Greater Toronto Airports Authority

Annual Information Form

For the year ended December 31, 2023

April 1, 2024

GTAA

Toronto Pearson

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Attachments

1. Caution Regarding Forward-Looking Information

This document contains certain forward-looking statements or forward-looking information about the GTAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information.

Words such as “believe”, “expect”, “plan”, “predict”, “project”, “intend”, “estimate”, “preliminary”, “anticipate”, and similar expressions, as well as future or conditional verbs such as “will”, “may”, “should”, “would” and “could” often identify forward-looking information. Specific forward-looking information in this document includes, among others, statements regarding the following: expected domestic and international passenger traffic and cargo; expected return to pre-COVID-19 passenger and flight levels; investment in the Airport including with respect to capital projects and physical infrastructure; future Airport demand or activity; the GTAA’s borrowing requirements and its ability to access the capital markets; the GTAA’s ability to comply with covenants; debt levels and service costs; revenues, cash flows, working capital and liquidity and no funding shortfalls; terminal, airside, infield and other capital developments at the Airport and the funding of the developments; budgets and expenditures relating to capital programs and the funding of such programs; the timing of construction and commencement of operations of facilities currently planned or under construction at the Airport; the use of certain restricted reserve funds; and the funding of outstanding capital commitments.

The forward-looking information is based on a variety of material factors and assumptions including, but not limited to, whether: population continues to grow in the long term; employment and personal income provide the basis for increased aviation demand in the Greater Toronto Area; the Canadian, United States, and global economies grow at expected levels; air carrier capacity meets the demand for air travel in the Greater Toronto Area; the growth and sustainability of air carriers contributes to aviation demand in the Greater Toronto Area; the impact of costs associated with new processes, technology solutions and facility enhancements are recoverable in the ordinary course; the Greater Toronto Area continue to attract domestic and international travelers; no other significant event such as a pandemic, natural disaster, or other calamity occur and have an impact on the ordinary course of business or the macroeconomic environment; the GTAA will be able to access the capital markets at competitive terms and rates; and no significant cost overruns relating to capital projects occur. These assumptions are based on information currently available to the GTAA, including information obtained by the GTAA from third-party experts and analysts.

Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: public health emergencies; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers; the GTAA's ability to comply with covenants under its Master Trust Indenture and credit facilities; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (e.g. changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk;

competition from other airports; wars (including in Ukraine and the Gaza Strip), riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the GTAA's publicly filed disclosure documents and, in particular, those identified in Part 5 of this Annual Information Form.

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

2. Corporate Structure

The Greater Toronto Airports Authority (the "GTAA" or "Company") is a corporation without share capital under the *Canada Not-for-profit Corporations Act*. The registered office of the GTAA is located at 3111 Convair Drive, Toronto AMF, Ontario, L5P 1B2. The GTAA is also a designated airport authority under the *Airport Transfer (Miscellaneous Matters) Act.*

In April 2017, the GTAA incorporated two subsidiaries under the *Canada Business Corporations Act,* Malton Gateway Inc. ("MGI") and Airway Centre Inc. ("ACI"), to facilitate the acquisition and management of commercial office and industrial properties near the Airport. MGI is wholly owned by the GTAA, and ACI is, in turn, wholly owned by MGI. See "Off-Airport Properties".

3. General Development of the Business

The GTAA's business improved throughout 2023 compared with the same period in 2022.

Operational and Financial Performance Summary

During 2023, Toronto Pearson processed 44.8 million passengers, an increase of 9.2 million or 25.8 per cent, when compared to 2022, due to:

- strong travel demand;
- the GTAA's and travel industry's ability to deliver more consistent levels of service following the easing of pandemic-induced labour and supply challenges; and
- the prior year's removal of pandemic-related government travel restrictions.

However, most passenger and flight activity remain lower than pre-pandemic activity levels:

- passenger activity recovered to 88.9 per cent compared to 2019 passenger activity;

- during the month of December 2023, passenger activity recovered to 93.7 per cent of December 2019 passenger activity; and
- although flight activity continues to be lower than pre-pandemic levels, the load factor recovered to 100.1 per cent relative to the load factor in 2019.

During 2023, when compared to 2022, the GTAA earned and generated:

- Revenues of $1,887.1 million, an increase of $395.2 million or 26.5 per cent;
- EBITDA of $960.3 million, an increase of $201.5 million or 26.6 per cent;[1]
- Net income of $265.0 million, an increase of $192.7 million; and
- Free cash flow of $468.7 million, an increase of $233.3 million.[2]

The financial results are attributed primarily to an increase in passenger and flight activity, and higher aeronautical and AIF rates.

3.3 Three-Year History

The following conditions, material events, acquisitions, or dispositions, influenced the general development of the GTAA's business in the past three years. See below and the 2023 Highlights description in the Management's Discussion and Analysis of the Greater Toronto Airports Authority for the periods ended December 31, 2023 and 2022 ("MD&A").

3.3.3 2021

- On January 1, 2021, the GTAA increased its aeronautical rates for commercial aviation by 3 per cent, airport improvement fees for departing passengers by $5 to $30, and airport improvement fees for connecting passengers by $2 to $6, and all aeronautical rates for all business and general aviation aircraft 19,000 kilograms or less increased to $575 per arrival movement.

- On February 1, 2021, the GTAA appointed Mark Carbonelli as its Chief Human Resources Officer.

- On February 22, 2021, Deborah Flint was elected to the Airports Council International-North America Board of Directors.

- On March 1, 2021, Toronto Pearson was named the best large airport in North America serving more than 40 million passengers by Airports Council International for the fourth year in a row, and best hygiene measures in North America, as chosen by passengers.

- On May 5, 2021, the GTAA issued a new Environmental Policy that includes its goal to achieve net-zero GHG emissions from assets owned and controlled by the GTAA — also known as scope 1 and 2 emissions - by 2050.

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[1] EBITDA, a non-GAAP financial measure, is defined as earnings from operations before interest and financing costs, impairment of investment property, write-down of property and equipment, and amortization. Refer to section "Non-GAAP Financial Measures" in MD&A.

[2] Free cash flow, a non-GAAP financial measure, is defined as cash flow from operating activities, per the consolidated statements of cash flows, and ACIP grants received less capital expenditures (property and equipment, investment property, and other) and interest and financing costs paid, net of interest income (excluding non-cash items). Refer to section "Non-GAAP Financial Measures" in MD&A.

- On May 27, 2021, the GTAA and the Government of Canada amended the Ground Lease to defer the GTAA's Ground Lease rent payments in respect of 2021, with such payments to be made over a ten-year period commencing in 2024.
- On July 16, 2021, the GTAA extended its committed revolving Operating Credit Facility by an additional year to May 31, 2024. Concurrent with the extension, the credit facility syndicate also approved both the exemption from complying with the MTI Rate Covenant for fiscal year 2022, and the amendment on the limitation on guarantees and investments.
- On July 21, 2021, the GTAA completed two amendments of its Master Trust Indenture: the first relieves the GTAA from complying with the Rate Covenant for fiscal year 2022. The second permits the GTAA to create any guarantee or to make or maintain any investment, provided that the aggregate cost basis of such guarantees and investments amounts to no more than the greater of 3.0 per cent of the GTAA's total assets and $200.0 million and no default or event of default exists or would exist as a result thereof.
- On August 17, 2021, GTAA purchased a buy-in annuity contract from an insurer for the retirees and surviving spouses of its defined benefit pension plan. The GTAA benefits through this annuity purchase by removing investment, market and discount rate risks, as well as longevity risk, and transferring them to the insurer.
- On August 24, 2021, the GTAA launched a new e-commerce platform at Toronto Pearson.
- Effective September 14, 2021, the GTAA, consistent with the federal government's mandate, enacted its own mandatory vaccine policy that required all GTAA employees to be fully vaccinated by October 31, 2021, with accommodation being provided for grounds covered by the *Canadian Human Rights Act* and required employers, persons, businesses and organizations with operations in the terminal or standalone facilities on the Airport property to acknowledge to the GTAA that they have their own policy for mandatory vaccination to achieve mandatory vaccination by October 31, 2021, with accommodation as required by law.
- On October 5, 2021 the GTAA completed an offering of $400 million Series 2021-1 Medium Term Notes due October 5, 2051 at a coupon rate of 3.15%. The net proceeds of these notes were used to partially repay certain short-term indebtedness of the GTAA.

2022

- In February 2022, the GTAA was included in Forbes list of Canada’s Best Employers.
- On February 23, 2022, the GTAA announced it would be a launch member of the newly formed Canadian Council for Sustainable Aviation Fuel.
- On March 10, 2022, Toronto Pearson was named best large airport in North America for the fifth year in a row; awarded best hygiene measures for second year running.
- On June 6, 2022, the GTAA appointed Karen Mazurkewich as Vice President, Stakeholder Relations and Communications.
- On June 21, 2022, GTAA exercised its right to redeem all of the outstanding Series 2012-1 Medium Term Notes.

- On September 23, 2022, Airports Council International’s Airport Carbon Accreditation program designated Toronto Pearson among the first airports to receive the Level 4 - Transformation designation.

- On September 28, 2022, the GTAA announced that effective January 1, 2023, aeronautical rates for commercial aviation, business aircraft and general aviation aircraft will increase by 4 per cent, the airport improvement fee for departing passengers will increase by $5 and the fees charged for connecting passengers will increase by $1. The GTAA plans for the increase to help the GTAA resume projects put on hold as a result of the COVID-19 pandemic; fund renewal and replacement of existing assets; fund projects that digitalize the Airport and improve the Airport’s growth, competitiveness and environmental sustainability; and address higher operating costs.

- On November 21, 2022, the GTAA re-opened Runway 06L/24R, Toronto Pearson’s second-busiest runway, after an eight-month rehabilitation.

- On December 6, 2022, Toronto Pearson became the first airport in North America and second in the world to receive the Airports Council International accreditation under the Accessibility Enhancement Accreditation program.

- On December 31, 2022, Ian Clarke, GTAA's Chief Financial Officer, retired.

2023

- On February 6, 2023, the GTAA appointed J'Maine Chubb as Chief Financial Officer.

- On February 23, 2023, the GTAA appointed Bernardo Gogna as Chief Infrastructure Officer.

- On February 23, 2023, Pat Neville, the GTAA's Vice President, Airport Development and Technical Services, retired.

- On February 27, 2023, the GTAA appointed Khalil Lamrabet as Chief Commercial Officer.

- On April 12, 2023, Martin Boyer, the GTAA's Vice President and Chief Information Officer retired.

- In July, 2023, the GTAA entered into a collective bargain agreement with Unifor for 4 years, starting August 1, 2023 and ending July 31, 2027.

- in July 2023, the GTAA announced Ontario’s first public hydrogen refueling station for light- and heavy-duty vehicles is planned to be at Toronto Pearson.

- On August 21, 2023, the GTAA appointed Brian Tossan as Chief Technology Officer.

- In December, 2023, GTAA entered into Airline Partnership Agreements with several airlines comprising 90% of the passenger volumes at the Airport for a new rebate program based on achieving performance metrics aimed at driving better performance and passenger experience.

- On December 31, 2023, the Long-Term Aeronautical Fees Agreement between the GTAA and Air Canada, and the Long-term Commercial Agreement between GTAA and WestJet each expired in accordance with their terms.

- In 2023, the GTAA received ACI World's Public Health & Safety Readiness accreditation for Toronto Pearson.
- During 2023, the rehabilitation of approximately 340,000 square meters of runway 06R24L was successfully completed along with rehabilitation of taxiways and apron slabs.
- In 2023, the GTAA launched a new 10-year Strategic Plan and Vision: "Putting the joy back into travel by making Toronto Pearson the chosen place to fly and work".
- In 2023, the GTAA initiated the Pearson Long-term Investment in Facilities and Terminals program (or "Pearson LIFT")[3], which focuses on revitalizing Airport facilities, building for recovery, expanding Airport and passenger capacity, and delivering new technologies to improve the travel experience.
- On January 19, 2024, Craig Bradbrook, GTAA's Chief Operating Officer, retired.
- For the year ended 2023, Toronto Pearson was recognized by Airports Council International as the Best Airport in North America for airports that serve greater than 40 million passengers annually. Toronto Pearson has been awarded this recognition for six of the past seven years.

4. Narrative Description of the Business

The purposes of the GTAA include developing, managing, and operating airports within the south-central Ontario region, including the Greater Toronto Area, setting fees for the use of such airports and developing and improving the Airport facilities.

The GTAA and the federal government, as represented by the Minister of Transport, reached agreement to transfer the operation and management of Toronto Pearson to the GTAA pursuant to a ground lease dated December 2, 1996 (the "Ground Lease"). See "Ground Lease".

The GTAA also sells services ancillary to managing and operating airports, including fire and emergency services training.

The GTAA also runs a commercial real estate business via its wholly-owned subsidiary Malton Gateway Inc., which holds the shares of Airway Centre Inc. ("ACI"), which owns a mix of real properties (commercial, office and industrial) near the Airport (see "Off Airport Properties").

4.1 Introduction

Toronto Pearson served more than 44.8 million passengers in 2023, maintaining its status as Canada's busiest airport. Toronto Pearson is located approximately 29 kilometres northwest of Toronto's central business district and is centrally located within the Greater Toronto Area. The Airport is connected to downtown Toronto and the balance of the Greater Toronto Area through an extensive network of expressways, arterial roads and public transit.

The Airport sits within the second-largest employment zone in Canada. The Airport contributes to the productivity of industries across the country by linking Canadian firms with markets, commercial partners and investors worldwide.

[3] The Pearson Long-term Investment in Facilities and Terminals program was formerly known as the Transformative Capital Plan.

4.2 Business and Geographical Factors

The demand for air transportation is fundamentally driven by health, economic, social, demographic and technological trends.

Since the GTAA entered into its Ground Lease, Toronto Pearson evolved into a global hub, increasingly impacted by global market trends and exposure to higher growth rates in emerging markets. Prior to the COVID-19 pandemic, the structure of the Ontario economy shifted to one that included more services with a higher propensity for business air travel and airfares declined, stimulating leisure travel. Other factors that contributed to the Airport's growth in this period include Canadian and foreign air carriers' strategy to move more traffic through Toronto Pearson and the strong origin and destination market in the Greater Toronto Area.

During the COVID-19 pandemic between 2020 and 2022, the GTAA and the rest of the global airline industry faced significantly lower traffic than in 2019. Demand for travel services was impacted by varying health measures, travel restrictions coupled with vaccination requirements introduced by numerous countries, as well as by concerns related to the pandemic and its economic impact. This translated into a decline in revenue and in cash flows for the industry, including the GTAA, and which the industry weathered through various cost-cutting measures and business adaptations, including negotiation concessions from suppliers and investors, making strategic investments in new technologies and adopting airport operations to mitigate health risks.

Since the COVID-19 pandemic receded, passenger volumes are returning towards 2019-level highs, but several factors may be influencing this trend, including greater demand for leisure travel, weakened demand for business travel, price inflation on discretionary income, including for travel, and supply chain pressures on the industry to meet demand.

