

# ***THE BETTER ROAD***

**2022 ESG REPORT**

**407 ETR**  
Express Toll Route

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# Message from the President & CEO

**At 407 ETR, we're passionate about connecting people and businesses to communities across the Greater Toronto Area (GTA) and we're ever more conscious of our impact from an environmental, social and governance (ESG) perspective.**

Our 2022 ESG Report demonstrates the important progress we have made towards increasing our transparency and accountability to our customers, employees and the communities we serve. We're proud to be publishing this report in alignment with the Sustainability Accounting Standards Board (SASB) framework and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). 407 ETR's 2022 greenhouse gas (GHG) emissions data was also assured for the first time by a third-party auditor.

In 2022, we're proud to have secured our first sustainability-linked loan that is conditional on meeting our targets regarding gender diversity on the Board of Directors, employee health and safety and reducing emissions. Incorporating material ESG factors into our corporate strategy leads to better business decisions and through this work, we're striving to increase our long-term value. In 2022, we completed a full ESG strategy development process that identified measures for 407 ETR to enhance ESG integration into governance processes and risk management systems.

This is timely, as the past few years have presented unique business challenges that have lasted beyond the throes of the COVID-19 pandemic. We examined traffic impacts of the pandemic during 407 ETR's inaugural Transportation and Mobility Forum when we brought together technical experts and other transportation

stakeholders from across the region to discuss lessons learned from the pandemic and emerging trends in the transportation sector.

Regardless of the disruptions to commuting patterns in different areas across the region, our customers continue to recognize the value of the service that Highway 407 ETR provides, including improved productivity and the peace of mind of a stress-free, reliable drive.

Those benefits ripple through the region, too. A [2022 Steer Report](#) analyzed the economic impact of the Company and found that 407 ETR has contributed \$20.6 billion in socio-economic benefits since the beginning of the concession in 1999, including increased safety, reduced vehicle operating costs and fewer vehicle emissions.



*"We're proud to be publishing this report in alignment with the Sustainability Accounting Standards Board (SASB) framework and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)."*

**Environmental Priorities**

As the world races to make a low carbon transition, there are challenges on the horizon for the transportation industry. 407 ETR continues to work towards our target to reduce our Scope 1 and 2 GHG emissions by 25 per cent by 2030, relative to our 2018 baseline. Though 407 ETR continues to be impacted by supply chain challenges related to the procurement of electric vehicles, we received our first electric Ford Lightning patrol vehicle in the fall of 2022. We have been testing its performance on our roadway and will continue to work on our GHG reduction strategy in the coming year. We're still evaluating how to address Scope 3 emissions, and working towards establishing a baseline.

In addition to lowering emissions, biodiversity is also a focus for the Company. Our goal is to introduce a long-term biodiversity vision and

action plan in 2023. We initiated a pilot late in 2022 to identify risks and opportunities to enhance habitat for native species along the roadway. Though this initiative is just getting started, we're looking forward to reducing the invasive plant species of phragmites that have taken hold along some sections of our highway.

This goes hand-in-hand with the work we're doing to support the protection and enhancement of biodiversity in Ontario. In fact, we're investing more than \$500,000 in 2023 through the support of organizations like Nature Conservancy of Canada and Canadian Wildlife Federation, and regional conservation authorities throughout the GTA. We'll continue this important work through 2025.

**Community Investments**

In 2022, 407 ETR invested approximately \$2 million into the community through sponsorships, donations and free travel on Highway 407 ETR. Though Ontarians are coming out of the pandemic with a renewed sense of optimism, we're aware of the challenges that have been exacerbated by a mental health crisis and soaring costs of living for families. Our multi-year commitment to United Way Greater Toronto culminated in the fall of 2022 with our final donation of \$1 million which continues to provide critical social services to support isolated seniors, mental health, food and income security.

**Strong Workforce**

Connecting with our employees is integral to what we do and building a culture of inclusion, belonging and safety is of paramount importance. We're focused on increasing the diversity of our leadership and management teams, and in 2022 initiated a focused diversity, equity and inclusion strategy. We were also proud to celebrate 2.8 million hours without a lost-time injury which speaks to our collective commitment to safety.

I want to take this opportunity to thank all our employees for their continued dedication to helping us fulfill our mission to be the first choice for transportation in the GTA and to improve the quality of life for the communities we serve.

Sincerely,

**Javier Tamargo**  
President & CEO



# Message from the Chair

**As I review the progress captured in this report, I'm reminded of the honour and privilege I have enjoyed by serving on this Board of Directors.**

Much has changed in the world of sustainability over the past five years, let alone over the last two decades. Through the adversity of the pandemic and beyond, 407 ETR continues to grow and evolve as we calibrate our ESG strategy to carry the Company through the next chapter of our history.

As always, we continue to provide a stress-free commute for drivers that offers a safer experience than alternative routes. However, by recognizing the importance of leading with ESG, 407 ETR is building a foundation of resilience and prudent entity risk management that will strengthen our position as the world's leading toll road.

In 2022, the Company took some great strides to integrate ESG into the business, securing our first sustainability-linked loan which is tied to performance in employee health and safety, female representation on the Board of Directors and emissions reduction.

No doubt, there are some challenges on the road ahead as we work towards our ambitious GHG reduction target. With much of 407 ETR's Scope 1 emissions tied to winter operations and the associated snow removal to keep the roadway safe and reliable for drivers, we'll need to seize opportunities for innovation in fuel consumption and electrification to address those challenges.

The region continues to experience fluctuations in seasonal weather patterns, and we're enhancing our scenario planning for climate change as part of the important work we're doing to address the recommendations of the TCFD.

The biodiversity pilot project we launched in 2022 will help us better understand and protect the diverse landscapes that Highway 407 ETR reaches, and in 2023 we'll continue to seek opportunities to collaborate with organizations that champion sustainability.

While there's still a way to go on our journey towards a more sustainable business, the Board remains committed to doing our part to ensure that 407 ETR continues to provide economic and social benefits to the region.

Sincerely,

**David McFadden, Q.C.**  
Chair of the Board,  
407 International Inc.



*"We continue to provide a stress-free commute for drivers that offers a safer experience than alternative routes."*

# About this Report

407 ETR is committed to publishing an ESG report on an annual basis and we're working to increase the transparency and accountability of our ESG disclosures for the intended audience of our employees, customers, stakeholders and shareholders. This report highlights ESG activities from January 1 to December 31, 2022, unless otherwise stated.

The information contained within this report applies to 407 International Inc. and its subsidiaries, 407 ETR Concession Company Limited (407 ETR) and Canadian Tolling Company International Inc. (Cantoll). Throughout this document, any references to "our", "we", "us" or "the Company" and/or "the Corporation" collectively refer to 407 ETR.

## Frameworks

This report was produced in alignment with key investor-preferred frameworks including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) Standards for Engineering & Construction Services; Road Transportation; and Professional & Commercial Services. These SASB Standards were selected based on their applicability to our business as a toll road operator where we carry out construction and maintenance services and provide customer service to meet the contractual obligations of the Concession Ground Lease Agreement (CGLA) and the *Highway Traffic Act*.



We have aligned our report with the following United Nations Sustainable Development Goals (UN SDGs) and are demonstrating our progress against each goal using past and current initiatives.

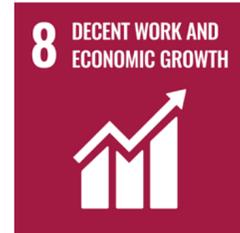
Aligning with UN SDGs



- We're committed to maintaining a safe roadway for customers by way of 24/7 highway monitoring and patrol.
- We're committed to maintaining a safe work environment and celebrated 2.8 million hours without a lost time injury as of December 31, 2022.
- We completed our \$4 million Road to Recovery donation to United Way in support of mental health, job security, food security and isolated seniors (2020-2022).
- Since 2015, we have invested over \$850,000 in youth team sports through Keep Moving™ by 407 ETR. In 2022, we sponsored over 2,500 kids in the GTA.
- We provide annual donations to 15 hospitals along the Highway 407 ETR corridor.
- We donated \$25,000 to Canadian Spinal Research Organization to help fund research on neuromodulation.



- We exceeded our board diversity target in 2022 (at least 30% female representation) with 38% female representation on our Board of Directors.
- Our current workforce is 48% female, with representation in all departments.



- We employed 513 Ontarians in 2022.
- We invested \$31.7 million in highway capital projects through third-party contractors in 2022.
- Since 1999, we have contributed \$60.8 billion to GDP and \$14.8 billion in direct salary earnings and an estimated 334,500 job-years of labour generated to construct, maintain and operate company assets<sup>1</sup>.



- We're using [pavement sensors](#) to assess the long-term risks of climate change on the performance of the highway.
- We're continuing to divert concrete slurry from landfills by reusing the waste to create natural-looking berms, serving both as noise and visual barriers for residential neighbourhoods adjacent to the highway. (See pg. 25 of our [2020 Sustainability Report](#) for more information).
- We completed phase one of our high visibility lane markings project, increasing customer experience and safety as we anticipate autonomous vehicle adoption.
- We conducted a flood hazard and risk study in 2019 on certain sections of Highway 407 ETR and confirmed that the design and topographical area makes the highway resilient to such risks.



- We're working towards reducing our Scope 1 & 2 GHG emissions by 25 per cent by 2030 and in 2022 we reduced our GHG emissions by approximately 14% relative to the 2018 baseline.
- We're working towards electrifying our fleet where possible and replacing existing internal combustion engines with electric vehicles. We acquired our first electric patrol vehicle in 2022.
- A [2022 Steer Report](#) showed \$1.9 billion in external benefits from reduced emissions and fewer collisions by using 407 ETR.



- We launched a [biodiversity pilot](#) project in four sites along Highway 407 ETR to help us understand and enhance biodiversity.
- We're committed to sponsoring organizations that work to enhance Canada's biodiversity.
  - We continue to work with [Nature Conservancy of Canada](#) and donated more than \$176,000 in 2022.
  - We support the construction of Credit Valley Conservation's Credit Valley Trail, which will be a continuous 100-kilometre pathway through the Credit River Valley.

<sup>1</sup> [2022 Steer Report](#)

407 ETR conducted a materiality assessment in 2021 based on the definition of materiality as applied by the capital markets. The purpose of the materiality assessment was to identify the ESG-related risks to 407 ETR of greatest concern to the capital markets. The results of this materiality assessment form the foundation of 407 ETR's ESG approach and basis of this report. More information about the materiality assessment can be found on [page 17](#).

All financial figures are reported in Canadian dollars. The absolute Scope 1 and Scope 2 GHG emissions for 2022 received limited assurance from Deloitte, a third-party auditing firm. More information can be found on [page 68](#).



For more information about **407 ETR's performance**, please view:

- [2022 Annual Information Form](#)
- [2022 Ombudsman Report](#)
- [Management Discussion & Analysis](#), December 31, 2022
- [407etr.com](#)

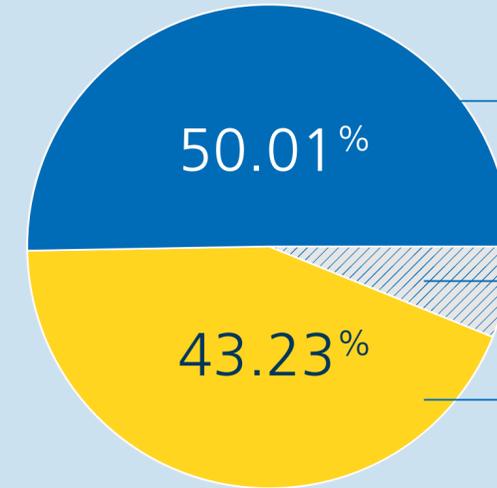
# About 407 ETR

## Who We Are

Highway 407 ETR is located in the Greater Toronto Area in Ontario, Canada and spans 108 kilometres from Burlington in the west to Pickering in the east.

In the spring of 1999, 407 ETR began a 99-year Concession Ground Lease Agreement (CGLA) with the Province of Ontario to assume the management and operation of Highway 407 ETR including tolling, customer service and the maintenance and expansion of the roadway. 407 ETR is also responsible for customer service, tolling and billing for the provincially-owned Highway 407. Revenues collected by 407 ETR for Highway 407 are remitted to the Government of Ontario.

The CGLA outlines the rights and obligations to operate Highway 407 ETR. In addition to 407 ETR's assumption of all operating and capital costs, 407 ETR is also responsible for expenditures related to the maintenance, policing and Ministry of Transportation Ontario (MTO) enforcement of Highway 407 ETR. In 1999, the Company paid \$3.1 billion for the concession – twice as much as the province's cost to build Highway 407 ETR, which at the time spanned only 68 kilometres. At the onset of the concession 407 ETR was required to extend the existing central section of Highway 407 ETR east and west for a combined total of 40 kilometres. Since 1999, 407 ETR has invested more than \$1.6 billion in construction, expansion, and customer service.



Canada Pension Plan Investment Board, also known as CPP Investments ("CPPIB"), through indirectly-owned subsidiaries.

6.76%  
SNC-Lavalin.

Cintra Global S.E. which is a wholly-owned subsidiary of Ferrovial S.A.

  
236  
Bridges

  
204  
Active toll sites

  
408  
Gantries

  
1,379  
Rear tolling cameras

  
64  
Closed-circuit television cameras monitoring the highway 24/7

  
79  
Storm water management ponds



**Vision**

To be the first choice for transportation and to improve the quality of life for the communities we serve.

**Mission**

To provide a fast, safe and reliable customer experience on and off the highway.

**Values**



**Excellence – We Drive Results**

**Safe**

We will always focus on safety

**Customer-focused**

We put our customers in the driver's seat

**Innovative**

We're excited to discover a better way

**Efficient**

We take the most direct path

**Collaborative**

We work together to ensure we're all driving in the same direction



**Integrity – We Always Take The High Road**

**Ethical**

At every intersection we take the right path

**Diverse and Inclusive**

We check our blind spots to ensure everyone is seen and heard

**Socially Responsible**

We respect the environment and the communities we serve

**Accountable**

Each one of us is responsible for making our Company's journey a success

**Vigilant**

We never take shortcuts with privacy and data security



# 2022 Highlights

## WORKFORCE



513  
Employees<sup>2</sup>



112  
Unionized  
employees



50%  
Female  
workforce



3,635  
Hours of  
staff learning



\$346,000+  
Investment in  
employee training



\$49.75M+  
In employee  
compensation  
and benefits

<sup>2</sup> 477 FT and 36 PT employees

## ECONOMIC IMPACT



\$20.6B  
In benefits<sup>3</sup>



\$17B  
In user benefits  
(travel time, reliability,  
vehicle operating costs)



\$2.9B  
In wider  
economic benefits  
(productivity)



\$730M  
In external  
benefits (safety  
and emissions)

<sup>3</sup> Economic Impact of Cintra Assets: From the beginning of the concession (1999 to December 2021) [407etr.com/steerreport](http://407etr.com/steerreport). All numbers in Canadian dollars.

