused on enhancing our own services and infrastructure. These efforts are having an impact on passengers, who voted Toronto Pearson #1 in North America for the second straight year in the Airport Service Quality (ASQ) satisfaction survey conducted by Airports Council International. Our ASQ score of 4.45 is the highest not only on this continent, but also among hubs in Africa, Australia, Europe, Latin America and the Caribbean serving more than 40 million passengers annually.

Over the next five years, we'll continue investing in new systems and processes across Toronto Pearson. Many aspects of that work are detailed in this annual report. As always, our goal is to give passengers and carriers what they value most: consistent, reliable flow in an environment that balances comfort and efficiency with safety and security.

This push to optimize flow extends beyond the footprint of our airport. It's what we're trying to achieve on a global scale as we collaborate with airlines to develop new routes, smooth connections for international passengers and coordinate regional air traffic with other members of the Southern Ontario Airport Network. The same motive drives our commitment to improve ground transportation. We want to ensure the best possible experience for passengers travelling between Pearson and their homes, offices and hotels. And more generally, we want to facilitate the movement of people and goods across the region as our airport helps to create – in the words of Rana Sarkar, Canada's Consul General in San Francisco and Silicon Valley – “the prosperity engine for the 21st century.” These are the dimensions of impact and responsibility that have led to Toronto Pearson being ranked among the world's mega hub airports.

In all of our efforts, we benefit from the strategic insights of a strong Board of Directors led by Chairman David Wilson (who shares the Board's perspective in his annual report message). And as we work each day to put strategy into action, we're supported by the GTAA's 1,800 dedicated employees and a broader community of nearly 50,000 people who work together in all areas of the airport. Thanks to their energy and talent, millions of passengers from across Canada and around the world can count on Toronto Pearson – today and tomorrow.



Howard Eng  
President and Chief Executive Officer

---

**GRI INDICATORS** 102-14 102-15

# Board of Directors



**W. David Wilson**

*Chairman of the Board*

David is the former Chair and CEO of the Ontario Securities Commission, and is now retired following an extensive career in Canada's financial services industry.

Prior to his appointment to the Ontario Securities Commission, David was Vice Chair of the Bank of Nova Scotia and Chair and Chief Executive Officer of Scotia Capital.

*Municipal Member  
(City of Toronto)*



**Doug Allingham**

Doug is a civil engineer with 40 years' experience encompassing both the public and private sectors.

The former Executive Vice President of AECOM Canada Ltd., his background in transportation engineering includes 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, Doug was awarded the Queen Elizabeth II Diamond Jubilee medal for service to the community.

*Community Member*



**Paul W. Currie**

Paul is the founder of CSCI and currently serves on several Boards of Directors.

He is a seasoned executive with senior officer and director level commercial experience in North America, Europe and Asia. During the course of a career spanning more than three decades, Paul had significant roles in the financial services, real estate and technology sectors. He obtained his Chartered Accountancy designation in 1983, which he held until he resigned in good standing after almost three decades.

*Community Member*





**Jeff P. Fegan**

Jeff 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).

*Community Member*



**Peter Gregg**

Peter is the 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.

He was previously 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. Peter 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.

*Municipal Member  
(Halton Region)*



**Kathleen L. Keller-Hobson**

Kathleen is a corporate director and is currently Lead Director and Chair of the Nominating and Governance Committee of CCL Industries Inc. (TSX: CCL), and a member of the Board of Directors of Premium Brands Holdings Corporation (TSX: PBH), both publicly traded companies.

Prior to January 2015, Kathleen was a business lawyer with 35 years of experience advising businesses and boards of directors on mergers and acquisitions, corporate finance and corporate governance. She holds her ICD.D from the Institute of Corporate Directors.

*Nominated by the Federal Government*



**Roger R. Mahabir**

Roger is Chairman and CEO, Tracker Networks. He was founder and CEO, Assurent Secure Technologies, which he sold to TELUS.

He served in C-level roles at Royal Bank (Capital Markets & Dominion Securities), GE and Suncor. He has been inducted into the Canadian Information Productivity Hall of Fame and his innovations have been recognized by the Smithsonian. He was conferred an honorary Doctor of Laws degree from York University in 2016.

*Community Member*



**Hazel McCallion**

Hazel 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. She was appointed a member of the Order of Canada in 2005 and was awarded an honorary Doctor of Laws degree from the University of Toronto in 2010.

*Nominated by the Federal Government*



**Michele McKenzie**

Michele is the former President and CEO of the federal Crown corporation Canadian Tourism Commission (CTC/Destination Canada).

