


PEARSON STRONG

GTAA ANNUAL REPORT 2021

GTAA

Toronto Pearson
International Airport | Aéroport International







Sheraton
HSBC

About This Report

Welcome to the GTAA's 2021 Annual Report. In this report, which covers the 2021 fiscal year, we share our initiatives and accomplishments that are driving progress toward our Pearson Strong strategy.

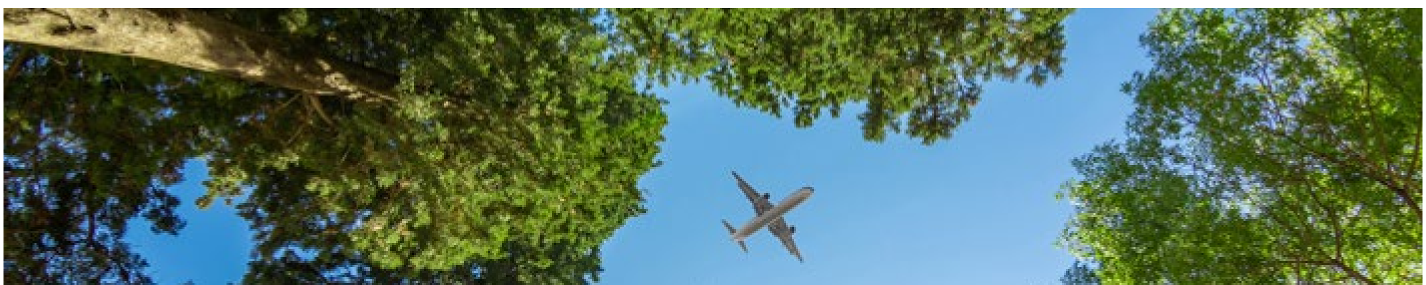
This report also fulfills the GTAA's obligations in section 9.01.07 of its lease with Her Majesty the Queen in Right of Canada represented by the Minister of Transport, dated December 2, 1996 (the "Ground Lease").

The theme of this year's report, Pearson Strong, reflects the dedication, nimbleness, resilience and strength that our employees, partners and the broader Pearson community have demonstrated in light of the unprecedented and ongoing challenges presented by the COVID-19 pandemic. The theme of the report also underscores the strength of our strategic approach to the GTAA's policies and procedures, and the strides we have made toward the ambitious goals we have set for ourselves.

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

Comments or questions about this report can be directed to **Publication@gtaa.com** or submitted online at **Contact Us**.

Previous annual reports are available in PDF format at **www.torontopearson.com**.



STRATEGIC PILLARS

The report is organized according to our four strategic pillars and demonstrates alignment with the Global Reporting Initiative's (GRI) Standards for Sustainability Reporting Core option, and includes the Airport Operators Sector Disclosure, which the GTAA helped to develop in 2011. We also report against the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standards and the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Details on these standards can be found on **page 111**.

The GTAA's business priorities are aligned with goals 3, 5, 6, 8, 9, 10, 13 and 17 of the United Nations Sustainable Development Goals (SDGs), a global blueprint for creating a more sustainable world. Alignment with how the GTAA's operations and activities impact these goals is identified under each section of the report by the applicable SDG icon.

WHO WE ARE

The Greater Toronto Airports Authority (GTAA) is the operator of Toronto's Lester B. Pearson International Airport – Toronto Pearson – Canada's airport for the world. Located in one of the fastest growing cities in North America and Canada's most populous region, we connect people and goods to the global economy.

Toronto Pearson is Canada's largest airport. Serving 155 destinations, Toronto Pearson unites and reunites people from all corners of the globe, and as a catalyst for trade and commerce, Toronto Pearson provides connections to over 67 per cent of the world's economies.

Our vision is to be the airport of the future and support Canada, Ontario and our local region to compete in the 21st century. We are accomplishing this by building our business in a smart, healthy and profitable way.

RELEVANT DISCLOSURES

GRI 102-9

TORONTO PEARSON AT A GLANCE[1]

12.7M
passengers

1,548
GTAA direct employees

60
airline partners

32
domestic destinations

37
U.S. destinations

86
international destinations

More than
1,000
vendors

Nearly
87,000
arrival aircraft movements, of which almost 80,000 are passenger and 7,000 cargo, from among a total of more than 173,000 aircraft movements

Business operations cover 4,600 acres, equivalent to nearly 12,500 hockey arenas

More than
$40.2B
of exports as air cargo to more than 190 countries

[1] Unless otherwise noted, this data refers to activities that occurred in the year 2021.

Message from the Board Chair

“We could not have achieved any of this without the steadfast dedication of our people who continue to demonstrate strength and resilience in the face of adversity.”

The GTAA plays a hugely important role in driving local, regional, and Canadian trade and economic growth, and in connecting our local communities to the world. Throughout 2021, COVID-19 continued to impact airports and the broader air travel industry particularly hard.

According to the International Air Transport Association (IATA), globally, international travel was reduced to one quarter of 2019 levels, and the pandemic has resulted in revenues decreasing more than US$105 billion for airports worldwide over the past two years. When the pandemic first began, no one could have predicted how long COVID-19 would be with us, and how much travel advisories against all non-essential travel would impede the GTAA’s full-recovery efforts.

The pandemic has dealt a significant blow to the GTAA’s financial position, and with ongoing uncertainty, we have had to continually adjust our business performance expectations. As travellers began to slowly return in the past year, we closed 2021 with revenues of $826.8 million, still approximately half of pre-pandemic levels. As a result, we incurred a consolidated net loss of $350.4 million, adding to our net debt, which now stands at $6.5 billion. We cannot accurately predict the timing of a full recovery.

Yet, there is reason for optimism. In 2021, we recorded a total of 12.7 million passengers; we saw almost every one of our air carriers operating again, and two airlines, Swoop and Flair Airlines, added new domestic routes from Toronto Pearson. Overall, we were able to maintain a certain level of financial strength thanks to operational discipline and efficiencies, cost savings, and a diversification in revenue focused on driving non-passenger–related income streams.

Taking a creative approach to solving our problems with the least capital expenditure possible has been a cornerstone of how we managed our business over the past two years. In 2021, the GTAA undertook a further review of its capital program and significantly reduced its expected capital spending. Real estate development remained a priority for the GTAA as we focused on developing airport vacant land holdings, while always maintaining a strong sense of what our future airport operations needs will be. The Board has requested senior management take a fresh look at what our capital program should look like based on our most critical strategic issues and opportunities, and to prioritize these to ensure the GTAA’s future as a world gateway and a strong economic driver of our region. Our goal is to create our Transformative Capital Plan for Board approval in 2022.

When I think about the airport and how we use our lands, I am particularly excited about the work we are doing to bring our vision for an integrated regional transit hub at Toronto Pearson to life. To help bring this vision to reality, we are working with governments of all levels to seek the necessary investments that will drive this transformative infrastructure opportunity. When realized, this hub will be transformational in bringing even more connectivity and greater access to our airport and beyond. This is just one of the many ways we continue to create the airport of the future and how we demonstrate "Pearson Strong" in every aspect of our business.

Also, in 2021, we improved risk-based decision-making by creating a more robust risk-awareness culture to help us deal with uncertainty and changes in our industry that could impact the delivery of our Strategic Plan, including the operations at Toronto Pearson. Management conducted regular risk assessments that resulted in strong alignment and timely reallocation of resources, including identifying new priorities to address changes in the risk environment. We rely on our Enterprise Risk Management System to help identify issues to be discussed with the appropriate Board committee.

At every Board meeting, we focus on a top-risk area for an in-depth discussion. In addition, a working group of the Board was struck to review and ensure that we are considering critical issues through an environmental, social and governance (ESG) lens, with a particular emphasis on climate change. As part of the Board's oversight responsibilities, each regular Board meeting included a discussion of climate change–related risks and opportunities. In 2022, one of management's key deliverables will include undertaking an updated materiality assessment to help guide the next phase of our ESG journey.

Partnerships continued to be critical to our success in 2021. Over the past year, the GTAA's staff worked creatively with our business partners and the many companies we rely on every day to ensure smooth airport operations, in a time of upheaval, and to secure the confidence and trust of our passengers. In 2021, we continued to emphasize and prioritize a "Healthy Airport" environment by further upgrading our HVAC-filtration system in our terminals, for example, to demonstrate to our passengers and workers that their health and safety is top of mind. I am proud that we have been awarded the cleanest airport in North America according to Skytrax, and we received Airports Council International's (ACI) airport health accreditation.

We could not have achieved any of this without the steadfast dedication of our people who continue to demonstrate strength and resilience in the face of adversity. I would like to thank each and every one of the GTAA's employees for their ongoing commitment and resolute drive for results. Our front-line staff kept the airport running safely and efficiently despite great uncertainty during the depths of the pandemic. They showed up for work every day to give their all-in service to our passengers, their colleagues, and our business partners and to make sure critical aviation functions continued to support the shipments of personal protective equipment (PPE), vaccines and other essential goods.

Much gratitude also goes out to the GTAA's senior management team and to our President and CEO, Deborah Flint, who has shown unwavering leadership. Deborah keeps a laser-sharp focus on our business goals and objectives as laid out in our Strategic Plan, while also demonstrating flexibility and agility to adapt our strategy to emerging needs. As we steer our organization back towards profitability, senior leadership's mandate includes maintaining organizational capabilities to ensure that we have the right staff complement in the right areas of the airport as passenger volumes begin to increase again. Our leadership's mandate also includes driving our commitment to diversity, equity and inclusion across all levels of the organization, including our Board.

I would equally like to thank the GTAA's many stakeholders, including government agencies at all levels, airlines, commercial partners, labour organizations and public service agencies. The strong relationships we have built with these stakeholders bear testimony to the importance we place on fostering collaborative relationships that align with our business objectives. Their ongoing support and willingness to work side by side with us and to find win-win solutions to the challenges we face collectively is truly commendable.

I'm grateful to the members of the Board for their strong engagement, support and counsel during these challenging circumstances, and on behalf of the entire Board, I want to thank Kathleen Keller-Hobson and Roger Mahabir, who depart from the Board in May 2022, for their service. Kathleen's wise counsel on corporate governance matters and Roger's thoughtful contributions in the area of technology have been much valued by their Board colleagues and senior management.

For 2022, I am cautiously optimistic about the GTAA's future thanks to increased vaccination rates, easing of travel restrictions, anticipated economic growth and pent-up demand for travel. I am confident that Toronto Pearson's geographic location, current and previous airline carrier base, as well as our strong network performance prior to COVID-19 will allow us to continue to provide an advantageous and attractive gateway to operators as a hub and access point to not only Canada but across North America. Now, as we continue to bridge through the pandemic period into recovery, we are positioning ourselves for success in a new, more digital and sustainable world by smartly managing costs, diversifying revenue streams, driving operational excellence for increased efficiency, and keeping our airport safe and healthy. Going forward, we will persist in looking at ways to improve our financial sustainability all while evolving and growing the GTAA's value proposition for today and into the future.

Doug Allingham
Chair, GTAA Board of Directors

RELEVANT DISCLOSURES

GRI 102-14, GRI 102-15, GRI 102-18, GRI 102-21, GRI 102-28, GRI 102-29, GRI 102-30, GRI 102-47, GRI-201-2, GRI 203-1, GRI 302-4
TCFD-S.a/b Strategy, TCFD-G.a Governance, TCFD-G.b Governance, TCFD-M.a Metrics and Targets

RELEVANT SDGs

SDG 9

An Interview with Deborah Flint, GTAA President & CEO

"Pearson Strong means that we never lose sight of our North Star: creating the airport of the future by building our business in a smart, healthy and profitable way."

We spoke with Deborah Flint, GTAA President and CEO, to reflect on 2021 accomplishments and challenges and what the future holds for the GTAA.

The theme of this year's Annual Report is Pearson Strong. What does this mean to you and for the organization as a whole?

Pearson Strong is a mentality and an attitude that demonstrates perseverance through difficult times. It signifies that in the face of adversity, we are even stronger when we stand united and guided by our organizational values of being inclusive, nimble, innovative, collaborative and results-driven. Pearson Strong is also about the collaborative and steadfast relationships we foster with our business partners and communities. And, most importantly, Pearson Strong means that we never lose sight of our North Star: creating the airport of the future by building our business in a smart, healthy and profitable way.

The world continues to face a pandemic of proportions not seen for generations. What has managing Canada's largest airport during the time of COVID-19 been like from your perspective as CEO of the GTAA?

The pandemic has changed everything for us and the aviation industry, and it remains a volatile time. While many countries around the world opened up in early 2021, Canada remained closed for non-essential travel. With several waves of the virus prompting further travel restrictions, we navigated two years of stops and small starts only to stop again.

One of our biggest challenges is the lack of common international standards regarding testing and vaccinations. We are dealing with a patchwork of rules and regulations where pre-flight and arrival-testing protocols are concerned, and which can change daily. We became a resilient and nimble organization and learned to pivot operations from low activity to high activity; and we assisted our partners around the airport as they faced their own challenges in adapting to the new reality.

I couldn't be prouder of how our employees adjusted quickly to these difficult times. Our people took on an entrepreneurial mindset and established new, formal collaboration teams across the organization. With camaraderie and teamwork, each day was in service of our passengers, our business partners and the communities in which we operate. I thank each and every one of them for their ongoing commitment, dedication and smart work in delivering strong operational and business performance, despite everything we faced in 2021. A big thank you also to union leadership for a respectful and collaborative relationship that has helped us navigate the COVID-19 storm.

How has the GTAA's 2021–2023 Strategic Plan proven to be an asset in this environment?

Thankfully, we developed a three-year Strategic Plan, not knowing how long the pandemic would last. This allowed us to focus the resources of the organization in a consistent manner and stepped up our acumen with robust planning capabilities that are science-, analytics- and data-driven, and which allow for flexibility in our decision-making processes. In support of our Strategic Plan, our teams found significant cost savings and have been able to diversify our revenue streams by finding new and innovative ways to develop non-passenger–related revenues that contributed to our bottom line and financial resilience in 2021.

An example of this is our successful business venture with Switch Health, a Canadian healthcare company that is providing on-site COVID-19 testing services for staff, passengers and the broader Toronto Pearson community. The GTAA is also demonstrating diversification leadership through our work on the Fly Canada program, an initiative that leverages collaboration and cost advantages with Canadian airport operators, which today includes the operators of Vancouver International Airport, Calgary International Airport, Montréal–Trudeau International Airport and Edmonton International Airport. The first project collaboration some operators are working on is to procure the next generation of check-in technology across all four airports. This kind of airport collaboration is a blueprint for lowering the costs of technology and to explore ways we can become a service provider for the industry. We are very excited about these and other revenue diversification initiatives, and we have only begun to scratch the surface of where these new business opportunities can take us in the future.

You have been heard to say, "Never let a good crisis go to waste." Can you speak to this philosophy?

COVID-19 forced us to rethink our business from every angle. It has given us the chance to reflect, reassess and refresh how we drive continuous improvement by applying creativity and innovation to every aspect of our business. Toronto Pearson is a global gateway that competes with other global airports, and it is therefore vitally important that we keep advancing our capabilities and prepare for a robust yet different next era of air travel.

In 2021, we continued to invest heavily in technologically advanced systems and processes, many of which were accelerated as a result of the pandemic. For example, we introduced new touchless check-in and boarding procedures that allow travellers to move seamlessly from curb through to security. Building the airport of the future means that passengers travelling through Toronto Pearson must experience reliability, speed, safety and comfort of travel every step of the way. This is how we continue to ensure our competitive advantage. In fact, one of these investments – the Passenger Queue System – was just recognized as Airport Business Project of the Year in Technology by the Airport Business publication.

On March 14, 2022, the Government of Canada announced that the GTAA will receive up to $142 million from Transport Canada's Airport Critical Infrastructure Program (ACIP) for investments in airport infrastructure at Toronto Pearson. This will better position us to create the airport that Canada needs as it recovers from the COVID-19 pandemic – one that supports supply chains, trade, jobs and economic development in sustainable and innovative ways. Yet, the capital program is a fraction of what we had pre-pandemic, and there are more demands on our airport to be digital, green, and ultimately net-zero, climate resilient and adaptable for health. This is just the beginning of our infrastructure journey, which will require creativity and new partners and approaches to ensure Canada is competitively positioned in the global economy.

Can you tell us about GTAA's participation in the international aviation community?

The GTAA has become a recognized thought leader and standard-setter in the global aviation industry, and we frequently join our peers from the world's leading airports at international forums to share best practices to find solutions to our common challenges. COVID-19 has brought airports, airlines, and the entire air travel and tourism ecosystem closer than ever before. Together, we have a big charge and call to action to harmonize travel and health standards, make climate-related transitions, and compete with and take advantage of new technology.

Our year has been robust, having participated in and influenced organizations such as ACI, the trade organization of the world's airports, on whose governing board I sit, the International Air Transport Association (IATA) and the International Civil Aviation Association (ICAO). Our Chief of Security also chairs the ACI World Standing Security Committee.

What role does sustainability play in the recovery of the GTAA?

Sustainability plays a big role both in our recovery and in our longer-term outlook. In 2021, we updated the GTAA's Environmental Policy to help us achieve net-zero emissions by 2050. We are leaders along with other major airports such as Heathrow International Airport and Royal Schiphol Group in the World Economic Forum's Clean Skies Initiative. Through this initiative, we support the Clean Skies for Tomorrow Ambition Statement that commits the aviation industry to using 10 per cent sustainable aviation fuel by 2030. Participating in these international initiatives is critical as we move the GTAA and our entire industry toward a more sustainable future, and we look to find common strategies to address climate change and other pressing issues.

Finally, what's in store for 2022 and what will the recovery look like for the GTAA?

COVID-19 has taught us that we must be prepared for multiple scenarios – the coming year could be high growth or our worst-case scenario. I'm bullish about the near-term and long-term future of the aviation industry and Toronto Pearson's role in it. With the business stimulating, job creating, global perception role we play in our local, regional and Canadian economy, we have great opportunity. But we cannot sit back and wait. It will take many years to recover, and even then, the business will never be the same. Regardless of the pace of recovery, for the GTAA, during this crisis, we have built great muscle that will carry us forward for the years ahead. We are more resilient, more innovative, and equipped to be more efficient, profitable and entrepreneurial. Most importantly, we are ready to become the airport of the future by being even more diverse, equitable and inclusive, as we bring the world to Canada and Canada to the world.

Deborah Flint
President and Chief Executive Officer

RELEVANT DISCLOSURES

GRI 102-13, GRI 102-14, GRI 102-15, GRI 102-18, GRI 102-29, GRI 102-47

TCFD-S.a Strategy, TCFD-G.a Governance, TCFD-G.b Governance, TCFD-M.a Metrics and Targets, TCFD-R.a Risk

RELEVANT SDGs

SDG 9

PEARSON STRONG

FINANCIAL SUSTAINABILITY

OUR GOAL: DRIVING FINANCIAL STRENGTH AND COST COMPETITIVENESS

Despite industry volatility, 2021 was a year of strong business performance. In response to the dramatic drop in passenger numbers in 2020 and 2021, we have had to pivot quickly to respond to a new financial reality, and with the GTAA's 2021 revenue of $826.8 million, still approximately half of pre-pandemic levels, we adjusted our approach to how we look at traditional airport revenue streams, opportunities for new revenue generation and cost savings.

RELEVANT DISCLOSURES

GRI 102-9, GRI 102-44, GRI 102-47, GRI 103-1, GRI 103-2

TR-AL-110a.2/TR-AF-110a.2

RELEVANT SDGs

SDG 9 SDG 17

Though we experienced a significant loss during 2021 due to lower passenger volume, given the availability of our credit facilities, our restricted fund balances, our ability to access the capital markets, reductions to our operational and capital expenditures, government assistance to date and our cash-on-hand, we do not anticipate any funding shortfalls, and we expect to meet our payment obligations as they come due.

REVENUE GENERATION

While revenues from passenger-related activities remain in recovery mode, cargo played a more important role in terms of revenue generation for the GTAA. In 2021, our average daily cargo activity more than doubled versus 2019 levels from 18 to 44 flights. We expect e-commerce to maintain its momentum in 2022, and IATA has signaled further growth with cargo activities anticipated to rise 13.2 per cent above 2019 levels in 2022. As we look to the future, we continue to leverage the opportunities afforded by the current acceleration in e-commerce, and we are ensuring that we have the right infrastructure and facilities to meet this growing demand.

On January 1, 2021, we implemented increases to aeronautical rates and Airport Improvement Fees (AIF). Aeronautical rates for commercial aviation increased by 3 per cent, and all business and general aviation aircraft 19,000 kg or less increased to $575 per arrival movement. AIF for departing passengers increased by $5 per passenger and by $2 per connecting passenger. These increases contributed to our ability to make continued investments in healthy air travel and industry recovery.

In 2021, average daily cargo activity at Toronto Pearson more than doubled versus 2019 levels from

18 to **44** flights

CONTAINING COSTS

The cost of goods and services and our people cost represent a combined 88 per cent of our operating budget. Therefore, cost optimization was a key focus area for our leadership team in 2021. One example of how we achieved savings was through the redesign of our snow-clearing operations in the airport apron and groundside areas. Groundside, we ceased the removal of snow from unused locations, such as the administration building parking lot, which was not being used while employees worked from home. In the apron areas, on-site snow-melting machines were operated in lieu of clearing and removing the snow as we have done in the past. These employee-driven changes not only contributed to containing costs but also eliminated the need for 73 dump trucks and escort vehicles, which reduced vehicle congestion in the apron area, contributing to our operational efficiency. Initiatives such as these have resulted in an EBITDA margin[1] increase. These efforts increased the margin to 38.5 per cent compared to 33.9 per cent in 2020, mainly due to lower costs in 2021.

CAPITAL PROJECTS

In 2021, major capital projects included updates to connection flows in Terminal 1, restoration of parts of our airside pavement, enhancements to the border and check-in processes, baggage-handling monitor upgrades to improve operations effectiveness, and passenger accessibility projects. Due to the material impacts of the COVID-19 pandemic, a significant number of projects within the capital program have been reduced, deferred or postponed. These deferred and delayed capital projects will be re-evaluated to take into account the scope, pricing and ESG factors in order to meet the needs of air travel activity and cash flow requirements.

FOCUS ON FINANCE

- We delivered a $400 million, 30-year bond offering, which allowed us to convert variable rate debt to fixed rate debt and increased our liquidity in 2021.
- We negotiated an amendment to our Master Trust Indenture to allow the GTAA to invest in initiatives, which we might otherwise have been unable to make.
- We received a deferral on the GTAA's Ground Lease rent payments for 2021.

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

2021 FINANCIAL SNAPSHOT

Revenue of

$826.8M

Total cash:

$258.2M

Capital expenditure of

$144.6M

Total net debt:

$6.5B

Operating expense of

$508.4M

Consolidated net loss of

$350.4M

EBITDA of

$318.4M

EBITDA margin of

38.5%

Additional information on GTAA's financial performance can be found in the MD&A section of this report.

Issued

$400M

Series 2021–1 Medium-Term Notes (MTNs)

SPOTLIGHT ON COLLABORATION

WORKING WITH LEADERS IN THE FIGHT AGAINST COVID-19

The GTAA continued its leadership in supporting COVID-19 testing research, and in March 2021, launched a testing research program supported by funding from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP). The intent of the research was to explore the efficacy of antigen testing compared to the PCR test in a high-throughput commercial environment as well as to study the operationalization of rapid PCR testing in an airport environment. For this project, we worked with a team of Canadian healthcare companies who deployed their digital workflow, testing and data infrastructure for execution and oversight of this program. In parallel to the federally funded study, we worked with three renowned Canadian epidemiologists and researchers, Dr. Kevin Schwartz, Dr. Prabhat Jha and Dr. Isaac Bogoch, to explore whether rapid antigen screening can be effective in identifying infectious individuals in occupational settings to reduce transmission and outbreaks. The studies, which ended in July, supported their respective hypotheses.

STRENGTHENING OUR COMMERCIAL RELATIONSHIPS

Collaborating closely with many business leaders continues to be one of our key strengths and a cornerstone of GTAA's success. Throughout 2021, we worked with all our lines of business to find new ways to drive growth in sales volumes and revenues. As part of our commercial holiday programming, we launched several campaigns to surprise and delight our passengers. These included the "Cheers to the Holidays" campaign together with our duty-free partner, Dufry, who offered attractive discounts in their stores; a promotion with Rogers for a contest to win a trip to Las Vegas to attend an NHL hockey game; and CIBC's Holiday Program that featured a $100,000 giveaway of gift cards in $25–$50 denominations.

WORKING WITH INDUSTRY

The GTAA and NAV Canada continued their collaboration with Bombardier, a world-leading manufacturer of business jets, for the construction of Bombardier's new state-of-the-art manufacturing facility, slated to open at Toronto Pearson in 2023. Construction required closures of runway 05/23, our busiest, for more than 1,600 hours of daytime, which provided Bombardier with unprecedented access for their crews and equipment. Once completed, the 770,000 square foot manufacturing centre will be the production site for the company's flagship Global 7500 aircraft, and the facility will generate substantial revenue for the GTAA over the course of its 30-year lease.

WORKING WITH GOVERNMENT

We work closely with our government partners at the federal, provincial, regional and municipal levels, and engage with federal regulators and agencies such as Transport Canada, NAV Canada, the Public Health Agency of Canada and the Canada Border Services Agency (CBSA) on a range of environmental, social and economic issues to ensure that our voice is heard and our interests are represented on issues that affect the GTAA and the broader air transportation industry.

In 2021, at the federal level, we continued to actively advocate for:

- The continuation of the Ground Rent waiver through 2021 and 2022 in support of our financial recovery and, beginning in 2023, permission for the GTAA to reinvest airport ground rent into critical and strategic airport projects, which could amount to $1 billion over the next 10 years
- Adequate government resourcing of government agencies, including the CBSA, the Canadian Air Transport Security Authority (CATSA), and the U.S. Customs and Border Protection (CBP), to meet the requirement for expected increases in travel volumes and the challenges of dealing with government-imposed health requirements
- Global standards for health-verification certificates that can be integrated into existing border and airline processes and the funding of a national program for the digitization of health records by our provinces, which was successfully achieved when the national vaccination passport was launched
- The modernization of the government's duty-free policies and regulations to permit the establishment of Arrivals Duty Free and Dual Shop Stores at Canadian airports to provide travellers access to these retail options already available at many global airports today and support much-needed new revenue generation

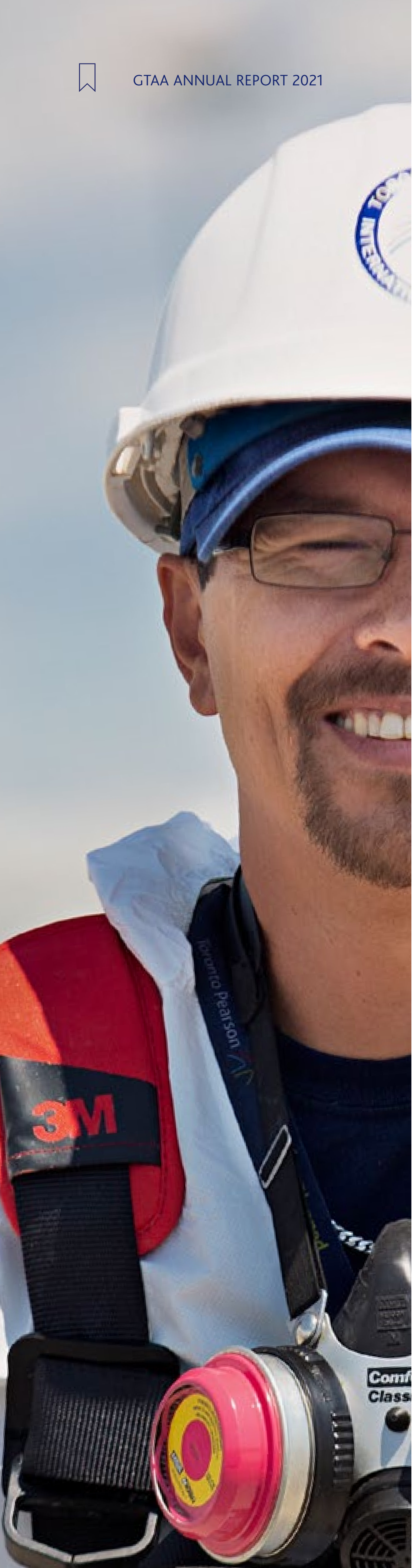
On March 14, 2022, the Government of Canada announced that four out of five of our Airport Critical Infrastructure Program (ACIP) applications were approved, and the Government of Canada would contribute up to $142 million to support continued air services and important transportation infrastructure projects. The funding will support investments that will improve passenger safety and security, and transit.

In 2021, at the provincial and municipal level, we:

- Provided a provincial budget submission and submission to the province's Tourism Economic Recovery Ministerial Task Force, calling for a science-based, safe restart of travel and incentives to reinvigorate Ontario's travel and tourism ecosystem
- In concert with GTAA Board members, delivered an annual GTAA update presentation to all regional councils that nominate to the GTAA Board of Directors. The presentations focused on Toronto Pearson's COVID-19 impacts, national contributions to supply chain resiliency, the airport's Healthy Airport commitment, and the government investment needed to ensure the competitiveness of Canada's largest airport and second-largest employment zone
- Successfully advocated for airport front-line workers to be vaccinated on a priority basis and facilitated a vaccination clinic for airport employees and arriving temporary foreign workers at Toronto Pearson
- Advocated with the province for transit funding to advance better regional transit connections to Toronto Pearson, particularly the next phase of study for the airport segment of the Eglinton Crosstown West Extension

RELEVANT DISCLOSURES

GRI 102-12, GRI-102-13, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, GRI 203-1, GRI 413-1, GRI 413-1



PEARSON STRONG

OPERATIONAL EFFECTIVENESS

OUR GOAL: DELIVERING OPERATIONAL EFFECTIVENESS AND A HEALTHY AIRPORT EXPERIENCE

Operational effectiveness means many things. It's about having the right programs and processes in place, and it means that it has never been more important for us to operate as efficiently as possible in order to enhance the passenger experience. That is why, in 2021, we introduced several new technologies, processes and procedures as well as infrastructure improvements that have strengthened our operational effectiveness.

RELEVANT DISCLOSURES

GRI 102-9, GRI 102-12, GRI 102-44, GRI 102-47

RELEVANT SDGs

SDG 9 SDG 17

A HEALTHY AND SAFE AIRPORT – OUR NUMBER ONE PRIORITY

Early on in the pandemic, our Healthy Airport program made employee and passenger health and safety our top priority. In 2021, we continued to invest in and integrate the latest scientific knowledge, data and technological innovation into our practices.

Guided by experts in health care, diagnostic testing, public health and industry, our globally accredited Healthy Airport initiative employs a layered approach to safety. This approach includes augmented cleaning protocols, HVAC enhancements and safety measures that include masking, physical distancing, and controlled access to the facilities as an added measure of safety for employees and passengers. We were particularly proud to be recognized as the cleanest airport in North America for 2021 by Skytrax. This acknowledgement reflects our close working relationship with our many health and safety leaders and, notably, our cleaning specialist, Dexterra.

As part of our layered Healthy Airport program in 2021, we:

- Upgraded the HEPA filters and installed ultraviolet germicidal irradiation (UVGI) disinfection in our HVAC system
- Expanded touchless technologies for check-in kiosks, elevators and bag drops as well as tap and takeout food options
- Installed UVGI to clean escalators, moving walkways, handrails, stairways, baggage carts and kiosks, and we are using autonomous robots to clean our floors
- Continued the deployment of plexiglass barriers, totalling 1,000 units equivalent to three kilometres of plexiglass installed at key areas, including check-in, gates, screening and point-of-sale locations

SAFE WORKPLACE

Our commitment to the health and well-being of our employees remains steadfast, and we continue to evaluate, adapt and prioritize our Healthy Airport program as it relates to our workers. In addition to implementing a number of airport safety measures and protocols, we maintained a COVID-19 case log, an industry first, which we launched in 2020.

Consistent with the federal government's mandate, the GTAA enacted its own mandatory vaccine policy effective September 14, 2021 that required all GTAA employees to be fully vaccinated by October 31, 2021, with accommodation being provided for grounds covered by the *Canadian Human Rights Act*. The GTAA also issued an airport-wide vaccine policy for all airport tenants, workers, contractors and subcontractors. By December, all companies had completed the implementation of their policies and had validated that all employees were either vaccinated or held an exemption under the *Canadian Human Rights Act*. The GTAA takes the protection of its workers, passengers and the community very seriously.

The efforts to provide a safe workplace continued through the development of the Safe Workplace Policy Guideline for the GTAA. The guideline provides the framework and protocols for employees to ensure their health and safety throughout the pandemic. It is a live document that has been adapted multiple times as public health mandates evolved. The continued evolution ensured our safety program was at the forefront of protection. This became even more evident during the Omicron variant spike, where we had to quickly adjust and add mitigations to ensure employee health and safety while safeguarding the protection of the airport operation.

Site Specific Action Plans (SSAPs) were developed for each unique workspace at the GTAA. The SSAPs document compliance and engagement on COVID-19 protocols within each area. Supervisors are asked to perform due diligence inspections to monitor and document the actions and adherence of employees to follow the safe work practices established. In addition to SSAPs, we had multiple inspection groups monitoring and documenting COVID-19 compliance across the public spaces of the airport terminals.

The Toronto Pearson Health and Safety Workers Forum serves as a valuable forum to engage with the union leadership from across the airport. In 2021, we met weekly to proactively address any safety or COVID-19–related concerns. This forum is built on trust and allows the group to approach any arising concerns collectively and collaboratively. This relationship has helped us to advance safety in a positive and proactive manner and continues to strengthen the safety culture in the community. An action log is used to track and document each issue discussed at the forum until it is closed after mitigations are put into place, thereby holding the collective group accountable to find solutions to all concerns.