Greater Toronto Area

The Greater Toronto Area's large population base, its well-balanced and diversified economy, and its popularity as a business centre and tourist destination have historically combined to provide a strong demand for air travel activity. The Greater Toronto Area is the most populated metropolitan area in Canada and continues to be an area of choice for business and immigrants. In the summer of 2023, Ontario's Ministry of Finance projected (based on 2016 census data and 2022 preliminary postcensal population estimates for July 1, 2022) that the GTA's total population will increase from 7.2 million in 2022 to over 10.5 million in 2046.

4.3 Airport Activity Measures

An airport's activity is measured using the following primary statistics: air passenger traffic (the number of passengers on arrived and departed aircraft), flight activity (aircraft movements) and air cargo (the tonnage of air cargo on arrived and departed aircraft).

4.3.1 Air Passenger Traffic

Air passenger traffic measures the number of passengers arriving and departing on scheduled and charter flights at Toronto Pearson. It does not include passengers aboard general aviation aircraft (private and corporate aircraft) nor those on emergency services aircraft.

Air passenger traffic data during the past five years is presented in the following table, recorded in two sectors: domestic and international. Domestic passengers travel within Canada, whereas international passengers travel between Canada and another country, including the U.S.

Historical Total Passengers by Traffic Sector (in millions)

Year	Domestic	Change (%)	International	Change (%)	Total	Change (%)
2019	18.1	1.4	32.4	2.4	50.5	2.0
2020	5.5	(69.8)	7.8	(75.8)	13.3	(73.6)
2021	6.8	24.4	5.9	(24.6)	12.7	(4.5)
2022	14.3	111.5	21.3	260.1	35.6	180.8
2023	16.5	15.3	28.3	32.9	44.8	25.8

During 2023, Toronto Pearson processed 44.8 million passengers, an increase of 9.2 million or 25.8 per cent more passengers than it did in 2022 due to:

- strong travel demand;
- the GTAA's and travel industry's ability to deliver more consistent levels of service following the easing of pandemic-induced labour and supply challenges; and
- the prior year's removal of pandemic-related government travel restrictions.

Origin and Destination Passengers and Connecting Passengers

There are two principal types of passengers at hub airports: 1) origin and destination, and 2) connecting. The first is a passenger initiating or terminating a trip at a specific airport, while a connecting passenger changes aircraft at the hub airport en route to their final destination. Approximately 76.9 per cent of Toronto Pearson’s total passenger traffic in 2023 was from origin and destination passengers. The remaining 23.1 per cent were connecting passengers.

Connecting traffic helps airlines build a critical mass of passengers, which enables those airlines to use larger aircraft, increase the frequency on existing routes and introduce new routes. This additional frequency and capacity, in turn, stimulates more origin and destination passenger traffic to Canada and aeronautical revenue to hub airports.

Domestic

Toronto Pearson is the largest domestic airport in Canada and not only serves the Greater Toronto Area, but also acts as a hub for Canada’s two major carriers: Air Canada and WestJet. The number of domestic passengers at the Airport increased by 15.3 per cent, from 14.3 million passengers in 2022 to 16.5 million passengers in 2023. In 2023, the Airport’s domestic sector represented 36.8 per cent of total passengers.

International

Toronto Pearson is Canada’s largest international airport. The number of international passengers at the Airport increased by 32.9 per cent, from 21.3 million passengers in 2022 to 28.3 million passengers in 2023, representing 63.2 per cent of total passengers at the Airport in 2023.

4.3.2 Passenger Flight Activity

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

Historical Aircraft Movements by Type of Activity
(in thousands)

Year	Scheduled and Charter Airlines	General Aviation/ Other	Total	Change (%)
2019	414.9	37.9	452.8	(4.2)
2020	149.1	25.3	174.4	(61.5)
2021	136.5	36.5	173.0	(1.0)
2022	292.5	44.3	336.8	94.7
2023	337.3	42.3	379.6	12.7

During 2023, total aircraft movements increased 12.7 per cent to 379,600.

For more information regarding aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor, please refer to the GTAA's MD&A.

4.3.3 Air Cargo

Air cargo is carried two ways: by passenger aircraft - in the aircraft's "belly hold" - and by dedicated all-cargo freighter aircraft. Revenue from air cargo supports the viability of a route for air carriers and opens up potential new markets for Canadian exporters. GTAA revenue from cargo is largely comprised of the aircraft's landing fees (defined below), whether such cargo arrives by passenger aircraft or dedicated all-cargo freighter aircraft.

4.4 Air Passenger Service

In 2023, the average number of airlines operating at Toronto Pearson remained flat at 57, when compared to 2022.

4.4.1 Share of Airline Activity

In 2023, the largest air carrier in terms of market share at the Airport was Air Canada and its family of carriers, which collectively accounted for more than half the market share of total passengers at the Airport. The second-largest air carrier in 2023 was WestJet and its family of carriers. The remaining market share is distributed among all other airlines serving the Airport.

4.5 Other Airports

Ground Lease – Major International Airport

The Ground Lease provides that if the GTAA is meeting capacity and demand requirements, Transport Canada will not construct and operate another Major International Airport within 75 kilometres of the Airport during the term of the Ground Lease or any renewal thereof. A Major International Airport, as defined in the Ground Lease, means an airport serving large population centres that links Canada from coast to coast and internationally, and that is used by air carriers as the point of origin and destination for international and inter-provincial passenger and cargo air service in Canada.

4.6 Facilities

4.6.1 Airfield Facilities

Toronto Pearson's airside infrastructure is capable of handling all of the world's different types of commercial aircraft, including the Airbus A380. The availability of full instrument landing systems allows the Airport to remain open during most weather conditions.

The Airport has five runways. To accommodate varying wind conditions, the Airport has three parallel runways in the east-west direction and two parallel runways in the north-south direction. The east-west runways (05-23, 06L-24R, and 06R-24L) offer higher aircraft movement capacity than the north-south runways and are used more frequently because of the prevailing wind conditions.

Since aircraft should land or take off into the wind, the two parallel north-south runways (15L-33R and 15R-33L) permit operations when the wind is blowing in these directions.

Toronto Pearson has a total of 247 aircraft parking positions: 187 active aircraft parking positions and 60 aircraft parking positions available within airline tenants' leased premises.

4.6.2 Terminal Facilities

The Airport has two commercial passenger terminals: Terminal 1 and Terminal 3.[4] Each terminal provides international, domestic and cargo services.

Terminal 1

Terminal 1 has 53 bridged gates, 15 regional aircraft parking positions, 40 remote (hardstand) aircraft parking positions and approximately 356,000 square metres of total floor area.

Terminal 3

Terminal 3, including the Pier A Satellite facility, has 36 bridged gates, 9 commuter aircraft parking positions and a total floor area of approximately 177,000 square metres.

[4] Terminal 2 was demolished in 2008 and not replaced.

Infield Concourse

The Infield Concourse is an extension of Terminal 3 to handle higher airline traffic and demand for gates. The Infield Terminal has 11 bridged gates and more than 20,000 square metres of total floor area, and passengers are bussed to and from Terminal 3.

4.6.3 Off-Airport Properties

ACI owns and manages properties near the Airport, primarily consisting of industrial and commercial office space and buildings that are unrelated to the day-to-day operation or management of Toronto Pearson. In accordance with the GTAA's Ground Lease, the approval of the Minister of Transport was obtained in connection with the properties acquired by ACI. The properties acquired by ACI do not form part of the premises leased to the GTAA by the federal government under the Ground Lease.

4.7 Airport Capital Programs

The GTAA focuses on capital programs and projects which improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance the customer experience.

Pearson Long-term Investment in Facilities and Terminals Program

For the GTAA to meet the demands of additional passengers in the future, the Company is working with its partners to plan for smart growth, flexibility, and to invest in the future, now. Pearson LIFT focuses on revitalizing Airport facilities, building for recovery, expanding Airport and passenger capacity, and delivering new technologies to improve the travel experience.

Pearson LIFT will form the basis of the GTAA's capital investments to:

- enhance the customer experience;
- create a sustainable future airport;
- build new revenue sources;
- drive operational performance and efficiency;
- build a digital future and smart capacity; and
- create an inclusive environment and a new value proposition for communities.

4.8 Airport Revenues

Additional information relating to the GTAA's revenues is included in the GTAA's annual audited Consolidated Financial Statements and Notes for the years ended December 31, 2023 and December 31, 2022, together with the auditors' report therein and accompanying MD&A.

4.8.1 Aeronautical Revenues

The GTAA's aeronautical revenues are comprised of Landing Fees, General Terminal Charges and Apron Fees charged to air carriers who use the aviation facilities provided by the GTAA. The GTAA has the right to set aeronautical fees and charges as required at any time. In practice, the GTAA establishes aeronautical fees and charges on an annual basis and historically has notified the airlines in September in the year before such changes are made. The GTAA also has Airport

Improvement Fee ("AIF") agreements with each air carrier that takes off from and lands at Toronto Pearson whereby air carriers undertake to collect AIF from each of their enplaned passengers on the GTAA's behalf. The GTAA applies the following principles over the long-term when setting aeronautical rates and charges, but the approach may vary from time to time to respond to acute business challenges or opportunities (e.g. the COVID-19 pandemic; significant capital investment).

Landing Fees

Landing Fees are calculated using the aggregate of costs allocated to the airside, including, but not limited to, the airside portions of Airport Rent, payments-in-lieu of taxes, payments-in-lieu of development charges, capital costs, operating and maintenance costs, and certain related debt service costs. The Landing Fee is established based on the principles of using projected aviation activity as a certain amount per metric tonne of the maximum take-off weight ("MTOW") of an aircraft and is levied on each landing by an aircraft with a few exceptions (e.g., general aviation pay a fixed amount not based on MTOW).

General Terminal Charge

The General Terminal Charge is determined based on the principle of recovering certain costs for the use of the terminal buildings related to aeronautical activities. A General Terminal Charge is levied on each arrival of an aircraft at a terminal building and is calculated using the number of seats on the arrived aircraft. General Terminal Charges are levied to recover the projected Airport Rent, payments-in-lieu of taxes, payments-in-lieu of development charges, capital costs, operating expenses and maintenance costs and certain related debt service costs. General Terminal Charges do not include the groundside costs recovered under the Apron Fee or the operating costs of air carriers' leased premises and retail and concession space. General Terminal Charges for international arrivals are higher than General Terminal Charges for domestic arrivals due to the additional costs of the customs, immigration and inspection facilities.

Apron Fee

Apron fees are charged based on the principle of apron, aircraft gates and bridges use, and recovery of the projected Airport Rent, payments-in-lieu of taxes, payments-in-lieu of development charges, capital costs, operating expenses and maintenance costs and certain related debt service costs. costs associated with these facilities. The fees are designed to encourage the efficient use of apron and gate assets by the air carriers.

4.8.2 Commercial Revenues

Commercial revenues include the following: revenues from check-in fees for the use of check-in counters and kiosks; premises rent and licence fees derived from duty free, car rental, specialty retail, advertising, sponsorship, newsstands, and food and beverage concessions; and fees for ground transportation services, such as parking, bus transportation, ride-sharing companies, and taxis and limousines.

The GTAA also charges rent to tenants who occupy non-terminal space at the Airport. This includes rental revenue earned from office space rentals and long-term land leases for cargo buildings, and flight kitchens and aircraft hangars. Space within the terminal buildings is leased to air carriers and other tenants for offices, operational support space and passenger lounges.

As noted, the above commercial revenues also include revenues attributable to the off-Airport properties owned by the GTAA's subsidiary ACI. See "Off-Airport Properties".

The GTAA charges air carriers a Deicing Facility Fee based on the MTOW of all aircraft departing from the Airport, in principle, to recover such costs fully.

4.8.3 Airport Improvement Fee

In 2023, the GTAA charged originating passengers an Airport Improvement Fee of $35 and connecting passengers an Airport Improvement Fee of $7.

The Airport Improvement Fees charged by the eight largest international airports in Canada in 2022 and 2023 were as follows:

Airport Improvement Fees Charged by Canadian Airports

Airport	2022	2023
Calgary International Airport	$35	$35
Edmonton International Airport	$35	$35
Halifax Stanfield International Airport	$35/$22 [1]	$35/$22[4]
Montreal-Pierre Elliott Trudeau International Airport	$35	$35
Winnipeg James Armstrong Richardson International Airport	$38	$38
Toronto - Lester B. Pearson International Airport	$30/$6 [2]	$35/$7[5]
Ottawa Macdonald-Cartier International Airport	$35	$35
Vancouver International Airport	$25/$5 [3]	$25/$5[6]

1. $35 AIF for passengers travelling outside Nova Scotia and $22 for passengers flying from Halifax to Sydney, Nova Scotia.
2. $30 AIF for originating passengers and $6 AIF for connecting passengers.
3. $25 AIF for travel outside BC/Yukon and $5 AIF for travel within BC/Yukon.
4. $35 AIF for passengers travelling outside of Nova Scotia and $22 for intra-provincial AIF.
5. $35 AIF for originating passengers and $7 AIF for connecting passengers.
6. $25 AIF for travel outside BC/Yukon and $5 AIF for travel within BC/Yukon.
7. Aéroports de Montréal (ADM) announced it would increase its airport improvement fee to $40 starting March 1, 2024

Air carriers collect Airport Improvement Fees from passengers leaving on, or connecting to, flights from Toronto Pearson in accordance with Airport Improvement Fee agreements between the GTAA and each air carrier. Effective January 1, 2023, air carriers collect and remit deposit amounts to the GTAA, collected on account of the full Airport Improvement Fee amount levied on ticketed passengers. Air carriers are also paid an administration fee (calculated on a sliding scale) based on the gross deposits collected and remitted to the GTAA. The terms of each Airport Improvement Fee agreement expire on December 31, 2032 and may be extended for one year periods upon the fulfillment of certain conditions. The Airport Improvement Fee agreements are subject to early termination by the GTAA, subject to certain conditions.

Airport Improvement Fee agreements require that the GTAA consult air carriers (through the Airline Consultative Committee) about certain reviewable GTAA capital projects with an estimated cost in excess of $50 million that use airport improvement fee funds, but excluding projects for operating, maintenance or capital restoration, and capital projects undertaken to satisfy regulatory or safety/security purposes. During the consultation process, the GTAA and the air carriers discuss the commercial and technical merits of such proposed reviewable capital projects and how the capital project meets the needs of both the Airport and the air carrier community as a whole, after which the airlines are requested to endorse or decline to endorse the reviewable capital project. If the air carriers decline to endorse the reviewable capital project, the agreements require the GTAA to refrain from certain project activities for up to one year to explore further options. Other than through this consultation and capital project deferral process, the air carriers do not have the right to delay, cancel or modify capital projects proposed by the GTAA. Once the one year period is completed, the GTAA can proceed with the deferred capital project at its sole discretion.