## HIGHWAY



\$8.9M  
Invested in enforcement and policing  
services to help keep the highway safe



\$31.7M  
Invested in highway capital projects through  
third-party contractors, including:

- 34 lane km of surface concrete rehabilitated
- 25,620 t of asphalt resurfaced
- 6,024 m<sup>2</sup> of concrete panels replaced



2,300+  
Pieces of debris removed from the highway

## TRAFFIC



2.2M  
Total annual  
vehicle km  
travelled



40%  
Lower collision  
rate compared to  
alternate freeways



309,100+  
Average  
workday trips



1,600+  
Daily trips by  
public transit  
agencies

## CUSTOMER SERVICE



1.7M  
Transponders  
in circulation



1,500+  
Drivers received free  
roadside assistance

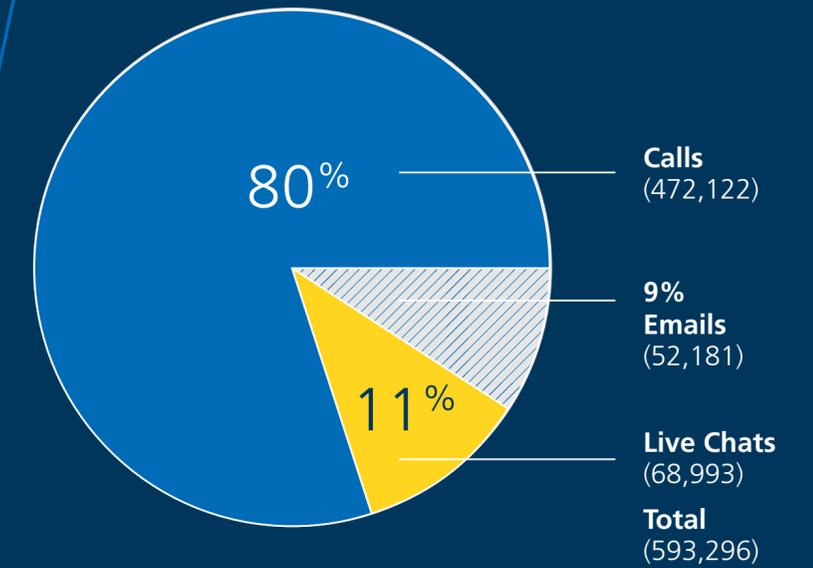


93%  
Customer service  
satisfaction rate



86%  
First call  
resolution rate

## CUSTOMER SERVICE TRANSACTIONS



**ESG**



**Completed**

a full ESG strategy development process that identified measures for 407 ETR to enhance ESG integration into governance processes and risk management systems



**Established a set of metrics and targets** for internal data collection and external reporting



**Reduced Scope 1 and 2 GHG emissions** by approximately 14 per cent against 2018 baseline



**Added first electric vehicle (EV)** to the highway patrol fleet



**Secured sustainability-linked loan**

**COMMUNITY**



**\$2M+**

Invested in GTA communities through sponsorships, donations and free travel



**\$1M**

Donated to United Way Greater Toronto, completing \$4M, multi-year commitment for COVID-19 relief (2020-2022)



**\$176,000+**  
To Nature Conservancy of Canada for biodiversity



**2,500**  
Kids supported through Keep Moving™ by 407 ETR

**AWARDS AND ACHIEVEMENTS**



**2.8M**

Hours celebrated without a lost-time injury



**Infrastructure Health & Safety Association**

Recognition of Performance Achievement Milestone



**World-class Customer Service**

Certification for the 6th consecutive year – commercial

Certification for the 9th consecutive year – call centre



**Customer Experience Best Practice Award**

For Customer Quality Assurance



**United Way Greater Toronto Local Leader**

For excellence in workplace giving



**Customer Innovation Award**

From Hexagon for Computer-Aided Dispatch system. This technology is being used to respond to emergency incidents and track winter operations.

# *Our Approach to ESG*

# Strategy for Lasting Impact

**At 407 ETR, ESG factors are directly linked to our core strategic objectives. The way we manage ESG factors impacts our business and stakeholders, including our customers, employees, partners, the communities in which we operate, and ultimately the long-term value of our Company. We also understand and support the growing integration of ESG-related risks and opportunities into investors' decision-making processes globally.**

We recognize that ESG is inextricably linked to our vision to be the first choice for transportation.

We acknowledge provincial and federal government targets to reduce GHG emissions by 2030 and recognize the critical role that transportation and infrastructure sectors play in enabling the transition to a low carbon economy. 407 ETR is committed to the prevention of pollution, the principles of sustainable development and the protection of the environment, while recognizing our corporate objective and obligation to manage Highway 407 ETR in a safe and efficient manner.

We believe that transparency and accountability to our investors and stakeholders regarding our ESG commitments is critically important.

A set of strategic [key performance indicators](#) and targets have been established and incorporated into our 2021-2025 strategic plan, which contain ESG priorities that build upon our GHG emissions reduction target and include health and safety metrics, a greater commitment to diversity, equity and inclusion and reflect increasing expectations from investors.



# Strategic Pillars and Commitments

Our approach to ESG is guided by four strategic pillars. These align to the ESG factors that were identified as having the greatest potential to impact our Company's value as determined by a formal ESG materiality assessment.

**1** Enhance governance structures for the effective oversight of material ESG factors.

**2** Protect the physical health and safety of our employees and customers.

**3** Reduce the environmental impacts of our operations, including our GHG footprint.

**4** Uphold industry-leading data security and customer privacy practices.

To support these foundational pillars, we expect all employees, officers and directors to uphold our commitments to:

**Analyze** the impacts of ESG on our business activities and integrate ESG factors into our long-term strategic planning;

**Ensure** sufficient allocation of budget required to maintain regulatory compliance on ESG factors and to achieve our ESG priorities; and

**Strive** to capture ESG opportunities, including evaluating and implementing new technologies to improve our ESG performance.



**Governance**

We're committed to maintaining strong governance structures that incorporate ESG, including Board level oversight of material ESG factors and executive accountability for ESG priorities and performance.

Learn more about [governance](#).

**Risk Management**

As we continue to enhance the integration of ESG-related risks into our entity risk management processes, we strive to ensure that our ESG-related risks and opportunities are appropriately assessed and prioritized.

Learn more about our [ESG materiality assessment](#).

**Metrics and Targets**

We're monitoring our performance on ESG using appropriate ESG-related metrics and targets as part of our overall ESG strategy and implementation plan. We will continue to evaluate the feasibility and relevance of setting additional ESG targets over time.

Learn more about our [metrics and targets](#).

**Reporting and Disclosure**

We strive to continually improve our ESG reporting to investors and other stakeholders to enhance our communications on ESG risks and opportunities.

Over time, we will also enhance our incorporation of ESG-related disclosures, including through discussion of the financial materiality of ESG-related factors on the organization.

**HOW WE ENGAGE WITH STAKEHOLDERS**



**Customers**

- Telephone and electronic surveys
- Customer service interactions
- Bill inserts and other print communications
- Digital communications including email marketing, live chat, mobile app and social media
- Customer contests and promotions
- Customer focus groups
- Customer surveys
- Office of the Ombudsman



**Communities**

- \$5.2M Road to Recovery Initiative in support of COVID-19 Relief
- Company-wide One Big Day of volunteering
- Support of United Way agencies through volunteering, corporate donations and employee fundraising
- Community events
- Sponsorship of children and youth sports
- Annual donations to hospitals across the GTA
- Support of road safety initiatives



**Employees**

- Surveys/focus groups
- Town halls/employee engagement events
- Committees
- Employee communication channels including intranet, e-newsletters, video and other digital communications
- Training and development
- Employee fundraising activities



**Government**

- Ongoing dialogue with elected officials and provincial and municipal staff to provide briefings and input on industry policies and other matters related to the operation of Highway 407 ETR
- Semi-annual meetings with the Province to discuss matters related to CGLA
- Back-office support to the government for the operation of Highway 407



**Industry/Associations**

- Memberships
- Events and conferences
- Partnerships
- Sponsorship and support of transportation sector discussions and best practices



**Shareholders/Investors**

- Quarterly Board of Directors and Committee meetings
- Conferences and regular meetings with bond investors
- Investor relations webpage
- ESG reporting
- Sustainability-linked loan

# Assessing What Matters Most

**This ESG materiality assessment was based on the definition of materiality as applied by the capital markets.**

It should be noted that non-financial stakeholders (e.g., customers, employees, community groups) may use the term “materiality” to refer to issues of high importance in relation to the Company’s corporate social responsibility (CSR) efforts. Though we acknowledge our CSR efforts throughout the report and understand their connection to 407 ETR’s value – we do not make reference to any other reporting frameworks outside of SASB and TCFD recommendations.

In 2021, 407 ETR completed an ESG materiality assessment with the objective of identifying the ESG-related risks most relevant to our Company and our investors for prioritization and management. The material ESG

factors identified serve as the foundation of our ESG strategy development and implementation roadmap. In 2022, following our entity risk management road mapping exercise, we validated our ESG materiality assessment to ensure the ESG factors related to 407 ETR’s value were still current.

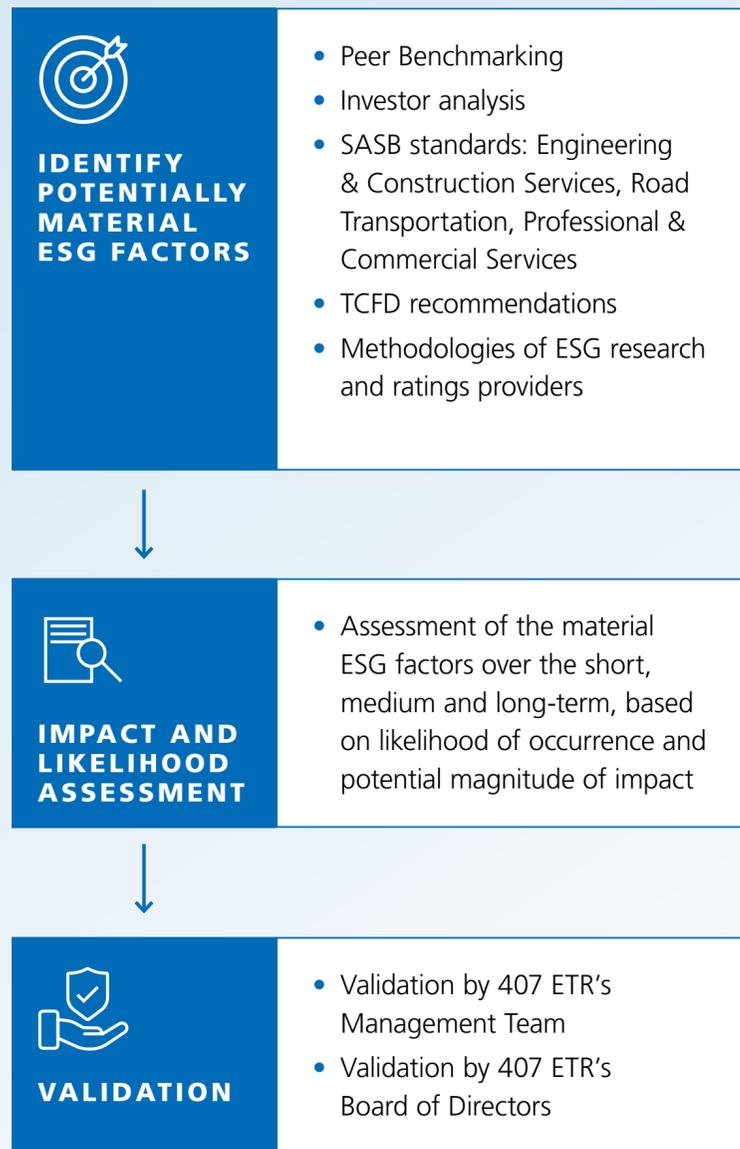
By focusing on the ESG factors with the greatest potential to impact Company value, we’re effectively allocating resources towards operationally relevant ESG risks and opportunities. With input from the Board, 407 ETR’s Management Team remains committed to advancing our progress towards important corporate ESG objectives, which are also reflected in our strategic plan. This report has been structured around our 2021 assessment. We intend to review materiality on an annual basis.

407 ETR completed an ESG materiality assessment with the objective of identifying the ESG-related risks most relevant to our Company and our investors.



# Our Material ESG Factors

## MATERIALITY PROCESS



**Health & Safety**

Health and safety risks faced by employees and customers

**Includes:** product governance (e.g., highway maintenance, structural integrity, and safety of infrastructure) and employee health and safety, mental health and wellness

**Data Security & Customer Privacy**

Cybersecurity breaches and cyberattacks impacting the ability to operate and reputation of the company

**Includes:** protection of customer privacy

**Environmental Impact**

Risks associated with adverse impacts to the local environment from operations

**Includes:** environmental management (e.g., air quality, biodiversity, spills) and environmental standards and regulations

**ESG Governance**

Risk management and Board oversight of ESG factors

**Includes:** Board and management diversity

■ Core Priorities  
□ Other Significant Priorities

**GHG Emissions**

**Human Capital Management**

**Community Relations**

**Climate Change – Physical**

**Supply Chain Management**

**Climate Change – Transition**

**Business Ethics**

# Navigating Risks

**We're committed to enhancing the integration of ESG-related risks into our entity risk management processes to ensure that ESG-related risks are appropriately assessed and prioritized.**

We took the results from our 2021 ESG materiality assessment to develop a roadmap for enhanced risk management. This will help us further identify and mitigate ESG-related risks over the short, medium, and long-term as well as supplement current efforts to embed ESG across the Company.

407 ETR's Board has oversight and responsibility for the Company's entity risk management which includes specific ESG factors identified by the ESG materiality assessment process, and which are assessed through an annual entity risk assessment whereby annual entity risk surveys are completed by management and the Board. The entity risk assessment serves as an important input to our annual strategic planning sessions where priorities are set for the year.



# Measuring Success

## ESG Metrics

We continue to evaluate and determine appropriate metrics and targets to measure our ESG performance.

A [TCFD Index](#) provides a summary of our TCFD-aligned climate-related disclosures, an [ESG performance metrics](#) section provides consolidated ESG metrics, and a [SASB Index](#) summarizes our disclosure on relevant standards.

Data methodologies and limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to 407 ETR and have noted if we intend to report it in the future.

## ESG Targets

To advance our ESG strategy and hold ourselves accountable we have:

- **Established** ESG targets to track our performance on ESG areas; and
- **Secured** our first sustainability-linked loan that is conditional on meeting specific ESG targets.

We're committed to annually disclosing our progress on these targets and setting additional goals as our ESG strategy evolves.