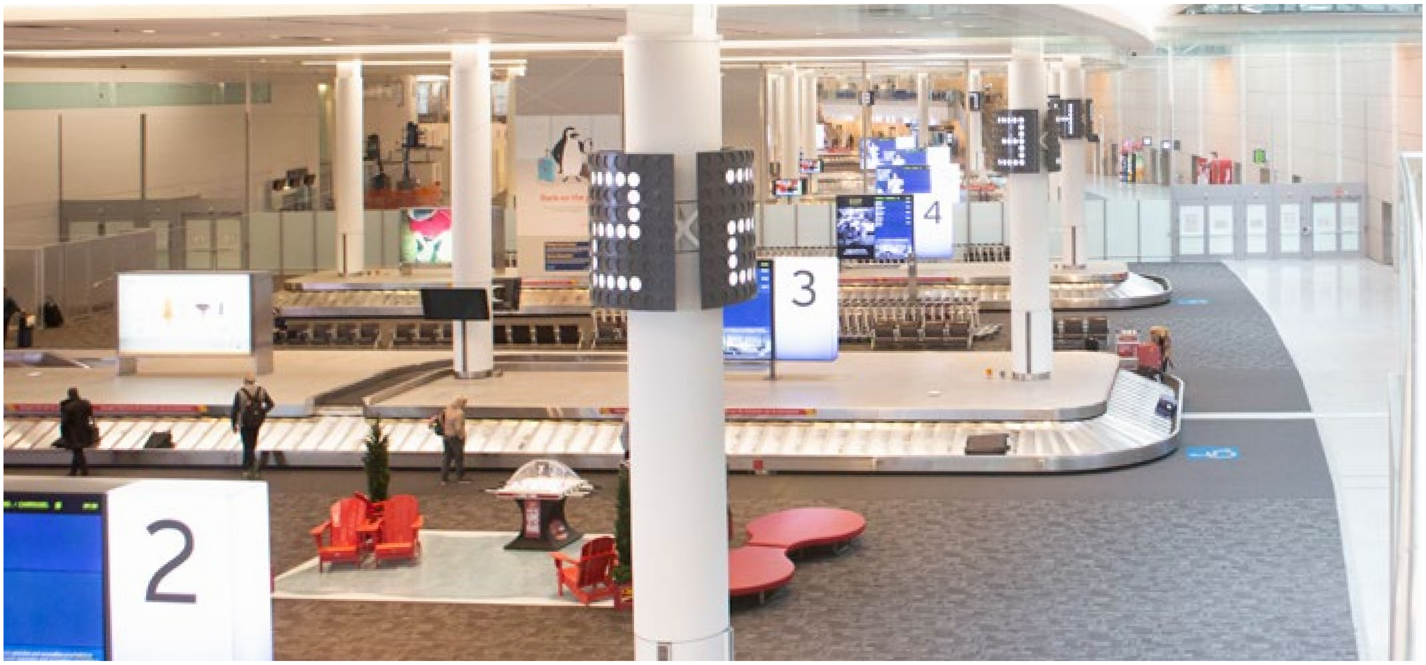
To ensure alignment in safety between the unions and the leadership, the GTAA formed the Toronto Pearson Health and Safety Leadership Forum (TPHSLF). This forum is made up of health and safety leaders from key organizations at Toronto Pearson. The forum allows for collaborative conversation with a focus on continued improvement to safety in the community. The forum discusses issues, incidents and tactical response to hazards within the community, and focuses on ways to continuously improve the safety for workers and their operation, making things safer for everyone.

IT'S ALL IN THE FLOW

Travel requirements continued to change rapidly throughout the year, and our operations staff were consistently able to respond quickly, nimbly and collaboratively to meet passenger needs while maintaining efficient flows on our airfield and within our terminals. They worked closely with our air carriers to provide accurate passenger forecasts, who adjusted their schedules accordingly, and retimed flights for less busy periods. Our teams looked at passenger capacity holistically as they considered operational flows that include runways, gates, customs processing and baggage handling, right down to passenger pick-up processes outside the terminal building.

Our teams also worked hand in hand with our key industry and government partners on Toronto Pearson's restart to understand what new processes, such as COVID-19 testing, could be operationalized and what was needed to fully integrate these processes into the airport flow. One of the biggest challenges we faced was how processes we initially developed for lower passenger numbers could be scalable as we ramped up operations again.

With the constantly changing mandates introduced by the regulators regarding COVID-19 vaccinations and testing, it was also vitally important that we communicate effectively with our business stakeholders, in particular the airlines. For example, when the Canadian government introduced a vaccine mandate for the crew of foreign air carriers, we worked closely with airline in-country representatives and with their headquarters to keep them abreast of ongoing and changing requirements as they arose. In addition, we worked with destination marketing organizations to ensure that travel agencies and tour operators had the right information about Toronto Pearson Airport to convey to travellers.



In September, we opened the new Terminal 1 Transfer Connection facilities, which have transformed the transfer passenger's process and experience by allowing passengers from selected international flights to seamlessly connect to their domestic flight through a secondary inspection line and without the need to claim their luggage, increasing capacity and shortening connection times for travellers. The completely redesigned connection experience, which has been built to meet our future growth needs, includes new facilities for both the CBSA customs processing and CATSA security screening.

In addition, we worked on improving the baggage-handling process. We worked with Air Canada and an engineering solutions company to replace all the displays in the outbound baggage-conveyor system with larger screens and new baggage-handling software that displays a bag's journey from beginning to end. As a result, Air Canada reduced the amount of mishandled baggage thanks to real-time data on the precise number of bags expected and loaded for departure. The new screens were installed at all 115 outbound baggage locations, and, in 2022, additional screens will be installed in all inbound baggage-conveyor-system locations as well.

Other operational enhancements in 2021 include:

- Improved predictability of departures
- Reduced apron congestion and pushback complexities
- Improved Central Deicing Facility operations during winter events, reduced queue times and improved taxi times, thanks to improved optimization
- Improved runway slot-utilization during normal operations and snow events
- Enhanced stand allocation processes in a single planning system, providing greater use of resources and increased safety

COMMUNICATING WITH OUR PASSENGERS

We knew that we had to have the best communications possible in place to support our passengers during this very confusing time. This meant not only making sure that information about the ever-changing protocols and regulations was available and clear, but also that all the steps we were taking to keep passengers safe and healthy in our terminals were evident to them in order to provide a sense of comfort and confidence while travelling. We communicated with our passengers through extensive signage throughout our terminals and via our website and social media channels. Our When You're Ready to Travel campaign launched in July, as borders began to open up again, with the aim of reassuring and educating travellers about our safety and hygiene measures. We also wanted to help passengers manage their expectations regarding operational changes at the airport that might have an effect on wait times.

Using an innovative technology called Sherpa, we created a travel information hub on our website at **torontopearson.com/travelhub**, which serves as a one-stop shop for travellers to find updated information on travel restrictions, visa requirements, testing, vaccine mandates and more. We also developed travel tips for passengers to help familiarize them with some of the new aspects of the travel experience, and we amplified key partner messaging to show health and safety enhancements across the travel continuum, from curb to aircraft.

Our communication does not just flow in one direction. We ask passengers about their needs and expectations as they are travelling through our airport by taking real-time feedback through our customer feedback kiosks. Travellers can also provide feedback via customer surveys by logging onto Wi-Fi in our terminals and by scanning QR codes available on tables throughout the terminals. We benchmark the feedback we receive against other airports through the ACI Airport Service Quality (ASQ) program. In 2021, Toronto Pearson was voted "Best Large Airport in North America" for the fifth year in a row and "Best Health and Hygiene Measures in North America," a new category included during the COVID-19 pandemic.

In 2021, Toronto Pearson was voted "Best Large Airport in North America" serving more than 40 million passengers for the fifth year in a row and "Best Health and Hygiene Measures in North America" for a second year.

As an airport that serves as a gateway to one of the most multicultural cities and countries in the world, it is vitally important that we can communicate with as many passengers as possible in their language of choice. To that end, we expanded our LanguageLine translation services technology to provide front-line staff with access to 240 spoken languages for passenger inquiries and communication needs. We also began our participation in the Government of Canada's Official Languages Maturity Model (OLMM) to strengthen our commitment to Canada's official languages by improving our service delivery and communications with the public and increasing governance and leadership on official languages matters.

ACCESSIBILITY FOR ALL

Pre-COVID-19, we saw greater than one million passengers with disabilities pass through the airport annually, and it is our ambition to provide a smooth, safe, inclusive and hassle-free airport experience for everyone. We are proud to offer multiple services and technologies for those travellers who are physically, visually or hearing impaired, or individuals with hidden disabilities. We worked with advocacy groups for persons with disabilities who helped us identify where we could improve accessibility in areas such as power-assisted door openers, accessible self-service kiosks and airport familiarization programs.

In the summer 2021, we launched a guide-dog familiarization program in collaboration with the Lions Foundation of Canada. The program trains dogs to become familiar with all aspects of the airport experience. To accommodate passengers with service animals, we have installed service-animal relief areas pre- and post-security, including an enclosed pet relief area with an inground flushing system. These are just a few ways in which we are moving Toronto Pearson closer to becoming one of the most accessible airports in the world.

2021 SNAPSHOT

Facilitated

~50%

of all international travel into Canada

Named by ACI as

"Best Large Airport in North America"

serving more than 40 million passengers for fifth year in a row

Voted

"cleanest airport in North America"

by SKYTRAX

Facilitated COVID-19 tests for more than

700,000

passengers on arrival

Received

"Best Health and Hygiene Measures in North America"

award by ACI for airports serving more than 40 million passengers

Opened new

Terminal 1 Transfer Connection

Averaged

357 passenger flights, 44 cargo and 100 business

aviation movements per day

In 2021, we facilitated testing for more than 700,000 passengers on arrival, which is equivalent to filling a professional hockey arena over 35 times.

SPOTLIGHT ON INNOVATION AND TECHNOLOGY

BUILDING THE AIRPORT OF THE FUTURE

Our digital transformation, which began long before COVID-19, has been instrumental in increasing airport efficiency and driving innovation throughout our value chain by integrating technology into all areas of our business. The pandemic has permitted us to accelerate some of this technology, and in 2021, we continued to invest in several new advancements including new check-in and boarding procedures that allow travellers to move seamlessly from curb through to security. We also introduced contactless priority lanes that enable priority passengers to quickly scan their travel documents before proceeding to security. For returning Canadian citizens and permanent residents with NEXUS status, we introduced facial verification eGates that provide an additional option for inbound NEXUS travellers to expedite their arrival processing. As we look to the future, we hope to fully operationalize the self-service passenger boarding technology we piloted in 2021, which will provide even greater flexibility for passenger flow through an automated, reduced-touch document verification and passenger biometric authentication process, creating an even faster, safer and more secure passenger processing experience.

Another way we have applied technology to improve process is through our enterprise asset management (EAM) system. Our maintenance teams saw a need to improve the efficiency of our work-order assignment process, with emphasis on reducing the time required to assign work orders to our trades. Through close collaboration between our Enterprise Asset Management and Terminal Maintenance teams, the Maximo Assignment Manager application was developed and implemented to meet this need. As a result, the time it takes to assign work orders to our trades has been reduced by 75 per cent.

> Technology and innovation are fundamentally changing how we operate and deliver value to our passengers and business stakeholders.

Technology, however, has its limits. The biggest challenge we face is how to work across our industry to define and stabilize travel requirements into the future. When rules set by governments around the world relating to testing, vaccinations and other COVID-19 protocols are changing almost on a daily basis, it is difficult to automate and optimize processes that would normally involve human interaction. To address this, we will continue to work with industry leaders to seek out and implement the most up-to-date technology that will contribute to operational effectiveness and an enhanced passenger experience.

RELEVANT DISCLOSURES

GRI 102-44, GRI 102-47

RELEVANT SDGs

SDG 9

PEARSON STRONG

BUSINESS DEVELOPMENT AND DIVERSIFICATION

OUR GOAL: CREATING VALUE THROUGH BUSINESS DEVELOPMENT AND DIVERSIFICATION

RELEVANT DISCLOSURES

GRI 102-44, GRI 102-47, GRI 103-1, GRI 103-2

TR-AL-110a.2/TR-AF-110a.2

REVENUE DIVERSIFICATION

In 2021, we worked closely with all our commercial partners and lines of business to drive revenue. New revenue streams included hangar leases for film production companies, aircraft parking leases and leases to logistics companies for use of our parking garages. In order to provide passengers choice and ease of purchase, together with Uber, we expanded the airport Uber Eats program that allows travellers and airport workers alike to skip the line and order pickup from more than 20 food and beverage outlets across Terminal 1 and Terminal 3, providing a smooth, contactless experience. The Uber Eats app now also automatically detects when a user is at the airport, allowing them to select their specific location and choose from nearby available restaurants.

In August, together with Dufry, we launched Phase 1 of Shops at Pearson, a multi-phased, first-of-its-kind in Canada e-commerce retail opportunity, which provides an airport shopping experience for anyone wanting to purchase exclusive products online. The Shopsatpearson.com website showcases a variety of online shopping opportunities available only through our retail partners. Phase 1 was designed to assist in gathering necessary insights to support future expansion efforts. Also, in collaboration with Dufry, we opened two new duty-paid stores focused on cosmetics, perfume and gifts.

We are closely watching how the rapid growth in online shopping is creating increased demand for air freight and warehousing needs near airports. We see this as a unique space we can support and explore additional business development and revenue diversification opportunities.

We also undertook a process to facilitate joint ventures and other investment opportunities, which were not options previously available to GTAA. As a result, we can explore unique opportunities to build greater financial resiliency by growing revenue that is not related to passenger activity.

OUR COLLABORATION WITH SWITCH HEALTH

In collaboration with the GTAA Healthy Travel program, Toronto-based healthcare company Switch Health is selling COVID-19 testing services to all consumers at an on-airport clinic located at our Value Park Garage. In early 2022, the GTAA, Switch Health and Metrolinx collaborated on a convenient new option for pre-departures testing at the Union Station UP Express platform. The tests, conducted by Switch Health, are an important protective layer in Toronto Pearson's award-winning Healthy Travel program, and are available to both departing passengers and members of the community who aren't travelling but need access to testing services. In October, Switch Health opened its state-of-the-art high-throughput laboratory near the airport terminals. In addition, Switch Health invested significantly in advertising across both terminals to drive awareness of the new services available to the community. We are currently exploring how to build on this important relationship to introduce additional testing product opportunities and to provide options for travellers as they navigate the continuously changing requirements of governments around the world.

SWITCH HEALTH HEALTHY TRAVEL VOYAGE EN SANTÉ

PEARSON STRONG

ENVIRONMENTAL SUSTAINABILITY

We take our responsibility to operate in an environmentally sustainable manner very seriously. We strive to be a leader in environmental stewardship and management because we are connected to the world and committed to creating better futures. Our employees care about working for an organization that embodies sustainability through our values and our actions, and we know that our community neighbours hold us accountable for the way in which we manage and mitigate the impacts of our operations.

We are executing against the seven strategic focus areas of our Environmental Policy, which we updated in 2021. These focus areas are carbon neutrality and emissions, climate change resiliency, energy use, waste management, water management, natural environment, and noise management. For each of these, we are developing short- and long-term goals and targets for future reporting.

RELEVANT DISCLOSURES

GRI 102-9. GRI 102-11, GRI 102-12, GRI-102-13, 102-15, GRI 102-18, GRI 102-19, GRI 102-21, GRI 102-29. GRI 102-30, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, GRI 103-1, GRI 103-2, GRI-201-2, GRI 302-4, GRI 306-1, GRI AO7, GRI 413-1, GRI 413-2

TCFD-S.a Strategy, TCFD-G.a Governance, TCFD-G.b Governance, TCFD-M.a Metrics and Targets, TCFD-R.b Risk Management, TCFD-R.c Risk Management

TR-AL-110a.2/TR-AF-110a.2

RELEVANT SDGs

SDG 3 | SDG 6 | SDG 8 | SDG 13 | SDG 17

As a founding partner, we continue to support Partners in Project Green, an initiative which since 2008 has aimed to develop and position the Pearson Eco-Business Zone as an internationally recognized community known for its competitive, high-performance and eco-friendly business climate.

Toronto Pearson is committed to being a net-zero carbon and net-zero waste airport by 2050.

OUR ROAD TO NET-ZERO EMISSIONS

Even while managing the impacts of the pandemic on our business, we focused on how we can address one of the greatest societal challenges and threats of our time: climate change. After outperforming on our 2020 goal with a 70 per cent reduction in greenhouse gas (GHG) emissions versus the 2006 baseline, in 2021, we updated our long-term goal to net-zero GHG emissions by 2050.

The net-zero GHG target is for assets owned and controlled by the GTAA, also known as Scope 1 and 2 GHG emissions. We have identified the major levers and challenges for our facilities to achieve net-zero GHG emissions, and are developing a detailed roadmap in 2022. We measure our emissions associated with electricity use, heating, diesel and gasoline consumption, and our GHG reporting practices align with the ISO 14064 standard on GHG measurement and reporting.

Reduced activity at the airport due to COVID-19 provided us with the unique opportunity to obtain a new baseline on our emissions during a time of minimal airport operations, guiding how we set emissions targets for the coming years as we progress towards our net-zero objective. We also took advantage of the slower airport traffic to install an additional 2,102 LED lights on our runway aprons for a total of 14,000 lights, which has led to increased energy efficiency of our operations and a significant reduction in energy costs.

OUR CARBON ACCREDITATION AND AWARDS

We are proud to report that in 2021, the GTAA maintained the ACI Level 3 Carbon Accreditation. We are one of only 17 airports in North America to be certified to this level. To obtain the certification, we are required to sustain a rolling average reduction in GHG emissions of two per cent annually. We are presently working towards achieving Level 4 certification, which will include measuring construction emissions and emissions from deicing operations, as well as formalizing a stakeholder engagement plan specific to GHG reductions.

Building on winning the ACI-NA 2020 Environmental Achievement Award for Environmental Management, in 2021, the GTAA was also the recipient of the Building Owners and Managers Association's (BOMA) Commercial Real Estate Trailblazers (CREST) Award for efficiency in building performance. The CREST award recognizes organizations that demonstrate commitment to continuous improvement in building performance and emissions reductions. The GTAA is excited about achieving recognition from these respected organizations, and we are excited to move forward with plans designed to continue driving continuous improvement and excellence in the field.

SUSTAINABILITY IN OUR SUPPLY CHAIN

In 2021, we introduced a sustainable procurement program to align procurement to GTAA's overall environment, social and governance objectives. While our GTAA Environmental Policy was fully integrated into our operational expense and capital expenditure contracts, we introduced the Green Procurement Policy in our RFP process, developed with the goal of maximizing environmental benefits by recommending the procurement of services and products to integrate fiscal responsibility and environmental stewardship; reduce energy and water consumption; reuse existing products or materials in product or service life cycle; reduce toxicity of products used on site; conserve natural resources, materials and energy; maximize recyclability and recycled or compostable content; and promote the purchase of environmentally preferable products.

GHG emissions from other companies in our supply chains, including aircraft and passenger vehicles travelling to and from the airport, are currently not included in our net-zero target. As we manage the complexities of operations at Toronto Pearson, and as an airport certified to Level 3 of ACI's Carbon Accreditation program, we engage third parties at and around the airport in order to drive reductions in their emissions. For example, to support airlines and ground support equipment companies, we updated 83 of our 135 eGSE chargers with reliable, high-speed chargers capable of charging lead acid and lithium-ion batteries with remote monitoring and control capability for ground servicing vehicles.

CLIMATE CHANGE RESILIENCY

The effects of climate change have an impact on how we operate as an airport. In addition to climate change mitigation, climate change resiliency is an integral part of our strategy. We must ensure that Toronto Pearson is built and operated to withstand the consequences of climate change today and into the future. We have developed robust programs to ensure the resiliency of our infrastructure and operations. Current programs include stormwater implementation plans to ensure the airport is resilient to 100-year storm events, assessing the climate change vulnerability of airport infrastructure, consistently updating climate forecasts specific to the airport, and the ongoing development of additional programs and processes. For example, we have worked with one of our airline partners to use forecasted summer temperature increases to confirm that aircraft movement remains resilient to these temperatures with our existing runway lengths.

NET-ZERO WASTE

In addition to net-zero GHG emissions, we are equally committed to achieving net-zero waste certification by 2050. We have worked closely with our tenants toward eliminating the generation and use of non-recyclable or non-compostable materials in our operations and plan to continue to do so with our vendors to collectively transition to a waste-free airport. Items such as Styrofoam containers, plastic straws, non-compostable utensils and plastic bags have been targeted in our transition towards net-zero waste.

PROTECTING OUR GREEN SPACES

Mitigating our environmental impact through identification and continuous improvement has been one of our core tenets since inception, and we are excited to be involved in developing a management framework for the Etobicoke Creek watershed. The management framework will represent what needs to be done to protect, enhance and restore watershed health.

COMPLIANCE

In 2021, the GTAA successfully recertified our Environmental Management System (EMS) to the ISO 14001 standard. We adhere to strict criteria for our EMS, and we are required to set performance targets to drive continuous improvement. Our performance is audited on a regular basis by an external auditor to ensure we are meeting our ISO 14001 commitments.

In 2021, we joined operators of other leading airports such as London's Heathrow International Airport and Amsterdam's Royal Schiphol Group in becoming a signatory to the World Economic Forum's Clean Skies Initiative, announced at COP26, the United Nations Climate Change Conference in November 2021. Through this initiative, we support the Clean Skies for Tomorrow Ambition Statement that commits the aviation industry to using 10 per cent sustainable aviation fuel by 2030.

SUPPORTING AIRLINES TO REDUCE GHG EMISSIONS

An initiative that we are working on with NAV Canada focuses on an arrival procedure known as Required Navigation Performance – Authorization Required (RNP AR), which leverages satellite-based positioning and modern aircraft flight management systems to shorten the flight paths, reducing flight times and fuel consumption. Public consultation for this proposal took place in November and December 2021, and if implemented, we estimate it could reduce 178,000 metric tonnes of GHG emissions over 10 years, or the equivalent of taking 44,000 cars off the road permanently. It is estimated that 30–40 per cent of the fleet currently at Toronto Pearson is equipped to fly an RNP AR procedure, and this percentage is expected to grow as airlines modernize their fleets and deploy more technologically advanced and quieter aircraft.

2021 SNAPSHOT

Installed

2,102

LED lights on our runways

Became signatories to the

World Economic Forum Clean Skies Initiative Ambition Statement

Received the

"BOMA CREST"

award for efficiency in building performance

Recertified to the

ISO 14001

EMS with zero non-conformances

Even while focused on managing the impacts of the pandemic, we turned our attention to how we can address one of the greatest societal challenges of our time: climate change.

PEARSON STRONG

SUPPORTING AND EMPOWERING OUR EMPLOYEES

OUR GOAL: BUILDING THE WORKPLACE OF THE FUTURE BY SUPPORTING AND EMPOWERING EMPLOYEES TO THRIVE IN A NEW WORK ENVIRONMENT

RELEVANT DISCLOSURES

GRI 102-7, GRI 102-8, GRI 102-12, GRI 102-21, GRI 102-40, GRI 102-41, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, GRI 413-1

TR-AL-301a.1

RELEVANT SDGs

SDG 3 | SDG 5 | SDG 8 | SDG 10 | SDG 13 | SDG 17

We know that we are successful as an organization because of our people, and in 2021, we continued on our journey to build the workplace of the future by taking a collaborative, inclusive and consultative approach to supporting and empowering our employees. We are working hard to become an employer of choice by ensuring that as an organization, we live our values and that we cultivate a nimble and entrepreneurial culture and a workplace that reflects diversity, equity and inclusion. Despite the ongoing uncertainties of COVID-19, our employees showed incredible strength and resiliency while continuing to serve our passengers, our partners and each other, under very challenging circumstances.

We are proud to have been included in the top third of Forbes' 2022 list of Best Employers in Canada. The annual list ranks the best 300 Canadian employers by anonymously surveying 10,000 Canadians working for businesses with at least 500 employees. The GTAA ranked number 80 overall and was third among transportation and logistics companies included in the list.

The GTAA has been included in Forbes' 2022 list of Best Employers in Canada.

Talent recruitment and retention has become increasingly difficult for organizations across many sectors and especially in an industry as labour-intensive as ours. To express our appreciation to our front-line staff for their hard work and dedication, we launched our CEO-sponsored Thank You campaign, which included a personalized note of gratitude and gift to everyone on the team.

STREAMLINING OUR TRAINING

In 2021, we focused heavily on process improvement, and as part of our efforts to streamline our internal processes, we looked at the various mandatory training programs and modules that we had in place. Our HR team analyzed which training made sense for each specific role and removed those courses that were redundant or not applicable to a particular function. We maintained training programs such as Diversity, Equity and Inclusion; anti-bullying; and safety and security, for all employees across all departments, while eliminating training that did not apply to individual roles. This streamlining allowed us to save 70,000+ hours per year of employee time, which is equivalent to approximately 34 full-time employees, in terms of labour hours.

INVESTING IN HEALTH AND WELLNESS

Our goal is to offer a layered approach to total wellness and to provide a variety of services, supports and resources to help our employees with all dimensions of their well-being, whether physical, mental, emotional, social, financial or professional. In 2021, to complement our existing employee wellness initiatives, such as the Employee Assistance Program (EAP) and other supports for our employees' physical and mental health, we introduced several well-being initiatives, including Wellness Wednesdays, a series of interactive webinars featuring guest speakers who shared information and tips on wellness-related matters.

For example, we invited a speaker from the Indigenous community to share their insights about health topics specific to the Indigenous community. We also created awareness about the issue of violence against women by commemorating the International Day for the Elimination of Violence Against Women, and we provided access to information about AIDS on World AIDS Day. Our aim with these initiatives is to start a conversation and to facilitate dialogue around issues that matter to our employees and that we believe can bring them a new perspective on health and wellness matters. In addition, we ran several Wellness Marathons days during which employees were given digital access to a work-life-balance expert who was available online between 8 a.m. and 6 p.m. Employees were able to drop in and out of the virtual session throughout the course of the day, as suited their schedule, to ask questions and interact with experts on a wide variety of topics, including relationships, diversity, equity and inclusion, mental health and personal finances.

Physical activity was also front and centre as we introduced a series of midday workout programs focused on physical and mental well-being, designed and run by a team of experienced fitness instructors. The instructors used a mix of their own workout instructions and internet resources based on top-athletic programs to develop a curriculum that was recorded and shared with team members for individual reference. In addition, our HR department worked with the GTAA's leadership team to help educate staff on the importance of taking time off from work, and encouraged staff to use accumulated, unused vacation days.

OUR COMMITMENT TO DIVERSITY, EQUITY AND INCLUSION (DEI)

If there is one place that ought to be a true reflection of diversity and inclusion, it should be an airport that connects people and cultures from around the world. We want every person who works at the GTAA to feel that they are valued and respected as individuals and that their career aspirations are achievable. Since 2018, when we built our initial five-year DEI strategy, we have worked diligently to drive DEI principles at the GTAA, and ensure that our commitment to DEI reaches across all levels of the organization. An update to this strategy was approved by the Board in 2021.

In the past year, we expanded our internal team responsible for developing awareness programs and training sessions as well as resources for our employees to learn about systemic barriers to DEI. For example, we invited motivational speakers to speak about their experiences with racism and the importance of DEI in building a more just society during Black History Month, Pride, Indigenous Peoples Month and National Disability Employee Awareness Month. We also launched the Diversity Meter, a survey to measure our employees' demographic information and perception of DEI at the GTAA. The survey responses revealed that we needed to apply a DEI lens to all of our processes, including looking at our hiring and performance management practices and succession planning to ensure that there are no systemic barriers in place that impede equal opportunity and equity for everyone at the GTAA.

We know that this call to duty is not going to happen overnight, but we have begun the journey by working with the Canadian Centre for Diversity and Inclusion to help us review our people practices and to help us ensure that DEI is imbedded in everything that we do, for a barrier-free and inclusive work environment that will help us attract, retain and support the workforce of the future.

Our employees also told us that we need to invest more in our management training to ensure that the right kind of conversations are happening at all levels of the organization. As a result, we've implemented a leadership commitment and accountability program to position our leaders to model behaviours, values and norms that foster inclusion and equity. This program outlines how to tackle our biases and how to leverage diverse thinking to drive innovation.

As the department with the largest workforce, our Airport Operations team set up a DEI Design Team and used human-centred design thinking to gain insights and inspiration into how to build a more diverse and inclusive workplace within that department. The work has evolved into piloting the first Employee Resource Group for Black employees, The Black Professionals Network, an informal, employee-led monthly forum that has been created to cultivate a safe space for the sharing of lived experiences and to foster allyship for equity-deserving groups.

The Women's Alliance, an Employee Resource Group established in 2019, continues to be a forum to promote the development of women at the GTAA and within our community. In addition to celebrating International Women's Day, the Women's Alliance hosts regular "Coffee Chat" sessions that have allowed women from across the organization to connect with one another and to discuss issues faced by women in the workplace and in the community.

BLACKNORTH INITIATIVE

In 2020, the GTAA became a signatory to the BlackNorth Initiative, where we committed to setting goals specific to identifying and removing barriers to the advancement of Black talent in our organization. Currently, two of our eight executive roles are held by Black executives, which places us well above the BlackNorth Initiative pledge target of 3.5 per cent. We have also committed to setting up listening forums, rolling out and expanding education that addresses unconscious bias and anti-Black systemic racism, and sharing best practices with other signatories. We continue to actively discuss diversity targets for our executive team and the organization overall.

2021 SNAPSHOT

1,548

total number of employees

Turnover rate of

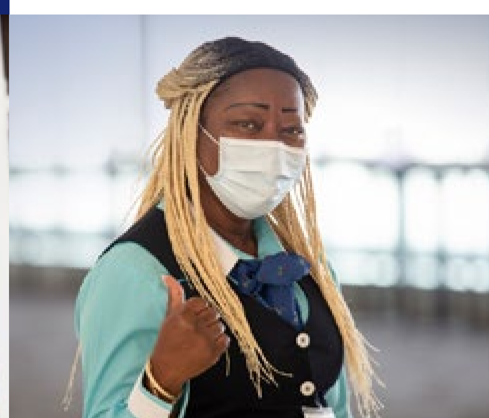
2.3%

63

awareness employee posts, with 20,000 impressions

70,000+

annual hours of redundant training hours eliminated



Eight wellness marathons and live events, with a total of

1,800

attendees

SPOTLIGHT ON COMMUNITY

Our vision is to help the communities we serve to thrive and grow through acts of giving, big and small, and through partnerships, donations and volunteering. We work to strengthen our relationships with our communities to earn our role as a great neighbour.

GIVING BACK WHILE BUILDING BACK

At the GTAA, our ambition is to invest in initiatives, organizations and projects that create stronger, healthier and happier communities. Through our community investment program, the Propeller Project, and its two funding streams, Uplift and Nest, we support programming for organizations working in local neighbourhoods to help them drive their work forward and uplift the community.

Our community investment programs have been impacted by COVID-19 as the budget for our giving programs is reliant on a percentage of the airport's net profit. In 2021, despite being in recovery mode, we found new ways to connect with and support the communities we serve, and we were also able to demonstrate ways in which we can support our communities beyond financial contributions, such as through employee mentorship programs.

VOLUNTEERING PAYS

To engage more employees in giving back, we launched the Pearson Volunteer Bucks program. This new program amplifies employee volunteering by rewarding individuals for their volunteering at work and in their communities by matching volunteers' hours with monetary donations to a registered charity or organization chosen by the volunteer.

With more employees working remotely and with changing dress codes, we've also updated our Casual for Cause program to enable everyone working on site and from home to participate in giving back to causes that matter. Rather than weekly donations, the Pearson Gives Back program now sets fundraising goals by quarter to support projects in our community, such as food and toy drives, children's and women's shelters, adopt-a-family and fill-a-backpack programs. This new initiative was launched on Giving Tuesday, during our Pearson Partners Week in November.

For the 2021 holiday season's adopt-a-family program, employees could shop to fill a family's wish list or make an online donation or directly donate to families using the Salvation Army's Honeychurch shelter. Our goal was to see employees support 20 families. We are delighted to report that we were able to adopt 23 families.

RELEVANT DISCLOSURES

GRI 102-12, GRI 102-44, GRI 102-47

NEST FUND

In 2020, through our Nest Fund, we launched a call for proposals for a capacity-building grant directed at Black-led and Indigenous-led organizations. In 2021, we announced seven funding recipients: the Black Youth School Success Initiative, Canadian Roots Exchange, Eshkiniigjik Naandwechigegamig, Aabiish Gaa Binjibaaying (ENAGB), Help a Girl Out, Helping Hands Platform, Trust 15 Youth Community Support Organization, and Weston Frontlines Centre. Each of these organizations has its own unique area of impact, but collectively their activities contribute to helping build better futures for those affected by systemic racism.

We held our second annual **Pearson Partners Week** in December to celebrate the many ways we support the community in which we operate and to rally our co-workers to give back. This year's Pearson Partners Week included a number of activities such as virtual coffee chats and volunteer opportunities, both virtual and in person, with some of our community partners, MABELLEarts, Weston Frontlines Centre, SEVA Food Bank, ACCES Employment and Brands for Canada. We also featured a new art exhibit at the Malton Airport Gallery at Terminal 1 in partnership with JAYU, a charitable organization that engages in conversation and shares human rights stories through the arts.

SUPPORTING INDIGENOUS COMMUNITIES

The GTAA seeks to engage and build a meaningful relationship with Indigenous communities. This begins with making sure that we have the appropriate knowledge of Indigenous culture and an understanding of how we can best support Indigenous communities through economic opportunities and development. To this end, we have met with Indigenous community leaders to initiate dialogue and better understand how we can work together.

In 2021, through the Propeller Project, we were pleased to present a $20,000 donation to the First Nations Child and Family Caring Society. The funds consisted of $10,000 donated by Kenaidan Contracting Ltd., a GTAA contractor who in 2020 was awarded a cash prize for winning the Obayashi Project of Excellence Award for their work on our Gate 193 expansion project. As this award recognized a GTAA project, Kenaidan approached us for suggestions on where to donate. We were happy to suggest and match their generosity. The funds are being used to support the work the First Nations Child and Family Caring Society does to ensure the safety and well-being of First Nations youth and their families through education initiatives, public policy campaigns, and providing quality resources to support Indigenous communities.

The GTAA observed the inaugural National Day for Truth and Reconciliation on September 30, 2021, as a statutory holiday for our employees. To mark the first year of doing so in 2021, we urged all our employees to honour the survivors of residential schools, their families, and communities and to become involved in community events marking the holiday. The National Day for Truth and Reconciliation is a chance for all Canadians to reflect on the state of Indigenous relations in Canada and to learn more about Indigenous groups and their culture.

"The GTAA is passionate about widening their reach by engaging with grassroots organizations, resulting in lasting relationships and tangible impact. They are at the front line of promoting and encouraging Canada's diversity, not just as the avenue of entrance, but also as a champion for the needs of the wider population."