She is the founder of McKenzie Business Strategies, an advisory practice focused on economic development, strategy, marketing and tourism. Michele is also a director of Invest in Canada, the Trans Canada Trail, and the Christian Children's Fund of Canada. Michele has been recognized as one of "Canada's Most Powerful Women - Top 100" by WXN and was named one of Hotelier Magazine's "10 Most Influential Leaders in Canada's Hospitality Industry." Michele is a graduate of Dalhousie University and holds an honorary degree from Humber College.

*Municipal Member  
(Region of Peel)*



**Kathy Milsom**

Kathy is the Chair of the Standards Council of Canada.

She has held executive leadership roles with both private and public sector organizations, including President and CEO of Toronto Community Housing Corporation, President and CEO of the Technical Standards and Safety Authority, President and CEO of the Canada Lands Company Limited, and President of Vestar Facility Management.

She was also a senior fellow of the Canada School of Public Service delivering their Crown corporation director orientation program. Kathy has also served on a variety of other boards. She is a professional engineer and a graduate of the Institute of Corporate Directors' Director Education Program. She is honoured to be a 2017 inductee into the University of Toronto's Engineering Hall of Distinction, a recipient of the 2008 2T5 Meritorious Service Medal Award for Mid-Career Achievement, also bestowed by the University of Toronto, the 2006 Arbor Award for volunteerism, and the Ontario Professional Engineers' 2004 engineering medal for management.

*Community Member*



**Terrie O'Leary**

Terrie is Executive Vice President, Business Strategy and Operations at Toronto Global, Toronto Region's foreign direct investment attraction, marketing and sales corporation.

A seasoned executive with extensive private and public sector experience, Terrie served two terms on The World Bank Board of Directors in Washington, DC, as the representative of Canada, Ireland and the Caribbean. Prior to Washington, she was the senior adviser to Finance Minister Paul Martin.

*Nominated by the Province of Ontario*



**Michelle Samson-Doel**

Michelle is a Director of Boralex Inc. (BLX) and serves on the Board of Lallemand Inc., a global private company.

She is a Chartered Professional Accountant and the former Executive Chair of Multi-Marques, which led the consolidation of the bakery industry in Quebec. She has also served on the boards of the Ontario Lottery and Gaming Corporation (OLG) and many private companies and not-for-profit organizations.

*Municipal Member  
(Region of York)*





**Mark F. Schwab**

Mark is a highly experienced airline industry executive, having recently served as Chief Executive Officer of Star Alliance, a complex alliance of 28 airline members.

He has a deep background in the airline industry, having served in international leadership roles with major carriers such as United Airlines, US Airways, American Airlines and Pan Am.

*Community Member*



**Johan van 't Hof**

Johan is President and CEO of Tonbridge Corporation, a Toronto-based merchant bank and financial advisory firm, and a lecturer at the University of Toronto, the University of Waterloo, and the School of Accountancy for the Institute of Chartered Accountants of Ontario.

He has several years' experience in project finance, infrastructure financing and public-private partnership transactions, and has been a director of ten entities, both inter-listed public companies and several private, as well as multi-million dollar non-profit organizations and charities.

Johan received his MBA from the Rotman School of Business at the University of Toronto, and is a chartered accountant and a CPA in Ontario.

*Municipal Member  
(Region of Durham)*



**Danielle M. Waters**

Danielle is the principal of Water's Edge Consulting, a loyalty travel consulting firm.

She was previously the Managing Director of BCD Travel, a leading global travel management company with over 13,000 employees and offices in 90 countries. Danielle has senior operational and management experience in the travel industry.

*Community Member*

Photos: Lorella Zanetti

---

**GRI INDICATORS** 102-18 102-22

# Executive Team



**Craig Bradbrook**

*Vice President, Aviation Services*



**Martin Boyer**

*Vice President and Chief Information Officer*



**Ian L.T. Clarke**

*Chief Financial Officer*



**Scott Collier**

*Vice President, Customer and Terminal Services*



**Howard Eng**

*President and Chief Executive Officer*



**Katherine Hammond**

*Vice President, General Counsel, Corporate Safety and Security*



**Mary Madigan-Lee\***

*Vice President, Human Resources  
and Corporate Services*



**Hillary Marshall**

*Vice President, Stakeholder  
Relations and Communications*



**Patrick Neville**

*Vice President, Airport  
Development and Technical  
Services*



**Kim Stangeby**

*Vice President and Chief Strategy  
Officer*

Photos: Lorella Zanetti

\* Effective January 2019, Valerie Duffey (Vice President, Human Resources and Corporate Services) resigned from the GTAA.

# Corporate Governance

The Board of Directors (the “Board”) is representative of the diversity of the Greater Toronto Area and the major economic sectors in the region that Toronto Pearson serves.