**SUMMARY OF ESG TARGETS AND PROGRESSION IN 2022**

✔ Completed    ⋯ In Progress

Metric	Target	Measurement Frequency/Target Year	Progress in 2022
<b>Governance</b>			
ESG-related continuing education for the Board of Directors	40 hours total	Annually	Tracking commences in 2023
<b>Diversity</b>			
<b>Diversity score</b> Defined as the percentage of underrepresented groups in leadership and management (i.e. employees who self-identify as female, racialized, LGBTQIA+)	Increase (2021 baseline = 28%)	Annually	Tracking commences in 2023
<b>Inclusion score</b> Defined as employees who report that “At 407 ETR, I feel included” in employee engagement survey	Increase by 2% (Stretch 3%) from previous year result (2021 baseline = 65%)	Annually	✔ 76%
<b>Environment</b>			
<b>Maintain sustainability-linked loan</b> Three key performance indicators relating to GHG emissions reduction, Board diversity, and employee health and safety	Maintain loan Loan matures on November 14, 2027	Annually	✔ Loan secured in 2022. Related targets to be measured on an annual basis, commencing in 2023.
GHG emissions reduction	Achieve a 25% reduction in Scope 1 and Scope 2 relative to 2018 baseline	By 2030	⋯ Approximately 14% GHG emissions reduction against 2018 baseline
<b>Privacy and security</b>			
No major data breaches <sup>4</sup>	0	Annually	✔ No major data breaches
<b>Community</b>			
Road to Recovery	\$4 million to United Way Greater Toronto to support COVID-19 relief (2020–2022)	By 2022	✔ Final \$1 million donation paid, completing \$4 million commitment

<sup>4</sup> 407 ETR discloses data breaches as required by law and those the Company deems material. Disclosures are limited to information that is not confidential or privileged. There were no such breaches in 2022.



# Sustainability-Linked Loan Targets

The targets outlined are required to maintain our sustainability-linked loan.

Metric	Target	Measurement Frequency/Target Year	Progress in 2022
<b>Governance</b>			
Female representation on Board of Directors	>30%	Annually	✓ 38%
<b>Environment</b>			
By December 31, 2023, develop a GHG roadmap that outlines annual GHG emissions reductions targets for Scope 1 and Scope 2 (against 2018 baseline), commencing in 2024	Roadmap by 2023, followed by annual reduction targets	Annually	✓ Reduced GHG emissions by approximately 14% against 2018 baseline
<b>Health &amp; Safety</b>			
Lost Time Injury Rate	0	Annually	✓ 2.8M hours without a lost time injury <sup>5</sup>

<sup>5</sup> This metric pertains to 407 ETR employees and does not include safety information for contractors or customers.

# Governance



# Keeping us Accountable



PHOTO: 407 INTERNATIONAL BOARD OF DIRECTORS

**For over 20 years, we have demonstrated leadership and innovation through strong governance. At the core, we're focused on doing the right thing for our customers, employees, investors, stakeholders and the community at large.**

The principal responsibility of the Board is to oversee the management of the business and affairs of the Company and in doing so, set the highest business and ethical standards and code for ethical behaviour.

*We aim to maintain a target of at least **30 per cent female representation** on the Board which is linked to our sustainability-linked loan.*

The Board has established four standing committees:

1. Audit;
2. Corporate Governance & Compensation;
3. Environmental Health & Safety; and
4. Executive.

We're committed to maintaining strong governance structures that incorporate ESG, including Board level oversight of material ESG factors and management accountability for ESG priorities and performance. The Board, through its various committees, shares oversight responsibility for reviewing ESG-related strategies, performance and investment decisions related to ESG.

Three of the four committees have oversight of specific ESG topics:

- The **Audit Committee** has oversight over ESG matters pertaining to supply chain management, data security & customer privacy and business ethics.
- The **Corporate Governance & Compensation Committee** has oversight over ESG governance, human capital management and community relations.
- The **Environmental, Health & Safety Committee** has oversight over ESG strategies related to general health and safety metrics, and environmental management.

In accordance with the Shareholders Agreement, each of the Company's Shareholders has the right to nominate a specified number of Board members, including both independent and non-independent directors. As the Board cannot exclusively manage or direct its composition, term limits and other Board renewal mechanisms have not been established. The Board has a similarly limited role in the selection of 407 ETR's executive officers. However, a corporate diversity equity and inclusion (DEI) strategy was developed and implemented in 2022 with input from the Board and includes a commitment to increase management diversity beyond current levels.

As part of the annual Board effectiveness assessment process the Board and the Corporate Governance & Compensation Committee consider, among other things, the knowledge, diversity, skills and competence of directors individually and as a group. The Board believes that this assessment, which is made available to the Company's Shareholders, contributes to the development of a Board that considers the benefits of diversity as part of the assessment of individuals' experience, functional expertise, skills and character, and helps ensure that there is an appropriate balance of necessary skills, background, experience and knowledge on the Board.

The President & CEO is a member of the Board and has the highest level of executive accountability for ESG issues. The President & CEO receives ESG disclosures monthly through management updates and regularly discusses risks and opportunities put forward by the ESG Steering Committee during meetings with members of the Management Team.

The ESG Steering Committee includes cross-functional representation from across the Company and is led by the Vice-President of Business Optimization & Strategy and Chief Legal Officer & Corporate Secretary, with input from the following members of the Management Team:

- Chief Financial Officer
- Chief Internal Auditor and Ombudsman
- Vice-President, Human Resources & Labour Relations

The ESG Steering Committee meets at least once a quarter and has been assigned responsibility for the development, implementation and performance of 407 ETR's ESG strategy, the oversight of ESG-related activities, as well as the coordination of ongoing ESG-related disclosures.

**Board ESG Continuing Education**

The Corporate Governance & Compensation Committee is responsible for the orientation and education of directors. In addition, new directors are provided with an opportunity to meet with members of management to assist in better understanding the business and operations of the Company, including the Company's strategic plan and its ESG strategy. Beginning in 2023, the Board committed to track and complete a minimum of 40 hours per year total of continuing ESG-related education and training.

**Skills and Experience**

Directors are nominated by individual Shareholders who consider the ESG-related experience and expertise of candidates for Board positions. In addition to ESG-related training and education provided by the Company, the Company's Shareholders each have robust ESG programs in which individual nominee directors may participate.

**CHAMPIONING DIVERSE LEADERSHIP**



**BOARD OF DIRECTORS**



**EXECUTIVE OFFICERS**



**MANAGEMENT TEAM**



# ESG-Related Policies

Policy	Purpose	Last Update
<b>Governance</b>		
<b>Whistle Blowing Policy</b>	To communicate the ongoing commitment to achieve the highest standards of openness, accountability and security.	2022-07-20
<b><a href="#">Ombudsman Role</a> and Responsibilities Policy</b>	To communicate the role and responsibilities of 407 ETR's Ombudsman.	2022-11-18
<b>Collection Policy</b>	To communicate the collection methods and practices used by 407 ETR.	2022-11-09
<b><a href="#">Collections Code of Conduct Policy</a></b>	To outline the practices that 407 ETR employs to collect unpaid amounts.	2022-11-09
<b>Privacy Policy and Privacy Notice</b>	To govern the privacy goals and strategic direction of 407 ETR with respect to customer privacy.	2022-07-20
<b>Procurement Policy</b>	To communicate 407 ETR's guidelines and requirements for the procurement of all goods and services.	2022-11-23
<b>Environmental Impact</b>		
<b>Environmental Policy</b>	To communicate the environmental policy and standards of 407 ETR and to express 407 ETR's commitment to protect the environment.	2022-11-10
<b>Anti-idling Policy</b>	To reduce air pollution and GHG emissions by discouraging unnecessary idling of vehicles owned, rented, leased or operated by 407 ETR employees for the purpose of conducting business.	2022-10-11
<b>Health and Safety</b>		
<b>Workplace Harassment and Discrimination Policy</b>	To support a working environment at 407 ETR that is safe, healthy and rewarding, and that is free of personal harassment, including implied or express forms of sexual harassment and discrimination.	2022-11-09
<b>Workplace Violence Prevention Policy</b>	To describe the processes that 407 ETR has put in place to help safeguard employees from Workplace Violence.	2022-11-09
<b>Health &amp; Safety Policy</b>	To ensure 407 ETR has established an effective health and safety program that reduces the risk of injuries, occupational illnesses and other accidental losses.	2021-12-21

**ESG-RELATED POLICIES**

Policy	Purpose	Last Update
<a href="#">🔒 Data Security &amp; Customer Privacy</a>		
<b>Code of Conduct Policy</b>	To assist directors and 407 ETR personnel with understanding their responsibilities to uphold 407 ETR's goals and values, and to conduct business in accordance with applicable laws and regulations.	2022-07-20
<b>Protection of Classified Information Policy</b>	To describe the approach to safeguarding classified information of 407 ETR.	2022-02-01
<b>Information Systems Security Policy</b>	To communicate how 407 ETR protects information and information systems from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.	2022-03-17
<b>Records Management and Retention Policy</b>	To communicate the requirements of 407 ETR, and the Province of Ontario's Highway 407, as applicable, for the retention and management of its records created or generated in the course of business.	2022-11-29

# Integrity in Practice

## Integrity is a pillar of our corporate values and the ethical governance of 407 ETR is of paramount importance.

We have the privilege of serving millions of customers and we provide customer service and back-office support for the Province of Ontario’s Highway 407. This is a responsibility we do not take lightly. We require a high standard of ethical behaviour from our employees and suppliers which are primarily governed by our Code of Conduct.

### Approach

407 ETR’s Code of Conduct Policy serves as our code of ethics. Compliance with the Code of Conduct Policy is part of every director, officer’s and employee’s employment contract. Annually, each director, officer and employee of the Company is required to provide their written confirmation of compliance with the Code of Conduct Policy for the prior full year and to confirm that they have reviewed the Code of Conduct Policy. A copy of the Code of Conduct Policy may be found on SEDAR at [sedar.com](https://www.sedar.com) and on our website at [407etr.com](https://www.407etr.com).

The Board believes that our success is based on a culture of integrity which starts with the principle of the “tone at the top.” As set out in its Terms of Reference, the Board is responsible for setting the tone for a culture of integrity and compliance throughout the Company. The Board believes that a culture of strong corporate

governance and ethical business conduct must be endorsed by the Board and Management Team.

The Code of Conduct Policy emphasizes guiding principles, such as honouring trust, fairness, integrity and corporate and individual responsibility and addresses many areas of business conduct including:

- **Honesty and integrity** in all conduct, including customers, suppliers and others;
- **Compliance** with all applicable laws;
- **Avoiding and dealing** with conflicts of interest situations;
- **Ensuring high standards** of disclosure and integrity in relation to the Company’s activities and financial performance and reporting;
- **Ensuring the security** of the Company’s communications, transactions and information;

- **Ensuring the workplace** is free from any form of hostility, discrimination, harassment or violence pursuant to the Company’s Workplace Harassment and Discrimination Policy; and

- **Dealing with confidential** and privacy matters.

Our Whistleblowing Policy sets out specific reporting guidelines with respect to the reporting of illegal, unethical or potential misconduct.

The Board periodically reviews management reports on the effectiveness of and compliance with the Code of Conduct Policy. In particular, the Board receives quarterly confirmations from the Chief Financial Officer and the Chief Legal Officer & Corporate Secretary concerning, among other things, statutory filings and withholdings, any reported matters under the Company’s Whistle-Blowing Policy or other

matters that might materially affect 407 ETR’s reputation. Any waiver of the requirements of the Code of Conduct Policy for directors and officers of the Company must be approved by the Board.

From time to time, matters may come before the Board where a director may have a conflict of interest. If such matters arise, that director will declare themselves as having a conflict of interest and will not participate in the discussion or vote on the matter. Through the Annual Directors Questionnaire, directors are asked to identify other business relationships and other companies or entities with which they have relationships. These responses assist the Board and management in identifying conflict of interest situations in advance. The Company also complies with all *Canada Business Corporations Act* (CBCA)<sup>6</sup> requirements with respect to conflicts of interest.

### Integrity – We Always Take The High Road

#### Ethical

At every intersection we take the right path

#### Diverse and Inclusive

We check our blind spots to ensure everyone is seen and heard

#### Socially Responsible

We respect the environment and the communities we serve

#### Accountable

Each one of us is responsible for making our Company’s journey a success

#### Vigilant

We never take shortcuts with privacy and data security

<sup>6</sup> The CBCA regulates Canadian corporations.

**Collections Code of Conduct**

**407 ETR is an all-electronic, open-access toll highway without booths or barriers.**

The Company cannot prevent someone from using Highway 407 ETR – even if they have accumulated significant debt and are unable to pay their bills. Because of this, we have developed a Collections Code of Conduct, which outlines the practices that 407 ETR employs to collect unpaid amounts and details the collections process from start to finish.

While most customers pay their bills, there are some individuals who use the highway without payment. To collect from individuals who have not paid their bills on time, we use various methods, including internal collections and third-party collection agencies. In addition, we can request that the Registrar of Motor Vehicles deny

the renewal of existing licence plates and the issuance of new plates (otherwise referred to as licence plate denial).

**Responsible Collections Committee**

**While we must prevent abuse of our open-access tolling system, we understand that our collections practices must be reasonable.**

We have established a multidisciplinary, cross-functional team to monitor, develop and report on responsible collection practices for 407 ETR and our contractors. We're committed to treating our customers fairly and are continuously evaluating our processes against industry best practices.

**Office of the Ombudsman**

**The Ombudsman's mandate is to act as an advocate for fairness and to address unresolved customer issues or concerns related to customer service matters.**

The Ombudsman will review a customer's concern in an unbiased and impartial manner, ensuring the procedure is fair and reasonable to both the customer and 407 ETR. The Ombudsman will address customer concerns and make recommendations based on fairness and good business practices. For more information, see the [2022 Ombudsman Annual Report](#).



**Performance**

**407 ETR requires a high standard of ethical behaviour from its employees and suppliers which are primarily governed by its Code of Conduct. Various controls have been implemented throughout 407 ETR’s processes to reduce the opportunity for anti-competitive or unethical behaviour.**

As a result of our strict adherence to business ethics policies, there were no losses as a result of legal proceedings associated with charges of bribery or corruption and anti-competitive practices.

**Analyst Corner:**

*SASB SV-PS-510a.1,  
SASB IF-EN-510a.2,  
SASB IF-EN-510a.3  
SV-PS-510a.2*

Metric	2022	2021	2020
Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices (CAD)	\$0	\$0	\$0
Total amount of monetary losses as a result of legal proceedings associated with professional integrity (CAD)	\$0	\$0	\$0



# *Environment*



# Environmental Impact

## UN SDG Alignment



**407 ETR operates a 108 kilometre roadway that cuts through a mix of urban and rural lands with an abundance of wildlife and surrounding waterways.**

We do our part to maintain and operate the roadway with as minimal disruption to the environment as possible. In 2022, we initiated a pilot project aimed at studying biodiversity risks and opportunities along Highway 407 ETR with the goal of introducing a long-term biodiversity vision and action plan for the Company.