Yanique Brandford, *Founder, Help a Girl Out (HAGO)*

NOISE MANAGEMENT

Our Noise Management Program is based on the International Civil Aviation Organization's (ICAO) Balanced Approach to Aircraft Noise Management, which includes four principles: reduction of noise at source, land use planning and management, noise abatement operational procedures, and operating restrictions. We are committed to working with communities in the surrounding area of the airport to make sure that noise management remains part of our ongoing dialogue with our neighbours as the airport grows alongside our region's diverse population and thriving economy.

As a result of work-from-home measures, we recognize that there may be more people affected by noise from our airport than pre-pandemic. Therefore, it is important for us to continue to engage with our community stakeholders around noise issues. We communicate noise issues via our monthly community newsletters, and we host a noise forum three times a year for community members. We also call ad hoc meetings as needed if we know that there are going to be extraordinary noise-related circumstances, such as construction projects which may affect our neighbours.

In 2021, we continued to enhance InsightFull, an information portal that provides members of the community with interactive information about the operations at Toronto Pearson and how they may impact their neighbourhood. The portal is structured around questions the airport often receives and provides location-specific information to help answer these questions. It also includes interactive reports on operations, complaints and noise data. We also launched a new engagement format at the Noise Management Forums: The Community Proposal Review Process (CPRP). The CPRP is a formalized, transparent and streamlined process for the review of community-submitted noise mitigation proposals.

We estimate that the NAV Canada RNP AR proposal for a new satellite-based arrival procedure, which we discuss in more detail in the Sustainability section of this report, could have noise mitigation effects as well as environmental benefits for as many as 142,000 fewer community residents being overflown at noise levels above 60 dB(A), and will enable continuous descent operations we estimate will be 1–5 dB(A) quieter compared to existing approach procedures.

> **"You're more than just an airport."**
> GTAA coffee chat participant

PEARSON CONNECTS VIRTUAL COFFEE CHATS

At the beginning of the pandemic, we moved our community stakeholder engagement meetings to an online format. Averaging two to three chats per month and with more than 600 attendees over the course of 2021, we attracted new audiences and significantly broadened our reach compared to previous years. These meetings provide a unique opportunity for community members to meet with GTAA staff and subject matter experts to learn about the history of our airport, its economic impact, how we give back to our local communities, and also get insight into what it takes to keep our airport operating safely every day. These engagement opportunities allow us to paint a broader picture of the airport and provide a more holistic view about the important role the GTAA plays as an economic driver in our region. We know that we are doing something right when we hear participants say, "You're more than just an airport."

PEARSON STRONG

GOVERNANCE

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

RELEVANT DISCLOSURES

GRI 102-18, GRI 102-22, GRI 102-24, GRI 102-31

TCFD-G.a Governance, TCFD-G.b Governance

Board of Directors

DOUGLAS ALLINGHAM

Ontario, Canada

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

Mr. Allingham is a civil engineer with 40 years of experience encompassing both the public and private sectors. He is the former Executive Vice-President of AECOM Canada Ltd. and has a background in transportation engineering including transit planning, urban design, traffic engineering environmental assessment, master planning, airport planning and transportation economics. He has served as President of the Canadian Institute of Transportation Engineers, Chair of the Board for the University of Ontario Institute of Technology, Trustee and Chair of the Board of Lakeridge Health and has served on the boards of Durham College and the Durham Abilities Centre. He graduated with a BaSc. in Engineering from the University of Waterloo in 1978. In 2012, he was awarded the Queen Elizabeth II Diamond Jubilee medal for service to the community.

JEFF P. FEGAN

Texas, U.S.

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

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

PETER GREGG

Ontario, Canada

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

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

KATHLEEN L. KELLER-HOBSON

Ontario, Canada

Corporate Director
Director since: 2017
Governance and Stakeholder Relations Committee
Planning and Commercial Development Committee[1]

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

DON KENNEDY

Ontario, Canada

Corporate Director
Director since: 2020
Audit Committee Planning and Commercial Development Committee (Chair)

Mr. Kennedy is a retired business executive having served as the Chief Financial Officer for a number of organizations in aviation, freight and logistics, including Canada 3000, where he grew the organization from the startup of a charter airline into a publicly traded travel group with over 5,000 employees. His professional associations include past Director of the Air Transport Association of Canada, past Director of various airlines fuel consortiums and past member of various aviation and travel industry associations. He also served on the Board of Directors of St. Joseph's Health Centre in Toronto. He has been a Chartered Professional Accountant and Chartered Accountant in Ontario for over 40 years, having started his audit career at PricewaterhouseCoopers LLP. He holds a Bachelor of Commerce (Honours) from Queen's University.

ROGER MAHABIR

Ontario, Canada
President and Chief Executive Officer, Technology Innovations Inc.;
Chairman and Chief Executive Officer, Tracker Networks Inc. (information technology companies)
Director since: 2013
Term expiry: 2022
Audit Committee
Planning and Commercial Development Committee[2]

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

1 Ms. Keller-Hobson has confirmed her intention to retire from the Board of Directors effective on the expiry of her second term in May 2022.

2 Mr. Mahabir's final term will end in May 2022.

HAZEL McCALLION

Ontario, Canada

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

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

MICHELE McKENZIE

Ontario, Canada

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

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

MARC NEEB

Ontario, Canada

Corporate Director
Director since: 2019
Governance and Stakeholder Relations Committee
Human Resources and Compensation Committee (Chair)

Mr. Neeb is a retired HR executive, having most recently served as the Chief Human Resources Officer at Magna International Inc. At Magna, Mr. Neeb was responsible for global human resources strategy relating to health & safety, environment, total compensation, culture, Employee's Charter, labour relations, performance management, talent attraction and retention, and people development and training. His past professional experience also includes serving as the Chief Administrative Officer of the Town of Aurora, Commissioner of Community Services of the City of Brampton and various senior positions with the City of Mississauga. He holds degrees and diplomas from the University of Western Ontario, Seneca College and the University of Toronto. He has served on the boards of Southlake Regional Health Centre, Aurora Mayor's Charity Golf Classic, Community Safety Village of York Region, and was the Governor of the Royal Lifesaving Society of Ontario.

ERIC PLESMAN
Ontario, Canada

Head of Global Real Estate, Healthcare of Ontario Pension Plan
Director since: 2019
Audit Committee
Planning and Commercial Development Committee

Mr. Plesman is the Head of Global Real Estate at Healthcare of Ontario Pension Plan (HOOPP) and is responsible for its real estate investment activities. Prior to HOOPP, Mr. Plesman held a number of senior positions at Oxford Properties and was most recently the Executive Vice President, North America, where he was responsible for North American Investments (equity and debt) and Development activity across all asset classes (office, industrial, retail, multi-family and hotel), as well as Oxford's North American Retail and Industrial businesses. His past experience also includes roles in Investment Banking and Real Estate Private Equity at Morgan Stanley (London, UK, New York and Toronto) and as a consultant at Arthur Andersen (Amsterdam).

Mr. Plesman holds a BA from King's University College at Western University and an Honours Business Administration (HBA) from the Ivey Business School at Western University.

DEEPAK RUPARELL
Ontario, Canada

President, Silver Hotel Group
Director since: 2021
Audit Committee
Governance and Stakeholder Relations Committee

Deepak Ruparell is Owner and President of the Silver Hotel Group, a privately owned hotel investment, development and management company in Canada. Silver's current portfolio includes branded and independent hotels in Canada and the United States. In addition, Mr. Ruparell is actively involved in the automotive industry through his ownership of car dealerships in Toronto and Calgary. His business ventures have also included various real estate developments and commercial projects outside these core industries. Mr. Ruparell has supported many social and community charitable projects and donates generously to various philanthropic causes, both locally and abroad. He has taken a keen interest and makes extra efforts in ensuring that New Canadian groups play an active part in democratic and civil society activities.

MICHELLE SAMSON-DOEL
Ontario, Canada

President, Samson-Doel Group Limited (investment company)
Director since: 2014
Audit Committee
Human Resources and Compensation Committee

Ms. Samson-Doel is President of Samson-Doel Group Limited, a private capital corporation, and former Executive Chair of the Board of Multi-Marques Inc., the largest manufacturer and distributor of bakery products in Quebec and Eastern Canada with 3,500 employees, recipient of the Canada's Top 50 Best Managed Private Companies Award. She also serves on the board of CDPQ Infra, Lallemand, Lallemand Investments and St. Johns Packaging. She holds the ICD.D designation from the Institute of Corporate Directors and has served on numerous boards over the last 20 years, including Boralex, OLG and Women's College Hospital Foundation. Ms. Samson-Doel has been a Chartered Professional Accountant and Chartered Accountant since 1983. She holds a BComm from the University of Toronto.

MARK F. SCHWAB

Florida, U.S.

Senior Advisor, Cartrawler (travel technology firm) and PASSUR Aerospace (aviation intelligence firm)
Director since: 2017
Human Resources and Compensation Committee
Planning and Commercial Development Committee

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

JOHAN C. VAN 'T HOF

Ontario, Canada

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

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

RAJEEV VISWANATHAN

Ontario, Canada

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

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

Executive Team

DEBORAH FLINT
President and Chief Executive Officer

MARTIN BOYER
Vice President and Chief Information Officer

CRAIG BRADBROOK
Chief Operating Officer

IAN L.T. CLARKE
Chief Financial Officer

KATH HAMMOND
Vice President, General Counsel, Corporate Safety and Security

MARK CARBONELLI
Chief Human Resources Officer

PATRICK NEVILLE
Vice President, Airport Development and Technical Services

Corporate Governance

The GTAA is a reporting issuer under Ontario securities legislation.

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

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

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

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

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

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

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

The GTAA is committed to ensuring that diversity is integrated into all aspects of its hiring policies and practices, including at the Board of Directors level. In 2021, the Board of Directors approved amendments to the Board's Diversity Policy to recognize inclusion as an important value, to expand the definition of diverse groups, and to include aspirational goals for representation of women and individuals from diverse groups. Diversity includes not only considerations of gender, but also of race, ethnicity, disability, Indigenous status, cultural background, age and other attributes.

As of December 31, 2021, the GTAA's Board includes four women, or 27 per cent of the 15 Directors. In addition, three of its Directors, or 20 per cent, are members of a visible minority group. Under the Board Diversity and Inclusion Policy, the Board aspires to attain by its annual meeting in 2030, and thereafter maintain, a Board composition in which at least 50 per cent of the Board are women. The Board also aspires to attain by its annual meeting in 2030, and thereafter maintain, a Board composition in which at least 30 per cent of the Board are members of diverse groups. Further information about the Board's Diversity and Inclusion Policy can be found in the GTAA's Annual Information Form, which may be accessed at **www.sedar.com**.

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

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

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

In 2021, there were four standing committees of the Board: the Audit Committee, the Governance and Stakeholder Relations Committee, the Human Resources and Compensation Committee, and the Planning and Commercial Development Committee. The mandates of the committees of the Board are summarized below.

AUDIT COMMITTEE

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

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

GOVERNANCE AND STAKEHOLDER RELATIONS COMMITTEE

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

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

HUMAN RESOURCES AND COMPENSATION COMMITTEE

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

PLANNING AND COMMERCIAL DEVELOPMENT COMMITTEE

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021
Dated March 24, 2022

FORWARD-LOOKING INFORMATION

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

This report discusses the financial and operating results of the Greater Toronto Airports Authority (the "GTAA" or "Company") for the year ended December 31, 2021 and should be read in conjunction with the Consolidated Financial Statements of the GTAA for the years ended December 31, 2021 and 2020, and the Annual Information Form for the year ended December 31, 2021. These documents provide additional information on certain matters that may or may not be discussed in this report. Additional information relating to the GTAA, including the Annual Information Form and the Consolidated Financial Statements referred to above, is available on SEDAR at **www.sedar.com**. The GTAA's Consolidated Financial Statements and MD&A are also available on its website at **www.torontopearson.com**.

RELEVANT DISCLOSURES

GRI 102-45, GRI 103-1, GRI 103-2

TR-AL-110a.2/TR-AF-110a.2

Management's Discussion & Analysis

CORPORATE PROFILE

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

SELECT KEY FINANCIAL AND OPERATIONAL INFORMATION

	Three months				Twelve months				
December 31, 2021	**2021**	2020	Change[1]		**2021**	2020	Change[1]		2019
($ millions)				%				%	
Total Revenues	**274.8**	150.5	124.3	82.6	**826.8**	823.5	3.3	0.4	1,521.3
Total operating expenses (excluding amortization)	**157.1**	101.5	55.6	54.6	**508.4**	544.7	(36.3)	(6.7)	795.4
EBITDA[2, 3]	**117.7**	49.0	68.7	140.4	**318.4**	278.8	39.6	14.2	725.9
EBITDA Margin[2, 3]	**42.8%**	32.6%		10.2 pp	**38.5%**	33.9%		4.6 pp	47.7%
Earnings (Loss) Before Interest, Net[4]	**36.8**	(39.9)	76.7	192.2	**(14.2)**	(69.0)	54.8	79.4	435.1
Net (Loss) Income	**(47.6)**	(116.8)	69.2	59.3	**(350.4)**	(383.4)	33.0	8.6	139.8
See "Results of Operations" for details									
See Net Operating Results for reconciliation from net loss to EBITDA									
Free Cash Flow[5] ($ millions)	**53.6**	(153.1)	206.7		**(46.3)**	(513.1)	466.8		(0.2)
See "Liquidity and Capital Resources" section for details									
Passenger Activity (millions)									
Domestic	**2.7**	0.9	1.8	211.4%	**6.8**	5.5	1.3	24.4%	18.1
International	**3.2**	0.7	2.5	364.9%	**5.9**	7.8	(1.9)	(24.6)%	32.4
Total	**5.9**	1.6	4.3	279.4%	**12.7**	13.3	(0.6)	(4.5)%	50.5
Flight Activity									
Aircraft movements (thousands)	**71.2**	30.0	41.2	136.4%	**173.0**	174.4	(1.4)	(1.0)%	452.8
MTOW[6] (million tonnes)	**6.1**	2.9	3.2	107.7%	**16.4**	16.0	0.4	2.4%	38.4
Seats (millions)	**8.4**	3.5	4.9	138.1%	**20.0**	21.9	(1.9)	(8.6)%	60.0
Load factor	**69.6%**	44.2%		25.4 pp	**63.3%**	60.7%		2.6 pp	84.3%
See "Operating Activity" section for details									

At December 31	**2021**	2020	Change[1]		2019
				%	
Total Debt ($ millions)	**7,213.7**	7,002.8	210.9	3.0	6,411.7
Net Debt[7]	**6,532.9**	6,481.8	51.1	0.8	5,965.2
Key Credit Metrics ($)					
Total Debt / Enplaned Passenger[8]	**1,136.0**	1,052.0	84.0	8.0	254.0
Net Debt[7] / Enplaned Passenger[8]	**1,029.0**	974.0	55.0	5.6	236.0
See "Liquidity and Capital Resources" section for details					

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

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

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

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

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

6 MTOW is aircraft maximum take-off weight of each aircraft as specified by the aircraft's manufacturers.

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

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

OVERVIEW

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

COVID-19 Pandemic (also "pandemic")

Over the course of 2021, with intermittent global lockdowns, travel restrictions, a government advisory telling Canadians not to travel unless essential, and government-imposed health requirements, the COVID-19 pandemic has had a material negative impact on demand for air travel globally. Due to the pandemic and the resultant travel restrictions including border closures and severe financial impacts, there were multiple flight and route cancellations by air carriers. Toronto Pearson has experienced a small decline in passenger and flight activity during 2021, as compared to the same period in 2020, which included one quarter of aviation activity in the first quarter of 2020, prior to the COVID-19 pandemic shutdown. However, since the third quarter of 2021, operating activity at the Airport has grown significantly from the same periods of 2020, due in part to a domestic vaccination rollout and the easing of government travel restrictions during 2021. Nevertheless, all measures of operating activity continue to be well below the 2019 levels.

During the fourth quarter of 2021:

- Toronto Pearson processed 5.9 million passengers or 279.4 per cent more passengers than it did in the same period in 2020;
- Passenger volumes at Toronto Pearson increased to an average of 63,260 per day from an average of 16,684 per day in the same period of 2020;
- The number of flights increased to an average of 776 per day from approximately 327 per day in the same period of 2020; however,
- The number of passenger and flight activity remains significantly low, when compared to the same period in 2019 with passenger volumes at an average of 128,840 per day and number of flights at an average of 1,240 per day in such period.

During 2021:

- Toronto Pearson processed 12.7 million passengers or 4.5 per cent fewer passengers than it did in 2020 due to the volumes in the first quarter of 2020 not being materially impacted by the COVID-19 pandemic offset by the significant increases in volume during the second half of 2021 over the same period in 2020;
- Passenger volumes at Toronto Pearson dropped to an average of 34,780 per day from an average of 36,322 per day in 2020, again due to the pre-COVID-19 pandemic results in the first quarter of 2020 partially offset by the significant increases in volume during the second half of 2021 over the same period of 2020; and
- The average number of flights stayed relatively flat at 473 per day as compared to approximately 478 per day in 2020.

As at December 31, 2021, airlines operating at Toronto Pearson increased to 60 from 48 as at December 31, 2020.

The reduced activity has had a material and negative impact on the GTAA's business and results of operations compared to 2019 levels, including aeronautical and commercial revenues and Airport Improvement Fees ("AIF"). This negative impact has diminished somewhat with the higher volume of passengers in the second half of 2021. During the fourth quarter of 2021, and fiscal year 2021, the GTAA:

- Earned revenues of $274.8 million, an increase of 82.6 per cent or $124.3 million and $826.8 million, a slight increase of 0.4 per cent or $3.3 million, compared to the same periods of 2020, respectively; and
- Incurred net losses of $47.6 million, lower by 59.3 per cent or $69.2 million and $350.4 million for the year, lower by 8.6 per cent or $33.0 million, compared to the net losses of $116.8 million and $383.4 million in the same periods of 2020, respectively.

During 2021, the GTAA, both solely and in cooperation with government, partners and employees, has taken the following actions in response to the pandemic:

a. Financial Response

- The GTAA has implemented significant reductions to operating expenditures, including the continuation of its hiring freeze and a further reduction in capital spend compared to the same period of 2020. Refer to the "Capital Projects" section. Due to increased operating activity in the third quarter of 2021, the GTAA reduced the temporary closure of operating access to approximately 20 per cent of its terminal facilities from the original reduction of over 40 per cent implemented in the second quarter of 2020. The temporary closure was in response to the overall reduced travel activity due to the impact from COVID-19.
- Effective January 1, 2021, the following increases to aeronautical rates and the AIF were implemented:
  - Aeronautical rates for commercial aviation increased by 3 per cent;
  - The AIF for departing passengers increased by $5 to $30 per passenger, slightly below the average of other major Canadian airports;
  - The AIF for connecting passengers increased by $2 to $6 per passenger; and
  - Aeronautical rates for all business and general aviation aircraft 19,000 kilograms or less increased to $575 per arrival movement.

  These changes to aeronautical rates and the AIF follow more than a decade during which there were no increases to commercial aeronautical rates or the AIF at Toronto Pearson. In addition to other revenue-generating and cost-cutting initiatives, Management believes that these increases will contribute to the GTAA's ability to make continued investments in healthy air travel and industry recovery.
- On July 21, 2021, the GTAA completed two amendments of its Master Trust Indenture ("MTI"): 1) relieving the GTAA from complying with the Rate Covenant prescribed under the MTI for fiscal year 2022; and 2) permitting the GTAA to create any guarantee or to make or maintain any investment, provided that the aggregate cost basis of such guarantees and investments amounts to no more than the greater of 3.0 per cent of the GTAA's total assets and $200.0 million and no default or event of default exists or would exist as a result thereof. As at December 31, 2021, no guarantees or investments were made under this amendment.
- On July 16, 2021, the GTAA extended its committed revolving Operating Credit Facility by an additional year to May 31, 2024. Concurrent with the extension, the credit facility syndicate also approved both the exemption from complying with the MTI Rate Covenant for fiscal year 2022, and the amendment on the limitation on guarantees and investments.
- On October 5, 2021, the GTAA issued $400.0 million Series 2021-1 Medium Term Notes ("MTNs") due October 5, 2051 at a coupon rate of 3.15 per cent for net proceeds of $397.3 million. The net proceeds were primarily used to repay commercial paper ("CP"). The GTAA's net liquidity position (including cash) as at December 31, 2021 was approximately $1.7 billion.
- On November 4, 2021, the GTAA announced the following changes to aeronautical rates, effective January 1, 2022:
  - Aeronautical rates for commercial aviation will increase by 3 per cent; and
  - Aeronautical rates for all business and general aviation aircraft, regardless of weight, will increase to $850 per arrival movement.

b. Passenger and Safety Response

- Toronto Pearson's "Healthy Airport" official mark is a commitment with partners, government agencies and stakeholders designed to set strong, consistent, reliable standards for passenger and airport worker health protection. The Healthy Airport commitment is a comprehensive program introduced in 2020 that outlines the steps that the Airport and its partners have implemented to help restore confidence in the safety of air travel given the new realities. The commitment includes the following:
  - The Airport has implemented improved technologies resulting in faster and reduced touch processes. New innovations include:
    - a variety of ultraviolet light (UV) applications for sanitization throughout the Airport;
    - disinfecting high-touch escalators and moving sidewalk handrails and autonomous floor cleaners are in operation throughout the Airport to clean and disinfect floor surfaces;
    - over three kilometers of plexiglass barriers installed throughout the Terminals; and
    - the introduction of personal protective equipment vending machines;
  - All passengers and Airport workers must wear a face covering at all times when in public areas of the Airport;
  - Access to the Airport, including the terminal buildings, is limited to travellers and workers;
  - The Government of Canada recognizes that in some areas of the Airport, maintaining a physical distance of two metres may not be possible. In these cases, the Government of Canada suggests a "layered" approach with multiple protective measures – including mask wearing, hand hygiene, respiratory etiquette and ventilation systems – in accordance with published guidance. The Healthy Airport program employs this layered approach, including enhanced cleaning, mandatory mask-wearing, enhancements to air quality with ongoing monitoring, and other technologies. The GTAA continues to adjust its layered approach as required to ensure that it keeps staff and passengers safe;
  - Every vendor, contractor, and employer operating at the Airport must have in place a "workplace contact tracing program" that allows them to identify, and support individuals who have had close contact with someone who has tested positive for COVID-19 to support the identification of potential workplace spread for Workplace Safety and Insurance Board reporting; and
  - The GTAA continues to place passenger and employee health first with safety measures from the guidance of the GTAA's Chief Medical Officer, an industrial hygienist and public health agencies to reduce the spread of COVID-19. These measures include enhanced cleaning; the placement of more than 500 hand sanitizer stations; working with government agencies to enable a more efficient and safe processing of passengers; enhancements to the heating, ventilation and air conditioning systems in the terminals, as well as quality assurance monitoring programs, to help provide a safe Airport environment.
- On August 13, 2021, the Government of Canada announced its intention to require vaccination as early as the end of September 2021 for employees across the federal public service. In addition, the Government of Canada required employees in the federally regulated air, rail, and marine transportation sectors to be vaccinated no later than the end of October 2021. This vaccination requirement also extended to all travellers, with very few exemptions. This includes all commercial air travellers, passengers on interprovincial trains, and passengers on large marine vessels with overnight accommodations, such as cruise ships. Consistent with the federal government's mandate, the GTAA has enacted its own mandatory vaccine policy effective September 14, 2021 that required all GTAA employees to be fully vaccinated by October 31, 2021, with accommodation being provided for grounds covered by the *Canadian Human Rights Act*. The GTAA also required employers, persons, businesses and organizations with operations in the terminal or standalone facilities on the Airport property to acknowledge to the GTAA that they have their own policy for mandatory vaccination to achieve mandatory vaccination by October 31, 2021, with accommodation as required by law.
- The GTAA understands that the entire passenger experience extends beyond the Airport. This means that the passenger views the safety of travel in every step: from their home, to and through the terminal, the airplane environment, destination surface travel and accommodation, followed by the return trip. Any concern in any component could diminish the traveller's confidence in the safety of their journey. Accordingly, the GTAA believes that it is imperative that each participant in the home-to-home journey deliver service flawlessly on a consistent basis in order to restore and maintain confidence in the health and safety of air travel. To reinforce Toronto Pearson's Healthy Airport commitment and the measures taken by the GTAA to deliver an integrated traveller experience and build confidence in travel, in collaboration with industry partners, the GTAA is undertaking various measures, including advocacy at all levels of government. The GTAA also is committed to working with its airline partners to connect passengers safely once again across Canada and around the globe.

c. *Testing, Research and Data Collection*

- Since the beginning of the pandemic, both the provincial and federal governments have implemented various measures to address COVID-19 in the context of achieving safe air travel. The GTAA has cooperated with government to help protect the safety of all passengers and workers. A series of initiatives and requirements were introduced in early 2021 as summarized below due to the increasing COVID-19 cases in Ontario and the rest of Canada and new global variants of COVID-19 believed to be more contagious. The Ontario government initially launched a COVID-19 testing program at the Airport where travellers were tested for COVID-19 upon arrival. This program was subsequently replaced with the federal government's mandatory arrivals testing protocol discussed below. In light of these evolving travel restrictions, the GTAA continues to adapt its operations to provide passengers a safe and efficient travel experience.

  Pre-departure to Canada – Proof of Negative COVID-19 Test Requirement

  - On January 6, 2021, the Canadian federal government ordered all travellers coming to Canada by air to provide proof of a negative COVID-19 polymerase chain reaction ("PCR") test or other molecular COVID-19 test taken within 72-hours of departure in addition to the 14 days quarantine on arrival. The PCR requirement continued to be in effect until it was amended to include the option to show proof of a negative antigen test result effective February 28, 2022 as announced by the Canadian federal government on February 15, 2022. On March 17, 2022, the federal government announced that fully vaccinated international travellers will no longer need to provide a pre-entry COVID-19 test result to enter Canada effective April 1, 2022.

  Arrival – Mandatory COVID-19 Testing by Federal Government

  - Effective February 22, 2021, the Canadian federal government ordered all international passengers landing at the Airport (with certain exceptions) or connecting to other cities in Canada to take a mandatory COVID-19 PCR test at the Airport as well. Subsequently throughout the first half of 2021, the federal government mandated measures such as the Government Approved Accommodation ("GAA") hotel stay to await their on-arrival test results and maintained the 14-day quarantine for international arrivals, except for fully vaccinated Canadian citizens and permanent residents. These requirements were later modified during the summer of 2021 and arrivals testing shifted to a mandatory, randomized model upon entry into Canada for fully vaccinated travellers and the GAA stay was eliminated.
  - On November 30, 2021, as more cases of the Omicron COVID-19 variant continued to be reported, the Canadian federal government announced the requirement for all travellers, both vaccinated and unvaccinated, coming to Canada, except from the United States, to be tested at the airport where they land. These travellers needed to isolate until they receive the result of their test. This requirement was not fully implemented at Toronto Pearson, as acknowledged by the Canadian federal government. Instead, the requirement at the Airport was to test 10,000 per day of international fully vaccinated arrivals, 100 per cent of unvaccinated international arrivals and the mandatory random testing continued to apply to travellers coming directly from the US. Take-home test kits were used to achieve the 10,000 per day threshold without excessive disruption to passenger flow on arrival.

  Pre-departure from Canada and Airport Employees — COVID-19 Testing

  - From March 2021 to July 2021, with a financial contribution from the National Research Council of Canada's Industrial Research Assistance Program (NRC-IRAP), a branch of the Government of Canada, the GTAA initiated a research study enabling COVID-19 testing, free of charge, for both Airport employees and passengers departing Canada from the Airport that require proof of a negative test result for their destination entry requirements. The study was undertaken by a team of Canadian healthcare companies who deployed their digital workflow, testing, and data infrastructure for execution and oversight of this program. Using new Canadian developed testing technology as well as existing antigen testing technology, the study explored the efficacy of antigen testing compared to the PCR test in a high-throughput commercial environment as well as studied the operationalization of rapid PCR testing in a time-sensitive airport environment. In parallel to the federally funded study, the GTAA worked with three renowned Canadian epidemiologists and researchers, Dr. Kevin Schwartz, Dr. Prabhat Jha, and Dr. Isaac Bogoch to explore the viability of frequent antigen testing within a workforce as a method to quickly identify, trace, and isolate COVID-19 cases. The workforce screening study, which ended in May 2021, demonstrated that rapid antigen screening can be effective in identifying infectious individuals in occupational settings to reduce transmission and outbreaks. Rapid antigen screening is an important public health tool to identify infectious individuals and mitigate transmission within the workplace. The studies completed more than 37,550 tests collectively.
  - On July 12, 2021, Switch Health, in collaboration with the GTAA, commenced offering COVID-19 testing services to departing Toronto Pearson passengers, as well as community members and Airport employees looking for convenient access to tests. Switch Health offers both PCR and antigen tests at competitive prices. These tests are intended to provide another protective layer in the GTAA's Healthy Airport program. Testing is offered in both a traditional clinic setting as well as by drive-through appointment, operated at Toronto Pearson's Value Park Garage. Both Switch Health and the GTAA plan to work together to continually adapt to meet and exceed the demands of a rapidly evolving pandemic environment and exploring new innovations to meet the needs of the GTAA's passengers, employees and the community. As of December 31, 2021, more than 134,000 tests have been administered through the Switch Health Clinic at the Airport's Value Park Garage.

d. Government Financial Support:

- Through an Amendment to the Ground Lease dated May 27, 2021, the Government of Canada has deferred the GTAA's Ground Lease rent payments in respect of 2021, with such payments to be made over a ten-year period commencing in 2024. As at December 31, 2021, $63.5 million has been recorded as deferred ground rent payable on the consolidated statements of financial position, which represents the present value of future lease payments to take into account the time value of money. The related ground rent expense for the year has been recorded on the consolidated statements of operations and comprehensive loss.

- The GTAA received payments from the Canada Revenue Agency under the Canada Emergency Wage Subsidy ("CEWS") program until October 2021. For the year ended December 31, 2021, $27.0 million (December 31, 2020 – $46.4 million) was recorded on the consolidated statements of operations and comprehensive loss as a reduction of salary, wages and benefits, and $1.6 million (December 31, 2020 – $2.6 million) was recorded against capitalized salaries, wages and benefits in property and equipment on the consolidated statements of financial position.

- The GTAA and the Canadian Airports Council continue to engage actively with governments at all levels to discuss the GTAA's Healthy Airport commitment and the steps the organization has taken to protect public health and the health and well-being of its workforce and travellers.

- Additionally, the GTAA is engaging with government to potentially discuss financial support given Management's belief in the essential economic role that Toronto Pearson plays in Canada's economy, supply chain, trade and employment and in vaccine delivery and logistics. The GTAA is seeking the following further short-term assistance from government:

  - **2021 and 2022 relief from Ground Lease rent payments:** The Airport Ground Lease rent deferral for 2021 has assisted the GTAA to better manage liquidity impacted by the COVID-19 pandemic. However, the GTAA believes the COVID-19 pandemic impact will go beyond 2021 and that Canadian airports require further support. The Canadian aviation industry is at risk of becoming less competitive vis-à-vis airports in Europe and the U.S. where significant government grants and other aid have been provided to their airports. As a result, the GTAA is seeking further relief from Airport Ground Lease rent for 2021 and 2022 in the form of a waiver.

  - **Regulatory flexibility and funding:** The GTAA and other Canadian airports are seeking flexibility to adjust tight implementation deadlines and dedicated federal funding to help airports meet pending regulatory requirements.

  - **Capital stimulus:** Transport Canada announced on March 14, 2022 up to $142.0 million in new funding under the Airport Critical Infrastructure Program ("ACIP") and the Airport Biosecurity Infrastructure Stream to help Toronto Pearson recover from the effects of the COVID-19 pandemic and to support continued air services and important transportation infrastructure projects at the Airport. The funding will be used for airside restoration, to develop and install a new check-in service, boarding and border clearance systems, and to improve COVID-19 screening of staff and passengers. The funding will also be used to conduct studies and develop a concept to connect Toronto Pearson with the future extension of the Eglinton Crosstown Light Rail Transit ("LRT").

e. Management's Financial Assessment:

- As a result of COVID-19 and changing travel restrictions in place in Canada and around the world, there is very limited accurate visibility on the future of travel demand, which is severely inhibited. The GTAA cannot accurately predict the timing of a full recovery. Management continues to analyze the extent of the financial impact of the COVID-19 pandemic, which is and continues to be adverse and material. While the full duration and scope of the COVID-19 pandemic cannot be known at this time, in the long-term the GTAA believes that recovery will happen and the pandemic will not have a material impact on the long-term financial sustainability of the Airport.

- The COVID-19 pandemic has placed downward pressures on the GTAA's liquidity. Though the GTAA has experienced a significant loss during 2021 due to lower passenger volume, given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, reductions to its operational and capital expenditures, government assistance to date and its cash-on-hand, the GTAA does not anticipate any funding shortfalls and expects to meet its payment obligations as they come due. As the GTAA has a bond maturity in September 2022, the pandemic may yet impact the cost of capital and ability to access capital markets in the future which may arise from disrupted credit markets, and possible credit ratings watch or downgrade of the GTAA's debt.

Given the impact of the COVID-19 pandemic, there continues to be uncertainty associated with the GTAA's business. Refer to "Risk Factors" of the Corporation's most recent Annual Information Form for risk disclosure regarding the impact of the pandemic on the GTAA's business. In light of the dynamic operating environment, Management will continue to assess advanced strategies to support the safety of passengers and Airport workers, and the financial sustainability of the organization.

Aviation Industry, Operational and Environmental Recognition

The GTAA was recognized by:

- Airports Council International for:
  - Its passenger service and practices. On March 10, 2022, Toronto Pearson was awarded "Best Large Airport in North America" (airports serving 40+ million passengers, as measured by 2019 passenger levels), as measured by Airports Council International's Airport Service Quality program, for the fifth consecutive year;
  - "Best Hygiene Measures by Region" for a second year. This accolade is largely the result of Toronto Pearson's Healthy Airport program, which is a multi-layered approach to creating a safe and healthy airport experience; measures such as mask wearing and limited terminal access; solutions such as UV-C light disinfection and air quality monitoring; and a commitment to advancing scientific knowledge through various testing trials as four foundational pillars of the program;
- Forbes Canada in early 2022 by making its "Best Employers" list for 2022. The GTAA ranked 3rd among all Transportation and Logistics companies on the list. In the last couple of years, the GTAA has sharpened its focus on diversity, equity and inclusion; placed increased attention on health and wellness; created a results-oriented culture; and involved employees from across the business as it developed the workplace of the future; and
- Building Owners and Managers Association (BOMA) Toronto by awarding the GTAA the "2021 BOMA Race 2 Reduce CREST" award in the Performance Leadership Landmark Building category. This award is a new category that recognizes the greatest percentage reduction of greenhouse gas (GHG) emission intensity. Through its previous environmental plan, the GTAA successfully reduced scope 1 and 2 emissions at the Airport by more than 60 per cent (against a 2006 baseline) by the end of 2020. Some of the steps the GTAA took to achieve this included:
  - Energy reduction projects that focus on switching to energy-efficient LED lighting;
  - Upgrading the Airport's heating, ventilation and air conditioning systems; and
  - Investing in electric vehicles and charging stations.