4.8.4 Long-Term Aeronautical Fees Agreements

On December 31, 2023, the Long-Term Aeronautical Fees Agreement between the GTAA and Air Canada, and the Long-term Commercial Agreement between GTAA and WestJet each expired in accordance with their terms.

Airline Partnership Agreements

In December, 2023, the GTAA entered into Airline Partnership Agreements with several airlines for a new rebate program aimed at driving better performance and passenger experience at Toronto Pearson. These airlines, representing approximately 90 per cent of seats at Toronto Pearson, are eligible to earn rebates by achieving certain passenger volume thresholds and meeting targets related to operational performance, including on-time departures and timely baggage delivery. These agreements are expected to help the GTAA achieve financial sustainability in two ways: incentivizing passenger growth and reducing the expected rebates the GTAA pays to carriers compared to previous long-term agreements ending December 31, 2023. In addition, as part of the GTAA's strategy to improve the customer experience, the rebate incentive structure focuses on four major areas of airline performance. Each agreement lasts for three years, starting January 1, 2024, with a GTAA option to extend for up to two additional years.

4.9 Airport Expenses

The expenses of the GTAA include Airport Rent payments made to the federal government under the Ground Lease; goods and services expenditures; salaries, wages and benefits; payments-in-lieu of real property taxes; payments-in-lieu of development charges; interest and financing costs; and amortization of property and equipment, investment property and intangible assets. Additional information relating to the GTAA’s expenses is included in the GTAA’s audited Financial Statements and Notes for the years ended December 31, 2023, and December 31, 2022, together with the auditors’ report therein and accompanying MD&A.

4.9.1 Airport Rent

The GTAA makes payments under the Ground Lease to Transport Canada in accordance with the rent formula contained in the Ground Lease. See “Rent Under the Ground Lease” below.

4.9.2 Goods and Services

Goods and services expenditures are those costs associated with the operation and maintenance of the Airport's facilities, including utilities, security, supplies and services, repairs and maintenance, engineering and professional services, insurance premiums, machinery and equipment.

4.9.3 Salaries, Wages and Benefits

The GTAA pays salaries and wages and provides benefits to its unionized and non-unionized employees, including pension plans and medical and life insurance benefits.

4.9.4 Payments-in-Lieu of Real Property Taxes

The GTAA is exempt from the payment of real property taxes pursuant to the *Assessment Act* (Ontario). However, the GTAA makes annual payments-in-lieu of real property taxes in accordance with regulations issued pursuant to the *Assessment Act* (Ontario). The amount paid is based upon a statutory rate per passenger. These payments are made to the City of Mississauga and the City of Toronto.

Unlike the GTAA, MGI and ACI pay real property taxes in respect of the properties they own, as applicable. Additionally, all airport tenants are directly assessed by the Municipal Property Assessment Corporation and pay real property taxes.

4.9.5 Payments-in-Lieu of Development Charges

The GTAA is not required to pay development charges to the City of Mississauga, the Regional Municipality of Peel or the City of Toronto in respect of development at the Airport. Instead, the GTAA pays payments-in-lieu of development charges ("PILDC"). Under the Municipal Authority Agreement signed with the City of Mississauga in 2019, the GTAA and the City of Mississauga consult each other about the PILDC owed each year in accordance with a contractual mechanism. The City of Mississauga may apply for additional PILDC in accordance with the *Payments in Lieu of Taxes Act* (Canada). If Public Services and Procurement Canada pays any PILDC under the Act to the City of Mississauga, the Regional Municipality of Peel or the City of Toronto, the GTAA must in turn, reimburse Transport Canada in accordance with the Ground Lease.

4.9.6 Interest and Financing Costs

Interest and financing costs include interest and related service charges paid on the GTAA's revolving bank credit facilities and commercial paper notes, and interest on outstanding revenue bonds and Medium-Term Notes, net of interest income earned on reserve fund investments.

4.9.7 Amortization

Amortization expense reflects the amortization of property and equipment, such as runways, terminals, buildings, roadways and other improvements, and investment property and intangible assets.

4.10 Ground Lease

The Ground Lease has an initial term of 60-years, expiring on December 1, 2056, with an option for the GTAA to extend the term for an additional 20-year period to December 1, 2076, which is exercisable commencing December 2, 2046. The Ground Lease includes all Airport lands, buildings and structures, as well as certain roads and bridges providing access to the Airport, but excludes any assets owned by NAV CANADA, the operator of Canada's civil air navigation system.

For full particulars of the GTAA's rights and obligations under the Ground Lease, a copy may be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedarplus.ca or the GTAA's website at www.torontopearson.com, or may be inspected at the head office of the GTAA during normal business hours upon written request to the Vice President, Stakeholder Relations and Communications, Greater Toronto Airports Authority, P.O. Box 6031, 3111 Convair Drive, Toronto AMF, Ontario, L5P 1B2. Certain capitalized terms used in this summary and described herein are defined in the Ground Lease.

The following is a summary of the principal provisions of the Ground Lease. The Ground Lease governs the economic and operating relationship between the GTAA, as tenant, and Transport Canada, as landlord, for the term of the Ground Lease. The GTAA is responsible for essentially all costs of operating the Airport, except for: (1) the costs of providing border control and inspection, immigration and related services, which are the responsibility of the federal government or the U.S. government, as appropriate; and (2) certain components of the passenger, airport worker and baggage screening costs, which are the responsibility of CATSA. The GTAA is also obligated to construct offices and facilities for use by government inspection and federal law enforcement agencies and provide such premises free of charge. Although NAV CANADA is responsible for the provision and cost of air traffic control at the Airport, the GTAA has undertaken the responsibility for the provision of apron control.

4.10.1 Rent Under the Ground Lease

Airport Rent[5] is calculated as a percentage of annual Airport Revenue (which term is defined in the Ground Lease) using the following formula:

- 0 per cent of the first $5 million of Airport Revenue;
- 1 per cent of the next $5 million of Airport Revenue;
- 5 per cent of the next $15 million of Airport Revenue;
- 8 per cent of the next $75 million of Airport Revenue;
- 10 per cent of the next $150 million of Airport Revenue; and
- 12 per cent of any Airport Revenue in excess of $250 million.

Airport Revenue, as defined under the Ground Lease, is best described in summary form as revenue as such term is understood under Canadian generally accepted accounting principles

[5] "Airport Rent" is also called "Ground Rent" in the GTAA's Financial Statements and MD&A. They are interchangeable for the purposes of the GTAA's corporate disclosure, but only the term "Airport Rent" appears in the Ground Lease.

for publicly accountable enterprises, subject to a number of specific revenue inclusions and exclusions.

4.10.2 Other Provisions

There are other provisions in the Ground Lease that impose certain obligations on the GTAA relating to noise management, insurance, indemnities, environmental matters, and requirements to maintain the Airport in a first-class condition, expand the Airport facilities to meet demand, and return the Airport facilities at the end of the lease term to the federal government in a state of good condition and repair and free of encumbrances.

In addition, the GTAA has a right of first refusal that provides that if the federal government receives a *bona fide* and acceptable offer from any person (other than a provincial or municipal government) to purchase the whole or any part of the Airport or its right, title and interest in the Ground Lease, then the GTAA is entitled to purchase such interest at the same price and upon the same terms as such offer. If the federal government receives a matching offer from the GTAA, the federal government must either accept the GTAA's offer or reject both offers.

4.11 Environmental Matters

The GTAA is committed to ensuring that activities undertaken at the Airport are carried out in an environmentally and socially responsible manner, in compliance with applicable environmental laws and regulations, with appropriate management practices and with sensitivity to community and public concerns.

4.11.1 Environmental Risk Oversight and Management

For details on risk oversight, see Section 7.3 Board Mandate-Risk Oversight.

Environmental Policy and ISO Certification

Since 1999, the GTAA has been ISO 14001 certified for its Environmental Management Program. In 2017, the GTAA's Environmental Management System upgraded its certification to ISO 14001:2015.

As a requirement of the ISO 14001:2015 certification, the GTAA developed and implemented an Environmental Policy for the Airport that is reviewed annually. The purposes of the GTAA's Environmental Policy are to reduce and control the risks of environmental contamination and to promote continuous improvement along with regulatory compliance.

The GTAA's Environmental Policy addresses corporate commitments to combat both physical and transitional climate change concerns as follows:

1. **Climate Change Resiliency:** Taking the appropriate steps to be resilient to the risks of climate change by assessing how climate change will create new, or alter current, climate-related risks, and mitigating those risks.
2. **Carbon Neutrality and Emissions:** Reducing GTAA's emissions footprint by making improvements in operational efficiency and investment in projects for the direct reduction and/or offset of energy consumption and GHG emissions with the goal to achieve net-zero

GHG emissions from assets owned and controlled by the GTAA — also known as scope 1 and scope 2 emissions, but not Scope 3 - by 2050.

The air carriers, concessionaires, and other commercial businesses that operate at the Airport are required to comply with the environmental requirements contained in their leases or agreements with the GTAA, which may include reference to the GTAA's Environmental Policy. The GTAA conducts scheduled inspections of tenants', operators' and contractors' premises and operations to ensure compliance.

4.11.2 Environmental Management Program

The GTAA has an Environmental Management Program for identifying environmental risks at the Airport and ranking them by severity and likelihood. Mitigation plans are then developed, implemented, monitored and, where possible, continuously improved. The GTAA's Environmental Services division provides quarterly reports on environmental targets, risks and mitigation plan monitoring to senior management. Such risks include soil and water pollution from airport operations, impacts on physical and transitional risks from climate change, and changes to environmental regulation (see Section 5-Operational Risks).

Each year, the GTAA publishes a Sustainability Report that contains details about Environmental, Social and Governance ("ESG") related issues and highlights the GTAA's sustainability approach and performance.

4.11.3 Trends and Uncertainties - Climate Change

The GTAA takes into consideration risks associated with climate change in carrying out its activities at the Airport. See the discussion in "Operational Risks" below, which provides a detailed description of both Transitional and Physical Risks associated with climate change.

The GTAA continues to measure and audit its carbon emissions associated with airport operations. As part of the GTAA's Carbon Neutrality and Emissions Master Plan the GTAA calculates its future emissions against a 2010 baseline in accordance with the United Nations Intergovernmental Panel on Climate Change (UN-IPCC) recommendations.

An important component of GTAA's climate change risk mitigation strategy (transition risks) is the participation in the Airport Carbon Accreditation (ACA) program, which provides a common framework for active carbon management at airports around the world. The GTAA first achieved Level 3 certification in 2016 and maintained this certification through 2022. Certification at this level required that the GTAA measure the carbon footprint of its operations, set and achieve reduction targets, and engage third parties in its efforts. The GTAA achieved Level 4 certification in 2022, which required defining a long-term carbon management strategy oriented towards absolute emissions reductions for the Airport's Scope 1 and 2 emissions and demonstrate evidence of actively driving third parties towards delivering emissions reductions.

Toronto Pearson is also one of a handful of North American hubs participating in a regular Airports Council International forum focused on setting reduced emissions targets for airports and forums focused on the further development of sustainable aviation fuels. To this end, in 2021, the GTAA signed on to the World Economic Forum's Clean Skies for Tomorrow initiative.

This includes showing the GTAA's support for the Clean Skies for Tomorrow Ambition Statement, which commits the aviation industry to using 10 per cent sustainable aviation fuel by 2030.

With respect to the mitigation of physical risks associated with climate change, the GTAA has also undertaken a Climate Change Vulnerability Assessment for Selected Stormwater Infrastructure at the Airport. The Assessment is based on the Public Infrastructure Vulnerability Committee (PIEVC) protocol for Climate Change Vulnerability Assessments. It assesses the vulnerability of infrastructure to both existing climate and future climate impacts. The Assessment assists the GTAA in: i) determining which improvements or changes should be considered to prevent flooding during severe storms; ii) creating and revising its processes and procedures associated with extreme weather events; and iii) conducting comprehensive reviews after each severe weather event to enhance the GTAA's preparedness for future severe weather events.

The GTAA mitigates physical event risk from climate change to its business and its assets through the purchase of insurance and believes that the financial impact of such risks would not be material. Management monitors transitional risks related to climate change (see "Operational Risks" below for more about transitional risks), but due to their uncertainty, it is not possible to assess financial materiality.

4.11.4 Environmental Protection

The two principal environmental protection programs implemented by the GTAA are its Stormwater Management Master Plan and Glycol Recovery and Recycling Program.

The GTAA's Stormwater Management Master Plan for the Airport and stormwater control facilities and related infrastructure prevent stormwater run-off from runways and Airport lands from exceeding stormwater quality and quantity guidelines.

The Glycol Recovery and Recycling Program collects glycol-based deicing fluid after it has been sprayed on aircraft. The captured deicing fluid is treated at off-Airport locations before the fluid is recycled into other products. The purpose of the Glycol Recovery Program is to ensure that the impact of glycol-based deicing fluid does not exceed environmental guidelines. The Central Deicing Facility (CDF) was designed and constructed with an extensive recovery collection system for spent glycol to minimize any environmental impact from the 65-acre site. The CDF has the ability to divert/collect fluids in underground storage tanks, as well as to discharge fluids through municipal sanitary systems. The CDF's underground storage tanks collect high concentrated glycol run-off, which is later sold into the secondary market after some additional processing. Low concentrated glycol run-off is collected in underground storage tanks and disposed of appropriately.

4.11.5 Noise Management Program

The GTAA maintains a Noise Management Program as required under the Ground Lease. As the operator of Toronto Pearson, the GTAA recognizes that aircraft activity has an impact on local communities neighbouring the Airport. The GTAA continues to engage with and educate communities on the Airport's operations and how aircraft noise can be mitigated. While aircraft noise cannot be eliminated entirely, the GTAA's Noise Management Program, which includes a preferential runway system, prescribed approach and departure flight procedures, as well as restrictions on the hours that certain types of aircraft may use the Airport at night, is designed to mitigate the impact of aircraft noise.

The GTAA hosts the Toronto Pearson Noise Management Forums: a series of briefings, tables and working groups that help the Airport work with its communities and collaborate with industry.

In addition, the GTAA has worked with the neighbouring municipalities to create an Airport Operating Area ("AOA") surrounding the Airport. The AOA, which is based on noise contours, delineates an area within which certain land uses that are incompatible with Airport operations, including residential development and schools, are opposed by the GTAA. The AOA has been incorporated into the official plans of the cities of Toronto, Mississauga and Brampton, and the Region of Peel.

The GTAA voluntarily complies with the Air Space Change Communications and Consultation Protocol, published by NAV CANADA and the Canadian Airports Council. This protocol describes how to engage with communities that may be affected when flight path changes are being considered.

4.12 Human Resources

As of December 31, 2023, the GTAA employed 1,745 persons who were engaged in management, technical, administrative and general labour activities. This number includes employees away on leaves of absence, and 187 seasonal employees, who were employed in general labour activities in the deicing and airfield maintenance departments. The majority of the GTAA's employees are unionized, represented by either Unifor Local 2002 or the Pearson Airport Professional Fire Fighters Association ("PAPFFA").