## Approach

The Environmental Policy recognizes the nature, scale, and potential environmental impacts of the activities of 407 ETR in the design, construction, operation, maintenance and rehabilitation of Highway 407 ETR. The Environmental Policy applies to employees and contractors of 407 ETR and conveys the message that environmental protection is a shared responsibility. The Policy is based on the following principles:

### Environmental Pollution Prevention

We strive to avoid significant adverse effects from our activities on individuals, communities and the natural environment where Highway 407 ETR is located or, where this is not possible, to minimize such effects. To ensure regulatory compliance, we stay abreast of new and evolving environmental laws and regulations

and incorporate relevant changes into our Environmental Management Plan (EMP). Periodically, with the assistance of an external advisor, we conduct a review of the EMP, including a review of environmental laws and regulations relevant to 407 ETR.

### Management Commitment

The Policy has been acknowledged and agreed to by management and approved and adopted by the Board. Management is responsible for actively communicating the Policy to all personnel. The Policy and overall environmental performance are reviewed periodically by management.

### Corporate Awareness

Where appropriate, 407 ETR’s contractors, consultants and suppliers are made aware of our environmental commitments and are required to act cooperatively

in achieving these goals and objectives. We retain qualified service providers to assist in meeting our environmental obligations and statutory requirements. 407 ETR employees with environmental responsibilities receive training that is relevant to their role.

### Stakeholder Awareness and Participation

We’re fully cognizant of the degree to which stakeholder involvement can affect the implementation of our plans for improvement of Highway 407 ETR, particularly in relation to securing government approvals, permits and authorizations. We’re committed to working with regulatory agencies and the public to ensure that established environmental commitments are carried through to relevant facets of our operation. We share necessary information

with stakeholders at their request and work closely with representatives from regulatory agencies to get the approvals necessary to achieve Highway 407 ETR improvement objectives (e.g., involvement in the development of environmental protection, mitigation and compensatory strategies, plans and designs).

### Performance Monitoring and Reporting

The EMP is designed to ensure that environmental objectives and targets are being met through regular inspection, monitoring, review, tracking and reporting, and that non-conformities are addressed in an effective and timely manner. Reporting may also be used by management in conducting internal reviews of the Policy and the EMP.

We also integrate best **environmental practices** into our operations.

These include:

1. Water management facilities designed to minimize the quantity of water run-off and naturally improve the water quality;
2. Fencing along the entire highway to protect animals and pedestrians by restricting access to Highway 407 ETR; and
3. The use of state-of-the-art electronic ground speed-controlled spreader equipment to carry out “anti-icing” using a combination of salt brine and road salt, increasing the effectiveness of road-salt while reducing the use of sodium chloride.

Pursuant to the Policy, the Board will be notified as appropriate of any material environmental incident in relation to Highway 407 ETR upon occurrence, provided with a quarterly report on the implementation and operation of the Policy and annual certification of compliance with the Policy.

For snow melt and rainstorms, we have 79 storm water management ponds to capture water run-off. This prevents silt-laden flood waters from rapidly discharging into rivers and storm drains and enables most suspended solids to settle out. The storm water management ponds help maintain healthy streams for fish and protect water quality.

In addition, we retain environmental consultants to assess the impact of construction and operations activities to provide mitigation, compensation and monitoring recommendations.

### Supply Chain Management

Construction activities to maintain our roadway (including concrete rehabilitation, asphalt resurfacing and pavement replacement and winter operations) are outsourced to local vendors and suppliers. We will work towards investigating opportunities to reduce our environmental impact by monitoring suppliers so that we can make informed decisions in procurement to reduce environmental, climate-related and social risks.

We're working with an external consultant to review and identify relevant categories of [Scope 3 emissions](#) to help establish an associated baseline.

### 2022 Maintenance Projects

In 2022, we invested a total of \$31.7 million in infrastructure rehabilitation activities. This included relining of three large culverts and 54 small culverts, five bridge expansion joint seal replacements, three bridge cycle joint replacements, eight overhead sign replacements, two bridge rehabilitation projects, 6,024 m<sup>2</sup> (310 panels) of concrete panel replacements, 25,620 t of asphalt resurfacing and 34 lane km of concrete pavement texturing.

### Biodiversity

As part of our commitment to understand and enhance biodiversity along Highway 407 ETR's corridor, we launched a biodiversity pilot project in 2022 in four pilot sites comprised of various settings including land, wetlands and urban environments.

The purpose of the pilot project is to:

- **Investigate** existing species and biodiversity along the highway;
- **Identify** risks (e.g. invasive plant species);
- **Identify** opportunities for improvements;
- **Recommend** vegetation/tree planting options along the highway; and
- **Develop** a general action and monitoring plan.

Other opportunities to enhance biodiversity along the highway include:

- **Eliminate** invasive plant species within the highway corridor;
- **Replace** phragmite-infested areas with well-adapted, robust and sustainable native plant communities, which will better resist establishment and spread of the invasive species;
- **Increase** the number of native plants, trees and shrubs growing within and adjacent to the corridor; and
- **Create** an effective pollinator habitat pathway through the GTA by establishing native species to form perennial groundcovers within the corridor.



**Performance**

**We take every precaution to minimize our impact on the environment and take great care to avoid spills and releases. In 2022, we had no reportable spills caused by 407 ETR.**

Spills/releases caused by road users are out of our control and in these situations, we make our best efforts to perform clean-ups in a timely and efficient manner to mitigate their impact on the environment.

**Analyst Corner:**

SASB IF-EN-160a.1,  
SASB IF-EN-160a.2,  
SASB TR-RO-540a.3

Metric	2022	2021	2020
Number of incidents of non-compliance with environmental permits, standards and regulations	0	0	0
Number of reportable spills and releases to the environment caused by 407 ETR <sup>7</sup>	0	0	0
Number of reportable spills and releases to the environment caused by road users	4	1	4
Number of site clean-ups/remediation completed	4	1	4
Aggregate volume of spills and releases to the environment	1.7 m <sup>3</sup>	0.1 m <sup>3</sup>	20.4 m <sup>3</sup>

<sup>7</sup> We disclose reportable spills based on categories for those caused by 407 ETR and those caused by road users to provide better transparency and context of our impact on the environment, as reportable spills caused by road users are outside of 407 ETR's control.



# GHG Emissions & Climate Change

## UN SDG Alignment



**Climate change is an urgent issue facing the local communities we serve and the planet on which we live. As a highway operator, we're committed to reducing our impact on the environment through the reduction of our Scope 1 and Scope 2 emissions.**

We're working towards developing a baseline to address Scope 3 emissions and with that, will begin turning our attention to supply chain management governance to ensure that we're working with contractors who also demonstrate a commitment to the environment. This section of the report has been structured in alignment

with the pillars of the TCFD recommendations and will be enhanced over time.

### Approach

#### Climate Change Governance

The Board is responsible for climate change oversight. The President & CEO has the highest executive level accountability for climate-related risks and opportunities for ESG issues. Learn more about our [ESG governance](#) practices.

The ESG Steering Committee has been assigned responsibility for the development, implementation and performance of 407 ETR's climate change strategy, the coordination of climate change-related activities, as well as oversight of ongoing climate change-related disclosures.

#### Climate Change Strategy

Our [ESG materiality assessment](#) helped us identify climate-related physical and transition risks.

The materiality assessment assessed the impact and likelihood of these risks of the short-term (0-1 year), medium-term (1-5 years) and long-term (5+ years).

#### Climate Change Transition Risks

As part of the materiality assessment, we identified GHG emissions and climate change transition risks as important risks for the Company over the medium-term. Transition risks consider longer-term market shifts, related technological developments (e.g. electric vehicles and charging infrastructure), reputational ramifications, and policy and regulatory changes (e.g. increased carbon taxes) because of a transition to a lower-carbon global economy. Our ability to navigate the transition to a lower-carbon economy could have an impact on future profitability, including the cost of goods sold and the cost of

capital. Additionally, the need to reduce GHG emission intensity and manage the impact of potential future carbon pricing scenarios on existing operations could impact company profitability and returns in the longer-term.

Countries have made commitments to reduce GHG emissions under international climate agreements, such as the Paris Agreement. These commitments are being implemented at national, regional and provincial/state levels through increased regulation of GHG emissions, including mechanisms such as carbon taxes, cap-and-trade systems and fuel efficiency standards. This trend is expected to intensify as countries implement new laws and regulations to meet their national GHG emissions reduction targets.

407 ETR operates in Canada, which has ratified the Paris Agreement. Canada has committed to reducing its GHG emissions by 40 to 45 per

cent by 2030, based on 2005 levels and has committed to net zero by 2050. In December 2020, the Canadian government announced that it will increase the federal carbon tax from \$30 per tonne of GHG emissions to \$170 per tonne in 2030 – an increase of 467 per cent over 10 years. Canada's carbon pricing and transition to a lower-carbon economy may lead to changes in demand for products and services, increase operating and compliance costs and over the longer-term, potentially impact Canadians' propensity to travel due to increased costs and/or behavioural shifts due to climate change.

#### Climate Change Physical Risks

As part of the materiality assessment, we identified climate change physical risks as important risks for the Company over the medium-term. We recognize the effects of the increased frequency and potential impacts

of extreme weather events due to climate change, such as heavy rainfall resulting in flooding and more extreme winter conditions. These effects may lead to more frequent or extensive damage to the highway or roadside tolling equipment, and disruptions to highway operations and traffic levels. Weather events that are more severe could lead to additional costs for managing response times, maintaining service levels and addressing actual or potential impacts to the highway or equipment.

**Climate-related Mitigation Efforts**

407 ETR has initiated several initiatives to address climate-related impacts and in 2023, we aim to finalize our roadmap to achieve our emissions reduction targets.

Periodically, we engage external consultants to study the impact of climate change on different pavement along Highway 407 ETR. Studies conducted in 2019 have determined that Highway 407 ETR pavements are robust and resilient to climate change with little or no expected impact.

Additionally, we completed a flood hazard and risk study in 2019 for roughly 40 kilometres of Highway 407 ETR that is particularly vulnerable to flooding in Halton and Peel regions. While certain areas were identified as having a potential risk of local flooding, the results of the study confirm that the design of Highway 407 ETR is suitable for the topographical areas where it is located. We believe that suitable design combined with high ongoing maintenance standards make Highway 407 ETR resilient to flooding risks. We also believe it is unlikely for the highway to be impacted in any major way. Still, we will continue to evaluate if we can minimize the risk of flooding by increasing drainage capacity and resilience in those areas.

We will continue to assess and mitigate the impact of climate change on our longer-term operations and will adjust our preventative maintenance, infrastructure, rehabilitation and construction plans accordingly.

Using a combination of the interaction of hazard (i.e. climate change effect, e.g. severe snowstorms, ice storms, flooding), exposure and vulnerability to assess climate change physical risks, we will use the results of these assessments to inform our business strategy and corporate objectives.



**Case Study**

**Studying the Effects of Climate Change on Highway 407 ETR's Concrete Pavement**

In 2018, 407 ETR began work to assess the long-term risks of climate change on the performance of the highway. We completed initial risk and vulnerability assessments to help understand our exposure to climate change effects. In October 2020, we installed thermocouples and strain gauges in concrete slabs eastbound on Highway 407 ETR near the Pine Valley interchange. The sensors are currently collecting temperature and strain

data within different depths for analysis to evaluate the effects of high temperatures on the performance of our concrete pavement. This will help us understand how significant fluctuations in temperatures contribute to the localized deterioration of our concrete surfaces.

In 2023 we plan to install a second set of instrumentation to assist and continue the analysis.

**Patrolling and Maintaining the Roadway**

Our Highway Operations Team patrols Highway 407 ETR 24 hours a day, 365 days a year. We're exploring the feasibility of electrifying our fleet where possible to help us achieve our GHG reduction targets. 407 ETR's fleet is comprised of a variety of 79 light, medium and heavy-duty vehicles which include diesel, gasoline, hybrid and electric vehicles. This includes vehicles used by contractors for winter maintenance.

Patrol trucks can travel as much as 800 kilometres on a tank of gasoline. In the fall of 2022, we introduced our first electric patrol truck and we continue to evaluate its performance to compare its range and efficiency against gasoline engines. This is our first step towards assessing the feasibility of building out an EV fleet.

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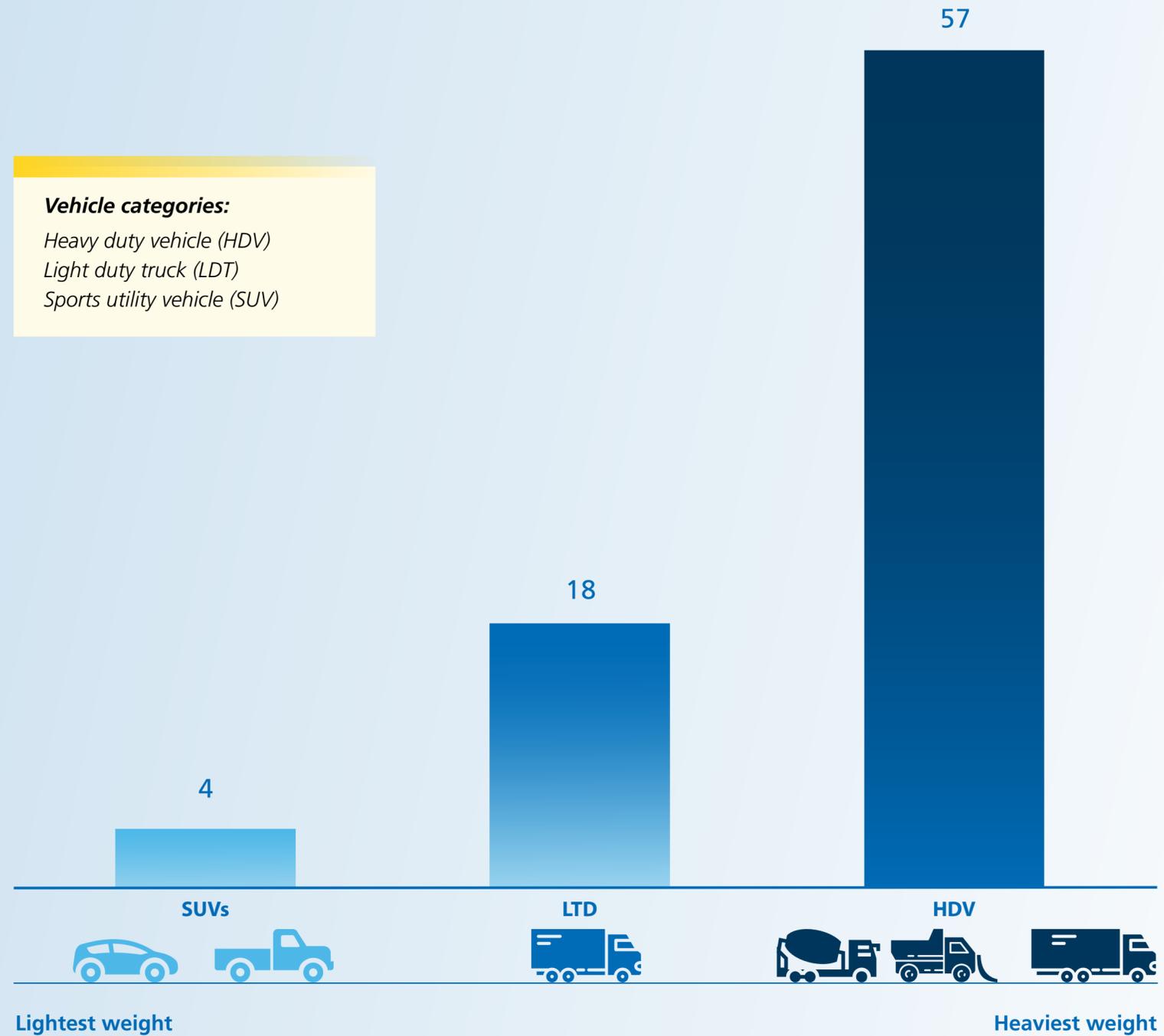
**total vehicles:**