OPERATING ACTIVITY

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

Passenger Activity

Passenger traffic at the Airport decreased in 2021 by 4.5 per cent, from 13.3 million passengers in 2020 to 12.7 million passengers in 2021, representing an annual decline of 0.6 million passengers.

Total passenger traffic at the Airport is categorized into one of two sectors: domestic (passengers travelling within Canada) and international (passengers travelling to and from destinations outside Canada). During 2021, the decline was in the international sector with a decrease of 24.6 per cent, offset by the domestic sector recording an increase in passenger traffic of 24.4 per cent, when compared to 2020. Continued intermittent travel restrictions on international travel throughout 2021 as a result of the pandemic contributed to the decline. Domestic passenger activity increased as this sector had fewer travel restrictions whereas international sector traffic was more complex and up to February 28, 2022 included the need for travellers to provide a negative PCR test to enter Canada.

The following table summarizes passenger activity by sector for 2021, 2020 and 2019:

Passenger Activity[1]	**2021**	2020	Change[2]		2019
(in millions)				%	
Domestic	**6.8**	5.5	1.3	24.4	18.1
International	**5.9**	7.8	(1.9)	(24.6)	32.4
Total	**12.7**	13.3	(0.6)	(4.5)	50.5
(in millions)					
Origin and destination	**9.3**	9.3	—	—	35.2
Connecting	**3.4**	4.0	(0.6)	(14.8)	15.3
Total	**12.7**	13.3	(0.6)	(4.5)	50.5
Origin and destination[2]	**73.2%**	70.0%		3.2 pp	69.6%
Connecting[2]	**26.8%**	30.0%		(3.2) pp	30.4%
Total	**100.0%**	100.0%			100.0%

1 Based on Airline reporting, passenger estimates may vary from actual numbers.

2 "% Change" and "%" are based on detailed actual numbers (not rounded as presented).

Passengers are further segmented into two principal types of passengers: origin and destination passengers and connecting passengers. An origin and destination passenger is a passenger initiating or terminating a trip at a specific airport, reflecting the economic health of a region, while a connecting passenger changes aircraft at that same airport en route to a final destination, indicating the strength of a hub.

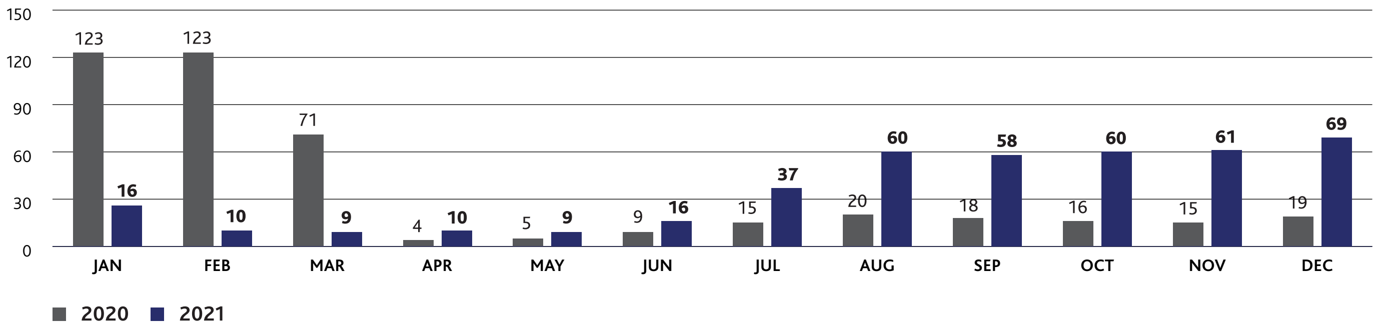
During 2021, the number of origin and destination passengers was flat at 9.3 million passengers while the number of connecting passengers decreased 14.8 per cent to 3.4 million passengers, when compared to 2020. During 2021, the percentage of origin and destination passengers versus connecting passengers was 73.2 per cent and 26.8 per cent, respectively, compared to 70.0 per cent and 30.0 per cent in 2020.

During 2021, Toronto Pearson's passenger activity has been directly and materially impacted by the COVID-19 pandemic and has experienced a slight decrease, when compared to 2020. Passenger volumes at Toronto Pearson dropped to an average of 34,780 per day from an average of 36,322 per day in 2020. The passenger volumes in the first quarter of 2020 were not materially impacted by the COVID-19 pandemic, whereas the volumes since the second quarter of 2021 significantly improved over the same periods in 2020. The average number of flights stayed relatively flat at 473 per day as compared to approximately 478 per day in 2020. As at December 31, 2021, airlines operating at Toronto Pearson increased to 60 from 48 as at December 31, 2020.

However, the fourth quarter of 2021 is more comparable to the fourth quarter of 2020, as both were impacted by the pandemic. In this respect, the impact from the pandemic was less severe when compared to the same period in 2020. The increase in operating activity during the fourth quarter of 2021 was likely due to a successful domestic vaccine rollout over the summer and the easing of some government travel restrictions. Passenger volumes at Toronto Pearson increased to an average of 63,260 per day from an average of 16,684 per day in the same period of 2020, however, average daily volumes remain significantly lower in comparison to the same period of 2019 which experienced an average of 128,840 per day. The number of flights increased to an average of 776 per day from approximately 327 per day in the same period of 2020, however, average daily volumes remain significantly lower in comparison to the same period of 2019 which experienced an average of 1,240 per day.

The following table outlines the monthly average number of passengers that travelled through Toronto Pearson daily from January 2021 to December 2021, as compared to January 2020 to December 2020.

Passengers Per Day
(thousands)



The COVID-19 pandemic has resulted in global reductions in passenger air travel and extensive flight and route changes as a result of a number of factors, including at various times:

- official global travel advisory published by the Government of Canada to "avoid all non-essential travel outside Canada until further notice" in place since March 2020 on an intermittent basis, including over the December 2021 and January 2022 holiday travel period having an impact on passengers' decisions to travel;
- travel restrictions that require all international arriving travellers to quarantine for 14 days;
- rules in place by other countries that restrict travel from Canada;
- rules in place by the Canadian government that restricts travel to Canada;
- air carrier route changes and cancellations;
- air carrier ad hoc changes in flight schedules;
- continued border restrictions on travel by foreign nationals;
- COVID-19 variants of concern, some of which are believed to be more contagious, being detected in late 2020 and early 2021, and specifically the new variant, Omicron, which was detected in late 2021;
- beginning in early January 2021, the requirement of a pre-departure negative COVID-19 PCR test result for all international travellers to Canada and an antigen test to the US (including from Canada);
- beginning in early January 2021, the Ontario government instituted voluntary then mandatory international passenger arrivals' testing at the Airport for travellers remaining in Ontario (which ended once the federal government mandate commenced, see below);
- beginning in late February 2021, the federal government instituted mandatory international passenger arrivals' testing at the Airport on landing with restrictions such as a three-day hotel stay at the passengers' expense and possible further quarantine at a government facility if they test positive for COVID-19. This mandate was eventually replaced during the summer of 2021 with fewer restrictions, including mandatory randomized testing for all vaccinated passengers and mandatory arrivals testing with quarantine for 14 days at final destination for arriving unvaccinated Canadians and permanent residents only; and
- mandatory vaccination requirement by federal government for all departing travellers and inbound foreign nationals effective October 31, 2021.

Flight Activity

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

The following table summarizes aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor for 2021, 2020 and 2019.

Flight Activity[1]	**2021**	2020	Change[2]		2019
(in thousands)				%	
Aircraft movements[3]	**173.0**	174.4	(1.4)	(1.0)	452.8
Passenger aircraft movements	**136.5**	149.1	(12.6)	(8.5)	414.9
(in millions)					
MTOW (tonnes)	**16.4**	16.0	0.4	2.4	38.4
Seats	**20.0**	21.9	(1.9)	(8.6)	60.0
Seats per passenger aircraft movement	**146.9**	147.1	(0.2)	(0.1)	144.5
Load factor	**63.3%**	60.7%		2.6 pp	84.3%

1 Flight activity measures above reflect both arriving and departing flights.

2 "% Change" and "%" are based on detailed actual numbers (not rounded as presented).

3 Aircraft movements include both passenger and non-passenger aircraft movements.

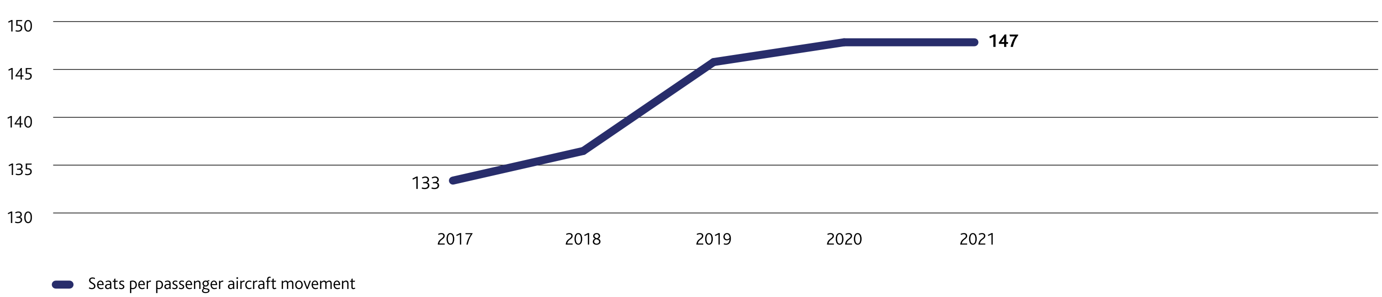
Aircraft movements, which include both passenger and non-passenger movements (i.e. cargo), decreased 1.0 per cent in 2021 as compared to 2020. Passenger aircraft movements declined 8.5 per cent in 2021 as compared to 2020 due to the air travel restrictions and aircraft groundings that resulted from the COVID-19 pandemic. The aircraft movements in the first quarter of 2020 were not materially impacted by the COVID-19 pandemic, whereas the aircraft movements since the second quarter of 2021 significantly improved over the same periods in 2020.

During 2021, MTOW was 16.4 million tonnes, an increase of 2.4 per cent as compared to 2020. This change reflects the increase in dedicated cargo flight operations offset by the loss of aircraft belly cargo capacity due to reduced passenger aircraft activity from the continued impact of the pandemic.

Seats decreased during 2021 by 8.6 per cent to 20.0 million as compared to 21.9 million seats in 2020. The number of seats per passenger aircraft movement during 2021 was 146.9, a decrease of 0.2 seats or 0.1 per cent when compared to 147.1 seats per passenger aircraft movement from 2020. Load factor increased 2.6 percentage points from 60.7 per cent in 2020 to 63.3 per cent in 2021.

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

Passengers Per Day
(thousands)



As a result of the pandemic and its impact, there was an enhanced focus on cargo flights to maintain the supply chain. Toronto Pearson continues to work to ensure safe operations and to support the national economy through cargo operations. Additionally, passenger airlines have converted some of their aircraft for cargo-only purposes to move cargo across Canada and around the world. Toronto Pearson has been working with all carriers to keep the flow of goods moving in support of the Canadian economy, including critical goods such as vaccines needed to fight COVID-19.

RESULTS OF OPERATIONS

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

Declines in passenger and flight activity have had a material negative impact on the GTAA's business and results of operations, including aeronautical and commercial revenues and AIF. Like other Canadian airports, the GTAA has taken steps to address the financial impacts, including reduction of operating costs and in planned capital spending. In addition, in the first two quarters of 2021, the GTAA had temporarily closed operating access to over 40 per cent of its terminal facilities given the reduced travel activity. Given the increase in activity over the course of the third and the fourth quarter of 2021, the GTAA has since reduced the closure of terminal spaces to approximately 20 per cent.

Aeronautical Fees and Charges and AIF

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

Effective January 1, 2021, the following increases to aeronautical rates and the AIF were implemented:

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

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

On November 4, 2021, the GTAA announced the following changes to aeronautical rates, effective January 1, 2022:

- Aeronautical rates for commercial aviation will increase by 3 per cent; and
- Aeronautical rates for all business and general aviation aircraft, regardless of weight, will increase to $850 per arrival movement.

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

Revenues

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

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

Many of the GTAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. During 2020 and 2021, the GTAA has provided financial accommodation and other assistance through a number of measures including payment abatements, deferrals and contract relief through amended contracts. The GTAA has offered these arrangements to partners that are in good standing and that the GTAA believes will be critical partners following the COVID-19 pandemic. These accommodations have, and will continue to have, over the period covered by the accommodation, an adverse impact on the GTAA's business and related cash flows. The majority of the 2020 and 2021 deferred payments were paid in late 2020 and 2021, respectively, while the remaining deferrals are required to be paid over the course of 2022 and 2023. The GTAA is working with affected parties to review their situations and may consider future payment deferrals, abatements and/or adjustments as appropriate.

The following table summarizes the GTAA's consolidated revenues for the years ended December 31, 2021, 2020 and 2019.

Revenues	**2021**	2020	Change[1]		2019
($ millions)			$	%	
Landing fees	**247.5**	248.0	(0.5)	(0.2)	324.0
General terminal charges	**126.6**	137.6	(11.0)	(8.0)	193.7
Aeronautical Revenues	**374.1**	385.6	(11.5)	(3.0)	517.7
Concessions and rentals	**193.1**	212.2	(19.1)	(9.0)	315.2
Car parking and ground transportation	**70.3**	79.6	(9.3)	(11.7)	203.3
Other	**42.0**	17.6	24.4	138.9	37.0
Commercial Revenues	**305.4**	309.4	(4.0)	(1.3)	555.5
Airport Improvement Fees	**147.3**	128.5	18.8	14.7	448.1
Total Revenues	**826.8**	823.5	3.3	0.4	1,521.3

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

Aeronautical revenues decreased 3.0 per cent to $374.1 million during 2021, when compared to 2020, due to the amended long-term commercial agreements with the main hub air carriers that were effective since the third quarter of 2020, the pre-COVID-19 pandemic results on the first quarter of 2020 and decreases in arriving seats partially offset by the significant flight activity growth and cargo growth since the second quarter of 2021 over the same periods of 2020. Cargo revenues, which are included in aeronautical revenues, increased $24.6 million or 147.1 per cent to $41.4 million during 2021, when compared to 2020.

Consolidated concession and rental revenues decreased by 9.0 per cent to $193.1 million during 2021 when compared to 2020. This decrease was mainly due to the pre-COVID-19 pandemic results on the first quarter of 2020, the reduction in passenger activity impacting retail operating performance as well as payment deferrals and contract relief resulting in reduced minimum annual guarantees ("MAG") from certain commercial counterparties offset by the significant operating activity growth in the third and fourth quarters of 2021 over the same periods of 2020. In 2021, the GTAA's concession revenues, which includes retail tenants, advertising and sponsorship partners revenues, at the Airport decreased 27.3 per cent to $68.3 million from $94.0 million in 2020. Rental revenues increased 5.6 per cent to $124.8 million in 2021 from $118.2 million in 2020. Excluding ACI revenues, rental revenues increased by 4.0 per cent to $90.7 million during 2021 when compared to 2020.

During the 12-month period prior to the end of December 31, 2021, retail store sales per enplaned passenger at Toronto Pearson were $21.18 versus $21.49 in 2020, a $0.31 or 1.4 per cent decrease. Retail store sales are the gross sales generated by the GTAA's retail tenants. These tenants, under their leasehold agreements with the GTAA, pay either a Minimum Annual Guarantee ("MAG") or a percentage of gross sales to the GTAA as rent. Retail stores include retail, restaurant and beverage establishments.

Due to the COVID-19 pandemic and resultant reduction in global air travel and terminal activity, the commercial businesses operating at the Terminals have experienced material impacts to their operations since March 2020, however, this partially improved during the third and fourth quarters of 2021. During 2021, food and beverage business performance was up approximately 1 per cent and retail operations (excluding food and beverage) were down approximately 11 per cent, as compared to the same period of 2020. Of the 83 per cent of restaurants that remained open, self-serve stations have been eliminated, all quick-serve seating has been removed with only take-out available and limited sit-down dining restaurants are open, all adhering to COVID-19 protocols.

Car parking and ground transportation revenues decreased 11.7 per cent to $70.3 million during 2021 when compared to 2020. The reduction was mainly due to the pre-COVID-19 pandemic results on the first quarter of 2020, reduced passenger volumes in the second quarter of 2021 due to the impacts from the pandemic, offset by operating activity growth in the third and fourth quarters of 2021. Parking volumes have decreased approximately 17 per cent during 2021 compared to 2020 in line with the reduction in passenger volumes and the closure of the value park garage and surface lots as a result of COVID-19.

Other revenues, which are comprised of deicing, fire and emergency services training and other miscellaneous revenues, increased 138.9 per cent to $42.0 million during 2021, when compared to 2020. The significant increases in other revenues were primarily from the Deicing operations, the new COVID-19 testing services in 2021 and the Fire & Emergency Services Training Institute ("FESTI"). Deicing revenues increased 108.7 per cent or $16.3 million during 2021 to $31.3 million compared to 2020 due to the recovery of operating activity from the COVID-19 pandemic, offset by higher operating costs associated with the increased activity that are passed through to the customer. The deicing revenues are based on a cost-recovery model. FESTI revenues increased in 2021 compared to 2020 due to the four- month shutdown in 2020 as a result of the impact of COVID-19.

AIF revenue increased 14.7 per cent to $147.3 million during 2021 compared to 2020. The increase was due to the higher proportion of origin and destination passengers versus connecting compared to 2020 and the AIF rate increase effective January 1, 2021.

Expenses

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

The following table summarizes GTAA's consolidated expenses for the years ended December 31, 2021, 2020 and 2019.

Expenses	**2021**	2020	Change[1]		2019
($ millions)			$	%	
Ground rent	**64.8**	15.6	49.2	315.3	170.8
PILT[2]	**42.3**	40.3	2.0	5.0	38.4
Total ground rent and PILT	**107.1**	55.9	51.2	91.6	209.2
Goods and services	**249.4**	315.3	(65.9)	(20.9)	384.9
Salaries, wages and benefits	**151.9**	173.5	(21.6)	(12.4)	201.3
Total Operating Expenses before Amortization	**508.4**	544.7	(36.3)	(6.7)	795.4
Amortization of property and equipment, investment property and intangible assets	**332.6**	347.8	(15.2)	(4.4)	290.8
Total Operating Expenses	**841.0**	892.5	(51.5)	(5.8)	1,086.2
Interest expense on debt instruments and other financing costs, net of interest income	**336.2**	314.4	21.8	6.9	295.3
Total Expenses	**1,177.2**	1,206.9	(29.7)	(2.5)	1,381.5

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

2 Payments-in-lieu of real property taxes.

Ground rent payments to the federal government are calculated as a percentage of Airport Revenues, as defined in the Ground Lease, at progressively increasing rates with a rate of 12 per cent of Airport Revenues in excess of $250 million. Ground rent expense increased by 315.3 per cent to $64.8 million during 2021, when compared to 2020 due to the 2020 waiver of ground rent payments for 10 months. During the second quarter of 2021, the GTAA and the Government of Canada executed an amendment to the Ground Lease that deferred the payment of ground rent for the 2021 lease year, with repayment over a 10-year period beginning in 2024. As at December 31, 2021, $63.5 million has been recorded as deferred ground rent payable on the consolidated statements of financial position, which represents the present value of future lease payments to take into account the time value of money. The related ground rent expense for the year has been recorded on the consolidated statements of operations and comprehensive loss.

The GTAA is exempt from the payment of real property taxes under the *Assessment Act* (Ontario), and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by regulation under the Assessment Act. The annual PILT is based on actual passenger volumes from two years prior and further to an amendment to the regulation, the maximum annual increase of 5.0 per cent under the regulation is temporarily suspended beginning in 2022 until Toronto Pearson's passenger volumes return to 2019 levels. The PILT expenditure increased 5.0 per cent to $42.3 million during 2021, when compared to 2020 as it was based on 2019 passenger levels. ACI pays municipal real property taxes in the ordinary course of business as the investment properties acquired by ACI are not used directly for Airport operations.

Expenditures for goods and services decreased 20.9 per cent or $65.9 million to $249.4 million during 2021, when compared to 2020. A significant driver of the reduced costs was the lower allowance for bad debt which was $33,000 in 2021 as compared to $18.5 million in 2020. There was a reduction in snow removal costs as a result of milder winter weather conditions in the first quarter of 2021, and lower repairs and maintenance. The GTAA also incurred lower expenditures due to measures that the GTAA implemented starting in March 2020 as a result of the impacts from the COVID-19 pandemic, including a reduction in costs related to passenger and baggage flow, temporarily closing operating access to its terminal facilities and reductions in various contract service levels and discretionary costs.

Salaries, wages and benefits decreased 12.4 per cent or $21.6 million to $151.9 million during 2021, when compared to 2020. The decrease was primarily due to the 2020 workforce reduction and its related severances, the hiring freeze in place since March 2020 and a decrease in seasonal workers, all due to the impacts of the COVID-19 pandemic. This decrease was offset by lower relief from the federal government's wage subsidy through the CEWS program in 2021 compared to 2020. For the year ended December 31, 2021, $27.0 million (December 31, 2020 – $46.4 million) was recorded on the consolidated statements of operations and comprehensive loss as a reduction of salary, wages and benefits, and $1.6 million (December 31, 2020 – $2.6 million) was recorded against capitalized salaries, wages and benefits in property and equipment on the consolidated statements of financial position.

Amortization of property and equipment, investment property and intangible assets decreased 4.4 per cent to $332.6 million during 2021, when compared to 2020. This decrease was mainly due to a reduction to the depreciable asset base partially offset by the 2020 change in estimated useful life of certain assets.

Interest expense and other financing costs, net of interest income, increased by 6.9 per cent to $336.2 million during 2021, when compared to 2020. The increase was due to the incremental debt incurred in 2020 resulting in the issuance of Series 2020-1 MTNs, lower capitalized interest as a result of significantly lower 2021 capital expenditures, and lower interest income from lower interest rates in 2021, all due to the impact from the COVID-19 pandemic.

Net Operating Results

The following table summarizes the GTAA's consolidated net operating results for the years ended December 31, 2021, 2020 and 2019.

Net Operating Results	**2021**	2020	Change[1]		2019
($ millions)			$	%	
Net (Loss) Income	**(350.4)**	(383.4)	33.0	8.6	139.8
Add: Interest and financing costs, net	**336.2**	314.4	21.8	6.9	295.3
(Loss) Earnings Before Interest, net	**(14.2)**	(69.0)	54.8	79.4	435.1
Add: Amortization[2]	**332.6**	347.8	(15.2)	(4.4)	290.8
EBITDA[3]	**318.4**	278.8	39.6	14.2	725.9
EBITDA Margin	**38.5%**	33.9%		4.6 pp	47.7%

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

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

3 EBITDA is a non-GAAP financial measure.

During 2021, the GTAA incurred a net loss of $350.4 million, an increase in operating results of $33.0 million when compared to the net loss of $383.4 million in 2020. The increase in operating results was due to measures taken by the GTAA to lower costs such as the 2020 workforce reduction, the hiring freeze, reduction of operating expenses and temporarily closing operating access to its terminal facilities offset by lower cost savings from the CEWS program in 2021.

Earnings before interest and financing costs and amortization ("EBITDA") increased 14.2 per cent to $318.4 million during 2021, when compared to 2020. The EBITDA margin increased by 4.6 percentage points to 38.5 per cent during 2021, when compared to 2020. The increase in EBITDA and EBITDA margins were mainly due to the cost savings mentioned above. EBITDA is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

Summary of Quarterly Results

Select unaudited consolidated quarterly financial information for the eight quarters ended March 31, 2020 through December 31, 2021, is set out in the following table.

	Quarter Ended							
				2021				2020
($ millions)[1]	**Dec**	**Sep**	**Jun**	**Mar**	Dec	Sep	Jun	Mar
Revenues	**275**	**246**	**154**	**152**	151	148	186	339
Operating expenses (excluding amortization)[2]	**157**	**125**	**109**	**117**	102	138	121	184
Amortization[2]	**81**	**90**	**82**	**80**	89	100	84	74
Earnings (Loss) before interest and financing costs, net	**37**	**31**	**(37)**	**(45)**	(40)	(90)	(19)	81
Interest and financing costs, net	**84**	**89**	**81**	**82**	77	87	77	74
Net (Loss) Income	**(47)**	**(58)**	**(118)**	**(127)**	(117)	(177)	(96)	7

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

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

The GTAA's quarterly results are influenced by passenger activity and aircraft movements, which vary with travel demand associated with holiday periods and other seasonal factors. In addition, factors such as weather and economic conditions may affect operating activity, revenues and expenses. Changes in operating facilities at the Airport may affect operating costs, which may result in quarterly results not being directly comparable. Due to these factors and given the material impact of the COVID-19 pandemic on the GTAA's business and results of operations, the historical quarterly results cannot be relied upon to determine future trends. In respect of the third and fourth quarters of 2021, the impact of the pandemic was less severe and showed signs of improvement when compared to the same periods in 2020.

CAPITAL PROJECTS

The GTAA focuses on capital programs and projects which improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance the customer experience. Due to the COVID-19 pandemic and its impact on passenger volumes, the GTAA undertook a review of its capital program and significantly reduced its expected capital spending in 2021.

During 2021, the GTAA funded capital investments primarily through proceeds from short-term borrowings but later converted the debt to long-term MTNs. The GTAA may access the capital markets as required to fund future capital spend.

Transport Canada announced on March 14, 2022 up to $142.0 million in new funding under ACIP and the Airport Biosecurity Infrastructure Stream. The funding will be used for airside restoration, to develop and install a new check-in service, boarding and border clearance systems, and to improve COVID-19 screening of staff and passengers. The funding will also be used to conduct studies and develop a concept to connect Toronto Pearson with the future extension of the Eglinton Crosstown LRT.

Due to the material impacts of the COVID-19 pandemic, a significant number of projects within the capital program have been reduced, deferred or postponed. These deferred and delayed capital projects will be re-evaluated to take into account the scope, pricing, and the environmental, social and governance ("ESG") factors in order to meet the needs of air travel activity and cash flow requirements.

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

Airside Pavement Restoration Program – Over the next three years, the 2020–2024 Airside Pavement Restoration Program will restore an estimated 1.5 million square metres of airside surfaces. The program is based on current pavement condition surveys and predictive modelling. Rehabilitation of Runway 15L33R and associated taxiways was completed in 2020. In response to the pandemic, the program was reviewed and reduced in order to continue to comply with operational and regulatory requirements. From the inception of the Airside Pavement Restoration Program to December 31, 2021, the GTAA has expended $55.3 million. During 2021, the GTAA expended $19.7 million as part of restoration construction work for several taxiways.

Terminal 1 Concourse F Sectorization – The Terminal 1 Concourse F Sectorization will increase passenger processing capacity, reduce connection times and increase gate capacity and flexibility for both narrow and wide body aircraft. The capacity increases will be achieved by expanding Canadian Air Transport Security Authority ("CATSA") and Canada Border Services Agency ("CBSA") facilities and flows for passengers on a third level, more direct connections to gates for passengers and re-sectorization of Terminal 1 to provide access to large aircraft for international gates and gate modifications to allow larger aircraft. In response to the pandemic, this project was reviewed, continued as planned given the advanced stages of construction and was substantially completed during the fourth quarter of 2021. From the inception of the Terminal 1 Concourse F Sectorization to December 31, 2021, the GTAA has expended $120.7 million. During 2021, the GTAA expended $24.8 million.

Baggage-Handling Improvements – The Baggage-Handling Improvements program is being undertaken in Terminal 1 and Terminal 3 to add baggage-handling capacity, and improve system reliability and dependability, to meet current as well as future anticipated baggage processing requirements. The current project commenced in the fourth quarter of 2018. The program includes several design-build work packages that are intended to enhance the way the Airport operates and to enhance the passenger experience. In response to the pandemic, three of the four projects within the first phase are planned to continue as scheduled given the advanced stage of construction. The final project within the first phase will have its scope reduced and full completion deferred to a future date. From the inception of the Baggage-Handling Improvements to December 31, 2021, the GTAA has expended $200.0 million. During 2021, the GTAA expended $3.9 million.

Biosecurity-enabled Check-In and Boarding Processing – The check-in and boarding systems at Toronto Pearson constitute an integral part of the passenger journey and involve multiple touchpoints. These existing systems have reached the end-of-support-life stage and must be replaced. Additionally, current systems do not support new and critical touchless processes and safe travel solutions for all passengers, and as a result, the GTAA is seeking to procure and implement a next-generation check-in solution as a replacement. From the inception in early 2021 of the Biosecurity-enabled Check-In and Boarding Processing project to December 31, 2021, the GTAA has expended $1.3 million.

Border Modernization – Reduced Touch Immigration, Customs, and Health Clearance – In the fall of 2019, the GTAA and CBSA undertook an innovative and comprehensive passenger-centric project called "Reimagining Arrivals" to review and prototype different approaches and technology for the CBSA border clearance processes. At that time, both organizations agreed on the critical need for a path forward to transform the arriving and connecting CBSA border clearance process in the air environment. The process will be modernized through technology while at the same time meeting the new needs of a Healthy Airport by delivering "no-touch"/reduced touch processing and maximizing passenger flow. From the inception in early 2021 of the Border Modernization project to December 31, 2021, the GTAA has expended $4.2 million.

Transit Planning and Development ("TPD") – Since 2017, the GTAA has been working closely with Metrolinx and other transit agencies on improved transit access to Toronto Pearson. These improvements include:

- Service and related infrastructure enhancements to the UP Express;
- Planned Eglinton Crosstown West expansion LRT to Toronto Pearson;
- Possible future connection of the Finch LRT to Toronto Pearson; and
- Bus service improvements.

Given the impacts from the pandemic, the state of the aviation industry and the uncertainty of travel demand, the GTAA has suspended any further internal expenditures on TPD, however, the Company continues to cooperate with the relevant transit agencies and various levels of government. A portion of the ACIP funding will be used to conduct studies and develop a concept to connect Toronto Pearson with the future extension of the Eglinton Crosstown LRT.

Terminal 3 Arrivals & Transfer Facility ("T3ATF") – The T3ATF project will be designed to provide connection process parity between Terminal 1 and Terminal 3. A separate transfer facility in Terminal 3 for international and transborder passengers connecting to domestic or international destinations will expedite the connections process, relieve the passenger of the need to clear customs, collect their baggage and then proceed back through the departures process for their connecting flight. The expanded facility, estimated to be an incremental 8,000 square metres, will provide more space to maintain physical distance and will incorporate touchless processes for customs clearance and security. At this stage, concept design of the project is complete, however, the project has been suspended due to the impact of the pandemic. In the meantime, the GTAA is in the process of designing a temporary facility ("T-SPIL") to address the connection disparity between the two terminals until the post-pandemic passenger recovery allows the GTAA to revisit the original plans of the T3ATF.

ASSETS AND LIABILITIES

Total consolidated assets, liabilities and deficit and accumulated other comprehensive loss as at December 31, 2021, 2020 and 2019, are set out in the following table.

	2021	2020	Change 2021–2020	2019
($ millions)				
Total assets	**6,615.8**	6,685.5	(69.7)	6,583.4
Total liabilities	**7,562.4**	7,288.2	274.2	6,806.9
Deficit and accumulated other comprehensive loss	**(946.6)**	(602.7)	(343.9)	(223.5)

At December 31, 2021, when compared to December 31, 2020, the GTAA's total assets decreased by $69.7 million primarily due to decreases of $196.9 million in property and equipment (net book value) related to fully amortized assets, $28.8 million in ground rent receivable and $13.1 million in investment property partially offset by an increase of $155.0 million in cash. The GTAA's total liabilities increased by $274.2 million primarily due to the issuance of $400.0 million Series 2021-1 MTNs on October 5, 2021 whose proceeds were partially used to repay the outstanding $170.0 million of commercial paper, and a $63.5 million increase in deferred ground rent payable. Refer to the "Liquidity and Capital Resources" section for further details.

The deficit and accumulated other comprehensive loss of $946.6 million at December 31, 2021, as reported on the condensed consolidated statements of financial position, has increased due to the impacts of the COVID-19 pandemic on passenger and flight activities and the results from operations.

On August 17, 2021, the GTAA purchased a buy-in annuity contract from an insurer for the retirees and surviving spouses of its defined benefit pension plan. The GTAA benefits through this annuity purchase by removing investment, market and discount rate risks, as well as longevity risk, and transferring them to the insurer. While the annuity was purchased at a discount to the solvency liability for this group, the price exceeded the group's accounting obligation, resulting in an other comprehensive loss of $23.0 million to the plan's assets. This adjustment has been recorded in accordance with International Accounting Standard 19, Employee benefits.

Restricted Funds	**2021**	2020	Change 2021–2020	2019
($ millions)				
Debt Service Fund	**71.0**	68.8	2.2	68.8
Debt Service Reserve Funds	**351.6**	349.0	2.6	347.4
Total MTI Restricted Funds	**422.6**	417.8	4.8	416.2

As shown in the table above, total restricted funds increased slightly from $417.8 million in 2020 to $422.6 million in 2021 due to the GTAA's issuance of the Series 2021-1 MTNs. The restricted funds which are cash-funded have been invested in short-duration investment-grade instruments.

The various Debt Service Funds represent funds for regular payments of interest and principal and amounts set aside with the Trustee under the GTAA's MTI, as security for specific debt issues. As the MTI amendments temporarily exempt the requirement for the GTAA to comply with its Rate Covenant prescribed under the MTI for 2020, 2021 and 2022, no funds are currently required to be deposited into the Debt Service Coverage Fund to meet the debt service covenant. The Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund are funded with letters of credit.