The term of the collective agreement between the GTAA and Unifor Local 2002 expires on July 31, 2027.

The term of the collective agreement between the GTAA and the PAPFFA expired on December 31, 2021. The GTAA and PAPFFA continue to operate under the terms and conditions of the expired collective agreement.

4.13 Legal Proceedings and Regulatory Actions

There are no legal proceedings that involve a claim for damages exceeding 10 per cent of the Corporation's current assets in respect of which the Corporation was a party, or in respect of which any of the Corporation's property is or was the subject during the year ended December 31, 2023, nor are there any such proceedings known to the Corporation or contemplated.

5. Risk Factors

The GTAA, its operations and its financial results are subject to certain risks. For details on risk oversight, see Section 7.3 Board Mandate-Risk Oversight.

The risk factors, individually or in combination, could materially affect the GTAA's business, operating results, financial condition, and ability to repay its debts as they become due. The risk factors are not the only risks and uncertainties that the Company faces, and circumstances at the time a risk materializes may also cause that risk to have a different impact than that which might otherwise have been expected. Additional risks and uncertainties not presently known to the GTAA or that the GTAA considers immaterial may also materially and adversely affect its business operations and financial condition.

5.1 Air Transportation Industry Risks

The health of the air transportation industry is subject to a broad array of risks that can slow or temporarily halt operations at the Airport or negatively affect flights and passenger demand.

The number of flights and passengers using the Airport may be affected by many factors with consequent effects on the GTAA's revenues. Factors include: shocks to the local, national, or global macroeconomic environments, including changes in fuel prices, rapid inflation, labour availability and wages; public health emergencies; currency fluctuations; changes in consumer and business spending preferences; an increase or decrease in competition from other airports; geopolitical disruptions, including wars, riots or political action; third party labour disruptions at Toronto Pearson or other airports; shortage of skilled labour for GTAA, airlines, and other companies or government agencies operating at Toronto Pearson to hire; disruptions caused by extreme weather, natural disasters at Toronto Pearson or at other airports which impact air industry networks, other hub airports, and passengers' flight connections; geopolitical unrest; acts of terrorism or cybersecurity threats and attacks; changes in domestic or international laws or regulation; domestic and international passenger bill of rights-type legislation; the rise of social movements in response to climate change; increased scrutiny of the aviation industry by mainstream and social media; fluctuations in the cost of air travel; and the development of efficient and viable alternatives to air travel.

Air carrier operational and financial instability could impact passenger activity and flight activity at Toronto Pearson.

Air carrier operational instability, including due to their inability to source goods and services, such as fuel, aircraft and related parts, catering, airport services (including customs and security services and infrastructure to support demand), de-icing services, airport slots, aircraft maintenance services, cargo handling services and facilities, and information technology systems and services, high quality and stable engineering design, manufacturing and maintenance of aircraft and related parts and other products they purchase, and issues that arise that may cause these to be unavailable, can result in fewer flights, lost or undelivered baggage, stranded passengers, schedule delays or frequent cancellations of scheduled flights, all of which can impact the GTAA's revenues and reputation negatively.

Air carrier financial instability can also result in air carriers making fewer flights and otherwise spending less on their operations at Toronto Pearson to cut costs. Fewer flights can lead to passengers perceiving that air travel is unreliable and cause them to delay or cancel travel plans, leading to further flight reductions. Furthermore, the inability to access capital, unavailability of aircraft type and fleet mix, or labour disputes, restructuring or cessation of operations can also result in fewer flights and route cancellations, all of which could impact the GTAA's revenues.

Public health emergencies could have a material adverse effect on the GTAA's business, financial condition and results of operations.

Public health emergencies, including outbreaks or the threat of outbreaks, viruses, or other contagions or epidemic diseases such as influenza, respiratory syncytial virus (RSV), COVID-19, severe acute respiratory syndrome (SARS), Ebola virus, Zika virus (and variants of any of these), as well as any travel or other advisories relating to same, whether domestic or international, or whether relating to Canadian cities or regions, or other cities, regions or countries, and resulting economic contractions, could also have a negative effect on demand for air travel. Enhanced restrictive safety measures, such as those relating to increased disinfection of passengers and baggage, passenger vaccination and negative test document requirements, and additional passenger testing procedures, could have a negative effect on flights, passenger demand for air travel, and associated impacts on the number of passengers travelling through Toronto Pearson.

Passenger volumes, mix of passengers and passenger spend could impact non-aeronautical/ commercial revenues.

Principal sources of non-aeronautical/commercial revenues include car parking, ground transportation, concessions, rentals, check-in fees, deicing facility fees and other sources, as more particularly described in "Non-Aeronautical Revenues". A significant portion of such commercial revenues are correlated with passenger volumes and activity and the propensity of passengers to spend in the duty-free, specialty retail, and food and beverage concessions.

Commercial revenues may also be affected by changes in the mix of long and short haul and origin and destination and connecting passengers, economic factors, including exchange rates and changes in duty-free regimes; retail tenant stresses requiring lease re-negotiations or outright tenant failures; lower retail yields on concession re-negotiations, redevelopments or reconfigurations of retail facilities at Toronto Pearson; or reduced competitiveness of the Airport retail offering. Car parking income could be reduced as a result of increased competition from other modes of transport to Toronto Pearson, such as buses, trains and ride share options, as well as increased competition from off-site parking providers.

The GTAA's ability to meet business objectives may be impacted by factors outside of the GTAA's control.

The GTAA periodically conducts a comprehensive review of its business strategy to incorporate any emerging factors that may influence business objectives, and to connect the strategic objectives with the GTAA's risk profile. The GTAA's objectives are subject to factors and processes outside the control of the GTAA. A delay or failure to correctly identify and develop, invest in or implement the GTAA's strategy could adversely impact the GTAA's ability to operate its business effectively, achieve its objectives and remain competitive and could have a material adverse effect on the GTAA, its business operations and financial conditions. There can be no assurance that the GTAA's business strategy will produce the expected financial results.

Furthermore, airport operations are dependent on the availability and reliability of physical assets, and the GTAA may not be able to increase capacity to meet demand. The provision of services at Toronto Pearson is dependent on the availability of physical assets such as runways and taxiways, terminal buildings, deicing facilities, parking structures and information technology, as well as efficient transit to reach the Airport. This includes the availability of existing assets and additional physical and system capacity, including the ability to protect the necessary land and zoning needed to meet growing aviation demand.

There can be no assurance that the GTAA will be able to meet demand with existing capacity or increase capacity in a timely way.

Incidents, including accidents, could occur.

Airports are exposed to the risk of incidents, including accidents, as a result of factors, including but not limited to, extreme weather conditions, equipment failure, human error, terrorist activities (including cyber-attacks), unmanned aerial vehicles, labour conflicts with airport workers, or other causes beyond the GTAA's control. These incidents could result in injury or loss of human life, damage to airport infrastructure, and short-term or long-term closure of Toronto Pearson's facilities, and may have an impact on passenger traffic levels.

Rate regulation.

The setting of aeronautical rates and charges is not currently regulated in Canada, and the GTAA is permitted to establish rates and charges appropriate for the Airport. Should the federal government introduce or impose a regulatory regime with respect to rates and charges, the GTAA's revenues, governance over capital expenditures and cost of financing may be negatively impacted.

Terrorist acts or threats and related consequences.

The potential for terrorist acts and terrorist activity (including cyber-attacks) causes concern and uncertainty in the minds of the travelling public. The occurrence of a terrorist attack, or the perceived threat of attacks involving Toronto Pearson or another airport or directed at an air carrier or industry service provider, and enhanced restrictive security measures, such as those relating to the content of carry-on baggage, passenger identification document requirements and passenger screening procedures could substantially discourage air travel. It could also lead to a substantial increase in security, insurance and other costs. It could have a negative effect on flights, passenger demand for air travel, and associated impacts on the number of passengers travelling through Toronto Pearson.

5.2 Operational and Environmental Risks

Operations at Toronto Pearson are dependent on third parties.

The GTAA works with several parties that have independent obligations to provide airside operational services to air carriers, and to deliver services to passengers , including air carriers, ground handlers, retailers. When any of these parties fail to deliver services as required in coordination with others, including the GTAA, the GTAA's ability to generate revenue or deliver desired service levels is impacted.

Many of GTAA's commercial relationships are governed by legal agreements that may not be fully performed or may expire, and there can be no assurance that such agreements will be performed or renewed or, if renewed, will contain similar terms or cost structures.

The inability of the GTAA, airlines, service providers, and government agencies to source goods and services successfully, recruit sufficient skilled trades and other employees with requisite skills, or to source goods and services of desirable quality on terms and pricing and within the timeframes acceptable to the GTAA, could have a material adverse effect on the GTAA, its business operations and financial conditions and those of the companies and government agencies operating at Toronto Pearson.

Disruptions to the GTAA's information technology or operational technology infrastructure, and data contained therein, could directly or indirectly interfere with the GTAA's operations.

The GTAA relies on technology to collect, process, transmit and store sensitive data, including personal and business information to manage and support a variety of business processes and activities at Toronto Pearson, as well as providing information technology platform services to third parties.

The GTAA's technology networks, data management, operational technology, and related infrastructure may be vulnerable to a variety of sources of damage, disruptions, denial of service attacks, or shutdowns due to cybersecurity threats or breaches (malware, ransomware, other malign actors, etc.), breaches due to employee error or malfeasance, breaches due to a remote work environment, disruptions during software or hardware upgrades, third-party service providers or supplier's acts or omissions, telecommunication failures, power failures, natural disasters or other catastrophic events. The cybersecurity threat landscape is highly dynamic and continually evolving; it is generally accepted that cyber-attacks have and will continue to increase in both prevalence and sophistication. The occurrence of any of these events could impact the reliability of the GTAA's operation or Airport facilities; expose the GTAA, its customers or its employees to a risk of loss or misuse of information; and result in legal claims or proceedings, liability or regulatory penalties against the GTAA or damage the GTAA's reputation.

The GTAA invests in initiatives, including cyber security initiatives, data/information security and disaster recovery plans; however, these initiatives may not adequately address a highly dynamic and continually evolving threat landscape.

Any technology system interruption, including information technology systems at the GTAA or a third party on whom the GTAA, its clients, or its suppliers rely, interruption of the GTAA's operational technology processes, or the GTAA's or a third party on whom the GTAA relies failure to comply with applicable data privacy obligations could impact the GTAA and expose the GTAA to passenger flow disruption and significant inconvenience, litigation, claims, fines, remediation costs, reputational damage, or other costs that could materially and adversely affect the GTAA's business operations and financial conditions.

The GTAA depends on government agencies' ability to maintain service levels at current and forecasted demand at Toronto Pearson.

The GTAA relies on the services and equipment provided by a number of governmental agencies, including the Canadian Air Transport Security Authority, NAV CANADA, Canadian Border Services Agency, and United States Customs and Border Protection, to perform security screening, air traffic control and border services to maintain a consistent and reliable flow through the Airport. The GTAA is responsible for the coordinated flow of Airport processes and incurs operating costs to support government agencies, but does not manage or control the agencies' budgets or resource deployment at Toronto Pearson.

The GTAA may experience the loss of key personnel, the inability to attract and retain qualified employees, and labour disruptions.

The GTAA's operations depend on the continued efforts of its employees, and certain roles are essential for continuity of operations, including to maintain the Airport operating certificate. The GTAA cannot guarantee that any member of its management or any one of its key employees will continue to serve in any capacity for any particular period of time.

Attracting, developing and retaining the right talent while fostering a high-performing, diverse, and supportive culture is important to the GTAA's achievement of its strategic objectives. Further, certain events or conditions, such as an aging workforce, overall employee health and wellness, abrupt changes to work environment or workplace rules, workers' perception of the future of the industry and talent shortages, may lead to increased attrition, operating challenges and increased costs.

The maintenance of a productive and efficient workforce and environment without disruptions cannot be assured. In the event of a communicable disease outbreak, labour strike, work stoppage or other form of labour disruption, including actions undertaken by the GTAA or other unionized workers, the GTAA could experience disruptions in its operations and incur additional expense.

The GTAA could face costs related to extensive legal and regulatory requirements.

The GTAA is subject to extensive legal and regulatory requirements, including but not limited to Canadian Aviation Regulations, Canadian Aviation Security Regulations, various covenants and other obligations under its Ground Lease with Transport Canada, and requirements with respect to financial reporting, continuous disclosure obligations under securities laws, taxes, advertising, privacy, data security, pensions, and health and safety, all of which are subject to change over time. Compliance with current or future legal and regulatory requirements may result in restrictions on the GTAA's operations and significant cost.

Violation of law, non-compliance with regulatory requirements and breach of contract (including the Ground Lease), even though unintentional, may bring about legal consequences impacting the GTAA, including revoking of the Airport operating certificate, termination of the Ground Lease, damage to reputation, disruption to business or operations, loss associated with enforcement actions and lawsuits, and impediments and/or competitive disadvantages, including diminished ability to implement its business strategies and objectives.

Stakeholders may resist GTAA strategies.

The execution of the GTAA's strategies requires the GTAA to deliver high standards and build confidence with various stakeholders, including regulators, air carriers and passengers, and the people and businesses in neighbouring communities. A failure to instill confidence and maintain trust with stakeholders and communities could result in damage to the GTAA's reputation and credibility to execute its business strategy, additional regulatory oversight, or litigation.

The GTAA could experience negative business impacts related to environmental matters.

The GTAA's business is affected by a wide variety of federal and provincial environmental requirements, which are subject to change over time. It is also subject to environmental requirements under its Ground Lease. Compliance with present or future environmental requirements may be costly and time-consuming and interfere with the GTAA's existing activities and operations.

The GTAA's existing operations may be negatively impacted by a number of environmental factors and changing regulations regarding climate change; air quality requirements (including emissions standards); further imposed noise limitations; limitations on aircraft movements permitted annually; energy use and efficiency; soil and water pollution arising from Airport operations; discharges and surface water drainage; land and groundwater contamination; flooding, drought and extreme weather events; toxic substances contained in premises and exposure to such substances during construction or demolition activities; and waste handling, management and disposal.

Environmental risks from Airport operations include discharges of hazardous substances, such as jet fuel, fire-fighting foam, or glycol-based deicing fluids. The storage, use and transportation of hazardous substances are the responsibility of the owners of the hazardous substances and those having care and control of such substances, including, but not only the GTAA. The discharge of hazardous substances, whether by design or unintentionally, into the natural environment could disrupt airport operations and result in harm to people and the lands of others, resulting in civil claims from airlines and other companies operating at the Airport, injured parties, and neighbouring landowners. Such discharges may also result in prosecution for offences under environmental, health, and safety laws, and orders from government officials to remediate and monitor affected lands and waters.

The GTAA could experience negative business impacts related to climate change.

Climate change-related risks can generally be grouped into two categories: physical risks and transition risks.