- 14 Supervisor trucks
- 2 Pool trucks
- 4 Patrol trucks
- 17 Road maintenance trucks
- 1 Boom truck
- 1 Bridgemaster
- 1 Building maintenance truck
- 21 Plow/spreaders
- 2 Road maintenance/plowing trucks
- 1 Road maintenance/sprayer truck
- 1 Staff pool truck
- 1 Sweeper
- 4 Truck mounted attenuator crash trucks
- 8 Tolling maintenance vehicles
- 1 Winter plow – commuter lots

**407 ETR FLEET NUMBERS**

**Vehicle categories:**

- Heavy duty vehicle (HDV)
- Light duty truck (LTD)
- Sports utility vehicle (SUV)



**Winter Operations**

Our annual Scope 1 emissions are heavily impacted by the severity of winter weather and the associated road maintenance and snow removal. The majority of our winter operations is outsourced to a third-party. Snowplows and salting trucks operate on diesel engines and we're not aware of any electric snowplows currently available on the market.

**Introduced Anti-idling Policy**

We introduced an Anti-idling Policy to reduce air pollution and GHG emissions by discouraging unnecessary idling of 407 ETR vehicles. There are exceptions to this policy in emergency situations, or when idling is necessary for the safety of the vehicle occupants (e.g., to run the air conditioner or heat under extreme weather conditions).

**Climate Change Risk Management**

We have reviewed and addressed the TCFD Implementation Guidance released in October 2021 for the Risk Management category. ESG-related areas, as identified by our [materiality assessment](#) (including climate-related risks) are assessed in our Annual Entity Risk Assessment process and considered when assessing our strategies, plans and initiatives. Where appropriate and possible, mitigation plans are identified and we continue to develop the climate change risk management process to align with the TCFD framework. We're striving to have this completed by the end of 2024.

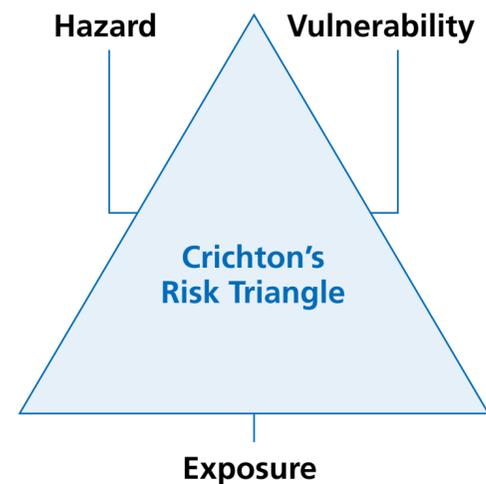
We continue to assess the impact of weather events on our roadway by conducting studies to better understand Highway 407 ETR's resilience to withstand such events. Where required, we have engaged experts to identify, develop and implement appropriate mitigation actions.

Read more about risk management on [page 19](#).



### Climate Change Physical Risk Assessment Framework

For our climate change physical risk assessment framework, we're adopting the Crichton (1999) Risk Triangle approach to measure climate change-related risks. The Risk Triangle assumes that risk is a combination of the interaction between hazards, exposure and vulnerability.



#### Hazard

**A hazard is the potential of a climate change effect to cause harm to human, natural or economic systems.**

Climate change effects may include but are not limited to:

- Thunderstorms
- Severe snowstorms
- Ice storms
- Blizzards
- Flooding
- Hurricanes
- High winds
- Heat waves
- Extreme heat

#### Exposure

**Exposure refers to the potential of a system at risk being affected by the hazard, including proximity to the climate change effect.**

Exposure levels are determined by an analysis of the spatial distribution of systems at risk (people, ecosystems, infrastructure etc.) and their proximity to an area which is likely to be affected by a hazard from sources such as:

- **Global Perspective** – The Intergovernmental [Panel on Climate Change/Reports](#)
- **Canadian Perspective** – [Environment and Climate Change Canada/Climate trends and projections](#)
- **Ontario Perspective** – [Ministry of the Environment, Conservation and Parks/Climate change](#)

#### Vulnerability

**Vulnerability refers to the level of severity to which a system at risk could be affected by the hazard.**

Vulnerability levels are determined using a set of indicators of damage to systems at risk (e.g. the ability of 407 ETR to maintain the highway in a safe and operational mode), during and after the exposure to a hazard<sup>8</sup>.

Using the Risk Triangle methodology, we are able to better understand if a risk is a potential threat, how we are impacted by the risk and how we will tolerate the level of the impact. We are using the information collected on climate change transitional risks during the materiality assessment to further develop and enhance our risk methodology for climate change transitional risks.



<sup>8</sup> Crichton, D. (1999). The Risk Triangle. In: Ingleton, J. (ed.) Natural Disaster Management. Tudor Rose: London. 320 pp.

**Climate Goals:**  
**Metrics and Performance**

**Metrics**

**GHG Emissions and Trends**

We have set a target to reduce our GHG emissions for Scope 1 and Scope 2 by 25 per cent by 2030. In 2022, we reduced our total Scope 1 and Scope 2 GHG emissions by approximately 14 per cent relative to the 2018 baseline.

This target amounts to a reduction of 797.86 tCO<sub>2</sub>e by 2030. In 2022, we engaged with a consultant to develop a decarbonization plan and a roadmap to achieve this. This project consists of several phases and includes the Scope 1 and 2 GHG baseline; Scope 1 and 2 decarbonization roadmap; and developing a Scope 3 GHG baseline. The 407 ETR Procurement team will be developing a strategy to manage climate-related risks arising from the supply chain.

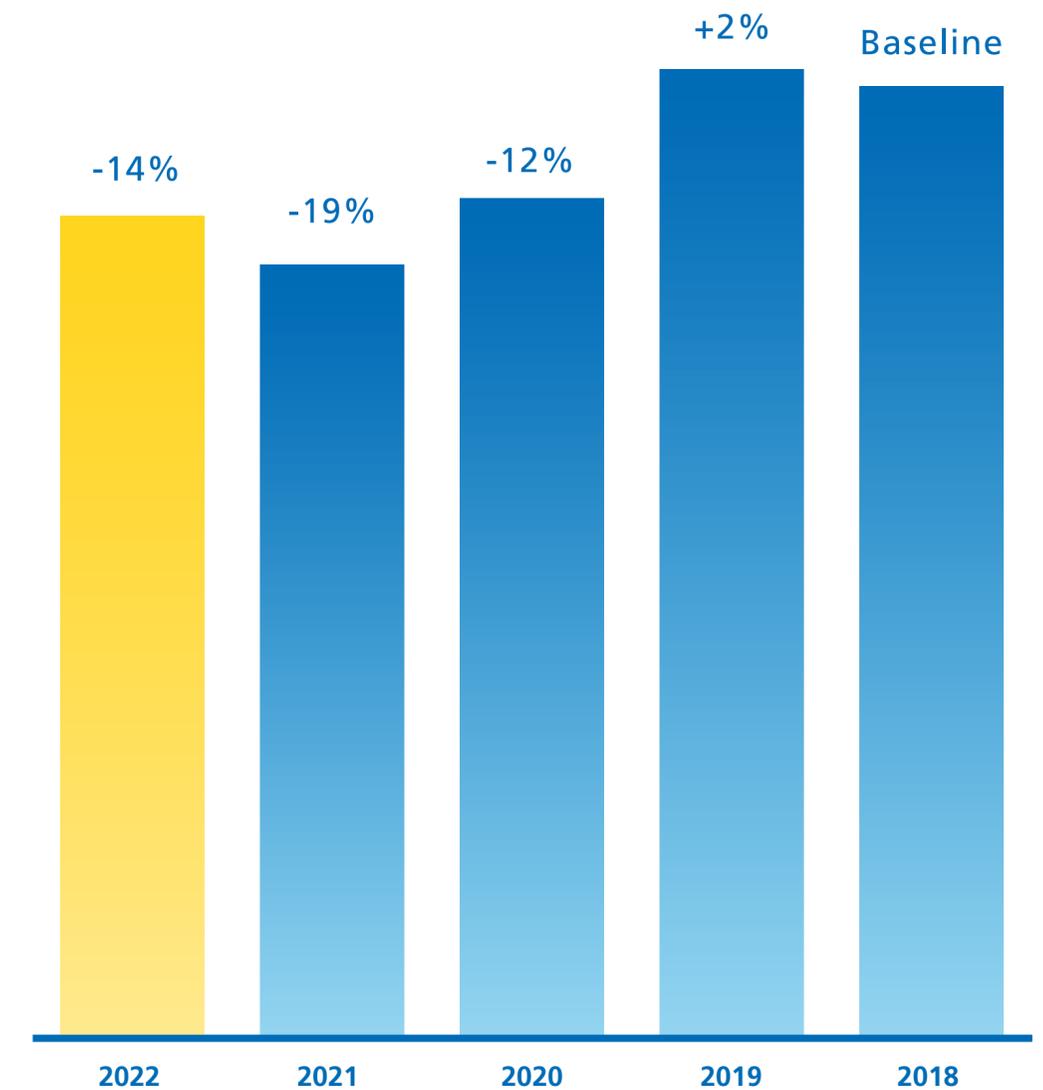
In 2022, 407 ETR completed the following exercises:

- Operations mapping
- GHG data inventory and the underlying emissions assumptions and analytics
- Business as usual emissions trajectory
- Assessment of applicable sector pathways
- Identification & evaluation of decarbonization opportunities
- Identification of EV or zero emission vehicle (ZEV) manufacturers

GHG Emission Scope	Emission Source	2022	2021	2020	2019	2018 (base year)
Scope 1 (tCO <sub>2</sub> e)	Diesel <sup>9</sup>	1,290	1,144	1,299	1,663	1,569
	Gasoline	631	667	747	786	874
	Natural Gas	341	289	299	307	226
	Propane	49	37	36	28	33
Scope 2 (tCO <sub>2</sub> e)	Electricity	445	455	435	464	490
<b>Total GHG Emissions</b>						
Total Scope 1 (tCO <sub>2</sub> e)		2,311	2,137	2,381	2,783	2,701
Total Scope 2 (tCO <sub>2</sub> e)		445	455	435	464	490
Total Scope 1 & 2 (tCO <sub>2</sub> e)		2,757	2,592	2,816	3,247	3,191

<sup>9</sup> Note: Diesel emissions vary depending on the severity of the winter and the operations required to keep the road safe.

**GHG EMISSION REDUCTION % (2018 – 2022)**



In 2022, our use of diesel fuel increased due to weather conditions and winter operations. Gasoline decreased due to reduced kilometres driven by 407 ETR employees. Natural gas is used for heating and increased due to heating and cooling requirements during the respective winter and summer months. Additionally, in 2022, the Company's head office experienced a three-day power outage which was supported by a 500 kilowatt emergency power generator. Propane is also used for heating and increased due to colder weather conditions. Electricity usage decreased due to reduced demand for cooling during the summer months.

**Targets**

Our Scope 1 and Scope 2 [GHG emissions reduction target](#) is a significant step towards addressing the pressing issue of climate change and demonstrates our commitment to being a responsible corporate citizen. To help achieve this target, we have committed to maintaining our [sustainability-linked loan](#).

Total % consumption	2022	2021	2020
Natural gas (tCO <sub>2</sub> )	15%	13%	13%
Renewable fuel (tCO <sub>2</sub> )	0%	0%	0%
<b>Fuel Consumed (litres)</b>			
• Diesel	470,732	417,386	473,941
• Gasoline	272,328	287,878	324,905
• Natural Gas	176,610,000	149,644,000	157,721,000
• Propane	31,786	24,070	23,273
<b>Total fuel consumed</b>	<b>177,384,846</b>	<b>150,373,334</b>	<b>158,543,119</b>
<b>Emission Source (kWh)</b>			
• Electricity	15,067,703	15,403,160	14,709,011

**Analyst Corner:**  
 SASB TR-RO-110a.1,  
 SASB TR-RO-110a.2,  
 SASB TR-RO-110a.3  
 TCFD Recommendations

# Social



# Health & Safety

## UN SDG Alignment



**We work hard to promote the health, safety and wellness of our employees across the organization. Many employees on our Highway Operations Team spend most of their days out on the road, patrolling the highway and responding to incidents.**

There are inherent dangers as a result of live traffic and we work hard to mitigate those hazards to keep workers safe on the job. Ultimately, it is our responsibility to ensure that all of our employees and contractors return home safely to their loved ones at the end of each workday.

In addition to ensuring the health and safety of our employees, we work hard to minimize potential customer risks while driving on Highway 407 ETR by maintaining our infrastructure and adhering to Ministry of Transportation standards. We believe that providing a safe and reliable transportation experience is essential to building customer trust and loyalty.

## Approach

We recognize that proactive hazard identification and risk management plays a key role in maintaining a healthy and safe workplace. Therefore, we strive to continually improve our occupational health and safety management system (OHSMS) through:

- **Ensuring compliance** with applicable legislative requirements;
- **Exploring and implementing** best practices;
- **Sharing knowledge** and lessons learned;
- **Aligning with** recognized national and international standards; and
- **Managing change** and management review.

In 2022, we began working towards aligning the existing OHSMS with the IHSA COR® 2020 – Canadian National Standard for Occupational Health & Safety Management Systems administered in Ontario by the Infrastructure Health and Safety Association (IHSA).