LIQUIDITY AND CAPITAL RESOURCES

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

	2021	2020	Change	2019
($ millions)				
Cash flows from operating activities	**429.4**	169.5	259.9	729.1
Capital expenditures[1] – property and equipment	**(142.9)**	(342.0)	199.1	(421.9)
Capital expenditures[1] – investment property	**(1.7)**	(13.6)	11.9	(6.6)
Interest paid and other financing costs, net[2]	**(331.1)**	(327.0)	(4.1)	(300.8)
Free Cash Flow[3]	**(46.3)**	(513.1)	466.8	(0.2)
Increase in restricted funds	**(4.8)**	(1.6)	(3.2)	(27.5)
Borrowings (Repayments), net	**206.1**	587.6	(381.5)	35.4
Net Cash Inflow/(Outflow)	**155.0**	72.9	82.1	7.7

	At December 31			
	2021	2020	Change	2019
Total Debt	**7,213.7**	7,002.8	210.9	6,411.7
Cash	**258.2**	103.2	155.0	30.3
Restricted funds	**422.6**	417.8	4.8	416.2
Net Debt[4]	**6,532.9**	6,481.8	51.1	5,965.2
Key Credit Metrics ($)				
Total Debt/Enplaned Passenger[5]	**1,136**	1,052	8.0%	254
Net Debt[4]/Enplaned Passenger[5]	**1,029**	974	5.6%	236

1 Capital expenditures — property and equipment are acquisition and construction of property and equipment and intangible assets; Capital expenditures — investment property are acquisitions and construction of investment property. Both are per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2021.

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

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

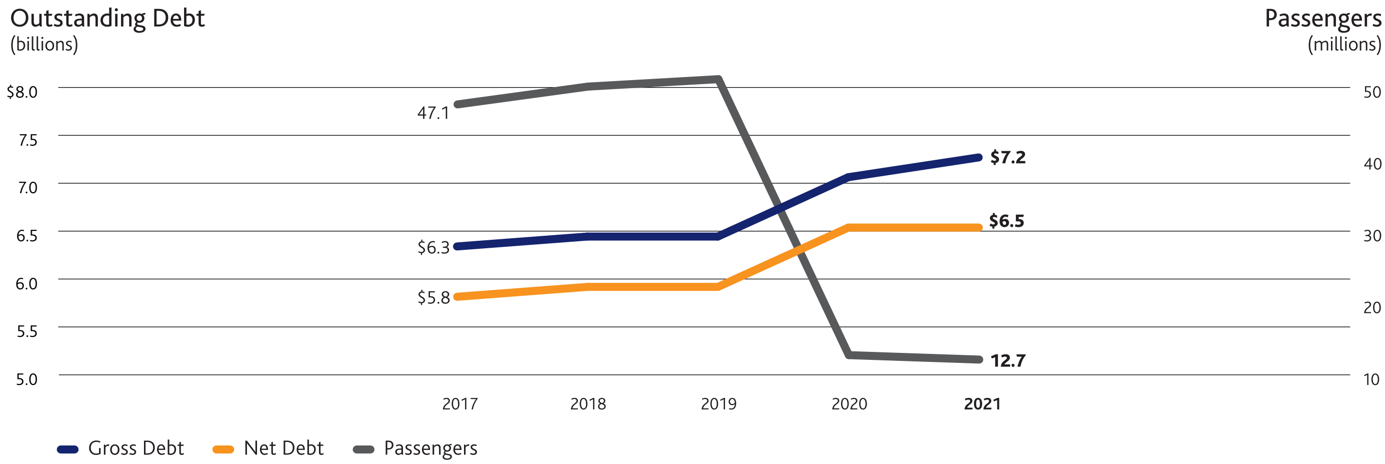
4 Net Debt, a non-GAAP financial measure, is gross debt less cash and restricted funds. Refer to section "Non-GAAP Financial Measures".

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

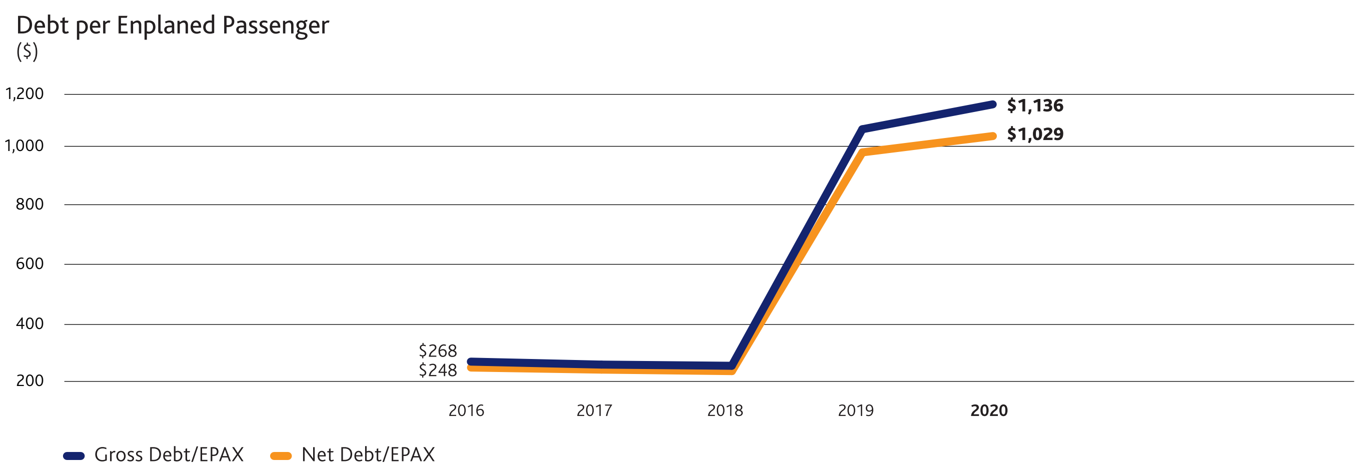
Cash flows from operations increased by $259.9 million to $429.4 million during 2021, when compared to 2020, primarily due to measures taken by the GTAA to lower costs such as the 2020 workforce reduction, the hiring freeze, lower operating costs and temporarily closing operating access of its terminal facilities. The free cash flow deficit decreased by $466.8 million during 2021, when compared to 2020, primarily driven by the significant increase in cash flows from operations due to the reasons mentioned above and lower capital expenditures in 2021 when compared to 2020. Free cash flow is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for additional information. Net cash flows increased by $82.1 million to $155.0 million due to the reasons discussed above offset by lower borrowings, net of repayments, during 2021 when compared to 2020.

Gross Debt increased by $210.9 million to $7.2 billion as at December 31, 2021 when compared to December 31, 2020 due to incremental borrowings, net of repayments, from the impact of the COVID-19 pandemic. Net Debt increased by $51.1 million to $6.5 billion as at December 31, 2021 when compared to December 31, 2020 due to the increase in gross debt offset by an increase in cash by $155.0 million. Net Debt is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The following chart tracks the GTAA's increase of gross debt over the last five years from $6.3 billion in 2017 to $7.2 billion in 2021 and an increase in net debt from $5.8 billion in 2017 to $6.5 billion in 2021, primarily due to the impacts of the COVID-19 pandemic.



The GTAA's total debt per enplaned passenger, one of the airport industry's key financial metrics, increased from $268 in 2017 to $1,136 in 2021, and net debt per enplaned passenger increased from $248 in 2017 to $1,029 in 2021. The GTAA's debt per enplaned passenger had been on a downward trajectory over the last several years, however, has increased significantly in 2020 and 2021 due to higher debt and lower passenger volumes from the impacts of COVID-19, as illustrated in the following chart. Net debt per enplaned passenger is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for additional information.



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

The objective of the GTAA's investment and cash management strategy is to ensure adequate liquidity so that the cash requirements for operations, capital programs and other demands are met, and to access capital markets as may be required. The COVID-19 pandemic has placed downward pressures on the GTAA's liquidity. The GTAA has taken steps to limit these impacts which include extending the commitments available under its revolving credit facility to 2024 to provide additional flexibility; and reducing and/or deferring operational and capital expenditures. The GTAA's net liquidity position (including cash) as at December 31, 2021 was approximately $1.7 billion. The GTAA has a current internal financial risk policy that includes a statement that the GTAA will always maintain a minimum available liquidity of at least $200.0 million. During the MTI covenant exemption period, the GTAA will, within five days of the end of each quarter, publish on the GTAA's website if such available liquidity at the end of a quarter is below $200.0 million. The GTAA monitors its cash flow requirements and conducts consistent analysis of trends and expected fluctuations in the Company's liquidity and capital resources. Though the GTAA has experienced a significant loss during 2021 due to lower passenger volume, given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, reductions to its operational and capital expenditures, government assistance to date and its cash-on-hand, the GTAA does not anticipate any funding shortfalls and expects to meet its payment obligations as they come due.

Many of the GTAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. Refer to the "Results of Operations (Revenues)" section for further details. Exposure to payment deferrals is mitigated in part by some security deposits in the form of cash and letters of credit, as well as active credit monitoring activities. There can be no assurance that deferred amounts will be collected in accordance with the terms of the deferral arrangements and there may be other events outside of the control of the GTAA that could also have a negative impact on its liquidity. Refer to the "Risk Factors" section of this MD&A.

The GTAA's long-term debt obligations as issued under its MTI have been assigned credit ratings by Standard & Poor's Rating Service ("S&P") and Moody's Investors Service, Inc. ("Moody's") of "A+" with a negative outlook and "Aa3" with a stable outlook, respectively. On September 20, 2021, S&P reaffirmed the GTAA's credit rating of A+ and revised the outlook from negative to stable. On December 14, 2021, Moody's reaffirmed the GTAA's credit rating of Aa3 and revised the outlook from negative to stable.

The GTAA's CP obligations have been assigned a credit rating of "R-1 (low)" and an issuer rating of "A (high)" by DBRS. The DBRS rating was reaffirmed on July 21, 2021.

Ratings are intended to provide investors with an independent view of the credit quality of the GTAA's debt. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. These ratings may change as the rating agencies continue to review the ongoing impact of the COVID-19 pandemic on the Company. Refer to the "Risk Factors" section of this MD&A. The GTAA's Annual Information Form for the year ended December 31, 2021 contains more detailed information about the GTAA's credit ratings.

As at December 31, 2021, the GTAA had borrowing capacity under its Operating Credit Facility available of $1.4 billion ($nil outstanding CP to backstop), available capacity under its Letter of Credit Facility of $67.7 million and unrestricted cash of $258.2 million, for an aggregate of $1.7 billion in total available liquidity. The unrestricted cash was invested in short-term highly liquid investment instruments in line with the GTAA's Investment Policy and the MTI.

On July 21, 2021, the GTAA completed two amendments of its MTI: 1) relieving the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of two financial tests, for fiscal year 2022; and 2) permitting the GTAA to create any guarantee or to make or maintain any investment, provided that the aggregate cost basis of such guarantees and investments amounts to no more than the greater of 3.0 per cent of the GTAA's total assets and $200.0 million and no default or event of default exists or would exist as a result thereof. As at December 31, 2021, no guarantees or investments were made under this amendment. The exemption was sought out to allow the GTAA a scope by which it can diversify its revenue streams.

On October 5, 2021, the GTAA issued $400.0 million Series 2021-1 MTNs due October 5, 2051 at a coupon rate of 3.15 per cent for net proceeds of $397.3 million. The net proceeds were primarily used to repay CP.

Liquidity and Credit Facilities				**December 31, 2021**		December 31, 2020
Source	Currency	Expiry	**Size**	**Drawn/CP Backstop**	**Available**	Available
($ millions)						
Cash and cash equivalents	CAD				**258.2**	103.2
Credit facilities:						
1) Operating Credit Facility[1, 2]	CAD	May 31, 2024	1,400.0	—	**1,400.0**	1,400.0
Commercial paper backstop[2]				—	**—**	(170.0)
Available for general use					**1,400.0**	1,230.0
2) Letter of Credit Facility	CAD	May 31, 2022	150.0	82.3	**67.7**	40.8
			1,550.0	82.3	**1,467.7**	1,270.8
Total net liquidity (including cash)					**1,725.9**	1,374.0
3) Hedge Facility[3]	CAD	Per contract	150.0	—	**150.0**	150.0
Total credit facilities and cash			**1,700.0**	**82.3**	**1,875.9**	1,524.0

1 The Operating Credit Facility is a committed bank facility which is revolving in nature. On July 16, 2021, the operating credit facility was extended to May 31, 2024.

2 At December 31, 2021, $nil outstanding CP to backstop.

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

The GTAA maintains the credit facilities set out in the above table. These facilities rank *pari* passu with outstanding debt under the MTI by way of a pledged bond issued to the banking syndicate. The Operating Credit Facility and the Letter of Credit Facility can be extended annually for one additional year with lenders' consent. On July 16, 2021, the GTAA extended its committed revolving Operating Credit Facility by an additional year to May 31, 2024. Concurrent with the extension, the credit facility syndicate also approved both the exemption from complying with the MTI Rate Covenant for fiscal year 2022, and the amendment on the limitation on guarantees and investments.

The $1.4 billion Operating Credit Facility is used for general corporate purposes to fund capital projects or operating expenses, as required, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2021, no CP was outstanding, no amounts were drawn from the Operating Credit Facility, $82.3 million of the $150.0 million Letter of Credit Facility was utilized, and there were no outstanding contracts under the $150.0 million hedge facility.

As at December 31, 2021, the GTAA had a working capital deficiency of $277.7 million, computed by subtracting current liabilities from current assets. This was primarily due to the reallocation of $388 million of long-term debt to current liabilities from Series 2012-1 MTNs due September 22, 2022. Working capital is a financial metric that measures the short-term liquidity for those assets that can readily be converted into cash to satisfy both short-term liabilities and near-term operating costs and capital expenditures. Given the GTAA's total available liquidity of $1.7 billion, Management believes that the available credit under the Operating Credit Facility, its cash flows from operations, cash-on-hand and the GTAA's ability to access the capital markets provide sufficient liquidity for the GTAA to meet its financial obligations and other current liabilities as they come due.

The following table analyzes the GTAA's short- and long-term contractual obligations in nominal dollars as at December 31, 2021 by relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the aggregate contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. The debt obligations include both principal and interest cash flows.

		Payments Due by Period			
Contractual Obligations	Total	Less than 1 year	1 year to 3 years	4 years to 5 years	Thereafter
($ millions)					
Accounts payable and accrued liabilities	187.4	187.4	—	—	—
Purchase obligations[1]	469.1	149.7	198.3	85.2	35.9
Long-term debt principal	7,186.1	410.0	48.4	54.8	6,672.9
Interest payable on long-term debt	4,299.4	335.8	643.6	637.2	2,682.8
	12,142.0	**1082.9**	**890.3**	**777.2**	**9,391.6**

[1] Purchase obligations include commitments for goods and services contracts as at December 31, 2021 the GTAA entered into that are required to operate the Corporation in the ordinary course of business over the next few years. It also includes capital and property commitments of approximately $119.7 million.

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

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2021 of approximately $119.7 million, as compared to $157.8 million at December 31, 2020. In the short-term, the GTAA expects to fund these commitments primarily through proceeds from additional borrowings.

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

The GTAA typically sets its rates and charges, fees and rentals so that these two covenants under the MTI are met. However, on July 27, 2020, the GTAA successfully completed the amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of the two financial tests, for fiscal years 2020 and 2021. On July 21, 2021, the GTAA also completed another amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant for fiscal year 2022. The exemption was sought due to the negative impacts of COVID-19, the unknown duration of the material decline in passenger and flight activity, the risks to achieving covenant compliance and the consequential risks. For the fiscal year ended 2021, the GTAA's operating covenant ratio measured at 97.6 per cent compared to the minimum requirement of 100 per cent, and the debt service covenant ratio measured at 58.0 per cent compared to the minimum requirement of 125 per cent. However, as noted above, the GTAA was exempt from complying with both of these covenant ratios under the MTI for fiscal year 2021.

NON-GAAP FINANCIAL MEASURES

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

EBITDA and EBITDA Margin

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

Free Cash Flow

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

Net Debt

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

Net Debt per Enplaned Passenger

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

Net Liquidity

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

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies of the GTAA and changes thereto are set out in Notes 2 and 3, respectively, of the Consolidated Financial Statements as at December 31, 2021 and 2020. These consolidated financial statements include the accounts of the GTAA consolidated with those of its wholly-owned and controlled subsidiaries, MGI and ACI. All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

The GTAA has adopted the following amendments effective January 1, 2021. These changes were made in accordance with the applicable transitional provisions.

a. *Amendments to IFRS 16, Leases:*

This standard was amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, originally due on or before June 30, 2021. In March 2021, the IASB issued an amendment to extend the practical expedient to any reduction in lease payments due on or before June 30, 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The early adoption of these amendments did not have an impact on the consolidated financial statements.

b. *Agenda Decision on Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38, Intangible Assets):*

The IFRS Interpretations Committee issued an agenda decision on configurations or customizations in cloud computing arrangements. The interpretation provides a framework to assess whether these costs can be capitalized as an intangible asset, capitalized as a prepayment or expensed when incurred. The agenda decision does not have a formal effective date and permits an entity to have sufficient time to make determinations and implement changes. As such, the GTAA continues to assess the impact on the consolidated financial statements.

Accounting Standards Issued But Not Yet Applied

a. *Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets:*

This standard was amended to clarify (i) the meaning of "costs to fulfil a contract", and (ii) that, before a separate provision for an "onerous contract" is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment is effective for annual periods beginning on or after January 1, 2022. This amendment will not have a material impact on the consolidated financial statements.

b. *Amendment to IAS 16, Property, Plant and Equipment:*

This standard was amended to (i) prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures. The amendment is effective for annual periods beginning on or after January 1, 2022. This amendment will not have a material impact on the consolidated financial statements.

c. *Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current:*

This amendment states that an entity shall classify a liability as current when it does not have the right at the end of reporting period to defer settlement of liability for at least 12 months after the reporting period. The entity is required to disclose information about the timing of settlement to enable users of the financial statements to understand the impact of the liability on the entity's financial position. The amendment is effective for annual periods beginning on or after January 1, 2023. The GTAA continues to assess the impact on the consolidated financial statements.

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

These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. The GTAA continues to assess the impact on the consolidated financial statements.

RELATED PARTY TRANSACTIONS

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

The Government of Canada and its respective government-related entities are considered related parties for accounting purposes only due to their ability to nominate Members, and due to the material nature of the Ground Lease. In accordance with IFRS, this meets the definition of significant influence, but not control. The GTAA has applied the exemption for government-related entities to disclose only significant transactions. These transactions are reflected in the consolidated financial statements as at December 31, 2021 and 2020 under Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority, Note 12, Leases, for amounts due under the Ground Lease and Note 22, COVID-19 Impact, for information on the Canada Emergency Wage Subsidy program.

The GTAA's related parties also includes Key Management personnel. Key Management includes the President and Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO") and the Vice Presidents who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. At December 31, 2021, the GTAA had normal course transactions with Key Management personnel in the ordinary course of their employment with the GTAA. The GTAA's Board of Directors collectively oversee the management and operation of the Airport. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of Management under applicable securities policies. In this respect, the GTAA only had normal course transactions with the Board of Directors with respect to compensation paid in connection with their role as an independent Director.

INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

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

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

Management's Report on Disclosure Controls and Procedures

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as at December 31, 2021, that such disclosure controls and procedures were effective.

Management's Report on Internal Controls over Financial Reporting

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's internal controls over financial reporting (as defined under National Instrument 52-109). In making this evaluation, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework (2013). Based on that evaluation, Management and the CEO and CFO have concluded that, as at December 31, 2021, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the Corporation's Corporate Disclosure Policy and the functioning of its Disclosure Committee.

No changes were made in internal controls over financial reporting during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting. Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary or desirable.

RISK FACTORS

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

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

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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

There is significant risk that predictions, forecasts, conclusions and projections, which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information. Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: risks related to the COVID-19 pandemic or other public health emergencies on the GTAA's business; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers and the GTAA's ability to comply with covenants under its MTI and credit facilities post-2022; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk; competition from other airports; wars, riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the GTAA's publicly filed disclosure documents and, in particular, those identified in the Annual Information Form available at **www.sedar.com**.

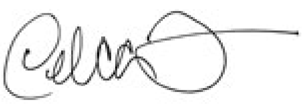
The forward-looking information contained in this document represents expectations as of the date of this report and is subject to change. Except as required by applicable law, the GTAA disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new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

Management's Responsibility for Financial Reporting

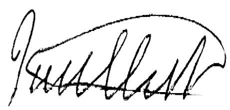
The financial statements of the Greater Toronto Airports Authority have been prepared by management and approved by the Board of Directors and the Members of the Greater Toronto Airports Authority. Management is responsible for the preparation and presentation of the information contained in these financial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

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

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



Deborah Flint
President and Chief Executive Officer



Ian Clarke
Chief Financial Officer

Independent Auditor's Report

To the Board of Directors of Greater Toronto Airports Authority

OUR OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greater Toronto Airports Authority and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What We Have Audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in deficit and accumulated other comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

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

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

Independence

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

OTHER INFORMATION

Management is responsible for the other information. The other information obtained prior to the date of this auditor's report comprises the Management's Discussion and Analysis.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 24, 2022

Consolidated Statements of Financial Position

As at December 31 (in thousands of Canadian dollars)	**2021**	2020
	$	$
Assets		
Current assets		
Cash and cash equivalents	**258,194**	103,173
Restricted funds (Note 6)	**83,223**	68,760
Accounts receivable (Note 7)	**99,202**	93,131
Ground rent receivable (Note 19)	**—**	28,848
Inventory	**14,334**	14,471
Prepaids	**5,904**	6,444
	460,857	314,827
Non-current assets		
Restricted funds (Note 6)	**339,424**	349,073
Intangibles and other assets (Note 8)	**153,553**	151,069
Property and equipment (Note 9)	**5,126,776**	5,323,685
Investment property (Note 10)	**469,475**	482,572
Post-employment benefit asset (Note 13)	**65,734**	64,235
	6,615,819	6,685,461
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	**187,427**	193,021
Security deposits and deferred revenue	**72,248**	62,606
Long-term debt and commercial paper (Note 11)	**478,896**	252,004
	738,571	507,631
Non-current liabilities		
Deferred credit (Note 8)	**8,992**	11,194
Post-employment benefit liabilities (Note 13)	**10,163**	12,200
Long-term debt and credit facilities (Note 11)	**6,734,771**	6,749,083
Deferred ground rent payable (Note 19)	**63,507**	—
Other liabilities	**6,390**	8,090
	7,562,394	7,288,198
Deficit and Accumulated Other Comprehensive Loss	**(946,575)**	(602,737)
	6,615,819	6,685,461

Commitments and contingent liabilities (Note 15)

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

Signed on Behalf of the Board

Doug Allingham
Chair

Signed on Behalf of the Board

Johan C. van 't Hof
Director

Consolidated Statements of Operations and Comprehensive Loss

Years Ended December 31 (in thousands of Canadian dollars)	**2021**	2020
	$	$
Revenues (Note 17)		
Landing fees	**247,491**	247,972
General terminal charges	**126,632**	137,661
Airport improvement fees	**147,312**	128,476
Car parking and ground transportation	**70,228**	79,566
Concessions	**68,316**	94,027
Rentals	**124,804**	118,175
Other	**42,005**	17,585
	826,788	823,462
Operating Expenses		
Ground rent (Notes 1 and 12)	**64,779**	15,597
Goods and services (Note 20)	**249,408**	315,340
Salary, wages and benefits (Note 22)	**151,932**	173,523
Payments-in-lieu of real property taxes	**42,317**	40,301
Amortization of property and equipment (Note 9)	**303,138**	324,912
Amortization of intangibles (Note 8)	**15,631**	11,588
Amortization of investment property (Note 10)	**13,827**	11,241
	841,032	892,502
Loss before interest and financing costs, net	**(14,244)**	(69,040)
Interest income	**4,847**	10,021
Interest expense on debt instruments and other financing costs	**(340,994)**	(324,401)
Interest and financing costs, net (Note 11)	**(336,147)**	(314,380)
Net Loss	**(350,391)**	(383,420)
Items that will be reclassified subsequently to Net Loss:		
Amortization of terminated hedges and interest rate swap	**1,394**	1,394
Items that will not be reclassified subsequently to Net Loss:		
Pension and non-pension remeasurements, net (Note 13)	**5,159**	2,816
Other Comprehensive Income	**6,553**	4,210
Total Comprehensive Loss	**(343,838)**	(379,210)

Related party transactions (Note 14)

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

Consolidated Statements of Changes in Deficit and Accumulated Other Comprehensive Loss

Year Ended December 31, 2021 (in thousands of Canadian dollars)	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
	$	**$**	**$**
Balance, January 1, 2021	**(583,841)**	**(18,896)**	**(602,737)**
Net Loss	**(350,391)**	**—**	**(350,391)**
Amortization of terminated hedges and interest rate swap	**—**	**1,394**	**1,394**
Pension and non-pension remeasurements, net	**5,159**	**—**	**5,159**
Total Comprehensive (Loss) Income for the year	**(345,232)**	**1,394**	**(343,838)**
Balance, December 31, 2021	**(929,073)**	**(17,502)**	**(946,575)**

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

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

Consolidated Statements of Cash Flows

Years Ended December 31 (in thousands of Canadian dollars)	**2021**	2020
	$	$
Cash Flows from (used in) Operating Activities		
Net Loss	**(350,391)**	(383,420)
Adjustments for:		
Amortization of property and equipment	**303,138**	324,912
Amortization of intangibles and other assets	**20,727**	16,684
Amortization of investment property	**13,827**	11,241
Net loss on disposal of property and equipment and intangible assets	**147**	106
Post-employment benefit plans	**1,624**	2,118
Interest and financing costs, net	**336,147**	314,380
Amortization of deferred credit	**(2,202)**	(2,202)
Changes in working capital and other:		
Accounts receivable	**(6,071)**	(6,390)
Prepaids	**540**	(65)
Ground rent receivable	**28,848**	(26,598)
Inventory	**137**	(2,055)
Accounts payable and accrued liabilities	**11,450**	(65,103)
Security deposits and deferred revenue	**9,642**	(22,186)
Ground rent deferred payable	**63,507**	—
Other liabilities	**(1,700)**	8,090
	429,370	169,512
Cash Flows from (used in) Investing Activities		
Acquisition and construction of property and equipment and intangible assets	**(142,851)**	(341,995)
Acquisition and construction of investment property	**(1,696)**	(13,708)
Proceeds on disposal of property and equipment	**72**	186
Increase in restricted funds	**(4,814)**	(1,632)
	(149,289)	(357,149)
Cash Flows from (used in) Financing Activities		
Issuance of medium-term notes, net of issuance costs	**396,605**	497,043
Repayment of medium-term notes and long-term debt	**(20,690)**	(19,436)
(Repayment) Issuance of commercial paper	**(169,904)**	109,970
Interest paid and other financing costs, net	**(331,071)**	(327,016)
	(125,060)	260,561
Net Cash Inflow	**155,021**	72,924
Cash and cash equivalents, beginning of year	**103,173**	30,249
Cash and cash equivalents, end of year	**258,194**	103,173

As at December 31, 2021, cash and cash equivalents consisted of cash of $87.2 million (December 31, 2020 – $12.2 million), cash equivalents of $171.0 million (December 31, 2020 – $91.1 million) less outstanding cheques of $nil (December 31, 2020 – $0.1 million).

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

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020
(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. GENERAL INFORMATION

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

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

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

Airport Subject to Ground Lease

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

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

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

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

Ground rent is calculated as a percentage of Airport Revenue, as defined by the Ground Lease and related documents, using escalating percentages with the following ranges: 0 per cent for Airport Revenue below $5.0 million, 1 per cent for Airport Revenue between $5.0 million and $10.0 million, 5 per cent for Airport Revenue between $10.0 million and $25.0 million, 8 per cent for Airport Revenue between $25.0 million and $100.0 million, 10 per cent for Airport Revenue between $100.0 million and $250.0 million, and 12 per cent for Airport Revenue in excess of $250.0 million. The calculation of Airport Revenue is subject to audit by Transport Canada. See Note 19, Ground Rent and Note 12, Leases, for additional information.

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

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements were approved by the Board of Directors on March 24, 2022.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Measurement

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

Principles of Consolidation

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

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

Segment Reporting

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

Foreign Currency Translation

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

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

Cash and Cash Equivalents

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

Inventory

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

Financial Instruments

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

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

(i) Amortized cost: A financial asset shall be measured at amortized cost if both of the following conditions are met:

(a) the financial asset is held in order to collect contractual cash flows; and

(a) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held to collect contractual cash flows and selling financial assets; and

(a) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

(iii) Fair value through profit or loss ("FVPL"): A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

(iv) Financial liabilities: Financial liabilities at amortized cost include accounts payable and accrued liabilities, security deposits and long-term debt. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost using the effective interest method. Long-term debt, however, is recognized initially at fair value, net of any transaction costs incurred and discounts/premiums, and subsequently recorded at amortized cost using the effective interest method.

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

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

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

As at December 31, 2021, the GTAA had no derivative instruments outstanding that have been designated as a hedge. However, certain gains and losses relating to settled hedging instruments are being amortized to the consolidated statements of operations and comprehensive loss over the term to maturity of the previously hedged item (see Note 16, Financial Instruments).

Impairment of Financial Assets

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

Impairment of Long-lived Assets

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

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

Leases

GTAA as a Lessee

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

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

Variable rents that do not depend on an index or rate such as the Ground Lease payments are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as ground rent in the consolidated statements of operations and comprehensive loss (see Note 12, Leases).

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

GTAA as a Lessor

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

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

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

Intangibles and Other Assets

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

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

Property and Equipment

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

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

Property and equipment are amortized at the following annual rates:

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

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

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

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

Borrowing Costs

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

Investment Property

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

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

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

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

Payments-in-lieu of Real Property Taxes

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

Revenue Recognition

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

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

Post-employment Benefit Obligations

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

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

Past service costs are recognized in the consolidated statements of operations and comprehensive loss when incurred.

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

Provisions

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

Deferred Financing Costs

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

Government Grants

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Changes in Accounting Policy and Disclosures

The GTAA has adopted the following amendments effective January 1, 2021. These changes were made in accordance with the applicable transitional provisions.

a) Amendments to IFRS 16, Leases:

This standard was amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, originally due on or before June 30, 2021. In March 2021, the IASB issued an amendment to extend the practical expedient to any reduction in lease payments due on or before June 30, 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The early adoption of these amendments did not have an impact on the consolidated financial statements.

b) Agenda Decision on Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38, Intangible Assets):
The IFRS Interpretations Committee issued an agenda decision on configurations or customizations in cloud computing arrangements. The interpretation provides a framework to assess whether these costs can be capitalized as an intangible asset, capitalized as a prepayment or expensed when incurred. The agenda decision does not have a formal effective date and permits an entity to have sufficient time to make determinations and implement changes. As such, the GTAA continues to assess the impact on the consolidated financial statements.

Accounting Standards Issued but not yet Applied

a) Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets:
This standard was amended to clarify (i) the meaning of "costs to fulfil a contract", and (ii) that, before a separate provision for an "onerous contract" is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment is effective for annual periods beginning on or after January 1, 2022. This amendment will not have a material impact on the consolidated financial statements.

b) Amendment to IAS 16, Property, Plant and Equipment:
This standard was amended to (i) prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures. The amendment is effective for annual periods beginning on or after January 1, 2022. This amendment will not have a material impact on the consolidated financial statements.

c) Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current:
This amendment states that an entity shall classify a liability as current when it does not have the right at the end of reporting period to defer settlement of liability for at least 12 months after the reporting period. The entity is required to disclose information about the timing of settlement to enable users of the financial statements to understand the impact of the liability on the entity's financial position. The amendment is effective for annual periods beginning on or after January 1, 2023. The GTAA continues to assess the impact on the consolidated financial statements.

d) Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors:
These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. The GTAA continues to assess the impact on the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

Critical Judgements in Applying Accounting Policies

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

Property and Equipment, Intangibles, Other Assets and Investment Property
Critical judgements are utilized in determining amortization rates, useful lives and whether impairments are necessary for items of property and equipment, intangibles, other assets and investment property.

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

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

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

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

Key Source of Estimation Uncertainty

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

Post-employment Benefit Obligations
The GTAA accounts for pension and other post-retirement benefits through the use of actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including discount rates, expected salary increases and mortality rates. Actual results may differ from results that are estimated based on assumptions. Additional information is disclosed in Note 13, Post-employment Benefit Obligations.

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

6. RESTRICTED FUNDS

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

As at December 31	**2021**	2020
	$	$
Debt Service Fund		
Principal	**9,183**	8,627
Interest	**61,863**	60,133
	71,046	68,760
Debt Service Reserve Funds		
Revenue Bonds		
Series 1997-3 due December 3, 2027	**36,750**	36,773
Series 1999-1 due July 30, 2029	**40,053**	40,057
Medium-Term Notes		
Series 2000-1 due June 12, 2030	**38,639**	38,742
Series 2001-1 due June 4, 2031	**35,222**	35,637
Series 2002-3 due October 15, 2032	**38,218**	38,215
Series 2004-1 due February 2, 2034	**38,680**	38,711
Series 2010-1 due June 7, 2040	**22,622**	22,839
Series 2011-1 due February 25, 2041	**31,898**	31,922
Series 2011-2 due December 2, 2041	**18,190**	18,326
Series 2012-1 due September 21, 2022	**12,177**	12,317
Series 2018-1 due June 1, 2037	**8,202**	8,296
Series 2019-1 due April 3, 2029	**6,863**	6,928
Series 2019-2 due October 17, 2039	**12,394**	12,395
Series 2020-1 due May 3, 2028	**3,855**	3,855
Series 2021-1 due October 5, 2051	**6,310**	—
Security for Bank Indebtedness		
Series 1997-C Pledged Bond	**1,528**	4,060
	351,601	349,073
	422,647	417,833
Less: Current portion	**(83,223)**	(68,760)
	339,424	349,073

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

	2021	2020
	$	$
Cash	**30,830**	28,200
Guaranteed Investment Certificates	**391,817**	389,633
	422,647	417,833

Trust Funds

The GTAA is required to establish and maintain with the Trustee the Trust Funds in accordance with the terms of the MTI (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities). The Trust Funds are held for the benefit of the bondholders and noteholders for use and application by the Trustee in accordance with the terms of the MTI.

a) Debt Service Fund (Principal and Interest)

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

On a monthly basis, the GTAA is required to deposit into the Principal Account an amount equal to one-twelfth of the total principal amount included in annual debt service, during the term, for any bonds or notes due in such year. During 2021, the principal requirements of the Debt Service Fund were funded through cash flows from operations. The fund balance as of December 31, 2021 was $9.2 million (December 31, 2020 – $8.6 million). During 2021, principal of $20.7 million (December 31, 2020 – $19.4 million) was paid from the Principal Account of the Debt Service Fund, and $21.3 million was deposited and/or allocated to the fund by the GTAA for the principal of the Series 1999-1 and MTNs (December 31, 2020 – $19.9 million).