Physical Risks - Acute: More frequent weather events that may be due to climate change increase the acute physical risk to Toronto Pearson, including lost aeronautical and non-aeronautical revenues from increased flight cancellations; interruptions to normal operations as a result of, for example, power outages and flooding; higher operating costs such as snow removal and comfort heating and cooling; higher insurance costs arising from damage to infrastructure and equipment; and increased working restrictions and workplace injuries, including as a result of extreme hot and cold temperatures, high winds, lightning, or icy surfaces.

Physical Risks - Chronic: Chronic physical risks due to climate change may include sustained higher temperatures or greater variations in daily temperatures, which make it more difficult for planes to take off. This could result in periods of time when take-offs are suspended, thereby reducing the capacity of Toronto Pearson, and in turn, reducing aeronautical and non-aeronautical revenues.

The GTAA's capital expenses may also increase if measures are implemented, such as extending runways so that airplanes can continue to take off during days with higher temperatures.

Transition Risks - Market: "Flight shaming" and similar movements aimed at stigmatizing air travel due to greenhouse gas emissions from planes may result in reduced demand for air travel and therefore reduced revenues from airlines and passengers. Continued improvements in video conferencing technology, as well as the availability of alternative means of travel (e.g. rail, electric vehicles) may also have longer-term impacts on the demand for air travel that make forecasting the number of passengers more challenging. Similarly, greater reliance on transit to reduce greenhouse gas emissions from personal vehicles may reduce car parking income. Consumer preferences for sustainable eating choices, including by avoiding single-use plastic utensils and containers, may reduce the success of GTAA's quick-serve restaurants.

Transition Risks - Reputational: The aviation industry is under increasing scrutiny and expectation due to its contribution of greenhouse gases to the atmosphere. While almost all of these emissions are from aircraft and cars travelling to the airport, the GTAA and other airport operators are an important part of this industry and may experience similar reputational risks and consequences if they do not act to mitigate their own emissions further, as well as support efforts to achieve the reduction in emissions by air carriers, whose total contribution to global carbon emissions is significantly higher than that of airports.

Transition Risks - Regulatory: The GTAA is subject to certain federal and provincial laws regarding the environment, including taxes and regulations directed at emissions of greenhouse gases believed to be responsible for climate change. Such laws and regulations may result in increased capital and operational costs to comply with those restrictions, especially to energy-intensive operations such as the GTAA's cogeneration facility. Furthermore, permits under such laws may also be more difficult to obtain as climate change issues figure more prominently in environmental assessments. Finally, such laws may require more detailed disclosure about greenhouse gas emissions and other data that may, in turn, reduce business and finance opportunities.

Transition Risks - Legal: The GTAA may face legal action for failing to address climate change-related risks appropriately, including if the GTAA is required to disclose and mitigate emissions from airlines flying to and from Toronto Pearson.

Transition Risks - Technology: Personal air vehicles and similar technologies in response to climate change concerns and other consumer demands may reduce demand for conventional air travel requiring runways and terminals for loading and unloading large numbers of passengers, whether powered by fossil fuels or not. Sustainable aviation fuels including from hydrogen, may also be too slow developing before travel preferences change.

The implementation of the GTAA’s capital investment program could be affected by unanticipated issues or impacts.

The GTAA’s capital investment program is designed to meet and support future demand and maintain or improve the passenger experience. Unanticipated issues, including a sudden change in passenger demand for air travel or the failure of the GTAA to recognize, plan for, and manage within the required time frames, could result in operational disruptions, delays to schedule, unsatisfactory facilities, safety and security performance deficiencies, capital cost overruns and higher than expected operating costs. Any of these risks could affect Toronto Pearson’s day-to-day operations, cash flow, longer-term business objectives and reputation.

The GTAA could face increases in insurance costs or reductions in insurance coverage.

The GTAA maintains insurance coverage consistent with industry practice and its obligations under the Ground Lease, but this coverage is limited, and the GTAA is generally not fully insured against all significant losses. The GTAA’s ability to obtain and maintain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, or local events and company-specific events, as well as the financial condition of insurers.

The global insurance industry has been continually re-evaluating the risks that it covers, which may adversely affect some of the GTAA’s existing insurance carriers or the GTAA’s ability to obtain future insurance coverage. To the extent that the GTAA’s existing insurance carriers are unable or unwilling to provide it with insurance coverage and in the absence of measures by the federal government to provide the required coverage, the GTAA may be exposed to significant risk or in breach of regulatory requirements or contractual arrangements requiring that specific insurance be maintained.

From time to time, the GTAA is subject to legal proceedings, assessments, claims, litigation (including class actions) and regulatory matters in the ordinary course of business.

The GTAA may be subject to liability claims arising out of events or accidents involving Airport operations, air carrier operations or third-party provided services to GTAA, including claims for serious personal injury or death. Events or accidents may occur despite all appropriate measures being taken and as a result of a variety of factors beyond GTAA's control, including acts of terrorism and sabotage, severe weather, lightning and wildlife strikes, communicable disease outbreaks related to Toronto Pearson and other natural disasters as well as the increasing frequency of unmanned aerial vehicles.

The GTAA may also be subject to other claims and litigation (including class action claims), including with respect to its operations or the operations of third parties, contractual arrangements, and current or new laws and regulations.

5.3 Financing and Sustainability Risks

The GTAA has and is expected to continue to have, a significant amount of indebtedness outstanding, and its ability to service its debt obligations could be impacted by external factors.

As a corporation without share capital, the GTAA utilizes floating and fixed rate debt to finance, in part, airport operations, capital projects, and the acquisition of lands and commercial buildings proximate to the Airport. The ability of the GTAA to service its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, the GTAA is exposed to interest rate increases from certain outstanding short-term variable interest indebtedness and, as a result, increases in interest rates could increase the GTAA's financing costs.

There can be no assurance that the GTAA will at all times be able to generate sufficient cash from its operations to be able to refinance existing indebtedness on favourable terms, execute its business strategy, or fulfill its requirements under the Ground Lease. Each of these factors is, to a large extent, subject to economic, financial, regulatory, social, operational and other factors, many of which are beyond the GTAA's control.

In addition, the amount of indebtedness that the GTAA has or may incur in the future could have a material adverse effect on the GTAA's ability to obtain additional financing, require the GTAA to dedicate a substantial portion of its cash flow from operations to debt service payments on its indebtedness and other fixed cost obligations, make the GTAA more vulnerable to economic downturns, and limit the GTAA's flexibility in planning for, or reacting to, changes in its business environment.

Events in the financial markets or other factors can negatively impact the GTAA's ability to access new or rollover existing financing through bank and capital markets.

There can be no assurance that the GTAA will be able to access new financing or roll over existing financing on terms that are economically viable or at all. Material disruptions in credit markets can significantly restrict the GTAA's ability to raise financing or result in increased interest rates. In addition, lenders may impose restrictions or other terms and conditions.

Certain existing debt and other agreements contain covenants that may significantly limit or prohibit the GTAA's financial flexibility and the way in which the Company operates its business.

Some of the financing and other major agreements to which GTAA is a party contain, and in the future may contain, restrictive, financial and other covenants which affect and, in some cases, significantly limit or prohibit, among other things, the manner in which the GTAA may structure or operate its business, including by limiting the GTAA's ability to incur additional indebtedness, reduce liquidity, make capital expenditures and engage in acquisitions. Future financing and other significant agreements may be subject to similar or stricter covenants, which limit the GTAA's operating and financial flexibility and impact its ability to operate its business.

If a future pandemic and the associated reduction in passenger volumes and aeronautical revenues and AIF return to depressed levels, or if a significant number of air carriers, commercial partners, concessionaires and tenants fail to make required payments, the GTAA's ability to meet any applicable financial covenants under the Master Trust Indenture could be impaired, and any waiver sought from bondholders may not be granted on terms acceptable to the GTAA or at all.

A downgrade in the GTAA's credit rating could have a material adverse effect on the GTAA's business, cost of capital, financial condition, and results of operations.

There can be no assurance that any of the GTAA's current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. A downgrade in the GTAA's credit ratings could result in an increase in the GTAA's borrowing costs under its bank credit facilities and future issuances of long-term debt securities. If any of these ratings fall below investment grade (investment grade is defined as BBB- or above for S&P and Baa3 or above for Moody's), the GTAA's ability to issue short-term debt or other securities, or to market those securities, could be impaired or become more difficult or expensive.

The GTAA could face costs related to pension requirements.

The GTAA maintains several pension plans, including defined benefit and defined contribution plans. Canadian federal pension legislation requires that the funded status of registered pension plans be determined periodically, on both a going-concern basis (essentially assuming indefinite plan continuation) and a solvency basis (essentially assuming immediate plan termination). In addition, current service contributions in respect of a domestic registered plan are required except to the extent they are funded (and if permitted subject to applicable plan rules and legislation) through a sufficient surplus in such plan. The GTAA's pension funding obligations (including projected funding obligations) may vary significantly based on a wide variety of factors, including pension plan solvency valuations, regulatory developments, plan demographics, changes to plan provisions, changes to pension asset investment strategies, assumptions and methods used and changes in economic conditions, investment performance, and other factors.

Deteriorating economic conditions or a prolonged period of low or decreasing interest rates may result in significant increases in the GTAA's funding obligations.

6. Description of Capital Structure

To finance the acquisition of Terminal 3 and Airport capital programs, the GTAA entered into a Master Trust Indenture with the Trust Company of the Bank of Montreal, which has been succeeded by BNY Trust Company of Canada, as trustee (the "Trustee"), dated December 2, 1997 (the "MTI"). The MTI established a financing framework referred to as the Capital Markets Platform. This ongoing program is capable of accommodating a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities, commercial paper, medium term notes, and interest rate and currency swaps.

The GTAA has outstanding debt securities, including medium term notes (the "MTNs") and commercial paper, pursuant to the MTI, as supplemented, of approximately $7.0 billion, including accrued interest and net of unamortized discounts and premiums, as at December 31, 2023. For further details on the GTAA's capital structure, please refer to the GTAA's annual audited Consolidated Financial Statements and Notes for the years ended December 31, 2023, and December 31, 2022, together with the auditors' report thereon and the accompanying MD&A.

For full particulars of the GTAA's obligations and the rights of the bondholders under the MTI, refer to the MTI, as supplemented from time to time, available through SEDAR at www.sedarplus.ca or upon written request to the Vice President, Stakeholder Relations and Communications, Greater Toronto Airports Authority, P.O. Box 6031, 3111 Convair Drive, Toronto AMF, Ontario, L5P 1B2.

Financial Liquidity

The GTAA's net liquidity position[6] (including cash) as at December 31, 2023 was approximately $2.0 billion.

The GTAA monitors its cash flow requirements and conducts consistent analysis of trends and expected fluctuations in its liquidity and capital resources. Additionally, the GTAA has implemented a number of new financial risk resilience measures including achieving and maintaining a target amount of unrestricted cash on hand[7] equal to approximately 300 days of average daily operating expenses.

Further, the GTAA had reduced its overall gross debt outstanding from a peak of $7.9 billion in 2009 to $7.0 billion as at December 31, 2023.

The GTAA is also focused on managing its short-term liquidity and longer-term debt as part of its financial sustainability strategy and its obligation under the Ground Lease to return the Airport to the federal government at the end of the lease term on a debt-free basis, in a state of good condition and repair and free of encumbrances.

[6] Net liquidity, a non-GAAP financial measure, is defined as the total of the borrowing capacity available for general corporate purposes under its Operating Credit Facility, capacity available under its Letter of Credit Facility and unrestricted cash and short-term investments. Refer to section "Non-GAAP Financial Measures" in MD&A.

[7] Days cash on hand, a non-GAAP financial measure, is defined as cash, cash equivalents and short-term investments divided by the average daily operating expenses (excluding non-cash items). Refer to section "Non-GAAP Financial Measures" in MD&A.

For further details on the GTAA's debt management strategies, please refer to the GTAA's annual audited Consolidated Financial Statements and Notes for the years ended December 31, 2023 and December 31, 2022, together with the auditors' report thereon and accompanying MD&A.

6.1 Ratings

The GTAA's long-term debt obligations as issued under its MTI have been assigned credit ratings by Standard & Poor's Rating Service ("S&P") and Moody's Investors Service, Inc. ("Moody's") of "A+" with a stable outlook and "Aa3" with a stable outlook, respectively. The GTAA's CP obligations have been assigned a credit rating of "R-1 (low)" and an issuer rating of "A (high)" by DBRS Morningstar ("DBRS"). On April 11, 2023, Moody's confirmed GTAA's credit rating at Aa3 with stable outlook. On August 16, 2023, DBRS confirmed GTAA's issuer rating at A (high) and CP rating at R-1 (low) with stable trends. On January 16, 2024, S&P affirmed GTAA's credit rating at A+ with stable outlook.

The table below sets out each rating agency's issuer rating and each rating agency's corresponding rating of the GTAA's outstanding medium term notes (MTNs) and commercial paper as at December 31, 2023:

	S&P		Moody's		DBRS	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Issuer Rating	A+	A+	Aa3	Aa3	A (high)	A (high)
MTN Rating	A+	A+	Aa3	Aa3	-	-
Commercial Paper Rating	-	-	-	-	R-1 (low)	R-1 (low)

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Credit ratings are not a recommendation to buy, sell or hold securities of GTAA and do not comment as to market price or suitability for a particular investor. There can be no assurance that a rating will remain in effect for any given period of time or that the rating will not be revised or withdrawn at any time by the rating agency.

S&P

S&P classifies long-term debt instruments into 10 rating categories, ranging from a high of "AAA" to a low of "D". The "A+" rating assigned to the MTNs by S&P reflects that the MTNs rank in S&P's third-highest rating category. The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign. According to information made publicly available by S&P, a long-term obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still considered to be strong.

Moody's

Moody's classifies long-term debt instruments into nine ratings categories, ranging from a high of "Aaa" to a low of "C". The "Aa3" rating assigned to the MTNs by Moody's indicates that the MTNs rank at the lower end of Moody's second-highest rating category. Moody's uses "1", "2" and “3” designations for each rating category from “Aa” through “Caa” to indicate the relative standing of the obligation within a particular rating category. According to publicly available information, under the Moody’s rating system, long-term obligations rated “Aa” are judged to be of high quality and are subject to very low credit risk.

DBRS Morningstar

DBRS classifies commercial paper into seven ratings categories, ranging from a high of R-1(high) to R-3. The R-1 and R-2 rating categories are further denoted by the subcategory “(high)”, “(middle)” and “(low)”. The R-1 (low) rating assigned by DBRS to the GTAA’s commercial paper indicates that the commercial paper has been rated in DBRS’ third-highest rating category. According to information made publicly available by DBRS, commercial paper rated R-1(low) is of good credit quality. The capacity of the issuer for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating categories; the capacity for payment may be vulnerable to future events, but qualifying negative factors are considered manageable.

The GTAA has made, and will make, payments in the ordinary course to the rating agencies in connection with the assignment of ratings on its obligations.