We start each year with a review of occupational health and safety hazards to identify potential risks or opportunities applicable to the business and invite representatives from all business units, including our Joint Health and Safety Committee (JHSC) members, to participate in a one-day risk review session.

We believe in unbiased and independent incident investigations, in-depth root cause analysis and accountability for actions resulting from such investigations. We encourage our employees to report all incidents

and near misses and initiate an appropriate level of investigation depending on the actual or potential severity of each incident. Some incidents, including near misses, are classified as “HiPo – High-Potential” (i.e., events that could have resulted in serious disabling injury/illness, death, or extensive property damage). Executive Incident Reviews (EIR) are initiated for all HiPo incidents and an EIR Team includes management and the President & CEO.

Occupational health and safety, environmental and wellness (OHSEW) performance is reported to the Environmental, Health & Safety Committee of the Board on a quarterly basis. This quarterly review includes updates on major OHSEW accomplishments, performance milestones, key performance indicators (KPIs), incidents and lessons learned.

We support employee engagement through mandatory (e.g. JHSC) or voluntary (e.g. Wellness Committee) OHSEW committees and we constantly seek their advice on how to improve our current processes and programs. We’re increasing our focus on employee wellness and are offering various training, communications and engagement opportunities, including mental health.

On the roadway, our Highway Operations Team performs routine inspections and maintenance of our assets along the highway corridor to ensure they are performing their function effectively and efficiently while protecting health, safety and the environment.

### Road safety

Providing a safe driving experience for customers is a top priority. 407 ETR's 2021 Highway Collision Safety Review found that collision rates are on average 40 per cent lower than alternate roadways. Measured by collisions per million vehicle kilometres travelled, 407 ETR averages 0.22, well below the 0.90 maximum set out in the CGLA. We continue to display safety messages on our dynamic messaging signs along the highway to warn drivers about road conditions as well as distracted and impaired driving.

Highway infrastructure is regularly inspected and maintained to ensure it is in good condition, and our highway crews work safely and quickly to remove debris from the roadway, 24/7. 407 ETR's mobile app provides users with personalized alerts about accidents, closures and road work along their journey. Highway enforcement is paid for by 407 ETR and in 2022 we invested \$8.9 million in enforcement and policing services to help keep the highway safe. We also provide free roadside assistance for customers who need help while driving on the highway<sup>10</sup>.

We're also proud to support initiatives that promote safe driving. Through our support for Teens Learn to Drive and Accident Awareness, we're helping to provide young drivers with the knowledge and skills they need to become safe and responsible drivers. We're also sponsoring the Canadian Spinal Research Organization to help fund ground-breaking spinal cord injury research focused on neuromodulation, a technology believed to improve mobility functions for people with spinal cord injuries.



CANADIAN/AMERICAN SPINAL RESEARCH ORGANIZATIONS

<sup>10</sup> Roadside assistance is subject to patroller availability and only available on Highway 407 ETR (QEW to Brock Rd.).



#### Case Study

### 407 ETR and Mohawk College testing drone technology for safer highway inspections

407 ETR is collaborating with [Mohawk College's Unmanned and Remote Sensing Innovation Centre \(URSIC\)](#) to test safer and more efficient ways of conducting visual inspections of overhead structures. Currently, employees physically climb overhead gantries to perform manual inspections while traffic passes underneath.

The collaboration between 407 ETR and Mohawk College began in October 2022 as a pilot to assess the benefits of aerial drones for overhead signage and gantry inspections and is expanding to other applications including bridges and stormwater ponds. Through this work, 407 ETR is identifying if drone technology can operate during the winter season. Inspections are usually conducted in warmer seasons to mitigate hazards associated with winter weather conditions.

**Performance**

**In 2022, we celebrated 2.8 million lost time free hours. This is the result of our adherence to occupational health and safety measures and every employees' commitment to working safely.**

407 ETR had no fatal or critical incidents for employees in 2022 (see FIFR and LTIFR in adjacent table). However, we did see an increase in the number of injuries requiring medical aid (MAIFR and TRIFR). We're encouraging employees to proactively report any near misses or potential hazards to help us identify and mitigate risks before they turn into incidents. By fostering a culture of safety and open communication, we hope to reduce the number of medical aid incidents and continue to prioritize the health and safety of our employees.

We're committed to operational excellence and aim to meet or exceed all applicable safety and Ministry of Transportation standards relating to the design and operation of Highway 407 ETR. There are periodically motor vehicle accidents claims which include allegations against 407 ETR of safety-related deficiencies related to the design or the operation of Highway 407 ETR. In the vast majority of cases, these claims are eventually abandoned or dismissed without costs. In 2022, no monetary losses were incurred by 407 ETR in connection with any motor vehicle accident claims other than the legal costs incurred to vigorously defend such claims. In 2022, no monetary expenses were incurred by 407 ETR in relation to legal proceedings concerning defect and safety-related incidents.

Metric <sup>11</sup>	2022	2021	2020
Lost Time Free Hours <sup>12</sup>	2,854,502	2,026,170	1,233,094
Lost Time Free Days	1,282	917	552
Fatality Injury Frequency Rate (FIFR)	0.00	0.00	0.00
Lost Time Injury Frequency Rate (LTIFR)	0.00	0.00	0.00
Medical Aid Injury Frequency Rate (MAIFR)	1.69	0.25	0.26
Total Recordable Incident Rate (TRIR)	1.69	0.25	0.26
Near miss reports	7	0	0
Road accidents and incidents <sup>13</sup>	511	435	393
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents (CAD)	\$0	\$0	\$0

<sup>11</sup> These safety metrics (lost time free hours, lost time free days, FIFR, LTIFR, MAIFR, TRIR, near miss reports) pertain to 407 ETR employees and contract employees, but do not include safety information for contractors. Contract employees are on the 407 ETR payroll and covered under WSIB, whereas contractors possess their own insurance. We did not have reportable safety accidents involving contractors in 2022.

<sup>12</sup> 2.8 Million lost time free hours June 2019 to December 2022.

<sup>13</sup> 407 ETR only reports on accidents and incidents caused by road users.

**Analyst Corner:**  
*SASB IF-EN-250a.2,  
 SASB IF-EN-320a.1,  
 SASB TR-RO-320a.1,  
 SASB TR-RO-540a.1*

# Data Security & Customer Privacy

**Protecting customer data is a top priority at 407 ETR. We understand that customers trust us to keep their personal information private and safe. We're constantly working to protect against unauthorized access, use, disclosure and loss of customer data. We remain committed to ongoing data security enhancements to stay ahead of ever-growing cybersecurity risks.**

407 ETR operates and manages Highway 407 ETR and provides tolling and back-office services for the Province of Ontario's Highway 407. This means that two privacy laws apply when we collect, use, or disclose personal information:

- **Canada's Personal Information Protection and Electronic Documents Act (PIPEDA)** for Highway 407 ETR; and

- **Ontario's Freedom of Information and Protection of Privacy Act (FIPPA)** for the Province of Ontario's Highway 407.

## Approach

To keep us accountable for our privacy obligations, the Privacy Office oversees our compliance with privacy policies, practices and procedures that are designed to ensure the responsible collection, use and retention of personal information in accordance with applicable laws. 407 ETR's Privacy Notice informs customers of their rights and our obligations when it comes to the collection, use, disclosure and retention of personal information. In addition, to help detect, manage, mitigate and control potential threats, we employ knowledgeable and skilled teams specializing in cyber and data security, use the latest tools and technology, and develop and utilize robust privacy processes.

In keeping with our commitment to prioritize privacy, in 2022, 407 ETR's Privacy Office launched the Privacy Governance Risk and Compliance (GRC) program, requiring data stakeholders to annually attest to their compliance with relevant privacy law requirements within their operational capacity. In doing so, we better understand our privacy compliance posture and can take meaningful steps to advance our privacy management program.

The GRC program identifies the necessary components and actions involved in the IT risk management process including IT standards, guidelines, internal processes, procedures, control assessment, attestation, risk register and issue management. The IT security risk management process adheres to the requirements of PCI DSS Version 3.2 and ISO 27002 (2013), and applies to all systems that store, process, and transmit protected and confidential data at a minimum.

Integrated in the GRC are the various methods used to perform risk and control assessment by means of internal processes. These processes and the process overview allow us to determine the highest priority control areas and unify security objectives to enterprise business plans using risk-based decision making.

Our approach allows for a full view of technical and process controls that are based on regulatory requirements and best industry practices established under ISO 27002 (2013), NIST 800.53 v4, PCI DSS v3.2 and 407 ETR General Computing Controls (GCC) and optimizing our ability to identify and address data security risks and vulnerabilities.

Along with automated applications and tools, our Cyber and Data Security Team works diligently to identify threats and suspicious and malicious activity. The Cyber and Data Security Team is responsible for disclosing material threats

or breaches to stakeholders including the Privacy Officer. Though insights are collected, the disclosure of incidents are limited to internal reporting to protect customer information and exposing vulnerabilities.

407 ETR's Chief Information Officer is responsible for our cyber and data security and works with 407 ETR's Chief Executive Officer, the Chief Financial Officer, the Audit Committee and Privacy Officer to maintain transparency and accuracy of the GRC and the IT risk management process.

Upon onboarding, all new employees are required to complete our cybersecurity training, and annually thereafter, we continue to conduct ongoing phishing campaigns and ensure cyber and data security related materials and training are up-to-date and are accessible to all employees.

**Performance**

**We have set a target of no major data breaches and are proud to have achieved this goal in 2022, thanks to our robust cybersecurity strategy. We have also maintained a trend of no legal proceedings associated with customer privacy.**

**Analyst Corner:**

SASB SV-PS-230a.1,  
SASB SV-PS-230a.2,  
SASB SV-PS-230a.3

Metric	2022	2021	2020
Number of data breaches <sup>14</sup>	0	0	0
Percentage of data breaches involving customers' confidential business information (CBI)	0%	0%	0%
Percentage of data breaches involving customers' personally identifiable information (PII)	0%	0%	0%
Number of customers affected	0	0	0
Number of legal proceedings associated with customer privacy	0	0	0

<sup>14</sup> 407 ETR discloses data breaches as required by law and those the company deems material. Disclosures are limited to information that is not confidential or privileged. There were no such breaches in 2022.



# Talent Strategy

## UN SDG Alignment



**407 ETR is committed to creating an inclusive environment where everyone feels welcome, respected and valued. We recognize that there are unique challenges faced by individuals due to their gender, sexuality, ethnicity, or disability and are actively working to address these challenges in order to create a more equitable workplace.**

We understand that achieving true diversity and inclusion is an ongoing process and we're dedicated to continually evaluating and improving our efforts. We believe that by fostering a culture of inclusivity, we can better serve our customers, attract and retain top

talent and make a positive impact in the communities we serve.

### Approach

Our Code of Conduct Policy expressly recognizes that our most valuable assets are our people and that we must be a fulfilling place to work, where all personnel are treated as individuals, deserving the respect of their peers, subordinates and superiors. In keeping with this principle, we seek to recruit the best people without discrimination or bias and with advancement and remuneration based solely on merit.

Similarly, the Board and its Shareholders recognize the value and importance of the Board members and Management Team, including talented and experienced individuals whose diverse backgrounds reflect 407 ETR's stakeholders, including our customers, employees and the communities served by Highway 407 ETR.



**Performance**

**As at December 31, 2022, five of 407 ETR’s thirteen directors on the Board (38%) are women. There are two directors who identify as a visible minority and no one identifies as being aboriginal or as having a disability. Of the 11 person Management Team, two people (18%) are women, and three people (27%) identify as visible minorities. No one identifies as aboriginal or as having a disability. Of 407 ETR’s two executive officers who are male, one (50%) identifies as a visible minority.**

At 407 ETR we believe that diversity, equity and inclusion are critical to our success. We have not yet begun reporting on the representation of racial and ethnic groups within our organization, and moving forward we will work to collect and analyze this data so that we can better understand where we need to focus our efforts to improve diversity and inclusion at 407 ETR.

In 2022, 407 ETR saw a nine per cent increase in the number of full-time employees. This is primarily due to ongoing project-related initiatives that required additional resources.

**38%**  
of directors are women

**18%**  
of the Management Team are women

**27%**  
of the Management Team identify as visible minorities

**50%**  
of the executive officers identify as a visible minority

**9%**  
increase in the number of full-time employees

Metric <sup>15</sup>	2022	2021	2020
Number of full-time employees	477	437	437
Number of part-time employees	36	25	25
Number of contractors employed	178	n/a	n/a
Percentage of female representation in executive management <sup>16</sup>	18%	20%	20%
Percentage of female representation for all other employees <sup>17</sup>	48%	41%	38%
Voluntary turnover rate for all employees	20%	12%	8%
Involuntary turnover rate for all employees	7%	4%	11%
(1) Total volunteer hours and (2) Average volunteer hours per employee	602/1	n/a	n/a
Employee engagement	63%	n/a	n/a

**Analyst Corner:**

SASB SV-PS-000.A,  
SASB SV-PS-330a.1,  
SASB SV-PS-330a.2,  
SASB SV-PS-330a.3,  
TR-RO-320a.2

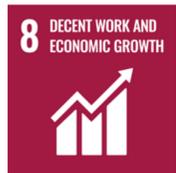
<sup>15</sup> SASB requires a disclosure of temporary employees. This is not a material metric for 407 ETR.

<sup>16</sup> As at December 2022.

<sup>17</sup> As at December 2022. Executive management is defined as the most senior level of leadership reporting directly to the CEO. All other employees refers to all employees in the organization not at the most senior level of leadership.

# Community Impact

## UN SDG Alignment



We strive to make life better on and off our highway and give back to the communities we serve in ways that align with our priorities of health and wellness; diversity, equity and inclusion; biodiversity; social services; and education.

With more than 75 years remaining on our 99-year lease, we're invested in the long-term prosperity of the GTA.

## Approach

407 ETR is committed to supporting communities across the GTA. We engage with a variety of stakeholders and community organizations through memberships in industry associations and our support of not for-profit and charitable organizations. We're proud to be part of the business community and hold memberships with 12 boards of trade and chambers along the Highway 407 ETR corridor. In 2022, we worked with more than 155 community organizations.

Our community relations initiatives and activities are developed and managed within the Communications & Government Relations department and are overseen by management.

### Road to Recovery

During the COVID-19 pandemic, we launched our \$5.2 million Road to Recovery initiative. As part of

the initiative, we contributed a total of \$1.2 million in 2020 to 24 GTA hospitals to help fund COVID-19 relief.

In 2022, we completed our \$4 million, multi-year donation (2020 – 2022) to United Way Greater Toronto, which provided critical social services in support of food security, seniors, employment/income security, and mental health.

### Youth Sports Funding

Keep Moving™ by 407 ETR, our youth team sponsorship program, is helping connect children with sports by offering funding to teams with players from the ages of four to 18. The program sponsors a wide variety of sports, including hockey, baseball, dance, soccer and swimming. We're proud to work with organizations that are positively impacting the lives of children in the GTA.