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 GTAA is governed by a Board consisting of 15 Directors elected by the GTAA’s Members. Memberships in the GTAA are issued by the Board. 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.

Five Directors are elected by the Members from candidates nominated by municipalities (specifically, the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto). Prior to the end of the term of a member nominated by a municipality, the relevant municipality is entitled to provide the names of up to three candidates.

In addition, seven Directors are elected by the Members on a cyclical basis from candidates who are identified and assessed through a search process, which includes engaging the Law Society of Ontario, Professional Engineers Ontario, the Institute of Chartered Accountants of Ontario, the Toronto Region Board of Trade, the Board of Trade of the City of Mississauga, and the Board of Trade of the City of Brampton.

Finally, the Government of Canada nominates two individuals and the Province of Ontario nominates one individual.

The Board assesses candidates put forward by the relevant nominators to determine whether the candidates possess the desired skills and experience and assess fit with the Board.

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, a vital transportation facility for the region’s economic and social benefit.

The GTAA’s Board meets on a regular basis; its principal responsibility is to oversee the conduct of the GTAA’s business and to set the strategic direction of the GTAA.

The Board oversees the development of long-term goals and strategies and implementation in support of Toronto Pearson’s mandate to support and foster growth in the Greater Toronto Area. 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.



The terms of reference of the Board are included in the GTAA's Annual Information Form, which may be accessed at [www.sedar.com](http://www.sedar.com).

In 2018, there were five standing committees of the Board: the Audit Committee; the Governance and Stakeholder Relations Committee; the Risk Oversight Committee; the Human Resources and Compensation Committee; and the Planning and Commercial Development Committee. In addition to the standing Board committees, the Board established an Ad Hoc CEO Search Committee in September 2018 to facilitate the search to identify and recommend candidates for the position of President and CEO of the GTAA. 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 to gain reasonable assurance regarding the integrity of the 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 risk 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](http://www.sedar.com).

### **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 license, including oversight of the GTAA's relationships and strategic communications program with stakeholders, and 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 educational and professional development; reviewing the terms of reference of Board Committees; assessing the effectiveness of the Board and the Committees of the Board; and overseeing adherence to corporate governance requirements.

### **Risk Oversight Committee**

The Risk Oversight Committee oversees the identification, management and mitigation of the GTAA's principal risks. The Committee's mandate includes proposing to the Board risk tolerances and appetites for identified risks driven by and aligned with the GTAA's strategic goals and priorities, overseeing the effectiveness of the GTAA's enterprise risk management program including resilience and adaptability to deal with foreseen and emerging risks, risk mitigation,

stress testing and scenario planning. The Committee's responsibilities include overseeing risks relating to environmental, safety, security and airport operations.

## 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, oversight of strategic human resources matters, including executive compensation, succession-planning, development, talent management, performance oversight and recruitment and compensation matters relating to the President and Chief Executive Officer and officers, and matters relating to regulatory disclosure of compensation.

## Planning and Commercial Development Committee

The Planning and Commercial Development Committee's mandate includes oversight of 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, oversight of 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.

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, and providing feedback to Management on strategic capital projects.

## AD Hoc CEO Search Committee

Established in 2018, this Committee undertakes delegated work on the Board's behalf to facilitate the search to identify and recommend candidates for consideration by the Board for the position of the President and CEO of the GTAA. The Committee is responsible for assessing the capabilities and readiness of internal candidates who express an interest in the position, conducting a targeted search to identify external candidates, conducting first round interviews and assessments, conducting final due diligence and reference checking, and negotiating the terms with the final candidate.

---

**GRI INDICATORS** 102-18 102-31



## 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](mailto: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.

Download the full GRI Standards Index at [torontopearson.com/ar2018/downloads/Sustainability\\_Management\\_Approach\\_and\\_GRI\\_Index.pdf](http://torontopearson.com/ar2018/downloads/Sustainability_Management_Approach_and_GRI_Index.pdf)

### **Writing**

Doug Dolan and Lorraine Gilbert

### **Design and Sustainability Consulting**

The Works Design Communications

### **Contributing Photographers**





Michael Mahovlich  
Lorella Zanetti  
Norm Li





Greater Toronto Airports Authority  
Toronto Pearson International Airport  
P.O. Box 6031, 3111 Convair Drive  
Toronto AMF, Ontario, Canada L5P 1B2

## TORONTOPEARSON.COM

-  [twitter.com/torontop Pearson](https://twitter.com/torontop Pearson)
-  [instagram.com/torontop Pearson](https://www.instagram.com/torontop Pearson)
-  [facebook.com/torontop Pearson](https://www.facebook.com/torontop Pearson)
-  [linkedin.com/company/greater-toronto-airports-authority](https://www.linkedin.com/company/greater-toronto-airports-authority)