6.2 Trustee

BNY Trust Company of Canada is the Trustee under the MTI. Registers for the registration and transfer of the GTAA’s debt securities are kept at the principal office of the Trustee in the City of Toronto.

7. Corporate Governance

The GTAA is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act*.

The National Airports Policy and the Public Accountability Principles established the governance framework for Airport Authorities including the GTAA and served as the framework for the Ground Lease with Transport Canada and the Corporation's By-law. These documents also set out certain requirements, including with respect to the nomination of Members, holding public meetings, publishing certain documents and adopting certain corporate policies.

7.1 Members/Board of Directors

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

The GTAA's Members are also its Directors; a reference in this Annual Information Form to Members is also a reference to those serving on the GTAA’s Board of Directors.

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

The following table sets forth the names of the Directors, together with their place of residence, the date they became Directors, the expiry of their current term, their principal occupation, and their Board Committee memberships, as at December 31, 2023.

Name, Residence, Principal Occupation and Committee Memberships	
Douglas Allingham Ontario, Canada Corporate Director Director Since: 2018 Board Chair (effective May 7, 2019) Current Term Expiry: 2024 Ex-officio member of all Committees	Mr. Allingham is a civil engineer with 40 years of experience encompassing both the public and private sectors. He is the former Executive Vice-President of AECOM Canada Ltd. and has a background in transportation engineering including transit planning, urban design, traffic engineering environmental assessment, master planning, airport planning and transportation economics. He has served as president of the Canadian Institute of Transportation Engineers, Chair of the Board for the University of Ontario Institute of Technology, Trustee and Chair of the Board of Lakeridge Health and has served on the boards of Durham College and the Durham Abilities Centre. He graduated with a BaSc. in Engineering from the University of Waterloo in 1978. In 2012, he was awarded the Queen Elizabeth II Diamond Jubilee medal for service to the community.
Nafisah Chowdhury Ontario, Canada Partner, Miller Thomson LLP Director Since: 2022 Current Term Expiry: 2025 Governance and Stakeholder Relations Committee Human Resources and Compensation Committee	Ms. Chowdhury is a partner at Miller Thomson LLP, practicing in commercial and employment litigation. She obtained an Honours Bachelor of Environmental Studies degree from the University of Waterloo, a Juris Doctor degree from the University of Toronto, and was called to the Ontario Bar in 2008. In 2018, she received the Lexpert Rising Star award, which recognizes Canada's leading lawyers under 40. In her spare time, Ms. Chowdhury sits on the advisory boards of various community organizations. She also holds the Institute of Corporate Directors designation (ICD.D).
Kim Day California, United States Aviation Consultant (sole proprietor) Director Since: 2023 Current Term Expiry: 2026 Governance and Stakeholder Relations Committee Planning and Commercial Development Committee	Ms. Day spent the last 25 years of her career in the aviation industry, serving most recently for 13 years as the CEO of Denver International Airport (DEN), where she worked to prepare DEN for the future both fiscally and physically, securing long term commitments of the two largest carriers, overseeing the development of a commuter rail to downtown, an on-airport hotel, 44 additional gates, and the start of the renovation of the Jeppesen Terminal. Prior to her time as CEO of DEN, she served as executive director of Los Angeles World Airports (LAWA) and Deputy Executive Director for design and construction at LAWA. Before going to LAWA, she practiced architecture for over 20 years. Ms. Day has served on the board of directors for the American Association of Airport Executives, the FAA's NextGen Advisory Committee, the Denver Chamber of Commerce, and Visit Denver and is currently on the boards for the Regional Airports Improvement Corporation and the San Diego Humane Society. Ms. Day is a globally-recognized airport leader and most recently was inducted into the Colorado Tourism Hall of Fame. Ms. Day holds a Bachelor of Architecture from Cornell.

Name, Residence, Principal Occupation and Committee Memberships	
Lise Fournel Quebec, Canada Corporate Director Director Since: 2022 Current Term Expiry: 2025 Audit Committee Human Resources and Compensation Committee (Chair)	Ms. Fournel is a technology expert with a global perspective in marketing and revenue management and e-commerce. Over her more than 35-year career with Air Canada, Ms. Fournel has held increasingly senior positions in Technology, Strategic Planning and Passenger Commercial. She was also President of Destina.ca. Lise formerly served on the boards of Ontario Teachers' Pension Plan and Desjardins Financial Security. Ms. Fournel has also served on a number of not-for-profit boards, including l'Université de Montréal, Tourisme Montréal, CIREM, Musée Pointe-à-Callière, and Canadian Muscular Dystrophy Association. Lise earned a B.Sc. in Mathematics from l'Université de Montreal, completed graduate studies in Business Administration at Hautes Études Commerciales (HEC) in Montreal and holds the Institute of Corporate Directors designation (ICD.D). Lise also holds an M.Sc in Mathematics from Université de Montréal.
Peter Gregg Nova Scotia, Canada President and Chief Executive Officer, Nova Scotia Power (regulated electric utility) Director Since: 2018 Current Term Expiry: 2024 Governance and Stakeholder Relations Committee (Chair) Planning and Commercial Development Committee	Mr. Gregg is the President and CEO of Nova Scotia Power Inc., a wholly-owned subsidiary of diversified energy and services company Emera Inc., providing 95% of the generation, transmission and distribution of electrical power to more than 525,000 residential, commercial and industrial customers across Nova Scotia. He was previously President and CEO of the Independent Electricity System Operator ("IESO"), the corporation responsible for operating the electricity market and directing the operation of the bulk electrical system in the province of Ontario, and President and CEO of Enersource Corporation (now Alectra Utilities) where he led the merger of Enersource with Powerstream and Horizon Utilities, and the purchase of Hydro One Brampton. Mr. Gregg has an MBA from the Ivey School of Business at the University of Western Ontario and holds the the Institute of Corporate Directors designation (ICD.D).
Don Kennedy Ontario, Canada Corporate Director Director Since: 2020 Current Term Expiry: 2026 Audit Committee Planning and Commercial Development Committee (Chair)	Mr. Kennedy is a retired business executive having served as the Chief Financial Officer for a number of organizations in aviation, freight and logistics, including Canada 3000, where he grew the organization from the startup of a charter airline into a publicly traded travel group with over 5,000 employees. His professional associations include past Director of the Air Transport Association of Canada, past Director of various airlines fuel consortiums and past member of various aviation and travel industry associations. He also served on the Board of Directors of St. Joseph's Health Centre in Toronto. He has been a Chartered Professional Accountant and Chartered Accountant in Ontario for over forty years, having started his audit career at PricewaterhouseCoopers LLP. He holds a Bachelor of Commerce (Honours) from Queen's University.

Name, Residence, Principal Occupation and Committee Memberships	
Tracy Li Ontario, Canada Chief People and Legal Officer of Enercare Inc. Director Since: 2023 Current Term Expiry: 2026 Audit Committee Human Resources and Compensation Committee	Ms. Li is Chief People and Legal Officer of Enercare Inc., responsible for leading the human resources, legal and ESG functions at Enercare. She joined Enercare in 2011 and has played a key role in the transformation of the company and its business divisions, including advising through multiple acquisitions, financings, internal reorganizations, as well as strategic and growth initiatives. Prior to Enercare, Ms. Li practiced law at Shearman & Sterling LLP in Hong Kong and Borden Ladner Gervais LLP in Vancouver, where she advised international and Canadian clients on equity and debt financings, acquisitions, corporate governance, securities law and other legal matters. Ms. Li has also been serving as a member of the Board of Directors of Yee Hong Centre for Geriatric Care and a member of its Governance and Human Resources Committees since June 2022. Ms. Li has a Bachelor of Commerce (Finance) from the University of British Columbia and a Juris Doctor from the University of Toronto Faculty of Law.
Michele McKenzie Ontario, Canada Consultant, JE Austin Associates (strategy and management consulting firm) Director Since: 2018 Current Term Expiry: 2024 Governance and Stakeholder Relations Committee Planning and Commercial Development Committee	Ms. McKenzie is a corporate director and business advisor with strong tourism expertise. She is a consultant with JE Austin Associates serving as Chief of Party for the USAID South Caucasus Regional Tourism Program. Michele spent ten years in the role of President and CEO of the federal Crown corporation 'Canadian Tourism Commission' ('Destination Canada'), and four years as Deputy Minister of Nova Scotia Tourism, Culture and Heritage. In 2020 she was recognized by the Tourism Industry Association of Canada with a Lifetime Achievement Award. Michele has extensive board governance experience and, in addition to GTAA, currently sits on the board of Invest in Canada, and is a member of the Departmental Audit Committees for Statistics Canada and Parks Canada. Michele holds a degree from Dalhousie University and has completed a Fellowship at Harvard University. She also holds the ICD.D designation from the Institute of Corporate Directors.

Name, Residence, Principal Occupation and Committee Memberships	
Marc Neeb Ontario, Canada Corporate Director Director Since: 2019 Current Term Expiry: 2025 Human Resources and Compensation Committee Planning and Commercial Development Committee	Mr. Neeb is a retired HR executive, having most recently served as the Chief Human Resources Officer at Magna International Inc. At Magna, Mr. Neeb was responsible for global human resources strategy relating to health & safety, environment, total compensation, culture, Employee's Charter, labour relations, performance management, talent attraction and retention and people development and training. His past professional experience also includes serving as the Chief Administrative Officer of the Town of Aurora, Commissioner of Community Services of the City of Brampton and various senior positions with the City of Mississauga. He holds degrees and diplomas from the University of Western Ontario, Seneca College and the University of Toronto. He has served on the boards of Southlake Regional Health Centre, Aurora Mayor's Charity Golf Classic, Community Safety Village of York Region, and was the Governor of the Royal Lifesaving Society of Ontario.
Eric Plesman Ontario, Canada Head of Global Real Estate, Healthcare of Ontario Pension Plan Director Since: 2019 Current Term Expiry: 2025 Audit Committee Planning and Commercial Development Committee	Eric is the Head of Global Real Estate at Healthcare of Ontario Pension Plan (HOOPP) and is responsible for their real estate investment activities. Prior to HOOPP, Eric held a number of senior positions at Oxford Properties and was most recently the Executive Vice President, North America, where he was responsible for North American Investments (equity and debt) and Development activity across all asset classes (office, industrial, retail, multi-family and hotel), as well as Oxford's North American Retail and Industrial businesses. Eric's past experience also includes roles in Investment Banking and Real Estate Private Equity at Morgan Stanley (London, U.K., New York and Toronto) and as a consultant at Arthur Andersen (Amsterdam). Eric holds a BA from King's University College at Western University and an Honours Business Administration (HBA) from the Ivey Business School at Western University.
Mark F. Schwab Florida, U.S. President, Naples Council on World Affairs Director Since: 2017 Current Term Expiry: 2026 Audit Committee Planning and Commercial Development Committee	Mr. Schwab is an experienced airline industry executive, having served as Chief Executive Officer of Star Alliance, the world's first and most comprehensive global airline alliance of 26 members. He has a deep background in the airline industry, having served in international and corporate leadership roles with major carriers such as United Airlines, US Airways, American Airlines and Pan Am. He is a graduate of the University of Virginia. He serves on the boards of not-for-profit organizations, Greater Naples Leadership.

Name, Residence, Principal Occupation and Committee Memberships	
Johan C. van ‘t Hof Ontario, Canada CEO and President, Tonbridge Corp. (merchant bank) Director Since: 2017 Current Term Expiry: 2024 Audit Committee (Chair) Planning and Commercial Development Committee	Mr. van 't Hof is CEO and President of Tonbridge Corp., a Toronto-based merchant bank and advisory firm, and has been a lecturer at the University of Toronto, the University of Waterloo, and the School of Accountancy for the Institute of Chartered Accountants of Ontario. Prior to his current role, he was CEO of Tonbridge Power Inc., a publicly-traded entity, and Chief Operating Officer and Director of Carter Group Inc., a North American automotive parts manufacturer. Prior to these roles, he was Partner and Managing Director at PricewaterhouseCoopers LLP (project finance and privatization) and was seconded to the Ontario Securities Commission by his firm. In such a role, he acted for eleven airport authorities in Canada in transferring operations from Transport Canada and for twenty-five governments in project finance and privatization transactions globally in energy corrections, airports and roads. He has testified to the U.S. Senate and the Canadian Parliament on infrastructure policy. Mr. van 't Hof is a Chartered Professional Accountant and Chartered Accountant in Ontario and holds an MBA from the University of Toronto. He has served as Chair of the Audit Committees of two international public companies and two private companies.
Rajeev Viswanathan Ontario, Canada Chief Financial Officer & Partner Forum Asset Management, (investment and development firm) Director Since: 2020 Current Term Expiry: 2026 Audit Committee Governance and Stakeholder Relations Committee	Mr. Viswanathan is the CFO and Managing Partner at Forum Asset Management, an alternative asset manager, investor, and developer. At Forum, he is responsible for the overall financial management of the firm, including financial strategy, planning, controls, risk management, tax, information technology and reporting. He is also responsible for the ongoing investment and asset management oversight of the firm’s investments and sits on Forum’s investment committee. Prior to joining Forum, he was the CFO of Dream Global REIT, a Western European, $6 billion, dual-listed (TSX and Frankfurt) commercial office and industrial platform that was acquired in 2019 by Blackstone. Prior to his appointment at Dream Global, Mr. Viswanathan was CFO for Dream Office REIT (TSX-listed). Before Dream, he spent almost a decade at Brookfield holding various senior finance roles, including corporate treasury and helping to establish Brookfield’s Private Funds group. During his tenure with Brookfield, he also worked at General Growth Properties, a US$40 billion shopping mall REIT, where he rebuilt and upgraded various finance capabilities following GGP’s bankruptcy emergence. He is a CPA, CA and CFA charterholder, with a Master of Accounting and Bachelor of Mathematics from the University of Waterloo.

Name, Residence, Principal Occupation and Committee Memberships	
Andrew Wallace Ontario, Canada Managing Director and Group Head of Real Estate Investment Banking, National Bank Financial Director since: 2023 Current term expiry: 2026 Governance and Stakeholder Relations Committee Human Resources and Compensation Committee	Mr. Wallace is Managing Director and Group Head of Real Estate Investment Banking at National Bank Financial. Mr. Wallace is responsible for overseeing National Bank's public markets and institutional real estate business, focusing on capital markets, real estate lending, mergers & acquisitions, and other financial market products. He has been with National Bank Financial since 2006, taking progressively senior roles along the way. In 2009 Mr. Wallace took secondment to work in the Prime Minister's Office in Ottawa. For two years he served as Senior Economic and Financial Policy Advisory to the Prime Minister. Mr. Wallace holds a BAH from Queen's University and an MBA from the Rotman School of Business at the University of Toronto. He serves on the Board of the Real Property Association of Canada (REALPAC).

All of the Directors of the GTAA have been engaged for more than five years in their current principal occupations, except as set out below:

Kim Day was the CEO of Denver International Airport from 2008 to 2021, President and CEO of of KDDPCA from 2022 to 2023 and a Senior Advisor (contract) at McKinsey & Company from 2022 to 2023.