Fast facts about some of the organizations we support:

- **Seaside Hockey** in Toronto provides visible minority youth in the GTA an opportunity to learn the sport under their leading-edge hockey-based mentorship program by removing financial barriers for families.
- Through their specially designed and inclusive All Abilities Program, **Pickering Football Club** gives children and youth with intellectual and/or physical disabilities the opportunity to learn and play soccer.
- **Jade's Hip Hop Academy** in Brampton helps children grow through dance by providing an inclusive and supportive space to learn, and helps families who may not have otherwise had the means to participate.

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**Boards of trade and chambers along the Highway 407 ETR corridor we hold memberships with:**

- Ajax Pickering Board of Trade
- Brampton Board of Trade
- Mississauga Board of Trade
- Oshawa Chamber of Commerce
- Oakville Chamber of Commerce
- Markham Board of Trade
- Ontario Chamber of Commerce
- Vaughan Chamber of Commerce
- Burlington Chamber of Commerce
- Toronto Region Board of Trade
- Milton Chamber of Commerce
- Whitby Chamber of Commerce



**Socio-Economic Benefits**

407 ETR has a positive economic impact on the communities surrounding the highway. [A 2022 report](#) published by Steer, a global business consulting firm, on behalf of 407 ETR’s Shareholder, Cintra, found that Highway 407 ETR has provided a total of \$20.6 billion in socio-economic benefits from 1999 to 2021. This includes user benefits such as improved travel time, reliability, safety and reduced vehicle operating costs and emissions. Highway 407 ETR has also supported \$15 billion in GDP and \$3.8 billion in direct earnings, representing over 66,000 job years of labour.

**One Big Day**

In June 2022, we held our annual One Big Day corporate-wide employee volunteering event with various community partners. In 2022, employees volunteered over 600 hours.

**Medical Research**

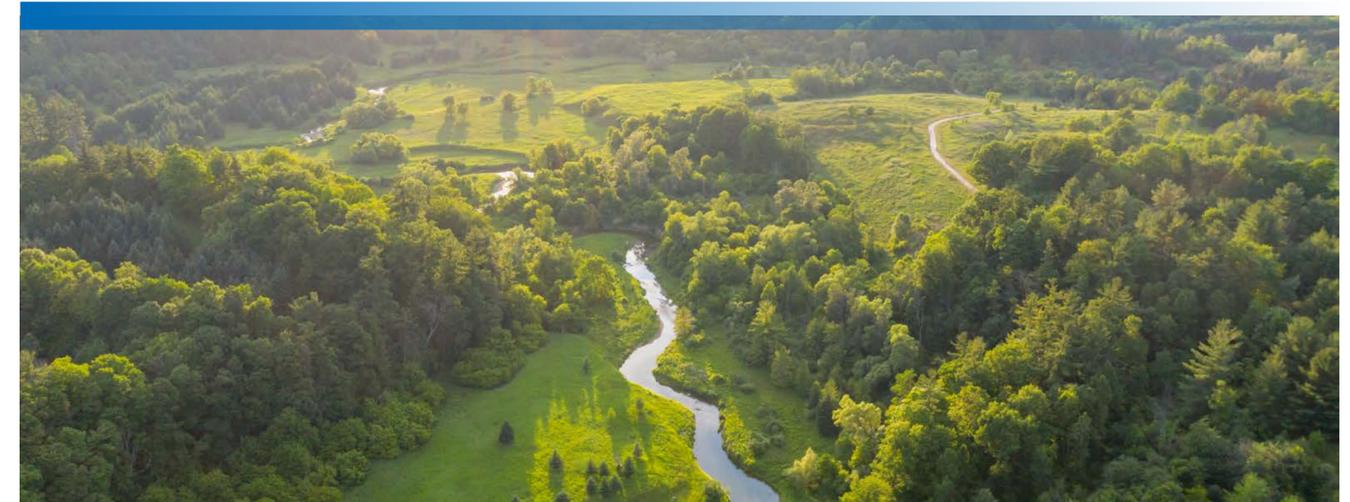
Helping to fund ground-breaking spinal cord injury research, we partnered with the [Canadian Spinal Research Organization](#). The research focuses on neuromodulation; a technology and process being tested around the world that is believed to improve and regain mobility functions for people with spinal cord injuries.

**Indigenous Relations**

Indigenous territories, including Anishinaabe, the Mississaugas of the Credit, Haudenosaunee, and Huron-wendat (Wyandot) exist in the GTA. Bringing awareness to issues that affect Indigenous Peoples is part of our DEI strategy.

We’re committed to enhancing our understanding and sensitivity to Indigenous interests. We consider Indigenous relations through the following initiatives:

- **Acknowledging** important dates focused on Reconciliation and issues effecting Indigenous groups. (E.g. National Day for Truth and Reconciliation/Orange Shirt Day).
- **Supporting** Indigenous organizations in company-wide volunteer initiatives. In 2022, employees assembled kits for Na-Me-Res Men’s shelter and prepared backpacks for Native Child and Family Services of Toronto.
- **Sensitivity** to cultural differences in the talent management process.
- **Addressing** conscious and unconscious bias in the talent development process.



**Case Study**

**407 ETR donates more than \$176,000 to protect and enhance biodiversity in the GTA**

With growing awareness of the environmental impact of our operations, we’re putting a greater emphasis on biodiversity, and supporting organizations focused on enhancing and protecting Ontario’s green spaces.

407 ETR donated more than \$176,000 to Nature Conservancy of Canada (NCC) in 2022 to help protect and care for Ontario’s biodiversity and natural spaces. The funding helped support ecologically significant lands, including the Happy Valley Forest and MacMillan Nature Reserve on the Oak Ridges Moraine.

The donation was a result of a \$50,000 corporate commitment to NCC, and a

summer paperless billing campaign, where 407 ETR donated \$2 for every customer who went paperless. Customers surpassed expectations, resulting in a donation of \$126,788 for NCC.

“The Nature Conservancy of Canada is working to protect Ontario’s lands and waters to help fight the twin crises of climate change and biodiversity loss,” says Mike Hendren, Regional Vice President, Ontario Region at Nature Conservancy of Canada. “We want to thank 407 ETR, and the over 60,000 customers who shifted to paperless bills, for helping to protect and nurture biodiversity in the GTA. When nature thrives, we all thrive.”

**407 ETR Shows Its Pride**

In June 2022, in celebration of Pride month, we presented a \$15,000 donation to Friends of Ruby, a Toronto organization that provides 2SLGBTQIA+ youth with mental health support, housing and other social services. The event culminated with a Pride walk around the 407 ETR grounds where employees were invited to walk with their colleagues in support of Pride. We remain dedicated to promoting equality and creating a safe and welcoming space for all people, regardless of their sexual orientation or gender identity.

Learn more about [407 ETR's community engagement](#).



**Analyst Corner:**  
SASB EM-MM-210b.1-2

**Performance**

In 2022, we invested approximately \$2 million in sponsorships, donations and free travel.

**INVESTMENTS INCLUDED:**



\$1M

To **United Way Greater Toronto** completing \$4 million, multi-year commitment and Road to Recovery initiative.



\$176,000

To **Nature Conservancy of Canada (NCC)** to help protect and care for Ontario's biodiversity and natural spaces.



\$150,000

To 15 local hospitals.



\$116,000

Through an employee fundraising campaign for **United Way Greater Toronto** together with the 407 ETR corporate matching program.



\$100,000

In **407 ETR's youth sports team sponsorship program, Keep Moving™** supporting 2,500 kids and 132 teams in 2022. Through this program, we have invested approximately \$850,000 in community teams across the GTA since its launch in 2015.



\$25,000

To the **Canadian Spinal Research Organization** to help fund neuromodulation research, a promising new treatment for people living with spinal cord injuries.



# SASB Index



# SASB Index

**SASB publishes industry-specific sustainability accounting standards, intended to help companies disclose financial material and useful ESG information to investors.**

As an organization that operates an open-access toll highway, we recognize that our business activities are relevant to multiple SASB Standards. To this end, we have reported applicable metrics from the following SASB Standards:

1. Engineering & Construction Services;
2. Road Transportation;
3. Professional & Commercial Services.

Consolidated data across our operations is provided. We have explained any deviations or omissions from the Standards, where relevant.



# Engineering & Construction Services Standard

SASB Code	Accounting Metric	Unit	Reference
<b>Activity Metrics</b>			
<b>IF-EN-000.A</b>	Number of active projects	Number	<b>Omitted.</b> As per the CGLA, 407 ETR has been built to its maximum length. As such, this metric is not applicable to 407 ETR.
<b>IF-EN-000.B</b>	Number of commissioned projects	Number	<b>Omitted.</b> This metric is not applicable to 407 ETR as there were no projects commissioned in 2022.
<b>IF-EN-000.C</b>	Total backlog	Reporting currency	<b>Omitted.</b> This metric is not applicable to 407 ETR as there is currently no backlog associated with commissioned projects.
<b>Environmental Impacts of Project Development</b>			
<b>IF-EN-160a.1</b>	Number of incidents of non-compliance with environmental permits, standards and regulations	Number	<a href="#">Page 34</a> of this report (Environmental Impact).
<b>IF-EN-160a.2</b>	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	n/a	As per the CGLA, 407 ETR has been built to its maximum length. All current construction activities are related to the maintenance and expansion of existing infrastructure. For more, see <a href="#">page 32</a> of this report.
<b>Structural Integrity &amp; Safety</b>			
<b>IF-EN-250a.1</b>	Amount of defect and safety-related rework costs	Reporting currency	<b>Omitted.</b> 407 ETR's construction and maintenance activities are outsourced to third-party vendors. They are responsible for quality assurance of the services provided and are contractually required to resolve any defects related to construction activities. As per contractual agreements with these vendors, 407 ETR may seek to recover costs incurred to address safety defects.
<b>IF-EN-250a.2</b>	Total amount of monetary losses as a result of legal proceedings associated with defect and safety-related incidents	Reporting currency	<a href="#">Page 45</a> of this report (Integrity in Practice).

**ENGINEERING &  
CONSTRUCTION SERVICES  
STANDARD**

SASB Code	Accounting Metric	Unit	Reference
<b>Workforce Health &amp; Safety</b>			
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	<a href="#">Page 45</a> of this report (Health & Safety).
<b>Lifecycle Impacts of Buildings &amp; Infrastructure</b>			
IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification.	Number	<b>Omitted.</b> 407 ETR is committed to working towards disclosing this metric in future ESG reports.
IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design.	n/a	<b>Omitted.</b> 407 ETR is committed to working towards disclosing this metric in future ESG reports.
<b>Climate Impacts of Business Mix</b>			
IF-EN-410b.1	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Reporting currency	<b>Omitted.</b> 407 ETR is not engaged in any hydrocarbon or renewable energy projects.
IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Reporting currency	<b>Omitted.</b> 407 ETR is not engaged in any hydrocarbon-related projects.
IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Reporting currency	<b>Omitted.</b> 407 ETR does not have a backlog for any non-energy projects associated with climate change mitigation.
<b>Business Ethics</b>			
IF-EN-510a.1	(1) Number of active projects and (2) Backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number, Reporting currency	<b>Omitted.</b> 407 ETR is not a construction or logistics company and we do not move construction material or goods for the purpose of our business.
IF-EN-510A.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	Reporting currency	<a href="#">Page 30</a> of this report (Integrity in Practice).
IF-EN-510A.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	n/a	407 ETR maintains policies designed to address and mitigate situations at the company related to bribery, corruption, and anti-competitive behaviour. For more on this, see <a href="#">page 30</a> of this report (Integrity in Practice).

# Road Transportation Standard

SASB Code	Accounting Metric	Unit	Reference
<b>Activity Metrics</b>			
TR-RO-000.A	Revenue ton miles (RTM)	RTM	<b>Omitted.</b> 407 ETR is not a construction or logistics company and we do not move construction material or goods for the purpose of our business.
TR-RO-000.B	Load factor	Number	<b>Omitted.</b> 407 ETR is not a construction or logistics company and we do not move construction material or goods for the purpose of our business.
TR-RO-000.C	Number of employees, number of truck drivers	Number	<b>Omitted.</b> 407 ETR does not employ truck drivers. Our total number of employees can be found on <a href="#">page 49</a> of this report.
<b>Greenhouse Gas Emissions</b>			
TR-RO-110a.1	Gross global Scope 1 emissions	tCO <sub>2</sub> e	<a href="#">Page 40</a> of this report (Climate Impact: GHG Emissions & Climate Change).
TR-RO-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	n/a	<a href="#">Page 35</a> of this report (Climate Change Strategy).
TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Litres, Percentage (%)	<a href="#">Page 40</a> of this report (Climate Impact: GHG Emissions & Climate Change).
<b>Air Quality</b>			
TR-RO-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Metric tons (t)	<p><b>Omitted.</b></p> <p><b>NOx:</b> 407 ETR is working on a road map to decarbonize and electrify our fleet. NOx emissions will be reduced automatically by means of replacing exiting internal combustion engines with EVs.</p> <p><b>SOx:</b> Due to the nature of 407 ETR’s business, this emission is irrelevant or not material for 407 ETR.</p> <p><b>PM10:</b> PM10 may be generated during construction activities. Such environmental impact will be mitigated by appropriate environmental planning and controls (e.g. dust suppression, watering, etc.).</p>

**ROAD TRANSPORTATION STANDARD**

SASB Code	Accounting Metric	Unit	Reference
<b>Driver Working Conditions</b>			
<b>TR-RO-320a.1</b>	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	<a href="#">Page 45</a> of this report (Health & Safety).
<b>TR-RO-320a.2</b>	(1) Voluntary and (2) involuntary turnover rate for all employees	Rate	<a href="#">Page 49</a> of this report (Talent Strategy).
<b>TR-RO-320a.3</b>	Description of approach to managing short-term and long-term driver health risks	n/a	<b>Omitted.</b> This is not applicable to 407 ETR as we do not employ any freight drivers. For information about how we manage health and safety for our employees please see <a href="#">page 43</a> of this report.
<b>Accident &amp; Safety Management</b>			
<b>TR-RO-540a.1</b>	Number of road accidents and incidents	Number	<a href="#">Page 45</a> of this report (Health & Safety). 407 ETR only discloses road accidents and incidents caused by road users.
<b>TR-RO-540a.2</b>	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance	Percentile	<b>Omitted.</b> This metric is not applicable to 407 ETR as we do not employ any freight drivers.
<b>TR-RO-540a.3</b>	(1) Number and (2) aggregate volume of spills and releases to the environment	Number, Cubic meters (m <sup>3</sup> )	<a href="#">Page 34</a> of this report (Environmental Impact).