Also, on a monthly basis, the GTAA is required to deposit into the Interest Account an amount equal to one-sixth of the semi-annual aggregate interest requirement due on all outstanding bonds and MTNs. The fund balance as of December 31, 2021 was $61.9 million (December 31, 2020 – $60.1 million).

b) Debt Service Reserve Funds

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

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

Included among these Trust Funds is a Debt Service Reserve Fund related to the $1.9 billion pledged bond (Series 1997-C) securing the credit facilities (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

Operations, Capital and Financing Funds

The GTAA has established an Operating and Maintenance Reserve Fund and a Renewal and Replacement Reserve Fund pursuant to the MTI. The Operating and Maintenance Reserve Fund is calculated as one-sixth of the projected operating and maintenance expenses estimated for the following fiscal year. As at December 31, 2021, this fund was secured by a letter of credit of $76.0 million (December 31, 2020 – $103.0 million). This amount is to be used only for operating and maintenance expenses or other purposes as required for the safe, ongoing operation and maintenance of the Airport as set out in the MTI. The Renewal and Replacement Reserve Fund is also secured by a letter of credit of $3.0 million (December 31, 2020 – $3.0 million). This amount is to be used for unanticipated repairs to, or the replacement of, property and equipment as set out in the MTI.

7. ACCOUNTS RECEIVABLE

As at December 31	**2021**	2020
	$	$
Trade accounts receivable	**99,913**	84,599
Canada Emergency Wage Subsidy receivable (Note 22)	**—**	16,619
Other receivables	**5,174**	10,808
Less: Expected credit loss allowance	**(5,885)**	(18,895)
	99,202	93,131

Included in trade accounts receivable and other receivables is $1.7 million due from Canadian Air Transportation Security Authority (December 31, 2020 – $3.3 million) which is a related party for accounting purposes. No provision has been made against these receivables. See Note 14, Related Party Transactions.

8. INTANGIBLES AND OTHER ASSETS

			December 31, 2021
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Land acquisition costs	**50,763**	**(13,472)**	**37,291**
Computer software	**139,262**	**(39,451)**	**99,811**
Clean Energy Supply Contract	**44,655**	**(28,204)**	**16,451**
	234,680	**(81,127)**	**153,553**

			December 31, 2020
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land acquisition costs	50,763	(12,405)	38,358
Computer software	116,051	(23,820)	92,231
Clean Energy Supply Contract	44,655	(24,175)	20,480
	211,469	(60,400)	151,069

The aggregate amortization expense with respect to land acquisition costs for 2021 was $1.1 million (2020 – $1.1 million) and is included in ground rent expense in the consolidated statements of operations and comprehensive loss.

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

	Land Acquisition Costs	**Computer Software**	**Total**
	$	**$**	**$**
Balance, January 1, 2021	**38,358**	**92,231**	**130,589**
Additions	**—**	**23,211**	**23,211**
Amortization expense	**(1,067)**	**(15,631)**	**(16,698)**
Balance, December 31, 2021	**37,291**	**99,811**	**137,102**
Balance, January 1, 2020	39,425	31,635	71,060
Additions	—	72,184	72,184
Amortization expense	(1,067)	(11,588)	(12,655)
Balance, December 31, 2020	38,358	92,231	130,589

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

The carrying value of the CES Contract, which was valued at $44.7 million in 2006, is being amortized on a straight-line basis over the remaining term of the contract. The amortization expense with respect to the CES Contract value for 2021 was $4.0 million (2020 – $4.0 million) and is included in the goods and services expense in the consolidated statements of operations and comprehensive loss.

The GTAA also recorded a deferred credit of $44.0 million at such time, which is being amortized on a straight-line basis, over the term of 20 years. The unamortized balance at December 31, 2021 was $9.0 million (December 31, 2020 – $11.2 million). During 2021, the reduction of the unamortized liability of $2.2 million (December 31, 2020 – $2.2 million) was recorded as a reduction to goods and services expense in the consolidated statements of operations and comprehensive loss.

9. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

December 31, 2021

	Terminal and Airside Assets	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets Under Construction	Total
	$	$	$	$	$	$	$
Cost							
Balance, beginning of year	**6,993,703**	**452,584**	**9,480**	**595,164**	**860,737**	**315,850**	**9,227,518**
Additions	**12**	**—**	**—**	**—**	**—**	**106,436**	**106,448**
Disposals	**(15,805)**	**—**	**—**	**—**	**(165,942)**	**—**	**(181,747)**
Transfers	**127,135**	**3,542**	**—**	**2,590**	**41,120**	**(174,387)**	**—**
Balance, end of year	**7,105,045**	**456,126**	**9,480**	**597,754**	**735,915**	**247,899**	**9,152,219**
Accumulated amortization							
Balance, beginning of year	**2,874,768**	**231,745**	**3,800**	**253,497**	**540,023**	**—**	**3,903,833**
Amortization expense	**201,276**	**18,247**	**158**	**21,880**	**61,577**	**—**	**303,138**
Disposals	**(15,597)**	**—**	**—**	**—**	**(165,931)**	**—**	**(181,528)**
Balance, end of year	**3,060,447**	**249,992**	**3,958**	**275,377**	**435,669**	**—**	**4,025,443**
Net book value, end of year	**4,044,598**	**206,134**	**5,522**	**322,377**	**300,246**	**247,899**	**5,126,776**

December 31, 2020

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

As at December 31, 2021, $247.9 million (December 31, 2020 – $315.9 million) of property and equipment was under construction and not yet subject to amortization. Included in this amount is $9.0 million (December 31, 2020 – $12.0 million) of capitalized interest. During the year, borrowing costs for active projects were capitalized at the rate of 4.6 per cent, which represents the weighted-average cost of the GTAA's general borrowings (2020 – 4.8 per cent)

10. INVESTMENT PROPERTY

As at December 31	**2021**	2020
	$	$
Cost		
Balance, beginning of year	**520,449**	499,964
Additions	**730**	20,485
Balance, end of year	**521,179**	520,449
Accumulated amortization		
Balance, beginning of year	**37,877**	26,636
Amortization expense	**13,827**	11,241
Balance, end of year	**51,704**	37,877
Net book value, end of year	**469,475**	482,572

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

There were no investment property acquisitions in the year (2020 – $nil). These commercial properties are subject to municipal real property taxes.

The total fair value of all commercial properties, based on an independent valuation, was $577.0 million as at December 31, 2021 (December 31, 2020 – $526.9 million). The fair values are within Level 3 of the fair value hierarchy.

For the year ended December 31, 2021, the commercial properties generated $34.1 million (December 31, 2020 – $30.8 million) in rental revenue and incurred $27.7 million (December 31, 2020 – $25.0 million) in direct operating expenses.

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

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

Series	Coupon Rate	Maturity Date	Principal Amount	**December 31 2021**	December 31 2020
Revenue Bonds			$	**$**	$
1997-3	6.45%	December 3, 2027	321,500	**321,033**	320,770
1999-1	6.45%	July 30, 2029	221,536	**226,687**	247,736
Medium-Term Notes					
2000-1	7.05%	June 12, 2030	526,550	**527,467**	527,403
2001-1	7.10%	June 4, 2031	492,150	**491,813**	491,621
2002-3	6.98%	October 15, 2032	468,960	**475,531**	475,535
2004-1	6.47%	February 2, 2034	567,428	**578,162**	577,961
2010-1	5.63%	June 7, 2040	400,000	**399,066**	399,009
2011-1	5.30%	February 25, 2041	600,000	**607,765**	607,692
2011-2	4.53%	December 2, 2041	400,000	**398,832**	398,766
2012-1	3.04%	September 21, 2022	388,000	**391,070**	390,823
2018-1	3.26%	June 1, 2037	500,000	**498,167**	498,023
2019-1	2.73%	April 3, 2029	500,000	**501,096**	500,831
2019-2	2.75%	October 17, 2039	900,000	**898,646**	898,387
2020-1	1.54%	May 3, 2028	500,000	**498,695**	498,322
2021-1	3.15%	October 5, 2051	400,000	**399,637**	—
			7,186,124	**7,213,667**	6,832,879
Commercial paper borrowings			—	**—**	169,958
				7,213,667	7,002,837
Other fees				**—**	(1,750)
Less: Current portion (including accrued interest)				**(478,896)**	(252,004)
				6,734,771	6,749,083

As at December 31, 2021, accrued interest included in the current portion of the long-term debt was $65.5 million (December 31, 2020 – $63.1 million).

On October 5, 2021, the GTAA issued $400.0 million Series 2021-1 MTNs due October 5, 2051 at a coupon rate of 3.15 per cent for net proceeds of $397.3 million. The net proceeds were primarily used to repay CP.

On July 27, 2020, the GTAA successfully completed the amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of the two financial tests, for fiscal years 2020 and 2021. On July 21, 2021, the GTAA completed two further amendments of its MTI: 1) relieving the GTAA from complying with the Rate Covenant prescribed under the MTI, which is comprised of two financial tests, for fiscal year 2022; and 2) permitting the GTAA to create any guarantee or to make or maintain any investment, provided that the aggregate cost basis of such guarantees and investments amounts to no more than the greater of 3.0 per cent of the GTAA's total assets and $200.0 million and no default or event of default exists or would exist as a result thereof. As at December 31, 2021, no guarantees or investments were made under this amendment.

On July 16, 2021, the GTAA extended its committed revolving Operating Credit Facility by an additional year to May 31, 2024. Concurrent with the extension, the credit facility syndicate also approved both the exemption from complying with the MTI Rate Covenant for fiscal year 2022, and the amendment on the limitation on guarantees and investments. As at December 31, interest and financing costs, net, consisted of the following:

	2021	2020
	$	$
Interest income	**4,847**	10,021
Interest expense on debt instruments	**(329,911)**	(326,888)
Capitalized interest	**2,886**	15,855
Amortization of terminated hedges and interest rate swap	**(1,394)**	(1,394)
MTI amendment fees	**(8,723)**	(8,501)
Other financing fees	**(3,852)**	(3,473)
	(340,994)	(324,401)
Interest and financing costs, net	**(336,147)**	(314,380)

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

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

	December 31, 2021		December 31, 2020	
	Book Value	**Fair Value**	Book Value	Fair Value
	$	**$**	$	$
Long-term debt	**7,213,667**	**8,535,793**	6,832,879	8,696,473

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

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

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

Credit Facilities

The $1.4 billion Operating Credit Facility is used for general corporate purposes to fund capital projects or operating expenses, as required, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2021, no CP was outstanding (December 31, 2020 –$170.0 million), no amounts were drawn from the Operating Credit Facility (December 31, 2020 – $nil), $82.3 million of the $150.0 million Letter of Credit Facility was utilized (December 31, 2020 – $109.2 million), and there were no outstanding contracts under the $150.0 million hedge facility. As at December 31, 2021, the GTAA had borrowing capacity under its Operating Credit Facility available of $1.4 billion ($nil outstanding CP to backstop), available capacity under its Letter of Credit Facility of $67.7 million and unrestricted cash of $258.2 million, for an aggregate of $1.7 billion in total available liquidity.

12. LEASES

Ground Lease

The GTAA's commitment with respect to the annual Ground Lease is based on set percentage levels of the GTAA's revenues (see "Airport Subject to Ground Lease" in Note 1, General Information). Ground rent expense in 2021 was $63.7 million (2020 – $14.5 million) excluding amortization of land acquisition costs (see Note 19, Ground Rent and Note 8, Intangibles and Other Assets).

Other Leases as a Lessor

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

Income from sub-leasing land in the year was $26.9 million (2020 – $26.7 million).

Variable payments form part of certain lease agreements. Total variable payments recognized in the consolidated statements of operations and comprehensive loss for 2021 was $38.3 million (2020 – $23.8 million).

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

	2022	2023	2024	2025	2026	Thereafter
	$	$	$	$	$	$
December 31, 2021	**127,265**	**106,445**	**88,338**	**73,053**	**60,628**	**262,627**
December 31, 2020	104,055	78,147	59,028	44,520	35,207	316,764

13. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined Benefit Pension Plans

The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan. The other defined benefit pension plan is a registered pension plan for certain retired senior executives of the GTAA. Both plans do not accept new members. During the year, the GTAA purchased annuities from an insurance company to immunize a portion of the defined benefit plan. Under the terms of the annuity contract, the GTAA's pension obligation for these members is matched by the annuity purchased.

The GTAA measures its accrued benefit obligations and the fair value of plan assets for both of its defined benefit pension plans for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2021, and the next required valuation is as of January 1, 2022.

a) Characteristics of the Plans

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

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

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

The weighted-average duration of the defined benefit plans is 13.1 years.

b) Risks Associated with the Plans

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

i) Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform the discount rate, this will create a deficit under the plan. The pension plans currently invest approximately 31 per cent in equities, which may outperform corporate bonds in the long term, but may contribute to volatility in valuation and risk in the short term. The remaining balance in the pension plans is held in fixed income investments and annuities which reduce or eliminate asset value volatility.

ii) Changes in Bond Yields

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

iii) Inflation Risk

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

iv) Life Expectancy

The majority of the plans' obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the plans' liabilities, with the exception of life insurance liabilities. For the members covered by the annuity purchase contract, increases in life expectancy will have no effect on the registered pension plan's net asset or liability, as this risk is now borne by the insurer.

c) Amounts Recognized in the Financial Statements

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

	2021	2020
	$	$
Present value of funded obligation	**(199,550)**	(218,096)
Fair value of plan assets	**265,284**	282,331
Funded status – surplus	**65,734**	64,235
Net defined benefit asset	**65,734**	64,235

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

	2021	2020
	$	$
Accrued benefit obligation		
Balance, beginning of year	**218,096**	203,065
Current service cost	**1,233**	2,029
Interest cost	**5,492**	6,036
Benefits paid	**(7,807)**	(7,669)
Employee contributions	**316**	344
Other	**—**	1,111
Remeasurements:		
(Gain) Loss from changes in financial assumptions	**(16,151)**	14,433
Experience gain	**(1,629)**	(1,253)
Balance, end of year	**199,550**	218,096
Plan assets		
Fair value, beginning of year	**282,331**	263,498
Interest income	**7,179**	7,774
(Loss) Return on plan assets, excluding amounts included in interest income	**(15,681)**	17,969
Employer contributions	**(742)**	823
Employee contributions	**316**	344
Benefits paid	**(7,807)**	(7,669)
Administrative expenses paid from plan assets	**(312)**	(408)
Fair value, end of year	**265,284**	282,331
Funded status – surplus	**65,734**	64,235

As at December 31, 2021, each of the GTAA's defined benefit pension plans was in a surplus position. One plan was in a surplus position of $64.7 million (2020 – $63.7 million), with an accrued obligation of $183.8 million (2020 – $200.8 million) and a fair value of plan assets of $248.5 million (2020 – $264.5 million). The other plan was in a surplus position of $1.0 million (2020 – $0.5 million), with an accrued obligation of $15.8 million (2020 – $17.3 million) and a fair value of plan assets of $16.8 million (2020 – $17.8 million). Included in return on plan assets is a loss of $23.0 million relating to the annuity purchase.

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

	2021	2020
	$	$
Current service cost	**1,233**	2,029
Interest cost	**5,492**	6,036
Interest income	**(7,179)**	(7,774)
Other	**—**	1,111
Administrative expenses	**312**	342
Defined benefit pension plan expense recognized in net loss	**(142)**	1,744
Amounts recognized in other comprehensive income:		
(Gain) Loss from changes in financial assumptions	**(16,151)**	14,433
Experience gain	**(1,629)**	(1,253)
(Return) Loss on plan assets	**15,681**	(17,903)
Total remeasurements recognized in accumulated other comprehensive loss	**(2,099)**	(4,723)

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

	2021	2020
	$	$
Net defined benefit asset, beginning of year	**64,235**	60,433
Defined benefit cost included in net loss	**142**	(1,744)
Total remeasurements included in other comprehensive income	**2,099**	4,723
Employer contributions	**(742)**	823
Net defined benefit asset, end of year	**65,734**	64,235

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

	2021	2020
	$	$
Active members	**59,571**	68,688
Vested deferreds	**9,156**	8,223
Retirees	**130,823**	141,185
Accrued benefit obligation	**199,550**	218,096

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

	Fair Value of Plan Assets	
Asset Category	**2021**	2020
Equity securities	**31%**	61%
Fixed income	**25%**	39%
Annuity buy-in	**44%**	— %

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

d) Significant Actuarial Assumptions

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

	2021	2020
Discount rate	**3.18%**	2.57%
Rate of compensation increase	**2.50%**	2.50%
Rate of price inflation	**2.00%**	2.00%
Rate of pension increases	**2.00%**	2.00%
Long-term rate of return on plan assets	**4.50%**	4.80%

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

e) Future Cash Flows

The sensitivity of the post-employment benefit obligation to changes in the weighted-average significant actuarial assumptions as at December 31, 2021 would be as follows:

	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$	**$**
Discount rate	1.00%	**(22,688)**	**27,777**
Rate of price inflation	1.00%	**26,132**	**(22,246)**
Mortality	1 year	**6,525**	**(6,554)**

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

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

As at January 1, 2021, the registered defined benefit plan had a funding valuation solvency surplus of $18.4 million. The supplementary defined benefit plan had a solvency deficit of $0.6 million as at January 1, 2021. The GTAA has fully funded this deficit.

Expected contributions, benefit payments and administrative expenses for both defined benefit pension plans for the year ended December 31, 2022 are $nil, $9.3 million and $0.4 million, respectively.

Defined Contribution Pension Plan Expense

The GTAA maintains four pension plans with defined contribution provisions providing pension benefits to employees who commenced working for the GTAA after December 1996 as well as those former Transport Canada employees who elected to transfer their pension credits to the GTAA plan.

On January 1, 2021, certain employees, under the terms of their collective agreement, became members of the College of Applied Arts and Technology Pension Plan ("CAAT Pension Plan"). This will cause all future employer contributions to be made to the CAAT Pension Plan instead of the GTAA defined contribution pension plan.

The GTAA's contributions to the registered defined contribution pension plans and the CAAT Pension Plan are a maximum of 6.5 per cent of the employee's gross earnings. The net expense for the defined contribution pension plans in 2021 was $7.3 million (2020 – $5.4 million).

For designated employees of one unfunded supplemental plan, the GTAA's notional contribution equals 16 per cent of the employee's gross earnings less amounts already contributed to the plan by the employee and the GTAA. Recorded in post-employment benefit liabilities on the consolidated statements of financial position is the estimated obligation for this plan at December 31, 2021 of $4.3 million (December 31, 2020 – $4.0 million).

Severance Entitlement Plan

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

Since the GTAA's accrued severance entitlement plan is unfunded, the net obligation is equal to the sum of the benefit obligations for all the members under this plan. As at December 31, 2021, the balance of the accrued benefit obligation was $2.6 million (2020 – $3.5 million), the post-employment benefit expense recognized in net loss for the year ended December 31, 2021 was $0.3 million (2020 – $0.2 million), benefits paid were $0.1 million (2020 – $0.2 million) and the non-pension remeasurements gain recognized in other comprehensive income was $1.1 million (2020 – loss of $0.7 million).

Other Employee Future Benefits

Certain employees are provided with paid-up life insurance at the time of retirement. At December 31, 2021, the estimated obligation for this payment is $3.2 million (2020 – $4.7 million), the post-employment benefit expense recognized in net loss for the year ended December 31, 2021 was $0.5 million (2020 – $0.2 million), and the non-pension measurement gain recognized in other comprehensive income was $2.0 million (2020 – $1.5 million). This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

14. RELATED PARTY TRANSACTIONS

Related Parties

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

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

The GTAA has applied the exemption for government-related entities to disclose only significant transactions. See Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority, Note 12, Leases, for amounts due under the Ground Lease and Note 22, COVID-19 Impact, for information on the Canada Emergency Wage Subsidy program.

Compensation of Key Management and Directors

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

Compensation to Key Management personnel and Members of the Board of Directors for the year ended December 31, 2021, as included in the consolidated statements of operations and comprehensive loss, was $9.3 million (2020 – $11.3 million). Compensation includes salaries, fees, short-term benefits, post-employment benefits and other employee benefits.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2021 of approximately $119.7 million (December 31, 2020 – $157.8 million).

Letters of Credit

A number of letters of credit for $82.3 million in total were outstanding as at December 31, 2021 (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

Cogeneration Plant

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

Contingent Liabilities

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

16. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

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

a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

b) Level 2 – Observable inputs other than quoted prices included in Level 1 such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; or

c) Level 3 – Significant unobservable inputs that are supported by little or no market activity.

Financial instruments that are not measured at fair value in the consolidated statements of financial position are represented by accounts receivable, accounts payable and accrued liabilities, security deposits, long-term debt and commercial paper, and other liabilities. The fair values of these items, excluding long-term debt, approximate their carrying values due to their short-term nature. The fair value of long-term debt is disclosed in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

Restricted funds are categorized as Level 2 as the GTAA uses observable inputs such as yield curves applicable to identical assets to fair value this group. Deferred ground rent payable is categorized as Level 3 as there are no observable inputs.

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

Risk Management

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

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

Market Risk

a) Interest Rate Risk

The GTAA's exposure to interest rate risk relates to its MTNs and short-term borrowing as described in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities. As at December 31, 2021, all of the GTAA's MTNs are fixed-rate carried liabilities and, therefore, changes in interest rates do not have an impact on interest payments but may have an impact on the fair value of this debt. The borrowings under the CP program and credit facilities will fluctuate in accordance with changes in interest rates; however, this is not considered significant.

The GTAA also has exposure to interest rate risk through its short-term investments in restricted funds (see Note 6, Restricted Funds) and other borrowings (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities). As at December 31, 2021, $391.8 million of the GTAA's short-term investment holdings carried various terms to maturity from one to 365 days. Therefore, changes in the interest rate would not have a significant impact on the fair value of restricted funds due to the short-term nature of the investments. The remaining funds were invested in savings accounts that are highly liquid, and therefore the principal balances were protected regardless of changes in interest rates.

b) Foreign Currency Rate Risk

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

Credit Risk

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

a) Cash and Cash Equivalents and Restricted Funds

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

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

As at December 31	**2021**	2020
	$	$
Cash and Cash Equivalents		
AA	**258,194**	103,173
Restricted funds		
AA	**422,647**	417,833

b) Accounts Receivable

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

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

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

The credit quality of accounts receivable is assessed by reference to external credit ratings (if available). As at December 31, 2021, $3.4 million in accounts receivables had an external credit rating of A or higher and $48.8 million had a rating of B or higher. An external credit rating was not available for the remaining accounts receivable balance.

There is a concentration of service with two air carriers that represent approximately 52.6 per cent (2020 – 51.9 per cent) of total revenue, and 19.8 per cent (2020 – 8.6 per cent) of the accounts receivable balance, excluding prepayments and/or deposits on hand, at December 31, 2021.

Liquidity Risk

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

The GTAA manages liquidity risk by maintaining adequate cash and available credit facilities. The COVID-19 pandemic has placed downward pressures on the GTAA's liquidity. The GTAA has taken steps to limit these impacts which include extending the commitments available under its revolving credit facility to 2024 to provide additional flexibility; and reducing and/or deferring operational and capital expenditures.

The GTAA has a current internal financial risk policy that includes a statement that the GTAA will always maintain a minimum available liquidity of at least $200.0 million. During the MTI covenant exemption period, the GTAA will, within five days of the end of each quarter, publish on the GTAA's website if such available liquidity at the end of a quarter is below $200.0 million.

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

The GTAA maintains credit facilities and a CP program and executes a Capital Markets Platform to meet cash needs as debt maturities occur (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities, and Note 21, Capital Risk Management). The GTAA mitigates risk related to liquidity in the CP program via the credit facilities available under its lines of credit.

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

	December 31, 2021			
	Less Than 1 Month	**1 Month to 12 Months**	**1 Year to 5 Years**	**Thereafter**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	**62,385**	**125,042**	**—**	**—**
Long-term debt and related interest	**7,145**	**738,651**	**2,051,502**	**8,688,172**
	69,530	**863,693**	**2,051,502**	**8,688,172**

	December 31, 2020			
	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	$	$	$	$
Accounts payable and accrued liabilities	42,538	150,483	—	—
Commercial paper	54,997	114,961	—	—
Long-term debt and related interest	7,812	337,384	2,066,797	8,640,672
	105,347	602,828	2,066,797	8,640,672

Additional disclosure about the GTAA's credit facilities and long-term debt can be found in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statements of financial position where the GTAA currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the GTAA enters into various arrangements that do not meet the criteria for offsetting in the consolidated statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the financial instruments which may be subject to enforceable master netting arrangements or other similar agreements but not offset, as at December 31, 2021 and 2020, and shows in the "Net Amount" column what the net impact would be on the GTAA's consolidated statements of financial position if all set-off rights were exercised in circumstances described above. As at December 31, 2021, no recognized financial instruments are offset in the consolidated statements of financial position.

			December 31, 2021
	Gross Amount Presented in the Consolidated Statements	**Related Accounts Not Set Off in the Consolidated Statements**	**Net Amount**
	$	**$**	**$**
Financial assets			
Accounts receivable	**99,202**	**(31,291)**	**67,911**
Restricted funds	**422,647**	**(421,119)**	**1,528**
	521,849	**(452,410)**	**69,439**
Financial liabilities			
Security deposits	**(31,291)**	**31,291**	**—**
Long-term debt (including current portion)	**(7,213,667)**	**421,119**	**(6,792,548)**
	(7,244,958)	**452,410**	**(6,792,548)**

			December 31, 2020
	Gross Amount Presented in the Consolidated Statements	Related Accounts Not Set Off in the Consolidated Statements	Net Amount
	$	$	$
Financial assets			
Accounts receivable	93,131	(24,328)	68,803
Restricted funds	417,833	(413,773)	4,060
	510,964	(438,101)	72,863
Financial liabilities			
Security deposits	(24,328)	24,328	—
Long-term debt (including current portion)	(6,832,879)	413,773	(6,419,106)
	(6,857,207)	438,101	(6,419,106)

17. REVENUE

During the year, the GTAA recognized $680.7 million (2020 – $665.0 million) from contracts with customers and $146.1 million (2020 – $158.5 million) of revenue was recognized under IFRS 16, Leases.

Deferred revenue was $44.1 million as at December 31, 2020, and was fully recognized in the consolidated statements of operations and comprehensive loss in 2021. Cash in the amount of $40.9 million was received during the year that related to performance obligations yet to be satisfied resulting in a deferred revenue balance of $40.9 million as at December 31, 2021.

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	**2021**	2020
	$	$
Trade payables	**51,083**	76,829
Accrued expenses	**112,579**	110,117
Commodity sales tax payable	**6,079**	151
Provisions	**15,180**	1,455
Other liabilities	**2,506**	4,469
	187,427	193,021

19. GROUND RENT

During the second quarter of 2021, the GTAA and the Government of Canada executed an amendment to the Ground Lease that deferred the payment of ground rent for the 2021 lease year, with repayment over a 10-year period beginning in 2024. As at December 31, 2021, $63.5 million has been recorded as deferred ground rent payable on the consolidated statements of financial position, which represents the present value of future lease payments to take into account the time value of money. The related ground rent expense for the year has been recorded on the consolidated statements of operations and comprehensive loss.

Ground rent receivable on the consolidated statements of financial position was $28.8 million as at December 31, 2020, representing the 2020 ground rent expense overpayment, which has subsequently been received from Transport Canada.

20. GOODS AND SERVICES EXPENSE BY NATURE

Years Ended December 31	**2021**	2020
	$	$
Property and equipment maintenance and repairs	**56,552**	65,418
Outsourcing and professional services	**64,627**	106,120
Utilities	**20,467**	19,212
Policing and security	**46,628**	35,898
Snow removal	**15,406**	25,923
AIF administration fee	**5,892**	5,146
Small parts and material supplies	**11,147**	7,108
Insurance	**7,801**	7,196
Expected credit loss allowance	**(2,500)**	18,487
Other	**23,388**	24,832
	249,408	315,340

21. CAPITAL RISK MANAGEMENT

The GTAA defines its capital as current and long-term portions of debt; borrowings under the CP program; borrowings, if any, under the GTAA's credit facilities (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities); cash; and restricted funds (see Note 6, Restricted Funds).

The GTAA's objectives when managing capital are to:

(a) Maintain a capital structure and an appropriate credit rating that provide financing options to the GTAA when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity or resulting in a downgrade to the credit ratings of the existing indebtedness;

(b) Maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments; and

(c) Satisfy covenants set out in the MTI, in applicable years.

The GTAA is a corporation without share capital and, accordingly, is funded through operating revenues, AIF revenue, restricted funds, the debt capital and CP markets and its bank credit facilities. The GTAA uses a rate-setting methodology that targets levels of cash flow sufficient not only to fund operating expenses, maintenance and restoration capital expenditures, and partial debt repayment but also, in most years, to fund certain other capital investments. Consistent with this mandate, any excess funds generated by the GTAA are reinvested in the Airport.

Capital Markets Platform

The GTAA's ongoing capital requirements, as noted above, are financed through the issuances of debt. The GTAA maintains a financing program referred to as the Capital Markets Platform, capable of accommodating a variety of corporate debt instruments. All indebtedness incurred under the Capital Markets Platform is secured under the MTI, which establishes common security and a set of common covenants by the GTAA for the benefit of all its lenders. The security is comprised of: an assignment of the revenues of the GTAA; a specific charge on certain funds; restricted funds and accounts; an unregistered first leasehold mortgage of the GTAA's leasehold interest in the Airport; and a guarantee and related collateral security of subsidiaries, as designated from time to time.

The Debt Service Reserve Funds are funded from the net proceeds of each bond or MTN issuance (see Note 6, Restricted Funds). The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; (as such capitalized terms are defined in the MTI). Both financial tests exclude amortization of property and equipment, investment property and intangible assets from expenses. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further determines whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets.

The GTAA typically sets its rates and charges, fees and rentals so that these two covenants under the MTI are met. However, in 2020 and 2021, the GTAA completed amendments of its MTI which relieve the GTAA from complying with these covenants. On July 21, 2021, the GTAA also completed another amendment of its MTI that temporarily exempts the GTAA from complying with the Rate Covenant for fiscal year 2022. See Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

22. COVID-19 IMPACT

Over the course of 2021, with intermittent global lockdowns, travel restrictions, a government advisory telling Canadians not to travel unless essential, and government-imposed health requirements, the COVID-19 pandemic has had a material negative impact on demand for air travel globally. Toronto Pearson has experienced a small decline in passenger and flight activity during 2021, as compared to the same period in 2020, which included one quarter of aviation activity in the first quarter of 2020, prior to the COVID-19 pandemic shutdown. The COVID-19 pandemic has placed downward pressures on the GTAA's liquidity. Though the GTAA has experienced a significant loss during 2021 due to lower passenger volume, given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, reductions to its operational and capital expenditures, government assistance to date and its cash-on-hand, the GTAA does not anticipate any funding shortfalls and expects to meet its payment obligations as they come due.

The GTAA received payments from the Canada Revenue Agency under the Canada Emergency Wage Subsidy program, from March 2020 until October 2021. For the year ended December 31, 2021, $27.0 million (December 31, 2020 – $46.4 million) was recorded on the consolidated statements of operations and comprehensive loss as a reduction of salary, wages and benefits, and $1.6 million (December 31, 2020 – $2.6 million) was recorded against capitalized salaries, wages and benefits in property and equipment on the consolidated statements of financial position. As at December 31, 2021, the balance included in accounts receivable on the consolidated statements of financial position was $nil (December 31, 2020 – $16.6 million). See Note 7, Accounts Receivable.

Disclosure Requirements of the Ground Lease

Subsection 9.01.07, Paragraphs (a) to (g) of the Ground Lease requires the Greater Toronto Airports Authority ("GTAA" or "Corporation") to publish in its Annual Report the following:

a. *Audited Financial Statements*

The auditors' report and the audited financial statements are found on pages 72 to 104 and the summary of affairs (Management's Discussion and Analysis or "MD&A") is found on pages 44 to 71 of the Annual Report.

b. *Report on the Business Plan and Objectives for 2021*

The projected cash flows in any year constitute the business plan for that year. The business plan for 2021 is the 2021 summary of projected cash flows, which is found below in Paragraph (c) (the "2021 Business Plan"). A report on the GTAA's performance relating to the 2021 Business Plan is discussed in Paragraph c) below and in the MD&A.

c. *Variances and Corrective Measures with Respect to the Report on the 2021 Business Plan*

The following table provides a comparison between the 2021 actual results and the 2021 Business Plan.

	2021		
	Actual	Business Plan	Favourable/ (Unfavourable)
(in thousands, unaudited)	$	$	$
Revenues	826,788	714,200	112,588
Operating expenses	(508,436)	(538,820)	30,384
Earnings before interest and amortization, net	318,352	175,380	142,972
Amortization	(332,596)	(306,600)	(25,996)
Interest expense and financing costs, net[1]	(336,147)	(326,600)	(9,547)
Consolidated net income (loss)	(350,391)	(457,820)	107,429
Add: Amortization	332,596	306,600	25,996
Add: Interest expense and financing costs, net[1]	336,147	326,600	9,547
Add: Other non-cash items	4,665	—	4,665
Add: Changes in working capital	44,546	—	44,546
Cash flow from operations	367,563	175,380	192,183
Less: Acquisition and construction of property, expenditures, and intangible assets	(142,780)	(186,000)	43,220
Less: Acquisition and construction of investment property	(1,696)	—	(1,696)
Less: Interest paid and other financing costs, net	(331,071)	(326,600)	(4,471)
Cash source (use) before capital sources	(107,984)	(337,220)	229,236

1 Includes interest income of $5 million.

For a more complete discussion of the 2021 financial results and capital projects, see the MD&A and the Annual Information Form for the year ended December 31, 2021, copies of which are available on SEDAR at **www.sedar.com**. The GTAA's MD&A is also available on its website at **www.torontopearson.com**.