Peter Gregg was President and CEO of the Independent Electricity System Operator (Ontario) from 2017 to November 6, 2020.

Michele McKenzie was a Consultant with Cemonics during 2023, and a Principal of McKenzie Business Strategies from 2014 to December 2022.

Marc Neeb was Chief Human Resources Officer of Magna International from 2014 to 2019, prior to which he was the Executive Vice President, Global Human Resources.

Rajeev Viswanathan was Chief Financial Officer of Dream Office REIT from 2015 to 2018 and Chief Financial Officer of Dream Global REIT from 2018 to 2019.

7.2 Director Independence

All of the Directors of the GTAA's Board are independent, as that term is defined in applicable securities legislation.

The Board holds regular meetings, which management attends, and at each Board meeting, management is excused from a portion of the meeting, and the Directors meet in camera. The Board also conducts an annual retreat to consider Board governance and strategic matters.

7.3 Board Mandate

The Board is responsible for the overall stewardship of the GTAA, including overseeing the Corporation's governance, strategic direction, and supervising management, which is responsible for the day-to-day conduct of the business and affairs of the Corporation. The Board's written mandate is contained in the Terms of Reference of the Board of Directors, which are attached to this Annual Information Form.

Strategic Planning

The Board's mandate includes oversight of the strategic planning process. In connection with the strategic planning process, the Board periodically reviews and approves the Corporation's strategic plan taking into account, among other things, the opportunities and risks of the Corporation's business.

Risk Oversight

The Board's mandate also includes oversight of the risk assessment process, evaluation of the principal risks to the Corporation's business, and ensuring that the appropriate systems are in place to effectively identify, evaluate, monitor and manage those risks. Risks are assessed using impact and likelihood criteria, including the velocity by which the risk may impact the GTAA.

In connection with these risk oversight responsibilities, the GTAA has developed and implemented an Enterprise Risk Management program that provides a disciplined approach for identifying, assessing, treating, and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals. This process seeks to appropriately mitigate rather than eliminate risk.

The Board's oversight of risk includes environmental, social and governance risk, including climate-related risks. The GTAA's 2023 Sustainability Report will be published in 2024 and will highlight the GTAA's sustainability approach and performance.

Board Assessment

The Board regularly assesses the effectiveness of the Board, its committees and each individual director. Such assessments are facilitated by the Governance and Stakeholder Relations Committee with the support of an external governance consultant. In 2023, the Governance and Stakeholder Relations Committee's governance consultant, Watson, Inc., assisted the Board in conducting an assessment, which took the form of a written questionnaire and individual director interviews. The Corporation's CEO also participated in the assessment.

7.4 Position Descriptions

Position descriptions for the Board Chair and the Chair of each Committee are contained in the Board of Directors Terms of Reference and relevant Committee Charters.

7.5 Orientation and Continuing Education

Each new Director participates in the GTAA's Director Orientation Program. The purpose of this program is to assist new Directors in understanding the nature and operation of the GTAA's business, the role of the Board and its Committees, and the contributions new Directors are expected to make.

The topics addressed in these presentations include the GTAA's governance structure, financial and capital structure, the fiduciary duties and roles and responsibilities of Directors, community and stakeholder relations, terminal and Airport operations, and human resources and labour relations.

The GTAA also has a formal Directors' Continuing Education Policy. Pursuant to the policy, Directors receive tours of the Airport facilities, and meetings with other airport operators, to discuss various operational and development matters. The policy also provides opportunities for Directors to tour other airports, attend industry conferences, and participate in educational opportunities to enhance their industry knowledge and skills as Directors of the GTAA.

The GTAA's Board participates in regular Directors' education sessions, which are held in conjunction with Committee and Board meetings. These education sessions are provided by subject matter experts, including speakers from air carriers, government and government agencies, and management on topics related to transportation, aviation, safety, security, stakeholder relations and other matters related to the operation of the Airport. In 2023, education sessions were focused on emerging trends and innovations in airport infrastructure design and development, air service development and customer experience.

7.6 Ethical Business Conduct

The GTAA has a Code of Business Conduct and Ethics (the "Code") that has been approved by the Board. The Code complies with applicable securities laws and represents a comprehensive approach to addressing, among other matters, conflicts of interest, and promoting fair, honest and ethical behaviour by all GTAA Directors, officers, employees and contractors. A copy of the Code may be accessed on SEDAR at www.sedarplus.ca.

The Board monitors compliance with the Code. Each year, the Board requires that every Director and officer sign an Annual Declaration, confirming that the signatory has read the Code and stating whether the signatory is in compliance with the Code. Where the signatory is not in compliance with the Code, the declaration states the reasons for such non-compliance. All Directors and officers have confirmed that they were in compliance with the Code in 2023. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("CARE"), which permits the anonymous reporting of potentially unethical behaviour of an employee, officer or Director.

7.7 Nomination of Members

The Governance and Stakeholder Relations Committee is responsible for the Director nominating process, which encompasses the following responsibilities: (a) identifying the knowledge, skills and experience requirements for candidates by using a skills matrix in support of a skills-based Board and communicating these requirements to the nominators, as applicable; (b) determining if nominees are qualified to be Members of the GTAA in accordance with the GTAA's By-Law and assessing their skills, experience, and abilities; (c) making recommendations to the Board; and (d) periodically reviewing the nominating process.

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

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

Two Directors are elected by the Members from nominees of the federal government, and one Director is elected by the Members from a nominee of the Province of Ontario.

The nominees may be the incumbent Member if that Member is eligible to serve for another term.

7.8 Diversity of Directors and Executive Officers

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

a. Directors

As at December 31, 2023, the GTAA's Board included five women or approximately 36 per cent of the total of 14 Directors[8]. In addition, four of its Directors, or approximately 29 per cent, are members of one or more diverse groups. Under the Board Diversity and Inclusion Policy, the Board aspires to attain by its annual meeting in 2030 and thereafter maintain a Board composition of which 50 per cent of the Board members are women and of which 30 per cent of the Board members are members of diverse groups.

The Board's Diversity and Inclusion Policy provides that: (a) the Board values the benefits that diversity, equity and inclusion can bring to the Board and recognizes that diversity, equity and inclusion promote different perspectives and ideas, mitigate against conformity of thinking and improve oversight, decision-making and governance; (b) a diverse and inclusive Board is one that makes good use of different skills, and industry, geographic and professional experience, and the composition thereof also takes into consideration matters such as gender, sexual identity and orientation, cultural background, disability, indigenous status, race, ethnicity, age and other attributes of the Directors; (c) when identifying potential Directors, the Board's objective is to identify the most qualified, expert, industry experienced and highest functioning candidates, but with due regard to the benefits of diversity in the Board's composition; and (d) as part of the performance evaluation of the effectiveness of the Board and Board committees, the Governance and Stakeholder Relations Committee balances the skills, experience, independence and knowledge required, as well as the desirability of Board diversity.

b. Executive Officers

As at December 31, 2023, the GTAA had nine[9] executive officers, four of whom are visible minorities. Three of the executive officers, or 33 per cent, are women.

[8] As of the date of this report there is one vacancy on the GTAA Board.
[9] As of the date of this report, the GTAA has eight executive officers due to a retirement in early 2024.

The GTAA has an Employment Equity Plan for all of its employees, including its executive officers, that encourages the recruitment of women, persons with disabilities, Indigenous persons and members of visible minorities. The Employment Equity Plan includes measures to remove employment barriers and sets timetables and goals to achieve reasonable progress towards a representative workplace. The Employment Equity Plan is one element of the GTAA's overall Diversity and Inclusion strategy.

7.9 Board Committees

The Board has four standing committees, as follows:

- Audit Committee;
- Governance and Stakeholder Relations Committee;
- Human Resources and Compensation Committee; and
- Planning and Commercial Development Committee.

The Board has developed written Charters for each of these committees.

Audit Committee

The Audit Committee is mandated by the Board to undertake delegated work on the Board's behalf to gain reasonable assurance regarding the integrity of risk management, financial reporting, accounting, auditing and internal controls, as well as to fulfill relevant legal obligations of an Audit Committee of a reporting issuer. The Audit Committee Charter attached to this Annual Information Form defines the responsibilities of the Committee. The GTAA maintains a separate internal audit function led by the Director, Internal Audit, who reports directly and independently to the Audit Committee.

As at December 31, 2023, the members of the Audit Committee were: Johan van 't Hof (Chair), Douglas Allingham (ex-officio), Lise Fournel, Don Kennedy, Jennifer Tracy Li, Eric Plesman, Mark Schwab and Rajeev Viswanathan.

Relevant Education and Experience of Audit Committee Members

Each of the members of the Audit Committee is "financially literate" and "independent", as those terms are defined in applicable securities laws. For a description of the relevant education and experience of Audit Committee members, see the bios of Audit Committee members in Section 7.1 above.

Governance and Stakeholder Relations Committee

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

The Committee is also responsible for overseeing the Board Member nomination process; maintaining a skills matrix to identify desired skills, experience and other attributes; recruiting, interviewing and assessing candidates to the Board, and recommending the issuance of

Memberships to candidates; Board succession planning; the orientation program for new Directors; overseeing Director continuing education; assessing the effectiveness of the Board and Committees; and overseeing adherence to corporate governance requirements.

As at December 31, 2023, the members of the Governance and Stakeholder Relations Committee were: Peter Gregg (Chair), Douglas Allingham (ex-officio), Nafisah Chowdhury, Kim Day, Michele McKenzie, Rajeev Viswanathan and Andrew Wallace.

Human Resources and Compensation Committee

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

As at December 31, 2023, the HR&C Committee was composed of the following Directors: Fournel (Chair), Douglas Allingham (ex-officio), Nafisah Chowdhury, Jennifer Tracy Li, Marc Neeb, and Andrew Wallace.

See "Role of the Human Resources and Compensation Committee" for additional disclosure regarding the Committee and its role and responsibilities.

Planning and Commercial Development Committee

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

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

As at December 31, 2023, the members of the Planning and Commercial Development Committee were: Don Kennedy (Chair), Douglas Allingham (ex-officio), Kim Day, Peter Gregg, Michele McKenzie, Marc Neeb, Eric Plesman, Mark Schwab and Johan van 't Hof.

7.10 Officers

On December 31, 2023 the officers of the GTAA were:

Name and Residence	Position Held
Craig B.M. Bradbrook[1] Ontario, Canada	Chief Operating Officer

Mark Carbonelli Ontario, Canada	Chief Human Resources Officer
J'Maine Chubb[2] Ontario, Canada	Chief Financial Officer
Deborah Flint Ontario, Canada	President and Chief Executive Officer
Bernardo Gogna[3] Ontario, Canada	Chief Infrastructure Officer
Katherine Hammond Ontario, Canada	Vice President, General Counsel, Corporate Safety & Security
Khalil Lamrabet[4] Ontario, Canada	Chief Commercial Officer
Karen Mazurkewich Ontario, Canada	Vice President, Stakeholder Relations and Communications
John Peellegoda[5] Ontario, Canada	Treasurer
Brian Tossan[6] Ontario, Canada	Chief Technology Officer

1. Craig Bradbrook retired from the GTAA effective January 19, 2024. The GTAA is undertaking a recruitment process for a new COO and in the interim, Khalil Lamrabet, Chief Commercial Officer, has assumed the role of Interim COO .
2. J'Maine Chubb joined the GTAA as CFO effective February 6, 2023.
3. Bernardo Gogna joined the GTAA as CIO effective February 23, 2023.
4. Khalil Lamrabet joined the GTAA as CCO effective February 27, 2023.
5. John Peellegoda, Treasurer, is an officer but not a member of the Executive Team of the GTAA.
6. Brian Tossan joined the GTAA as CTO effective August 21, 2023.

The following officers of the GTAA have held previous executive or employee positions at other companies during the last five years:

Mark Carbonelli was Chief People Officer of Dentalcorp Canada from 2016 to 2019 and Chief People Officer at TPH from 2019 to 2021.

J'Maine Chubb was Chief Financial Officer of Travel Wifi in 2022 and Chief Financial Officer of Houston Airport System from 2018 to 2022.

Deborah Flint was Chief Executive Officer of Los Angeles World Airports from 2015 to 2019. Ms. Flint currently serves on the Board of Directors of Honeywell International Inc.

Bernardo Gogna was Senior Vice President and Regional Director Aviation Middle East and Africa for AECOM from 2021 to 2023, and Chief Development Officer at Los Angeles World Airports from 2018 to 2021.

Khalil Lamrabet was Chief Executive Officer and Board Member of the Saudi Air Connectivity Program from 2021 to 2023, Senior Vice President Aviation Development of Abu Dhabi Airports from 2019 to 2021, and Director of Aviation Business Management at Dubai Airports from 2014 to 2018.

Karen Mazurkewich was Vice President, Strategic Communications from November 2019 to June 2022, and Lead Executive, Communications and Marketing from December 2014 to

November 2019 at MaRS Discovery District; and Executive Editor from June 2020 to June 2022 at Innovation Economy Council.

Brian Tossan was Director, Global Innovation at General Motors from 2019 to 2023 and Director, Canadian Technical Centre at General Motors from 2014 to 2019.

8. Compensation Discussion and Analysis

The following Compensation Discussion and Analysis outlines key elements of compensation awarded to, earned by or paid to GTAA Named Executive Officers in respect of 2023.

Name	Principal Position
Deborah Flint	President and Chief Executive Officer
J'Maine Chubb	Chief Financial Officer
Craig B.M. Bradbrook	Chief Operating Officer
Kath Hammond	Vice President, General Counsel, Corporate Safety & Security
Mark Carbonelli	Chief Human Resources Officer

8.1 Role of the Human Resources and Compensation Committee

The Board has delegated the responsibility for the oversight of human resources and compensation matters to the Human Resources and Compensation Committee (the "HR&C Committee").

The HR&C Committee oversees matters related to the GTAA's employment relationship with the President and Chief Executive Officer (the "CEO") and the CEO's direct reports, as well as human resources and executive compensation governance and strategy, including executive compensation, succession planning, development, talent management, performance oversight and enterprise-wide human resources risks, policies and relevant matters. The HR&C Committee reports to the Board on these matters and makes recommendations to the Board in respect of the approval of certain executive compensation and human resources matters.

Succession Planning

The HR&C Committee is responsible for developing and presenting to the Board succession and development plans for the CEO. The HR&C Committee is also responsible for overseeing succession and development plans for the executives, including management succession and talent management broadly.

Members of the HR&C Committee have experience in executive compensation matters, including serving as an officer or director of other companies where duties included the determination or review of appropriate levels and types of employee compensation and human resources matters.

8.2 Compensation Philosophy

The GTAA's executive compensation policies and programs were designed to accomplish the following objectives:

- Attract and retain executives; and

- Motivate executives to achieve the strategic imperatives and business goals of the GTAA within agreed risk tolerances.