# Professional & Commercial Services Standard

SASB Code	Accounting Metric	Unit	Reference
<b>Activity Metrics</b>			
<b>SV-PS-000.A</b>	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Number	<a href="#">Page 49</a> of this report (Talent Strategy).
<b>SV-PS-000.B</b>	Employee hours worked, percentage billable	n/a	<b>Omitted.</b> This metric is not relevant to 407 ETR's business model.
<b>Data Security</b>			
<b>SV-PS-230a.1</b>	Description of approach to identifying and addressing data security risks	n/a	407 ETR's Privacy Office oversees our compliance with privacy policies, practices and procedures that are designed to ensure the responsible collection, use and retention of personal information in accordance with applicable laws. For more, see <a href="#">page 46</a> of this report (Data Security & Customer Privacy).
<b>SV-PS-230a.2</b>	Description of policies and practices relating to collection, usage, and retention of customer information	n/a	407 ETR operates and manages Highway 407 ETR and provides tolling and back-office services for the Province of Ontario's Highway 407. This means that two privacy laws can apply when we collect, use, or disclose personal information: <ul style="list-style-type: none"> <li>• <i>Canada's Personal Information Protection and Electronic Documents Act (PIPEDA)</i> for Highway 407 ETR; and</li> <li>• <i>Ontario's Freedom of Information and Protection of Privacy Act (FIPPA)</i> for the Province of Ontario's Highway 407.</li> </ul> For more, see <a href="#">page 46</a> of this report (Data Security & Customer Privacy) .
<b>SV-PS-230a.3</b>	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	<a href="#">Page 46</a> of this report (Data Security & Customer Privacy).

**PROFESSIONAL &  
COMMERCIAL SERVICES  
STANDARD**

SASB Code	Accounting Metric	Unit	Reference
<b>Workforce Diversity &amp; Engagement</b>			
<b>SV-PS-330a.1</b>	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Percentage (%)	<a href="#">Page 49</a> of this report (Talent Strategy).
<b>SV-PS-330a.2</b>	(1) Voluntary and (2) involuntary turnover rate for employees	Rate	<a href="#">Page 49</a> of this report (Talent Strategy).
<b>SV-PS-330a.3</b>	Employee engagement as a percentage	Percentage (%)	<a href="#">Page 49</a> of this report (Talent Strategy).
<b>Professional Integrity</b>			
<b>SV-PS-510a.1</b>	Description of approach to ensuring professional integrity	n/a	407 ETR maintains policies designed to address and mitigate situations at the company related to bribery, corruption, and anti-competitive behaviour. For more, see <a href="#">page 28</a> of this report (Integrity in Practice).
<b>SV-PS-510a.2</b>	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Reporting currency	<a href="#">Page 30</a> of this report (Integrity in Practice).

# TCFD Index

**TCFD developed a framework to help companies and investors disclose useful, forward-looking information on climate-related risks and opportunities.**

We stay committed to improving our alignment with the TCFD recommendations, as this framework has emerged as the leading framework for climate-related disclosure.

Recommendation	Recommended Disclosures	Reference
<b>Governance</b>		
Disclose the organization’s governance around climate-related risks and opportunities.	(a) Describe the board’s oversight of climate-related risks and opportunities	<a href="#">Page 35</a> of this report (Climate Change Governance).
	(b) Describe management’s role in assessing and managing climate-related risks and opportunities	<a href="#">Page 35</a> of this report (Climate Change Governance).
<b>Strategy</b>		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<a href="#">Page 35</a> of this report (Climate Change Strategy).
	(b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	<a href="#">Page 35</a> of this report (Climate Change Strategy).
	(c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	This information is not available for the 2022 report. We are reviewing possibilities for future disclosure.
<b>Risk Management</b>		
Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization’s processes for identifying and assessing climate-related risks	<a href="#">Page 38</a> of this report (Climate Change Risk Management).
	(b) Describe the organization’s processes for managing climate-related risks	<a href="#">Page 38</a> of this report (Climate Change Risk Management).
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	<a href="#">Page 38</a> of this report (Climate Change Risk Management).

Recommendation	Recommended Disclosures	Reference
<b>Metrics &amp; Targets</b>		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<b>(a)</b> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<a href="#">Page 40</a> of this report (Climate Goals: Metrics and Performance).
	<b>(b)</b> Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<a href="#">Page 40</a> of this report (Climate Goals: Metrics and Performance).
	<b>(a)</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<a href="#">Page 40</a> of this report (Climate Goals: Metrics and Performance).

# Performance Data Table

**COMPANY-WIDE  
PERFORMANCE METRICS  
(AS OF 2022)**

ESG Factor	Indicator	Reference	UoM	2022	2021	2020
<b>Environmental</b>						
<b>Scope 1 emission source</b>						
	• Diesel <sup>18</sup>	TR-RO-110a.1	tCO <sub>2</sub> e	1,290	1,144	1,299
	• Gasoline		tCO <sub>2</sub> e	631	667	747
	• Natural Gas		tCO <sub>2</sub> e	341	289	299
	• Propane		tCO <sub>2</sub> e	49	37	36
<b>Scope 2 emission source</b>						
	• Electricity	TR-RO-110a.1	tCO <sub>2</sub> e	445	455	435
<b>Fuel source</b>						
<b>GHG Emissions</b>	• Diesel	TR-RO-110a.3	Litres	470,732	417,386	473,941
	• Gasoline	TR-RO-110a.3	Litres	272,328	287,878	324,905
	• Natural Gas	TR-RO-110a.3	Litres	176,610,000	149,644,000	157,721,000
	• Propane	TR-RO-110a.3	Litres	31,786	24,070	23,273
	<b>Total fuel consumed</b>	<b>TR-RO-110a.3</b>	<b>Litres</b>	<b>177,384,846</b>	<b>150,373,334</b>	<b>158,543,119</b>
	• Electricity	TR-RO-110a.3	kWh	15,067,703	15,403,160	14,709,011
	Percentage of fuel consumed that is natural gas	TR-RO-110a.3	Percentage (%)	15%	13%	13%
	Percentage of fuel consumed that is renewable fuel	TR-RO-110a.3	Percentage (%)	0%	0%	0%

<sup>18</sup> Note: Diesel emissions vary depending on the severity of the winter and the operations required to keep the road safe.

**COMPANY-WIDE  
PERFORMANCE METRICS  
(AS OF 2022)**

ESG Factor	Indicator	Reference	UoM	2022	2021	2020
<b>Environmental Impact</b>	Number of incidents of non-compliance with environmental permits, standards, and regulations	IF-EN-160a.1	Number	0	0	0
	Number of reportable spills and releases to the environment caused by 407 ETR <sup>19</sup>	TR-RO-540a.3	Number	0	0	0
	Number of reportable spills and releases to the environment caused by road users	TR-RO-540a.3	Number	4	1	4
	Number of site clean-ups/remediation completed	n/a	Number	4	1	4
	Aggregate volume of spills and releases to the environment	TR-RO-540a.3	n/a	1.7 m <sup>3</sup>	0.1 m <sup>3</sup>	20.4 m <sup>3</sup>
<b>Social</b>						
<b>Health &amp; Safety</b> <sup>22</sup>	Lost Time Free Hours <sup>20</sup>	n/a	Hours	2,854,502	2,026,170	1,233,094
	Lost Time Free Days <sup>21</sup>	n/a	Days	1,282	917	552
	Fatality Injury Frequency Rate (FIFR)	IF-EN-320a.1/ TR-RO-320a.1	Rate	0.00	0.00	0.00
	Lost Time Incident Frequency Rate (LTIFR)	n/a	Rate	0.00	0.00	0.00
	Medical Aid Injury Frequency Rate (MAIFR)	n/a	Rate	1.69	0.25	0.26
	Total Recordable Incident Rate (TRIR)	IF-EN-320a.1/ TR-RO-320a.1	Rate	1.69	0.25	0.26

<sup>19</sup> We disclose reportable spills based on categories for those caused by 407 ETR and those caused by road users to provide better transparency and context of our impact on the environment, as reportable spills caused by road users are outside of 407 ETR's control.

<sup>20</sup> This metric pertains to 407 ETR employees, and does not include safety information for contractors or customers.

<sup>21</sup> 2.8 Million lost time free hours June 2019 to December 2022.

<sup>22</sup> These safety metrics (lost time free hours, lost time free days, FIFR, LTIFR, MAIFR, TRIR, near miss reports) pertain to 407 ETR employees and contract employees, but do not include safety information for contractors. We did not have reportable safety accidents involving contractors in 2022.

**COMPANY-WIDE  
PERFORMANCE METRICS  
(AS OF 2022)**

ESG Factor	Indicator	Reference	UoM	2022	2021	2020
<a href="#">Health &amp; Safety</a>	Near miss reports	n/a	Number	7	0	0
	Road accidents and incidents <sup>23</sup>	TR-RO-540a.1	Number	511	435	393
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	IF-EN-250a.2	CAD	0	0	0
<a href="#">Human Capital Management</a> <sup>26</sup>	Number of full-time employees	SV-PS-000.A	Number	477	437	437
	Number of part-time employees	SV-PS-000.A	Number	36	25	25
	Number of contractors employed	SV-PS-000.A	Number	178	n/a	n/a
	Percentage of female representation in executive management <sup>24</sup>	SV-PS-330a.1	Percentage (%)	18%	20%	20%
	Percentage of female representation for all other employees <sup>25</sup>	SV-PS-330a.1	Percentage (%)	48%	41%	38%
	Voluntary turnover rate for all employees	SV-PS-330a.2	Percentage (%)	20%	12%	8%
	Involuntary turnover rate for all employees	SV-PS-330a.2	Percentage (%)	7%	4%	11%
	(1) Total volunteer hours and (2) Average volunteer hours per employee	n/a	Days	602/1	n/a	n/a
	Employee engagement	n/a	Percentage (%)	63%	n/a	n/a

<sup>23</sup> 407 ETR only reports on accidents and incidents caused by road users.

<sup>24</sup> As at December 2022.

<sup>25</sup> As at December 2022. Executive Management is defined as the most senior level of leadership reporting directly to the CEO. All other employees refers to all employees in the organization not at the most senior level of leadership.

<sup>26</sup> SASB requires a disclosure of temporary employees. This is not a material metric for 407 ETR.

**COMPANY-WIDE  
PERFORMANCE METRICS  
(AS OF 2022)**

ESG Factor	Indicator	Reference	UoM	2022	2021	2020
<b>Governance</b>						
<b>Data Security &amp; Customer Privacy</b>	Number of data breaches	SV-PS-230a.3	Number	0	0	0
	Percentage of data breaches involving customers' confidential business information <sup>27</sup> (CBI)	SV-PS-230a.3	Percentage (%)	0%	0%	0%
	Percentage of data breaches involving customers' confidential personal information <sup>28</sup> (PII)	SV-PS-230a.3	Percentage (%)	0%	0%	0%
	Number of customers affected	SV-PS-230a.3	Number	0	0	0
	Number of legal proceedings associated with customer privacy	n/a	Number	0	0	0
<b>ESG Governance</b>	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	n/a	CAD	\$0	\$0	\$0
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	n/a	CAD	\$0	\$0	\$0
	Percentage of female representation on the Board of Directors	n/a	Percentage (%)	38%	31%	25%

<sup>27/28</sup> 407 ETR discloses data breaches as required by law and those the company deems material. Disclosures are limited to information that is not confidential or privileged. There were no such breaches in 2022.

# Deloitte Assurance Report



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## Independent Practitioner’s Limited Assurance Report

To: The Board of Directors of 407 International Inc.

We have undertaken a limited assurance engagement of 407 International Inc.’s (“407 International” or “the Company”) greenhouse gas emissions (“GHG emissions”), lost time injury rate (“LTIR”) and diverse gender percentage (“DGP”) metrics (collectively “the subject matter information”) for the year ended December 31, 2022, as reported in Table 1 below:

Table 1	
Subject Matter Information	December 31, 2022
GHG emissions	2,757
Lost Time Injury Rate (LTIR)	0
Diverse Gender Percentage (DGP)	38.5%

### Management’s responsibility

Management is responsible for defining organizational and operational boundaries of their GHG emissions figures, the collection and presentation of the data that is used in determining the subject matter information. Management is also responsible for such internal control as management determines necessary to enable preparation of the subject matter information that is free from material misstatement, whether due to fraud or error.

### Our responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standard on Assurance Engagements (“CSAE”) 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and CSAE 3410, *Assurance Engagements on Greenhouse Gas Statements*. As such, we planned and performed our work in order to provide limited assurance with respect to the subject matter information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We reviewed the GHG emissions figures using the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (“GHG Protocol”), the LTIR using the Workplace Safety and Insurance Board’s (“WSIB”) definition and the DGP using management developed criteria.

Our procedures included, but were not limited to:

- inquiry of relevant 407 International personnel responsible for data collection and reporting as well as interviewing third-party energy management personnel;
- obtaining an understanding of the underlying data that is used as an input into the calculation including emissions factors and conversion factors;
- reviewing management’s specifically developed criteria for the DGP for suitability;
- inspecting relevant documents and records on a sample basis;
- re-performing, on a sample basis, the relevant calculations for the metrics in scope.

Environmental and energy use data are subject to inherent limitations of accuracy given the nature and the methods used for determining such data. The selection of different acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

### Our independence and quality control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of Integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Canadian Standard on Quality Management (CSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the subject matter information is not prepared for the year ended December 31, 2022, in all material respects, in accordance with the relevant criteria.

### Restricted use

This report has been prepared to assist 407 International’s management to report to the lenders as defined in the First Amendment to the Amended and Restated Credit Agreement dated November 14, 2022 (the “Amended Credit Agreement”) the subject matter information in Table 1 in accordance with the applicable criteria. As a result, this report may not be suitable for another purpose. Our report is intended solely for the use of 407 International. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

We acknowledge the disclosure of our report, in full only, by 407 International at its discretion, in the 407 ETR 2022 ESG Report without assuming or accepting any responsibility or liability to the Board or any other third party in respect of the 407 ETR 2022 ESG Report.

Deloitte LLP  
 Chartered Professional Accountants  
 June 5, 2023

## Addendum – 407 International Inc. management’s specifically developed criteria for the Diverse Gender Percentage metric

407 International Inc. has specifically developed criteria for the diverse gender percentage (“DGP”) as the definition of the metric does not reference a specific established standard, law or regulation. Management has outlined the following as the definition per its First Amendment to the Amended and Restated Credit Agreement (“Credit Agreement”), where the Borrower refers to 407 International Inc.:

*“Diverse Gender Percentage means for any Fiscal Year, the ratio (expressed as a percentage) of (a) the aggregate number of Persons who self-identify as women holding a Board Position with the Borrower to (b) the aggregate number of Persons holding a Board Position with the Borrower, as of the last day of the Fiscal Year, as disclosed in the applicable Sustainability Certificate.”*

*“Board Position means, with respect to the relevant Person, a director position with the board of directors of such Person.”*



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