For the year ended December 31, 2021, Consolidated Net Loss for the GTAA was $107.4 million favourable to the 2021 Business Plan, primarily as a result of increased revenue over the course of the second half of 2021.

For the year ended 2021, revenues were $112.6 million favourable to the 2021 Business Plan, primarily due to: i) higher than expected aviation activity from passenger flights and strong cargo activity; (ii) favourable passenger volumes and passenger mix driving increased AIF; and (iii) greater than expected concession and parking revenue.

For the year ended 2021, operating expenses were $30.4 million favourable to the 2021 Business Plan, primarily due to early efforts in right-sizing of operations in light of increased restrictions instituted in Q1 due to the pandemic. These efforts allowed Management to pivot quickly on a variety of items such as delayed hirings, evaluating professional service contracts and operating models for areas such as snow clearing. These items were partially offset due to increased ground rent expense given the higher than expected revenue.

For the year ended 2021, amortization expenses were $26.0 million unfavourable to the 2021 Business Plan, primarily due to a change in the estimated useful life of certain terminal assets which resulted in an increase in amortization.

For the year ended 2021, interest expense, net of interest income, was $9.5 million unfavourable to the 2021 Business Plan, primarily due to partial deferral of 2020 Master Trust Indenture ("MTI") covenant exemption costs expensed in 2021, 2021 MTI consent fees, partially offset by lower Commercial Paper rates and higher interest income.

Due to the on-going COVID-19 pandemic and its impact on passenger volumes, the GTAA continued to maintain a lower capital plan budgeting $186 million in 2021. Projects continued to be primarily focused on Maintenance, Safety, and Regulatory types of projects. Over the course of 2021, actual capital spend totalled $143 million or $43 million unfavourable to budget due to a number of reasons, including supply chain disruptions. In 2020, Management deferred or delayed a number of capital projects. Spend during the year primarily related to certain ongoing projects such as the Airside Pavement Restoration Program, the Terminal 1 Concourse F Sectorization and the baggage-handling improvements in Terminal 1 and Terminal 3. A further discussion of key projects can be found in the "Capital Projects and Acquisitions" section of the MD&A.

Pursuant to the MTI, the deposit to the Notional Principal Fund and the letter of credit adjustment regarding the Operations and Maintenance Reserve Fund were as projected.

d. Summary of the Five-Year Business Plan

The five-year Business Plan (2022 to 2026) is driven by four key corporate goals:

- Driving financial strength and cost competitiveness;
- Delivering operations effectiveness and a healthy airport experience;
- Value creation through business development and revenue diversification; and
- Supporting and empowering employees to thrive in a new work environment.

As we bridge through the pandemic period and into recovery, we will position ourselves for success in a new, more digital and sustainable world. By managing costs and diversifying revenue streams we will return to profitability. The projected compounded annual growth rates from 2022 to 2026 for passengers, seats, and MTOW are 22 per cent, 20 per cent and 21 per cent, respectively.

Effective January 1, 2022, aeronautical fees were increased a modest 3 per cent and Aeronautical rates for all business and general aviation aircraft, regardless of weight increased to $850 per arrival movement.

The Corporation typically undertakes capital projects to meet one of the following key objectives: (i) to comply with regulatory requirements (e.g., safety, security or environmental); (ii) to expand the capacity or improve the productivity of existing assets; (iii) to restore or replace existing assets; (iv) to modify existing infrastructure to improve revenue or reduce costs; or (v) to add new capacity or businesses to the Airport beyond the existing infrastructure.

In the near term, the Corporation will preserve liquidity and emphasize a capital program that focuses on maintenance, regulatory compliance, and safety-related projects to ensure asset and passenger safety. Capital expenditures during the five-year period are projected to average approximately $400 million per year , with a greater weight of the capital to be spent in the latter half of the five-year period, but remains subject to the length and impact of the COVID-19 pandemic and pace of passengers recovery.

As a reporting issuer, the GTAA is restricted in its ability to publish forward looking information. The reader is cautioned that some assumptions used to derive forecast information may not materialize due to unanticipated events and circumstances, such as the COVID-19 pandemic. Therefore, the actual results achieved during the period may vary, and the variations may be material. For a more complete discussion of the risks and uncertainties and caution regarding forward-looking statements, see the MD&A and the Annual Information Form, copies of which are available on SEDAR at **www.sedar.com**. The GTAA's MD&A is also available on its website at **www.torontopearson.com**.

e. Remuneration to Board and Salary of Senior Officers

For 2021, the Chair of the Board of Directors received remuneration in the amount of $180,000, while the other Directors earned remuneration ranging from 23,385 to 94,000. For 2021, salaries for the Corporation's senior officers ranged from $320,000 to $750,000. Senior officers are also eligible for a performance-based bonus.

A Director's annual remuneration varies by the number of Board and Board Committee meetings attended and the manner of attendance, whether the Director serves as a Chair of a committee, and whether the Director has served for a full or part year. A senior officer's salary varies by the responsibilities and experience of the senior officer and whether the senior officer has served for a full or part year.

Additional information regarding the remuneration paid to the Directors and the senior officers is available in the Annual Information Form, copies of which are available on SEDAR at **www.sedar.com**.

f. Ethical Business Conduct

The Corporation has a "Code of Business Conduct and Ethics" (the "Code"), which has been approved by the Corporation's Board of Directors (the "Board"). The Code complies with the requirements of the Canadian Securities Administrators' National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation's Directors, officers, employees and contractors. A copy of the Code may be accessed on SEDAR at **www.sedar.com**.

The Board monitors compliance with the Code, and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code and declares the reasons for the non-compliance. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("C.A.R.E."), which permits the anonymous reporting of an employee, officer or Director's unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation.

All Directors and officers indicated that they are in compliance with the Code.

g. Report on Contracts Over $110,000 Not Tendered

The Ground Lease stipulates that any contracts in excess of $110,000 (adjusted periodically by CPI from an original threshold of $75,000) that are not awarded through a public tendering process must be described in the Corporation's Annual Report. Such description must identify: the parties to the contracts; the amount, nature and circumstances of the contract; and the reasons for not awarding such contract on the basis of a public competitive tendering process. The table below summarizes the applicable contracts awarded in 2021. Definitions for the "reason for award without public tender" can be found at the end of the table.

Contract Value	Contractor	Description	Reason for Award without Public Tender
$100K–$500K	ESRI Canada Limited	ArcGIS Enterprise Software	B
	Airport Council International	ASQ Survey services	B
	KPMG	Human Resources Information System project	A
	Carling Propane	Supply liquid propane	A
	Haynes Welding	Welding services for temporary additional requirements	B
	ADF Diesel Toronto	To rebuild snow clearing vehicle engines	C
	Robly Mechanical	Supply and install gantry adapter for passenger boarding bridges	B
	Aviramp Ltd.	Procurement and assembly of Aviramps	B
$1M–$2M	AZUR Group Inc.	Development and delivery of pass office system upgrade	C
	Brock Solutions Inc.	Baggage system enhancements	C

A. Where the GTAA determines that in connection with an existing contract for the supply of goods and services that is expiring, it is most efficient and practicable to extend or award a new contract to the existing contractor or services supplier where such contractor or services supplier has developed a specific skill set or knowledge base in respect of that contract not found on the market.

B. Where there is just one contractor, or services supplier, that can provide the required goods or services.

C. Where warranty, patent or copyright requirements or technical compatibility factors dictate a specific supplier.

Where a competitive sourcing process was undertaken, and a contract entered into pursuant to which the GTAA receives revenue, then any associated acquisition of goods and services is not deemed to be a sole source contract.

SECTION 9.01.07, PARAGRAPHS (A) TO (G) OF THE GROUND LEASE

The Tenant shall, prior to each public meeting to be held pursuant to Subsection 9.01.05, publish an annual report in respect of the Lease Year (in this Subsection 9.01.07 called "that Lease Year") immediately preceding the Lease Year in which the public meeting is held which shall, as a minimum:

a) include the audited annual financial statements of the Tenant for that Lease Year, the Tenant's Auditor's report on such Tenant's audited annual financial statements, and a summary of the Tenant's affairs for that Lease Year;

b) contain a report on the Tenant's performance relating to the Tenant's business plan and objectives established for that Lease Year, and as applicable for the previous five Lease Years;

c) include an explanation by the Tenant of all variances and corrective actions taken with respect to the Tenant's performance described in Paragraph 9.01.07(b);

d) present a summary of the Tenant's business plan for the then current Lease Year and the Tenant's business plan containing a forecast for the next five Lease Years, including specific objectives (measurable where feasible), for such summary and forecast and relating to the approved objectives of the Tenant;

e) contain a report on the remuneration provided to each Board member and on the salary of each of the Senior Officers of the Tenant;

f) contain a report on compliance or non-compliance with the Tenant's Code of Conduct; and

g) report on all contracts in excess of an amount obtained by multiplying seventy-five thousand ($75,000) dollars by the CPI Adjustment Factor for that Lease Year which are entered into during that Lease Year and which contracts were not awarded on the basis of a public competitive tendering process. Such report shall identify the parties to the contract, the amount of the contract, the nature of the contract, the circumstances of the contract and the reasons for not awarding such contract on the basis of a public competitive tendering process.

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet, and ensure that all people are able to enjoy peace and prosperity. In 2021, we continued our work to create more sustainable future reporting on SDGs and related targets that align with the GTAA's strategic priorities.

SDG	Relevant Targets	Supporting Information
SDG 3 Good Health and Well-Being	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination Note: the target is applicable in terms of noise pollution	Annual Report – Sustainability Annual Report – Supporting and Empowering Our Employees Annual Information Form 2021 – Environmental Matters GRI 302, 303, 304, 305, A05, 306, A07, 307
SDG 5 Achieve gender equality and empower all women and girls	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life 5.5.2 Proportion of women in managerial positions	Annual Report – Supporting and Empowering Our Employees Annual Information Form 2021 – Compensation Discussion & Analysis GRI 102-8, 202-1, 401-3, 404-3, 405 SASB SV-PS-330a.1
SDG 6 Ensure availability and sustainable management of water and sanitation for all	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity 6.b Support and strengthen the participation of local communities in improving water and sanitation management	Annual Report – Sustainability Annual Information Form 2021 – Environmental Matters GRI 303 SASB IF-RE-140a.1, IF-RE-140a.2, IF-RE-140a.3
SDG 8 Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products	Annual Report – Sustainability Annual Report – Supporting and Empowering Our Employees Annual Report – Community Annual Information Form 2021 – Compensation Discussion & Analysis Propeller Project GRI 102-8, 201-1, 308-1, 401, 404, 405-1, 405-2 SASB SV-PS-330a.1, SV-PS-330a.2

SDG	Relevant Targets	Supporting Information
SDG 9 Industry, Innovation, and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President and CEO Annual Report – Collaboration Annual Report – Operational Effectiveness Annual report – Innovation and Technology Annual Report – Community Annual Information Form 2021 – Environmental Matters GRI 201-1, 203-1
SDG 10 Reduced Inequalities	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Annual Report – Supporting and Empowering Our Employees Annual Report – Community Annual Information Form 2021 – Corporate Governance Annual Information Form 2021 – Compensation Discussion & Analysis GRI 102-8, 404-1, 404-3, 405-2 Propeller Project
SDG 13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning 13.2.2 Total greenhouse gas emissions per year	Annual Report – Sustainability Annual Report – Supporting and Empowering Our Employees Annual Information Form 2021 – Environmental Matters GRI 102-15, 302, GRI 303, 304, 305, A05, 306, A07, 307 SASB TR-AL-110a.1, TR-AF-110a.1, TR-AF-430a.2 TCFD-S.a, TCFD-M.b
SDG 17 Partnership for the Goals	17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	Annual Report – Operational Effectiveness Annual Report – Collaboration Annual Report – Sustainability Annual Report – Supporting and Empowering Our Employees Annual Report – Community Community GRI 102-12, 102-13

GRI, SASB AND TCFD INDEX

GRI, SASB and TCFD Index

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-1 Name of the organization			Greater Toronto Airports Authority
GRI 102-2 Activities, brands, products, and services			Toronto Pearson served more than 12.7 million passengers in 2021, maintaining its status as Canada's busiest airport. As of December 31, 2021, Toronto Pearson had 60 air carriers providing flights to 86 international destinations and 32 domestic destinations. During 2021, Toronto Pearson processed 4.5% fewer passengers than it did in the same period in 2020 and 74.9% fewer passengers than in the same period as 2019. **Annual Information Form 2021** – Narrative Description of the Business
GRI 102-3 Location of headquarters			The GTAA operates out of Mississauga, Ontario, Canada.
GRI 102-4 Location of operations			The GTAA operates out of Mississauga, Ontario, Canada.
GRI 102-5 Ownership and legal form			The GTAA was incorporated in March 1993 as a corporation without share capital under the Canada Corporations Act and recognized as a Canadian Airport Authority by the federal government in November 1994. Effective February 27, 2014, the GTAA has continued under the Canada Not-for-profit Corporations Act, the successor legislation to the Canada Corporations Act. The GTAA is authorized to operate airports within the south-central Ontario region, including the Greater Toronto Area (the "GTA"), on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA currently manages and operates Toronto – Lester B. Pearson International Airport (the "Airport" or "Toronto Pearson") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Ground Lease has a term of 60 years, with one renewal term of 20 years. The Ground Lease is available **here**.
GRI 102-6 Markets served			Global air travel continues to be significantly disrupted by the pandemic. At December 31, 2021, Toronto Pearson had 60 air carriers providing flights to 86 international and 32 Canadian cities. Domestic: 53.5% International: 46.5% **Annual Information Form 2021** – Narrative Description of the Business
GRI 102-7 Scale of the organization			Total number of employees: 1,548 Total number of passengers: 12.7 million Total number of operations: 173,000 aircraft movements Quantity of products and services: Annual Information Form 2021 – Airport Activity Measures **Annual Information Form 2021** Annual Report – Supporting and Empowering Our Employees

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-8 Information on employees and other workers			As of December 31, 2021, the GTAA employed approximately 1,548 persons who were engaged in management, technical, administrative and general labour activities. This number includes employees away on leaves of absence, and 131 seasonal employees, who were employed in general labour activities in the deicing and airfield maintenance departments. Gender: F 27%, M 73% Non-union: 22.3% Union: PAPFFA 5.2%, Unifor 72.5% Employment category: Permanent 88%, Seasonal 1%, Term 11% Age: <30 5%, 30–39 22%, 40–49 34%, 50–59 29%, 60–65 9%, >65 2% Employee category: Full Time 99%, Part Time 1% Annual Report – Supporting and Empowering Our Employees
GRI 102-9 Supply chain			The GTAA facilitates the movement of people and goods by air; our supplies are purchased locally through an audited contracting process. In 2021 we introduced a sustainable procurement policy which lays out our sustainability requirements for our suppliers and which is aligned with GTAA's overall environmental, social and governance ("ESG") objectives. Annual Report – Financial Sustainability Annual Report – Operational Effectiveness Annual Report – Environmental Sustainability Annual Report – Who We Are Annual Information Form 2021 Press Release
GRI 102-10 Significant changes to the organization and its supply chain			As the GTAA is a non-share capital corporation, it does not maintain any equity or share-based award or incentive plans. There have been no changes to this capital structure. In 2021, parts of Terminal 1 and Terminal 3 that were closed at the onset of the pandemic were reopened.
GRI 102-11 Precautionary Principle or approach			The GTAA is federally regulated and follows the Impact Assessment Act. The GTAA also maintains an ISO 14001 Environmental Management System. We strive to be a leader in environmental stewardship and management because we know that our employees care about working for an organization that embodies sustainability through our values and our actions, and we know that our community neighbours hold us accountable for the way in which we manage and mitigate the impacts of our operations. Annual Report – Environmental Sustainability Environmental Sustainability Strategy
GRI 102-12 External initiatives			Annual Report – Operational Effectiveness Annual Report – Collaboration Annual Report – Environmental Sustainability Annual Report – Supporting and Empowering Our Employees Annual Report – Community Community

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-13 Membership of associations			Airports Council International Canadian Airports Council Toronto Region Board of Trade Brampton Board of Trade Mississauga Board of Trade Canadian Chamber of Commerce Ontario Chamber of Commerce Southern Ontario Airport Network Public Policy Forums Future Borders Coalition CILTNA Tourism Industry Association of Canada Tourism Industry Association of Ontario Destination Toronto (Toronto Convention and Visitors Association) Tourism Mississauga Greater Toronto Hotel Association Annual Report – An Interview with Deborah Flint, GTAA President & CEO Annual Report – Environmental Sustainability Annual Report – Collaboration
GRI 102-14 Statement from senior decision-maker			Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President & CEO
GRI 102-15 Key impacts, risks, and opportunities		**TCFD-S.a Strategy** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President and CEO Annual Report – Environmental Sustainability Annual Information Form 2021 – Environmental Matters Since 1999, the GTAA has been ISO 14001 certified for its Environmental Management Program. In 2017, the GTAA's Environmental Management System upgraded its certification to ISO 14001:2015. As a requirement of the ISO 14001:2015 certification, the GTAA developed and implemented an Environmental Policy for the Airport that is reviewed annually. The purposes of the GTAA's Environmental Policy are to reduce and control the risks of environmental contamination and to promote continuous improvement and regulatory compliance. The GTAA's Environmental Policy addresses corporate commitments to combat climate change concerns as follows: **Climate Change Resiliency:** Taking the appropriate steps to be resilient to the risks of climate change by assessing how climate change will create new, or alter current, climate-related risks, and mitigating those risks. **Carbon Neutrality and Emissions:** Reducing GTAA's emissions footprint by making improvements in operational efficiency and investment in projects for the direct reduction and/or offset of energy consumption and greenhouse gas ("GHG") emissions to achieve net zero GHG by 2050.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-16 Values, principles, standards, and norms of behavior			The Corporation has a Code of Business Conduct and Ethics (the "Code"), which has been approved by the Corporation's Board of Directors (the "Board"). The Code complies with the requirements of the Canadian Securities Administrators' National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation's Directors, officers, employees and contracted staff. A copy of the Code may be accessed at SEDAR. The Board monitors compliance with the Code and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code, and to declare the reasons for the non-compliance. **Code of Business Conduct and Ethics**
GRI 102-17 Mechanisms for advice and concerns about ethics			The Board has implemented Confidential Anonymous Reporting for Employees ("C.A.R.E."), which permits the anonymous reporting of an employee, officer or Director's unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation. **C.A.R.E. Line** **Code of Business Conduct and Ethics**
GRI 102-18 Governance structure		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities	As a corporation without share capital, the GTAA has Members rather than shareholders or other equity holders. The process for nominating and electing Members is based on the GTAA's By-Law. The GTAA's Members are also its Directors. The GTAA's Board of Directors comprises 15 Directors elected by the GTAA's Members. Directors serve terms of up to three years and are eligible to be re-elected by the Members to serve for a maximum of nine years. The Board's oversight of risk includes environmental, social and governance risks, including climate-related risks. The GTAA's Annual Report highlights the GTAA's sustainability approach and performance. In connection with these risk oversight responsibilities, the GTAA has developed and implemented an Enterprise Risk Management ("ERM") program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals. Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President & CEO Annual Report – Governance Annual Report – Environmental Sustainability **Annual Information Form 2021** – Board Mandate
GRI 102-19 Delegating authority		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities	The GTAA's Board meets on a regular basis and views its principal responsibility as overseeing the conduct of the GTAA's business and setting the strategic direction for the GTAA. The Board's oversight of risk includes environmental , social and governance risk, including climate-related risks. Annual Report – Environmental Sustainability **Annual Information Form 2021** – Board Mandate

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities **TCFD-G.b Governance** Describe management's role in assessing and managing climate-related risks and opportunities	Economic: Chief Financial Officer Environmental: Vice President, Airport Development and Technical Services Social: Vice President, Stakeholder Relations and Communications Governance: Vice President, General Counsel, Corporate Safety and Security Annual Information Form 2021
GRI 102-21 Consulting stakeholders on economic, environmental, and social topics			Annual Report – Environmental Sustainability Annual Report – Supporting and Empowering Our Employees
GRI 102-22 Composition of the highest governance body and its committees			Annual Report – Governance Annual Information Form 2021 – Corporate Governance
GRI 102-23 Chair of the highest governance body			Board Chair, Doug Allingham (Independent)
GRI 102-24 Nominating and selecting the highest governance body			Annual Report – Governance Annual Information Form 2021 – Corporate Governance
GRI 102-25 Conflicts of interest			Annual Information Form 2021 – Ethical Business Conduct
GRI 102-26 Role of highest governance body in setting purpose, values, and strategy		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities	The Board ensures that long-term goals and strategies are developed and implemented to ensure Toronto Pearson continues to support and foster growth in the Greater Toronto Area. The Board also ensures that the necessary systems are in place to manage the risks associated with the GTAA's business, and to monitor and measure Management's performance in carrying out the GTAA's objectives. Annual Report – Message from the Board Chair Annual Information Form 2021 – Board Mandate
GRI 102-27 Collective knowledge of highest governance body		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities	Annual Information Form 2021 – Orientation and Continuing Education Annual Information Form 2021 – Board Mandate
GRI 102-28 Evaluating the highest governance body's performance			Annual Report – Message from the Board Chair Annual Information Form 2021 – Corporate Governance – Board Committees

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-29 Identifying and managing economic, environmental, and social impacts		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities **TCFD-G.b Governance** Describe management's role in assessing and managing climate-related risks and opportunities **TCFD-M.a Metrics and Targets** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President & CEO Annual Report – Environmental Sustainability **Annual Information Form 2021** – Environmental Matters
GRI 102-30 Effectiveness of risk management processes		**TCFD-M.a Metrics and Targets** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	The Board and its Committees oversee risk management and take steps to ensure that Management has an effective risk management system in place. Management is responsible for ensuring that policies and practices are effective and meet legislative and regulatory requirements and take into account best practices. In 2021, we improved risk-based decision-making by creating a more robust risk-awareness culture to help us deal with uncertainty. The GTAA implements an Enterprise Risk Management ("ERM") program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into its strategic plan. An enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities, including environmental, social and governance ("ESG") related risk factors. ISO 14001 system requires the GTAA to set annual targets, with climate change being included in the approach. Annual Report – Message from the Board Chair Annual Report – Environmental Sustainability **Annual Information Form 2021** – Environmental Matters **Annual Information Form 2021** – Operational Risks
GRI 102-31 Review of economic, environmental, and social topics		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities **TCFD-G.b Governance** Describe management's role in assessing and managing climate-related risks and opportunities	The Board met eight times in 2021. The Board has four standing committees (number of meetings in 2021 in parentheses), as follows: Audit Committee (six); Governance and Stakeholder Relations Committee (five); Human Resources and Compensation Committee (five); and Planning and Commercial Development Committee (five) The Board has developed written Charters for each of these committees. Annual Report – Governance **Annual Information Form 2021** – Corporate Governance

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-32 Highest governance body's role in sustainability reporting		**TCFD-G.a Governance** Describe the board's oversight of climate-related risks and opportunities **TCFD-G.b Governance** Describe management's role in assessing and managing climate-related risks and opportunities	The Annual Report is reviewed in draft by the Board of Directors; the Board provides the Board Chair, together with the President and CEO, the authority to approve the final Report. Annual Information Form 2021 – Board Mandate
GRI 102-33 Communicating critical concerns			Critical concerns are communicated through regularly held Board meetings, strategy updates and meeting minutes.
GRI 102-34 Nature and total number of critical concerns			Due to the sensitive nature of critical concerns such figures are only for internal use (except where external reporting is legally required). Significant additions to or changes in the risk register are disclosed in due course to the Executive Board on an ad hoc basis, as per stipulations in the risk policy.
GRI 102-35 Remuneration policies			Annual Information Form 2021 – Compensation Discussion and Analysis
GRI 102-36 Process for determining remuneration			Annual Information Form 2021 – Compensation Discussion and Analysis
GRI 102-37 Stakeholders' involvement in remuneration			The GTAA complies with its obligations under federal employment equity and human rights legislation; hiring practices and remuneration are determined based on the individual, irrespective of the gender and background of employees. In addition, five of the GTAA Board members are required to annually present GTAA operational updates to their respective communities. The public has access to these meetings and the GTAA's annual general meeting. Annual Information Form 2021 – Compensation Discussion and Analysis
GRI 102-38 Annual total compensation ratio			Total compensation ratio: 17:1
GRI 102-40 List of stakeholder groups			Annual Report – Environmental Sustainability Annual Report – Supporting and Empowering Our Employees
GRI 102-41 Collective bargaining agreements	**TR-AL-310a.1** Percentage of active workforce covered under collective bargaining agreements		PAPFFA 5.2% Unifor 72.5% Annual Report – Supporting and Empowering Our Employees
GRI 102-42 Identifying and selecting stakeholders			Annual Report – Collaboration Annual Report – Supporting and Empowering Our Employees Annual Report – Environmental Sustainability

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-43 Approach to stakeholder engagement			Annual Report – Collaboration Annual Report – Supporting and Empowering Our Employees Annual Report – Environmental Sustainability Community
GRI 102-44 Key topics and concerns raised			Annual Report – Financial Sustainability Annual Report – Collaboration Annual Report – Operational Effectiveness Annual Report – Innovation and Technology Annual Report – Business Development and Diversification Annual Report – Environmental Sustainability Annual Report – Supporting and Empowering Our Employees Annual Report – Community
GRI 102-45 Entities included in the consolidated financial statements			Annual Report – Management's Discussion and Analysis
GRI 102-46 Defining report content and topic boundaries			The Annual Report is reviewed in draft by the Board of Directors; the Board provides the Board Chair, together with the President and CEO, the authority to approve the final Report. Annual Information Form 2021 – Board Mandate
GRI 102-47 List of material topics			Annual Report – Message from the Board Chair Annual Report – An Interview with Deborah Flint, GTAA President & CEO Annual Report – Financial Sustainability Annual Report – Collaboration Annual Report – Operational Effectiveness Annual Report – Innovation and Technology Annual Report – Business Development and Diversification Annual Report – Environmental Sustainability Annual Report – Supporting and Empowering Employees Annual Report – Community Annual Information Form 2021 – Environmental Matters
GRI 102-48 Restatements of information			2020 data value for GRI 302-1 should be 200,729.492 (kWh), not as stated: 200,729,492 (kWh) – a period was added in error for a comma.
GRI 102-49 Changes in reporting			There have not been any significant changes to the GTAA's reporting activities.
GRI 102-50 Reporting period			January 1, 2021 – December 31, 2021 Published April 2022
GRI 102-51 Date of most recent report			January 1, 2020 – December 31, 2020 Published May 2021
GRI 102-52 Reporting cycle			Annual

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
General Disclosures			
GRI 102-53 Contact point for questions regarding the report			Community Engagement
GRI 102-54 Claims of reporting in accordance with the GRI Standards			This report has been prepared in accordance with the GRI Standards: Core option.
GRI 102-55 GRI content index			This table is the GTAA 2021 GRI Content Index, and is referred to as "Sustainability Index" in the GTAA's 2021 Annual Report – Pearson Strong.
GRI 102-56 External assurance			We continue to use an internal verification program to review the GTAA's performance data, including, but not limited to, assessing how data was captured, collected, reviewed and reported. This ensures our ability to present consistent and accurate data. We have evaluated a sample of information related to the performance indicators to confirm that a documented process and adequate controls are in place. This ensures our ability to present consistent and accurate data. The GTAA does not currently have a policy or mandate concerning external assurance of our non-financial reporting.
Management Approach			
GRI 103-1 Explanation of the material topic and its Boundary	**TR-AL-110a.2/ TR-AF-110a.2** Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Annual Report – Financial Sustainability Annual Report – Business Development and Diversification Annual Report – Environmental Sustainability Annual Report – Management's Discussion and Analysis Annual Information Form 2021 – Narrative Description of the Business Annual Information Form 2021 – Risk Factors Climate Change Code of Business Conduct and Ethics Environmental Policy
GRI 103-2 The management approach and its components	**TR-AL-110a.2/ TR-AF-110a.2** Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Annual Report – Financial Sustainability Annual Report – Business Development and Diversification Annual Report – Environmental Sustainability Annual Report – Management's Discussion and Analysis Annual Information Form 2021 – Narrative Description of the Business Annual Information Form 2021 – Risk Factors Climate Change Code of Business Conduct and Ethics Environmental Policy
GRI 103-3 Evaluation of the management approach			Annual Report – Financial Sustainability Annual Report – Business Development and Diversification Annual Report – Environmental Sustainability Annual Report – Management's Discussion and Analysis Annual Information Form 2021 – Narrative Description of the Business Annual Information Form 2021 – Risk Factors Climate Change Code of Business Conduct and Ethics Environmental Policy

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Economic Performance			
GRI 201-1 Direct economic value generated and distributed			**2021 Financial Snapshot:** Economic value generated: $831.6 million Economic value distributed: $852.3 million Economic value retained: -$20.7 million Annual Report – Management's Discussion and Analysis
GRI 201-2 Financial implications and other risks and opportunities due to climate change		**TCFD-S.b Strategy** Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning **TCFD-R.a Risk Management** Describe the organization's processes for identifying and assessing climate-related risks	The GTAA has implemented the ISO 14001, which includes Climate Change. The Environmental Management System informs part of our business plans to achieving the system targets. The GTAA's Environmental Services division provides quarterly reports on environmental targets, risks and mitigation plan monitoring to senior management. Such risks include impacts on physical and transitional risks from climate change, and changes to environmental regulation. With the GTAA's ERM and EMS programs both having adopted ISO approaches, the process for identifying and assessing climate-related risks are very similar. Annual Report – Message from the Board Chair Annual Report – Environmental Sustainability Annual Information Form 2021 – Risk Factors
GRI 201-3 Defined benefit plan obligations and other retirement plans			The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan. The GTAA measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year.
GRI 201-4 Financial assistance received from government			The GTAA received payments from the Canada Revenue Agency under the Canada Emergency Wage Subsidy ("CEWS") program until October 2021, claiming $28 million. The Airport Ground Lease rent deferral for 2021 has assisted the GTAA to better manage liquidity impacted by the COVID-19 pandemic.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Market Presence			
GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Not applicable: This indicator is not relevant as all starting salaries exceed the local minimum wage rate specified under the relevant labour legislation.
GRI 202-2 Proportion of senior management hired from the local community			The GTAA is based at one single location in Toronto, Ontario, Canada. The GTAA does not have a procedure for local hiring for senior management. When hiring executive roles, the search is not limited to just those who live in the GTA. Individuals residing in the local community receive equal consideration to those outside depending on the particular role.
GRI AO1 Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin, destination and transfer, including transit passengers			Total passengers: 12.7 million Domestic: 6.8 million International: 5.9 million Annual Information Form 2021 – Airport Activity Measures
GRI AO2 Annual total number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights			During 2021, there were 173,000 total aircraft movements. Annual Information Form 2021 – Flight Activity Annual Report – Management's Discussion and Analysis – MTOW, seats, seats per passenger aircraft movement and load factor
GRI AO3 Total amount of cargo tonnage			Total cargo: 394,680.165 tonnes Belly cargo: 180,641.355 tonnes Freight: 214,036.790 tonnes As it is not mandatory for air carriers to report air cargo tonnage information to the GTAA, air carriers report this information on a voluntary basis. Accordingly, the reported tonnage is not necessarily an accurate description of actual tonnage. Annual Information Form 2021 – Flight Activity
Indirect Economic Impacts			
GRI 203-1 Infrastructure investments and services supported			Annual Report – Message from the Board Chair Annual Report – Collaboration Building Better Transit
GRI 203-2 Significant indirect economic impacts			Annual Report – Financial Sustainability Propeller Project

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Procurement Practices			
GRI 204-1 Proportion of spending on local suppliers			In the GTAA's "Procurement of Goods and Services Policy," we have clauses on the use of Canadian labour and materials where feasible. Our overall spend with all our suppliers in 2021 was $358 million, of which 90% was spent in Ontario. 99% of the Ontario spend was in the Greater Toronto and Hamilton Area.
Anti-corruption			
GRI 205-1 Operations assessed for risks related to corruption	**SV-PS-510a.1** Description of approach to ensuring professional integrity		Both internal and external auditors have included in their risk assessment the risk of internal corruption. Annual Information Form 2021 – Corporate Governance The GTAA maintains a whistleblower policy. Code of Business Conduct and Ethics
GRI 205-2 Communication and training about anti-corruption policies and procedures	**SV-PS-510a.1** Description of approach to ensuring professional integrity		All GTAA employees, contracted staff and Board members are required to know, understand and adhere to the GTAA Code of Business Conduct and Ethics which addresses the issue of corruption. During their orientation, 100% of GTAA staff are required to review the Code and sign a statement affirming that they shall conduct themselves in accordance with the Code, and to proactively disclose any potential conflicts of interest. Code of Business Conduct and Ethics
GRI 205-3 Confirmed incidents of corruption and actions taken	**SV-PS-510a.1** Description of approach to ensuring professional integrity		In 2021 there were no incidents of bribery or corruption. The GTAA has made a confidential, anonymous hotline available to employees; through this method, employees may report any perceived instances of unethical or illegal business practices.
Anti-competitive Behaviour			
GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	**SV-PS-510a.1** Description of approach to ensuring professional integrity		No legal actions against the GTAA for anti-competitive behaviour, anti-trust or monopoly practices were taken in 2021. The summary of all litigation involving the GTAA maintained by Legal Services and Corporate Risk does not contain any legal actions against the GTAA for these types of matters. In addition, a review of the websites of the Competition Bureau and the Federal Court of Canada does not indicate any legal actions against the GTAA for these types of matters.
Materials			
GRI 301-1 Materials used by weight or volume			Aircraft deicing/anti-icing fluid used from January 1, 2021 to December 31, 2021 – total glycol dispensed (litres): 4,674,106 Potassium acetate (KA) – quantity purchased from January 1, 2021 to December 31, 2021 (kg): 460,000 Sodium formate (SF) – quantity purchased from January 1, 2021 to December 31, 2021 (kg): 793,420

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Management Approach			
GRI 103-1 Explanation of the material topic and its Boundary	**TR-AL-110a.2/ TR-AF-110a.2** Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Annual Report – Message from the Board Chair Annual Report – Environmental Sustainability Annual Report – Operational Effectiveness Annual Information Form 2021 – Environmental Matters Annual Information Form 2021 – Corporate Governance Annual Information Form 2021 – Risk Factors Climate Change Waste Management Noise Management Environmental Policy
GRI 103-2 The management approach and its components	**TR-AL-110a.2/ TR-AF-110a.2** Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Annual Report – Message from the Board Chair Annual Report – Environmental Sustainability Annual Report – Operational Effectiveness Annual Information Form 2021 – Environmental Matters Annual Information Form 2021 – Corporate Governance Annual Information Form 2021 – Risk Factors Climate Change Waste Management Noise Management Environmental Policy
GRI 103-3 Evaluation of the management approach			Annual Report – Message from the Board Chair Annual Report – Environmental Sustainability Annual Report – Operational Effectiveness Annual Information Form 2021 – Environmental Matters Annual Information Form 2021 – Corporate Governance Annual Information Form 2021 – Risk Factors Climate Change Waste Management Noise Management Environmental Policy

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Energy			
GRI 302-1 Energy consumption within the organization	**IF-RE-130a.1**		Non-renewable fuel: Natural gas consumption for 2021: 29,609,106 m^3 (includes Co-Gen facility) Unleaded fuel consumption: 470,828.97 litres Diesel fuel consumption: 1,195,487.02 litres Electricity purchased (kWh): 235,422,108 (excludes Co-Gen self-generated electricity) Electricity sold (kWh): 117,401,040 (includes tenant recovery and electricity sold to grid) Because the airport operation occurs throughout the entire site, both inside and outside facility walls, energy data is not captured in a way that allows for separation by gross floor area.
GRI 302-3 Energy intensity ratio			This is currently not calculated. The GTAA is focused on achieving an absolute energy reduction.
GRI 302-4 Reduction of energy consumption			Reduction in energy consumption from conservation projects: 4,346,740 ekWh **Some of the initiatives in 2021 include:** AMF interior lighting replacement CUP interior lighting replacement Admin interior LED replacement Runway lighting – 2,102 lights upgraded to LED on aprons and runway 33R Decommissioning of high-speed moving walkways M&V work on T1 HVAC system Earth Hour reductions COVID shutdowns (recommissioning of daylight harvesting system and manually shutting off lights and other energy-consuming devices in unused spaces) We have estimated the impact of COVID-19 on our overall GHG reduction. Compared to the 2006 base year, COVID-related shutdowns and slowdowns of activity reduced GHG by about 10%.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Environment and Climate Change			
		TCFD-R.b Risk Management Describe the organization's processes for managing climate-related risks	As a requirement of the ISO 14001:2015 certification, the GTAA developed and implemented an Environmental Policy for the Airport that is reviewed annually. The purposes of the GTAA's Environmental Policy are to provide high-level direction to the GTAA's environmental goals and initiatives including to reduce and control environmental risks and to promote continuous improvement and regulatory compliance. The GTAA's Environmental Policy addresses corporate commitments to combat climate change concerns as follows: **Climate Change Resiliency:** Taking the appropriate steps to be resilient to the physical and transition risks of climate change, by assessing how climate change will create new, or alter current, climate-related risks; and mitigating those risks. **Carbon Neutrality and Emissions:** Reducing GTAA's emissions footprint by making improvements in operational efficiency and investment in projects for the direct reduction and/or offset of energy consumption and GHG emissions to achieve net-zero GHG by 2050. In addition to the work under the EMS, the GTAA has conducted stakeholder engagement and industry scans to better understand the different dimensions of transition risks to allow the GTAA to monitor and assess emerging or new risks, especially the speed of the risk exposure materializing. Annual Information Form 2021 – Environmental Matters Annual Information Form 2021 – Operational Risks Annual Report – Environmental Sustainability Annual Report – United Nations Sustainable Development Goals
		TCFD-R.c Risk Management Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The GTAA has developed and implemented an Enterprise Risk Management ("ERM") program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals. In addition, a working group of the Board was struck to review and ensure that we are considering critical issues through an environmental, social and governance ("ESG") lens, with a particular emphasis on climate change. As part of the Board's oversight responsibilities, each regular Board meeting included a discussion of climate change–related risks and opportunities Annual Report – Message from the Board Chair Annual Information Form 2021 – Operational Risks Annual Information Form 2021 – Environmental Matters

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Environment and Climate Change			
		TCFD-S.c Strategy Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Annual Information Form 2021 – Environmental Matters Annual Information Form 2021 – Operational Risks
		TCFD-M.c Metrics and Targets Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Annual Report – Environmental Sustainability Annual Information Form 2021 – Environmental Matters Climate Change Our Environment

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Water			
GRI 303-1 Interactions with water as a shared resource			The GTAA is provided with potable water from the Region of Peel municipal system which draws primarily from Lake Ontario. Potable water is consumed in the terminals and other GTAA owned and operated facilities. Residual water is released to the municipal water system for downstream treatment. The GTAA also collects surface runoff in stormwater retention ponds or facilities that can be released to the local stormwater system when compliant with water quality regulations and guidelines or diverted to the sanitary system for treatment. Activities at Toronto Pearson that may impact surface water may include but are not limited to: deicing, fuelling, and aqueous fire fighting foam ("AFFF"). The GTAA has established a water monitoring program to identify the impacts of airport operations on water quality. The water monitoring program consists of a seasonal sampling schedule, divided between fall/winter and spring/summer. During the fall/winter sampling schedule, additional grab sample locations are included to closely monitor the effects of deicing operations on the water quality from airport property. If compliant with water quality regulations and guidelines, fluid captured within the stormwater facilities will be discharged to the stormwater system. Alternatively, fluid may be diverted to the municipal sanitary system for downstream treatment in accordance with municipal agreements for discharge. The GTAA also has a groundwater monitoring program, which is enacted on a multi-year rotational basis. The GTAA commissioned a Water Use Profile Study by external consultants to identify and evaluate potential potable water savings. A number of minor items were identified that are being actioned as appropriate. In addition, GTAA was subjected to water audits by the Region of Peel in 2011 and no significant opportunities were identified. The GTAA has classified water-related impacts into a number of categories, including but not limited to: natural hazard assessments (i.e., flooding and erosion), water quality and quantity characterization (and sampling and assessment programs), climate change considerations, and restoration and best management practices. No water sources are significantly affected by the withdrawal of water. The GTAA has invested in, and maintains, robust stormwater infrastructure capable of capturing the first 25 mm of precipitation on our property, ensuring downstream flooding considerations are accounted for. Additional treatment technologies (i.e., oil/grit separators, underground containment facilities, etc.) are also utilized in order to ensure water quality levels are met appropriately. The GTAA participates as a steering group member with the Toronto and Region Conservation Authority on the Etobicoke Creek and Mimico Creek watersheds, where the final discharge of stormwater from the airport property discharges. This provincial planning framework emphasizes the importance of watershed planning for integrated and long-term planning by municipalities. Policy direction in the Provincial Policy Statement encourages a coordinated approach to planning to protect, improve or restore the quality and quantity of water by using the watershed as the ecologically meaningful scale for integrated and long-term planning. The Growth Plan for the Greater Golden Horseshoe and the Greenbelt Plan require municipalities, partnering with conservation authorities as appropriate, to undertake watershed planning to inform the identification of water resource systems, the protection, enhancement or restoration of the quality and quantity of water, and decisions on allocation of growth and planning for water, waste water and stormwater infrastructure.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Water			
GRI 303-1 Interactions with water as a shared resource (continued)			The GTAA currently does not recycle or reuse water. The GTAA is certified to the ISO 14001 standard; the process for setting targets is documented in the GTAA's ISO manual. Environmental aspects at the GTAA are identified by examining airport operations within the defined scope and determining which products, services and/or activities have or can have impacts on environmental receptors. New or planned development is taken into account when identifying new aspects. An aspect review is completed each year. If there are any new or changed activities, products or services at the Airport that may affect water quality, they are evaluated to determine if they are significant. If the activity, product or service is determined to have a significant impact, a new target will be developed to mitigate or manage the environmental impact.
GRI 303-2 Management of water discharge-related impacts			The GTAA follows all federal and provincial guidelines for effluent exiting airport property, including but not limited to the Canadian Environmental Protection Act, 1999 (Canada), the Canadian Council of Ministers of the Environment, and the Environmental Protection Act (Ontario). The GTAA also sends contaminated fluid to the municipal sanitary system, as per individual agreements with the governing municipal authority.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Water			
GRI 303-3 Water withdrawal	**IF-RE-140a.1** Water withdrawal data coverage as a percentage of (1) total floor area, and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector **IF-RE-140a.2** (1) Total water withdrawn by portfolio area with data coverage, and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector **IF-RE-140a.3** Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector		**Total water withdrawal from all areas in megalitres, and a breakdown of this total by the following sources:** Surface water: 0 Groundwater: 0 Seawater: 0 Produced water: 0 Third-party water : 761.05 ML **Total water withdrawal from all areas with water stress in megalitres, and a breakdown of this total by the following sources, if applicable:** Surface water: 0 Groundwater: 0 Seawater: 0 Produced water: 0 Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv: 0 **A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megalitres by the following categories:** Freshwater (≤1,000 mg/L total dissolved solids): 726.5 ML Other water (>1,000 mg/L total dissolved solids): N/A The GTAA is provided with potable water from the Region of Peel municipal system which draws primarily from Lake Ontario. Potable water is consumed in the terminals and other GTAA owned and operated facilities. Residual water is released to the municipal water system for downstream treatment. Toronto Pearson falls within an area identified as having Low overall water risk as per the "Aqueduct Water Risk Atlas." Water is sourced from the municipal water supply, through the Region of Peel, which also falls in an area identified as having Low overall risk per the "Aqueduct Water Risk Atlas." As such, all information per reporting criteria 303-3-b are Not Applicable. IF-RE-140a.1 – Toronto Pearson utilizes water in a number of areas exterior to building footprints on the property. As such, we are unable to provide information for this metric. IF-RE-140a.2 – Zero for all answers. All areas fall within the classification of low water risk. IF-RE-140a.3 – Like-for-like change should not be calculated in this year's report as we have not reported in this way in previous years. This will be included in the 2023 report as a percentage change between usage.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Water			
GRI 303-4 Water discharge			**Total water discharge to all areas in megalitres, and a breakdown of this total by the following types of destination:** Surface water: 2223.39 ML (sent to all stormwater facilities) Groundwater: N/A Seawater: N/A Third-party water, and the volume of this total sent for use to other organizations: 198.713 ML (Co-Gen facility: 51.680 ML, and tenants: 147.033 ML) **A breakdown of total water discharge to all areas in megalitres by the following categories:** Freshwater (≤1,000 mg/L total dissolved solids): 2,223.39 ML Other water (>1,000 mg/L total dissolved solids): 38.3 ML **Total water discharge to all areas with water stress in megalitres, and a breakdown of this total by the following categories:** Freshwater (≤1,000 mg/L total dissolved solids): N/A Other water (>1,000 mg/L total dissolved solids): N/A The GTAA uses an Environmental Management System ("EMS") that is certified to ISO 14001:2015. Through the EMS, the GTAA identifies all aspects of the business' products, activities and services that could potentially have an environmental impact. Once identified, these aspects are vetted through a risk analysis process to determine if mitigation factors are required. Also as part of the EMS, an annual legal review is conducted to ensure that all applicable legislation is identified and being adhered to. All discharges of effluent are conducted using federal and provincial regulations and guidelines. In 2021, there were no incidents of non-compliance, where water exiting airport property was above the discharge limit of 100 ppm for glycol. An exceedance is recorded when sampling for given parameters indicates a concentration greater than federal and/or provincial water quality regulations and guidelines and the ability to contain the fluid has reached capacity, therefore bypassing containment into the stormwater system.
GRI 303-5 Water consumption			Total water consumption from all areas in megalitres: 761.05 ML (includes Toronto Pearson Airport: 528.125 ML, Co-Gen facility: 96.885 ML, and tenants: 136.064 ML) Total water consumption from all areas with water stress in megalitres: N/A Change in water storage in megalitres, if water storage has been identified as having a significant water-related impact: N/A Total water consumption is calculated using water bills from municipality based on water metering.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Biodiversity			
GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			The airport property and adjacent areas are not considered protected areas or areas of high biodiversity value.
GRI 304-2 Significant impacts of activities, products, and services on biodiversity			The airport property and adjacent areas are not considered protected areas or areas of high biodiversity value.
GRI 304-3 Habitats protected or restored			Quantitative monitoring of Spring Creek and Etobicoke Creek continues to drive capital planning restoration efforts.
GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			There are no listed species on site.
AO9 Total annual number of wildlife strikes per 10,000 aircraft movements			Total number of confirmed wildlife strikes reported at Toronto Pearson in 2021: 97 This includes any remains found within 200 feet of the runway surface that have not been reported as strikes but cannot be attributed to other activities (per Canadian Aviation Regulations). Total number of possible strikes (reported by flight crew but no remains found): 56 Cumulative confirmed strike rate: 5.79 strikes/10,000 movements. Number of damaging strikes resulting in adverse effect on flight: 0 The overall number of strikes is 80% higher than last year, reflecting a significantly increased abundance of animals (+257% and +279% during spring and fall migration periods, respectively). These increases are primarily resulting from a quieter airfield. The rate itself has risen sharply as the relationship between traffic and strikes is skewed by much lower traffic numbers in the first half of 2021, along with the above noted actual strike event increase.
GRI 305-1 Direct (Scope 1) GHG emissions and explanation of the methodology used	**TR-AL-110a.1 / TR-AF-110a.1** Gross global Scope 1 emissions **TR-AF-430a.2** Total greenhouse gas (GHG) footprint across transport modes	**TCFD-M.b Metrics and Targets** Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	65,177 tonnes of CO_2e. This number includes all combustion of fuels such as natural gas, gasoline and diesel, etc. that happens on site to support GTAA operations. This number does not include tenants such as restaurants operating out of T1 and T3 as they are charged back for their usage. This number also does not include electricity supplied by the grid as that electricity is produced off site. GHG emissions are third-party verified on an annual basis as part of the federal Output-Based Pricing System ("OBPS") regulations and as part of the Airport Carbon Accreditation ("ACA") certification process. This scope does include natural gas boilers, fleet vehicles, generators and the cogeneration plant which supplies the Airport and the grid with electricity at opportunistic times throughout the year, for example. The methodology used is in accordance with ISO 14064.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Emissions			
GRI 305-2 Energy indirect (Scope 2) GHG emissions	**TR-AF-430a.2** Total greenhouse gas (GHG) footprint across transport modes	**TCFD-M.b Metrics and Targets** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	3,057 tonnes CO_2e
GRI 305-3 Other indirect (Scope 3) GHG emissions	**TR-AF-430a.2** Total greenhouse gas (GHG) footprint across transport modes	**TCFD-M.b Metrics and Targets** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	As part of its commitment to reducing environmental impacts, the GTAA has aligned reporting standards to include ISO 14064, the OBPS regulations, and the internationally recognized Airport Carbon Accreditation program (GTAA is currently level 3 – optimization). In order to align standards, the GTAA has expanded the reporting boundary beyond the core airport operations to include emissions from the sale and production of electricity in this year's report. The GTAA currently reports on Scope 1 and Scope 2 emissions.
GRI 305-4 GHG emissions intensity			5.13 kg CO_2e/passenger (Scope 1 and 2 emissions) – Due to the impacts of COVID-19 on aviation, passenger values decreased drastically in 2021; while use of the GTAA cogeneration facility increased. The GTAA continued to invest in GHG and energy measures during 2021, but the severe reduction in passengers has resulted in an emissions intensity difference relative to previous years.
GRI 305-5 Reduction of GHG emissions			60.4% reduction in GHG emissions compared to a 2006 baseline
GRI 305-6 Emissions of ozone-depleting substances (ODS)			1.3 tonnes
GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	**TR-AF-120a.1** Air emissions of the following pollutants: (1) NOx (excluding NO_2), (2) SOx, and (3) particulate matter (PM10)		2020 Values: NOx: 30.65 tonnes SOx: 0.72 tonnes PM10 : 0.79 tonnes

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Emissions			
AO5 Ambient air quality levels according to pollutant concentrations in micrograms per cubic meter (µg/m³) or parts per million (ppm) by regulatory regime	**TR-AF-120a.1** Air emissions of the following pollutants: (1) NOx (excluding NO_2), (2) SOx, and (3) particulate matter (PM10)		Ambient air quality levels are expressed according to pollutant concentrations in either microgram per cubic metre (µg/m³), parts per million (ppm) or parts per billion (ppb), as per the relevant by regulatory regime. All air quality reporting for the GTAA follows the requirements in the "Operations Manual for Air Quality Monitoring in Ontario," published online by the Ontario Ministry of the Environment, Conservation and Parks ("MECP"). Criterion Types are expressed as either an Ambient Air Quality Criteria ("AAQC," published online by MECP) or a Standard (found in Schedule 3 of O.Reg. 419/05 Air Pollution – Local Air Quality). PM10 24-hour (AAQC – 50 µg/m³): Measured maximum 86 µg/m³ SO_2 1-hour (AAQC 40 ppb – Standard 250 ppb): Measured maximum 69 ppb SO_2 24-hour (Standard 100 ppb): Measured maximum 7 ppb SO_2 annual (AAQC 4 ppb): N/A NO_2 1-hour (AAQC 200 ppb – Standard 200 ppb): Measured maximum 64 ppb NO_2 24-hour (AAQC 100 ppb – Standard 200 ppb): Measured maximum 41 ppb CO 1-hour (AAQC 30 ppm): Measured maximum 1.16 ppm CO 8-hour (AAQC 13 ppm): Measured maximum .86 ppm Ozone 1-hour (O_3) (AAQC 80 ppb – Standard 80 ppb): Measured maximum 82 ppb PM2.5 24-hour (Target 27 µg/m³): Measured maximum 54 µg/m³ There is no longer a 24-hour or annual AAQC or Standard for ozone. Note that for PM2.5 the criterion is a target only (set by the Canadian Council of Ministers of the Environment).

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Waste			
GRI 306-1 Waste generation and significant waste-related impacts			Activities that generate the highest volume of waste are retail/food and beverage, followed by materials that are required for facility maintenance. Retail/food and beverage are the highest waste generators, from packaging to food waste. As well, airlines generate paper product waste from bag tags, etc. Organization-generated waste is predominantly facility maintenance materials as well as paper products. The GTAA receives a monthly report which certifies the metric tonnes collected from each building. Annual Report – Environmental Sustainability
GRI 306-2 Management of significant waste-related impacts			All waste is managed by third-party contracts. Waste collected within the facility is collected by a contractor and disposed of in appropriate compactors and in colour-coded bags: white for domestic waste, blue for recycling and orange in line with the Canadian Food Inspection Agency for international waste. There is no waste sortation facility on site; however, the contractor that collects the waste from the receptacles and restaurants completes a visual inspection for contaminated recycling waste and will dispose of the waste in the appropriate composter. The receptacles across the organization are labelled with specific labels to direct waste into the correct stream. The waste hauler that collects the compacted waste takes it to the contractor's facility and places it on a conveyor for sortation. Any waste that is not recyclable is taken to the incineration facility for energy from waste recovery. No waste generated at this organization, whether upstream or downstream, goes to a landfill. All waste that is not recoverable is incinerated.
GRI 306-3 Waste generated			Total amount of waste: 3,178.58 tonnes Waste for energy recovery: 1,271.17 tonnes Waste for recycling: 1,907.41 tonnes Waste for generation energy recovery/recycling: cans, assorted plastic and glass; wood; metal; office paper/newspaper/cardboard/organics
GRI 306-4 Waste diverted from disposal			Total weight of waste diverted from disposal: 1,907.41 tonnes Composition of waste: cans, assorted plastic and glass; wood; metal; office paper/newspaper/cardboard/organics Hazardous waste: N/A Total weight of non-hazardous waste diverted from disposal in metric tonnes is 1,907.41, and a breakdown of this total diverted is by recycling. The total weight in metric tonnes of non-hazardous waste diverted from disposal is calculated all offsite and equals 1,907.41 tonnes. **Items recycled are:** Cans and assorted plastics: 616.91 tonnes Wood: 12.19 tonnes Metal: 37.04 tonnes Office paper/newspaper: 106.59 tonnes Cardboard: 527.61 tonnes Organics: 607.07 tonnes

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Waste			
GRI 306-5 Waste directed to disposal			Total weight of waste directed to disposal in metric tonnes is 1,271.17. Total weight of hazardous waste is N/A. Total weight of non-hazardous waste directed to disposal in metric tonnes, and a breakdown of this total by the following disposal operations: Incineration (with energy recovery): 1,271.17 tonnes Incineration (without energy recovery): 0 (All waste is incinerated with energy recovery.) Landfilling: 0 The breakdown of the total weight in metric tonnes of non-hazardous waste directed to disposal: On-site: 0 (No sorting facility on site.) Off-site: 1,271.17 tonnes On-site waste is directed to various streams with signage on the waste receptacles indicating in which stream it is to be deposited. This is not weighed on site as there is no physical sortation facility.
Noise			
AO7 Number and percentage change of people residing in areas affected by noise			The GTAA has a robust Noise Management Program which is updated every five years through a Noise Management Action Plan. The Corporation's Noise Management Program is based on the International Civil Aviation Authority's balanced approach to noise management: reduction of noise at source (engine and airframe), land use planning and management, noise abatement, and operational procedures and operating restrictions. As part of this, to mitigate the number of residents impacted by operational noise, the GTAA has worked with the neighbouring municipalities to create an Airport Operating Area ("AOA") surrounding the Airport. The AOA, which is based on the 30 Noise Exposure Forecast noise contour, delineates an area within which certain land uses that are incompatible with airport operations, including residential development and schools, are opposed by the GTAA. The AOA has been incorporated into the official plans of the cities of Toronto, Mississauga and Brampton, and the Region of Peel. Annual Report – Environmental Sustainability **Annual Information Form 2021** – Ground Lease **Noise Management**
Environmental Compliance			
GRI 307-1 Non-compliance with environmental laws and regulations			The GTAA has not received any fines or non-monetary sanctions for non-compliance with environmental laws and regulations for 2020–2021 operations at the time of releasing of this report.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Supplier Environmental Assessment			
GRI 308-1 New suppliers that were screened using environmental criteria			We competitively bid nearly all of our large contracts and those competitions include evaluating proposals relative to our Environmental Policy and Green Procurement Policy, and evaluating the social and environmental performance of contracted suppliers. Small contracts that are not competitively bid are still compelled to comply with laws, including environmental and social ones. And contracts for construction on our lands are often subject to assessments in accordance with the Impact Assessment Act. There is screening for environmental and social criteria across the board.
Management Approach			
GRI 103-1 Explanation of the material topic and its Boundary			Annual Report – Operational Effectiveness Annual Report – Innovation and Technology Annual Report – Supporting and Empowering Our Employees **Annual Information Form 2021** – Compensation Discussion and Analysis
GRI 103-2 The management approach and its components			Annual Report – Operational Effectiveness Annual Report – Innovation and Technology Annual Report – Supporting and Empowering Our Employees **Annual Information Form 2021** – Compensation Discussion and Analysis
GRI 103-3 Evaluation of the management approach			Annual Report – Supporting and Empowering Our Employees **Annual Information Form 2021** – Compensation Discussion and Analysis
Employment			
GRI 401-1 New employee hires and employee turnover	**SV-PS-330a.2** (1) Voluntary and (2) involuntary turnover rate for employees		As of December 31, 2021, the GTAA employed approximately 1,548 persons who were engaged in management, technical, administrative and general labour activities. This number includes 165 seasonal employees, who were employed in general labour activities in the deicing and airfield maintenance departments. The majority of the GTAA's employees are unionized, represented by either Unifor Local 2002 or the Pearson Airport Professional Fire Fighters Association ("PAPFFA"). Voluntary turnover rate: 3.0% Involuntary turnover rate: 1.6%
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			The GTAA has a single location of operations, and all employees are eligible for benefits with the exception of temporary non-unionized employees. Permanent full-time and part-time GTAA employees are provided a comprehensive compensation package that includes group health benefits, paid and unpaid leave, and participation in a Defined Contribution Pension Plan.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Employment			
GRI 401-3 Parental leave			There is a legislated obligation under the Canada Labour Code (Part III) to provide an employee with parental leave upon their request (provided they are eligible as the birth parent of a newborn or parent of an adopted child) and to ensure any employee who takes maternity or parental leave is reinstated in the position that the employee occupied when the leave commenced. If there is a valid reason that the employee cannot be reinstated, the GTAA is still obliged to reinstate the employee in a comparable position with the same wages and benefits and in the same location. In addition, the GTAA tops up the equivalent to the difference between Canada's Employment Insurance benefits and 93% of the employee's normal weekly rate up to a maximum of 30 weeks (employee must have completed six (6) months of service), with the exception of Unifor employees, who are topped up to 100%, as of August 1, 2019 due to changes in their Collective Agreement. A total of 27 women and 27 men took parental leave in 2021. The GTAA's retention rate in relation to parental leave for 2021 was 93%. Total number of employees who were entitled to parental leave, by gender: 417 female, 1,116 male Return to work and retention rates of employees who took parental leave, by gender: male 96.29%, female 88.88%
Labour/Management Relations			
GRI 402-1 Minimum notice periods regarding operational changes			The Collective Agreement includes language pertaining to minimum notice periods regarding significant operational changes, in particular the articles on Layoff/Recall and Technological Change, where a 120-day notice period is provided to the union. At the commencement of this notice period, the parties meet to consult prior to the employees ultimately receiving notice pertaining to such operational changes. The GTAA otherwise complies with applicable labour and employment legislation, including the Canada Labour Code and the Employment Standards Act (Ontario).
Occupational Health and Safety			
GRI 403-1 Occupational health and safety management system	**TR-AL-540a.1** **TR-AF-540a.1** Description of implementation and outcomes of a Safety Management System		The GTAA has implemented an Occupational Health and Safety ("OHS") Management System. This system has been implemented based on the ISO standard as a method of risk mitigation. The system covers all of the GTAA workers, including contract workers. Annual Report – Operational Effectiveness
GRI 403-2 Hazard identification, risk assessment, and incident investigation			The GTAA uses a Hazard Identification, Assessment and Control process to determine how to minimize risk to workers. This includes Job Safety Analysis, field-level hazard assessments, risk assessments and concern reviews. The GTAA uses systems of quality control and quality assurance to monitor compliance and effectiveness. The OHS Committee and system owners use this information to develop annual improvement goals. An online all-incident reporting form is used to capture any incidents. Workers have the right to refuse as per the Canada Labour Code ("CLC"). The GTAA has a comprehensive concern review process used to investigate incidents and create corrective action plans.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Occupational Health and Safety			
GRI 403-3 Occupational health services			The GTAA is located in Ontario, Canada, and access to occupational medical services is not impeded in our community. Access is easy and government-funded. The GTAA also has access to occupational health nurse services, an industrial hygienist service and a Chief Medical Officer to help make medically appropriate decisions.
GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	**TR-AL-540a.1** **TR-AF-540a.1** Description of implementation and outcomes of a Safety Management System		All GTAA employees are represented by both a Workplace Health and Safety Committee ("WHSC") and a Policy Occupational Safety and Health ("POSH") Committee. These committees meet regularly to discuss health and safety concerns, review progress and make recommendations to improve health and safety in the workplace, ensuring that the underlying principles of the internal responsibility system are followed at all times. Annual Report – Operational Effectiveness
GRI 403-5 Worker training on occupational health and safety			The GTAA has a wide array of Health and Safety training courses – both general and task specific. These are based on legislation and the information that feeds out of the management system and its concern reviews.
GRI 403-6 Promotion of worker health			The GTAA is located in Ontario, Canada, and access to non-occupational medical services is not impeded in our community. Access is easy and government-funded. Annual Report – Supporting and Empowering Our Employees
GRI 403-7 Prevention and mitigation of occupational health and safety impacts			The GTAA has a comprehensive pre-qualification process and only uses contractors that have their own Health and Safety Management systems.
GRI 403-8 Workers covered by an occupational health and safety management system	**TR-AL-540a.1** **TR-AF-540a.1** Description of implementation and outcomes of a Safety Management System		The GTAA has implemented an Occupational Health and Safety Management System. This system has been implemented based on the ISO standard as a method of risk mitigation. The system covers all of the GTAA workers who are employed in the Airport Management field.
GRI 403-9 Work-related injuries	**TR-AF-320a.1** (1) Total recordable incident rate (TRIR), and (2) fatality rate for (a) direct employees, and (b) contract employees		**For all employees:** The number and rate of fatalities as a result of work-related injury: 0 The number and rate of high-consequence work-related injuries (excluding fatalities): 20 (called lost-time rate: 1.66) The number and rate of recordable work-related injuries: 29 (rate 2.64) The main types of work-related injury: Slip & fall and musculoskeletal The number of hours worked: 192,000 Data for all workers who are not employees of the GTAA but whose work and/or workplace is controlled by the GTAA is not tracked by the GTAA. External to GTAA are contractors which control their own hazards. Incidents are captured and investigated and corrective action is taken for all hazards; the GTAA does not categorize incidents as high-hazard. The rates provided are based on 200,000 hours worked. All hazards are assessed as they are identified. System goal is to eliminate and/or mitigate. High-hazard is interpreted as lost time.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Occupational Health and Safety			
GRI 403-10 Work-related ill health	**TR-AF-320a.1** (1) Total recordable incident rate (TRIR), and (2) fatality rate for (a) direct employees, and (b) contract employees		The GTAA had no fatalities or work-related ill health incidents in 2021.
Training and Education			
GRI 404-1 Average hours of training per year per employee			This data is unavailable due to our training system technology and varying methods of training delivery.
GRI 404-2 Programs for upgrading employee skills and transition assistance programs			The GTAA provides employees with a wide range of both job-specific and developmental training opportunities, based on training plans that are created for them based on their specific, identified training needs. The GTAA also regularly provides information sessions to employees on a range of topics, including retirement planning and outplacement support services. Annual Report – Supporting and Empowering Our Employees
GRI 404-3 Percentage of employees receiving regular performance and career development reviews			100% of our non-unionized employees receive an annual performance and career development review.
Diversity and Equal Opportunity			
GRI 405-1 Diversity of governance bodies and employees	**SV-PS-330a.1** Percentage of gender and racial/ethnic group representation for (1) executive management, and (2) all other employees		Annual Information Form 2021 – Corporate Governance – Nomination of Members As of December 31, 2021, 27% of our current workforce is female. 5.3% are under the age of 30 (1.6% female and 3.7% male); 55.7% are 30–49 years old (16.3% female and 39.4% male); and 39% are over the age of 50 (9.5% female and 29.5% male).
GRI 405-2 Ratio of basic salary and remuneration of women to men			The GTAA has a single location of operations. The GTAA complies with its obligation under federal employment equity and human rights legislation, including preparing an Employment Equity Plan in accordance with the Employment Equity Act (Canada). Employee salaries are determined based on the scope of work performed, irrespective of the gender of employees. Women (average salary): Manager $126,854, Non-manager $80,045 Men (average salary): Manager $133,709, Non-manager $87,998 Manager – women earned $95 per $100 earned by men Non-manager – women earned $91 per $100 earned by men
Non-discrimination			
GRI 406-1 Incidents of discrimination and corrective actions taken			In 2021, there were three reports of alleged discrimination. Two investigations of these reports are ongoing and the third report was substantiated and remedial action was taken.

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Freedom of Association and Collective Bargaining			
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			The Canadian legislative environment protects our workers' rights. Our employees have exercised their right to representation by a union.
Security Practices			
GRI 410-1 Security personnel trained in human rights policies or procedures			All full-time employees within our Safety and Security department are required to have a full understanding of the GTAA's human rights policies, procedures and obligations.
Rights of Indigenous Peoples			
GRI 411-1 Incidents of violations involving rights of indigenous peoples			There were no incidents during the reporting period.
Human Rights Assessment			
GRI 412-1 Operations that have been subject to human rights reviews or impact assessments			As a federally regulated private-sector employer, the GTAA is subject to the Employment Equity Act, and as part of the Legislated Employment Equity Program, submits employment equity reports to Employment and Social Development Canada on an annual basis in the prescribed format.
GRI 412-2 Employee training on human rights policies or procedures			Accessible customer experience: 96.69% Creating a respectful workplace: 78.67% The total number of hours of training devoted to human rights policies or procedures concerning aspects of human rights is unavailable due to the training technology used.
GRI 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			The GTAA has no significant investment in other entities.
Local Communities			
GRI 413-1 Operations with local community engagement, impact assessments, and development programs			Annual Report – Environmental Sustainability Annual Report – Collaboration Annual Report – Supporting and Empowering Our Employees Community Noise Management Propeller Project
GRI 413-2 Operations with significant actual and potential negative impacts on local communities			Annual Report – Environmental Sustainability Annual Report – Collaboration Community Noise Management Propeller Project

GRI Standard	Alignment with SASB	Alignment with TCFD	Disclosure Response (figures reported are as at December 31, 2021)
Supplier Social Assessment			
GRI 414-1 New suppliers that were screened using social criteria			We competitively bid nearly all of our large contracts and those competitions include evaluating proposals relative to our Environmental Policy and Green Procurement Policy, and evaluating the social and environmental performance of contracted suppliers. Small contracts that are not competitively bid are still compelled to comply with laws, including environmental and social ones. And contracts for construction on our lands are often subject to assessments in accordance with the Impact Assessment Act. There is screening for environmental and social criteria for nearly all GTAA suppliers.
Public Policy			
GRI 415-1 Political contributions			Effective January 1, 2017, contributions to parties, constituency associations, nomination contestants, candidates and leadership contestants registered under the Election Finances Act may be made only by persons individually. GTAA is prohibited from making political contributions.
Customer Health and Safety			
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			No reports of non-compliance regarding products or services rendered in 2021. Annual Report – Operational Effectiveness **Annual Information Form 2021** – General Development of the Business **Healthy Airport**
Marketing and Labelling			
GRI 417-3 Incidents of non-compliance concerning marketing communications			There were no material incidents of non-compliance in 2021.
Customer Privacy			
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	**SV-PS-230a.3** (1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), and (3) number of customers affected		The organization has not identified any substantiated complaints from outside parties or regulatory bodies in 2021.
Socioeconomic Compliance			
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	**SV-PS-510a.1** Description of approach to ensuring professional integrity		In 2021, there were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations as described by the disclosure.

We welcome your feedback

If you have any questions or comments regarding this Annual Report, or suggestions for topics you'd like to see covered in future reports, please write to us at:

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

or send an email to Publication@GTAA.com.

Thank you for your interest

The Greater Toronto Airports Authority (GTAA) was incorporated in 1993 and manages Toronto Pearson International Airport under terms set out in our December 1996 lease with the Canadian federal government.

Design and Sustainability Consulting
The Works Design Communications

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