The GTAA's approach to compensation is guided by four principles:

Guiding Principle	Summary Description
Competitive Compensation	Compensation should be structured at the level necessary to attract and retain the requisite talent to carry out the GTAA's strategies, while demonstrating sound fiscal management.
Pay for Performance	Compensation should emphasize performance-based incentive awards that motivate and reward executives for meeting and exceeding key financial, strategic and operational measures that are integral to the success of the GTAA over the short, medium and long term.
Acceptable Risk	Compensation structures should be analyzed in the context of financial, operational and reputational risks and ensure that inappropriate risks are not being unintentionally encouraged.
Internal Equity	Compensation must be fair to all employees and reflect differences in job responsibilities, expertise and the market value for the work done.

Compensation for all executives is reviewed regularly by the HR&C Committee. The HR&C Committee, with the assistance of its independent compensation consultant, Meridian Compensation Partners Inc. ("Meridian"), periodically benchmarks target levels of base salary and incentive compensation against the external comparator market. In addition, the HR&C Committee reviews recommendations from the President and Chief Executive Officer on base salary and target short-term and long-term incentive compensation for executives other than the President and Chief Executive Officer.

The HR&C Committee also considers factors such as each individual's performance, experience and expertise, and scope and criticality of the role when making adjustments to compensation. In assessing 2023 compensation, the HR&C Committee considered periods of GTAA transformation, agility and recovery and its impact on Management Incentive Plans.

Retirement, employee benefits and perquisites programs are reviewed periodically by the HR&C Committee to assess whether these programs continue to offer competitive benefits that are cost effective and in line with the GTAA's Compensation Philosophy. The Board determines and approves the value and mix of compensation for the President and Chief Executive Officer with input from the HR&C Committee and its independent compensation consultant.

8.3 Compensation Comparator Group

The HR&C Committee periodically monitors comparator compensation information, using data prepared by its independent compensation consultant, to validate GTAA's target levels of total direct executive compensation (base salary + short-term incentive compensation + long-term incentive compensation). This comparison provides a competitive indication of GTAA's executive compensation plans relative to whom GTAA competes with for talent.

Due to the unique type and size of business operated by the GTAA, it is challenging to identify similar Canadian organizations for direct comparison purposes. In 2022, the HR&C Committee and its independent compensation consultant reviewed the GTAA's comparator group. The comparator group was amended, however, maintains a weighted 1/3 publicly-traded and 2/3 public sector and quasi-governmental organizations. The comparator group used for 2023 is listed below.

Company	GICS Sub-Industry
Public Companies	
AltaGas Ltd.	Gas Utilities
Auckland International Airport Limited	Airport Services
Boralex Inc.	Renewable Electricity
Capital Power Corporation	Independent Power Producers and Energy Traders
Emera Incorporated	Electric Utilities
Northland Power Inc.	Renewable Electricity
TransAlta Corporation	Independent Power Producers and Energy Traders
Other Organizations	
Airport Authority Hong Kong	Airport Services
ENMAX Corporation	Electric Utilities
NATS Holdings Limited	Airport Services
NAV CANADA	Airport Services
Sydney Airport Limited	Airport Services
Toronto Hydro Corporation	Electric Utilities
Vancouver Airport Authority	Airport Services
Vancouver Fraser Port Authority	Marine Ports and Services
VIA Rail Canada Inc.	Railroads
YYC Calgary International Airport	Airport Services

8.4 Compensation Risk Oversight

The Board has delegated to the HR&C Committee oversight of compensation risk. Specifically, the HR&C Committee Charter states that one of the committee’s responsibilities is to “oversee the effectiveness of risk management of human resources and compensation risks.”

The HR&C Committee considered compensation risk when it developed its current executive Compensation Philosophy and Management Incentive Plans. As noted above, one of the four guiding principles of the GTAA’s executive compensation philosophy is that “compensation structures should be analyzed in the context of financial, operational and reputational risks and ensure that inappropriate risks are not being unintentionally encouraged.”

In 2023, the HR&C Committee’s independent compensation consultant conducted a risk assessment of executive compensation policies and practices of the GTAA, especially with respect to the Short-Term Incentive Plan and the Long-Term Incentive Plan, including the Named Executive Officers. Meridian reviewed the GTAA’s governance practices and risk mitigators, including executive compensation mix (balanced between fixed compensation and variable incentive compensation), scorecard metrics, caps on incentive payouts, performance focused Long-Term Incentive Plan, overlapping vesting periods, claw-back provisions and robust Code of Conduct, and determined that there were no material compensation risks associated with the

GTAA's executive compensation programs and practices. After taking into consideration the results of Meridian's assessments and its own observations, the HR&C Committee concluded that it did not identify any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the GTAA. The next risk assessment is scheduled to be completed in 2026.

8.5 Compensation Consultant

Meridian has been the independent compensation consultant to the HR&C Committee since October 2014. Meridian continues to provide services only to the HR&C Committee and only with respect to director and executive compensation-related matters, including on the design of the GTAA's Management Incentive Plans, metrics, targets and assessment of performance.

Compensation Consultant's Fees

The aggregate fees paid to the GTAA's compensation consultant for the fiscal years ended December 31, 2023 and December 31, 2022 are shown below. The difference in costs from 2022 to 2023 is a result of additional projects that occurred in 2022, including a review of Director compensation and a review of the executive compensation comparator group.

	2023	**2022**
Executive Compensation-Related Fees	$44,655	$128,808

Throughout 2023, consulting services included but were not limited to projects on:

- Review of Management's recommendations for short term incentive payouts, long term incentive plan considerations for 2023
- Review of executive compensation philosophy and principles
- Completing a compensation related risk assessment
- Evaluation of executive roles and corresponding compensation

8.6 Key Elements of Compensation

Executive compensation consists of four principal elements: (i) base salary; (ii) short-term incentive compensation; (iii) long-term (cash-based) incentive compensation; and (iv) retirement, employee benefits and perquisites programs. As the GTAA is a non-share capital corporation, it does not maintain any equity or share-based award or incentive plans.

Pay Element	Pay Type	Performance Period	Eligibility
Base Pay	Fixed	Annual	All employees
Short-Term Incentive	Variable	Annual	Eligible non-union employees
Long-Term Incentive	Variable	Three-year term	Executives
Pension and other benefits	Fixed	Accrue during employment	All employees
Perquisites	Fixed	Available during employment	Executives

8.7 Base Salaries

Base pay for all executive officers is determined within established salary ranges structured on the basis of competitive market data reflected in the peer group and with the objective to attract and retain high-caliber executives. An individual executive's actual salary is positioned within the range based on a number of factors, including the individual's performance and experience, the scope of the responsibilities of the role, and internal and external equity considerations. Executive base salaries are reviewed annually based on individual performance, as measured by goals and objectives, and competitive market placement.

8.8 Management Incentive Plans

Consistent with its pay for performance and results-oriented compensation approach, the GTAA maintains incentive plans to reward and recognize employees of the GTAA for their contributions to the performance of the organization. Incentive plans include a short-term incentive plan for all of its executive, management and non-unionized administration employees (the "Short-Term Incentive Plan" or "STIP") and a long-term incentive plan for the executive team (Vice Presidents and above) (the "Long-Term Incentive Plan" or "LTIP"). The STIP and the LTIP are collectively referred to as the "Management Incentive Plans".

The Management Incentive Plans provide an opportunity for participants to earn cash incentive payments based on the achievement of established individual and corporate performance targets. The Management Incentive Plans are designed to align the individual performance goals of the GTAA executive with the agreed-to business plan and strategy of the GTAA while maintaining a view of both short and long-term objectives consistent with the strategy and goals of the organization. Since 2016, executive total rewards have been adjusted to align with markets by moving a greater proportion of executive pay to be at risk. Pay mix varies by organization level, with those having greater ability to impact overall corporate objectives having a greater proportion of their pay at risk.

8.8.1 Short-Term Incentive Plan

The objective of the Short-Term Incentive Plan ("STIP") is to motivate and reward the achievement of desired short-term results based on both individual and corporate performance targets that are aligned with the GTAA's annual business plan, having regard to acceptable risk parameters.

The 2023 STIP target award for Ms. Flint was 60 per cent of base salary, with a maximum award of 1.70 times target (the "CEO Multiplier") or 102 per cent of base salary.

The STIP target award for all other Named Executive Officers for 2023 was 40 per cent of base salary, with a maximum award of 1.50 times target, or 60 per cent of base salary.

2023 STIP payouts were based on:

- 70 per cent corporate performance and 30 per cent individual performance for Ms. Flint. This reflects that the President and Chief Executive Officer has overall responsibility for the achievement of key performance measures, and therefore, CEO compensation is closely tied to corporate performance; and

- 50 per cent corporate performance and 50 per cent individual performance for the other Named Executive Officers.

Entitlement for awards under the annual STIP is measured by comparing actual results against individual and corporate performance goals established prior to the beginning of the year. The STIP is based on individual and corporate performance achievements against objectives set out in the chart below.

The corporate performance component of the STIP in 2023 consisted of achievement against the following four corporate goals:

Weight	Corporate Goal Category	Goals
30%	Driving Financial Strength and Cost Competitiveness	Measured by Consolidated Adjusted Earnings Before Interest Taxes Depreciation Amortization ("EBITDA"), and by Operating Cost per Enplaned Passenger ("OPEX/EPAX")
30%	Delivering Operational Effectiveness and a Healthy Airport Experience	Measured by the Operational Effectiveness Index ("OEI") and by annual Airport Service Quality ("ASQ") placement
20%	Value Creation Through Business Diversification	Measured by value created by business diversification efforts that result in incremental revenue and/or cost savings
20%	Empowering and Supporting Employees to Thrive in a New Work Environment	Measured by the Total Recordable Incident Rate, Senior Leader training completion, Wellness Score (as part of the employee engagement survey) and by the financial metric of Revenue per Full-Time Equivalent

During 2023, the STIP individual performance goals established for the Named Executive Officers were aligned to the strategic imperatives in support of the GTAA's business strategy, including among other items:

Deborah Flint, President and Chief Executive Officer	Create Resiliency During Recovery; Development of the Vision and Ten-Year Strategic Plan with Three-Year Strategic Horizons; Airline Agreements and Partnerships; Onboard and Integrate Successor Vice-Presidents; Culture and Innovation; ESG; Turnover Rate of Key Talent; and, Transformative Capital Plan.
J'Maine Chubb, Chief Financial Officer	Driving Financial Strength and Cost Competitiveness; Delivering Operational Effectiveness and A Healthy Airport Experience; Value Creation Through Business Diversification; and, Empowering and Supporting Employees to Thrive in a New Work Environment.
Craig B.M. Bradbrook, Chief Operating Officer	
Katherine Hammond, Vice President, General Counsel, Corporate Safety & Security	
Mark Carbonelli, Chief Human Resources Officer	

8.8.2 Short-Term Incentive Plan Results for 2023

The GTAA delivered above target achievement against the established 2023 Corporate Goals, with a corporate multiplier of 131%. In 2020, Management introduced a financial health multiplier ranging from 0.0 to 1.0 to give the HR&C Committee flexibility to reduce the corporate performance component of STIP in an uncertain business environment. Given the stabilization and recovery of the aviation industry, the financial health multiplier will not be applied for 2023 and forward.

The following table sets out the Corporate Goal Achievement for 2023:

2023 Short-Term Incentive Plan: Corporate Goal Achievement for Executives

Weight	Corporate Goal Category	Goals	2023 Result	Weighted Multiplier
30%	Driving Financial Strength and Cost Competitiveness	Consolidated Adjusted Earnings Before Interest Taxes Depreciation Amortization (“EBITDA”)	130.0%	39.0%
		Operating Cost per Enplaned Passenger (“OPEX/EPAX”)		
30%	Delivering Operational Effectiveness and A Healthy Airport Experience	Operational Effectiveness Index (“OEI”)	143.0%	42.9%
		Airport Service Quality ("ASQ") placement		
20%	Value Creation Through Business Diversification	New Incremental Revenue or Savings	109.0%	21.8%

Weight	Corporate Goal Category	Goals	2023 Result	Weighted Multiplier
20%	Empowering and Supporting Employees to Thrive in a New Work Environment	Revenue per Full-Time Equivalent ("FTE")	138.0%	27.6%
		Total Recordable Incident Rate		
		Training Completion Percentage		
		Overall Employee Wellness Score		

2023 Corporate Multiplier: 131% (rounded)

The table below illustrates the overall STIP target bonus (as a percentage of base salary) and total payout (in dollars) for Named Executive Officers awarded under the 2023 STIP:

2023 Short-Term Incentive Plan Payouts

Name and Principal Position	Target Bonus (% of Base Salary)	Actual Payout ($)
Deborah Flint, President and Chief Executive Officer	60%	$627,401
J'Maine Chubb, Chief Financial Officer	40%	$168,655
Craig B.M. Bradbrook, Chief Operating Officer	40%	$203,280
Katherine Hammond, Vice President, General Counsel, Corporate Safety & Security	40%	$189,912
Mark Carbonelli, Chief Human Resources Officer	40%	$186,200

8.8.3 Long-Term Incentive Plan

The objective of the LTIP is to provide an incentive to GTAA's executive officers in order to drive the long-term strategic direction of the GTAA, align compensation to prudent risk-taking and long-term outcomes, and promote greater alignment between GTAA employees, the GTAA and its stakeholders over a three-year performance period. Potential awards under the LTIP are expressed as a percentage of the base salary.

With the exception of Ms. Flint, the target potential award for the 2021-2023 LTIP for participating Named Executive Officers was 50 per cent of their base salary at the time the LTIP grant was awarded and is subject to a maximum multiplier of 1.5.

Ms. Flint's target potential award for the 2021-2023 LTIP is based on 70 per cent of base salary and is subject to a maximum multiplier of 1.5.

2021-2023 Long-Term Incentive Plan Grant

The Board of Directors awarded LTIP grants to the eligible Named Executive Officers of the Corporation employed during 2021, conditional on future performance over the three-year performance period from January 1, 2021, through December 31, 2023.

2021-2023 Long-Term Incentive Plan Payouts

Name and Principal Position	Target LTIP (% of Base Salary at Time of Grant)	Weighted Multiplier	Actual Payout
Deborah Flint, President and Chief Executive Officer	70%	100.0%	$525,000
Craig B.M. Bradbrook, Chief Operating Officer	50%	100.0%	$220,000
Katherine Hammond, Vice President, General Counsel, Corporate Safety & Security	50%	100.0%	$185,000
Mark Carbonelli, Chief Human Resources Officer[1]	50%	100.0%	$160,417

[1]Mr. Carbonelli's LTIP award was prorated the first year of employment based on income earned in 2021.

8.9 Benefits

All of the GTAA's executive officers are provided with non-cash compensation, including retirement income and benefits, health benefits and perquisites. The objective of these benefits is to attract and retain executives by providing coverage for general wellness and preventative care, retirement income and perquisites that are consistent with market practice. The GTAA's non-cash compensation programs have been benchmarked periodically against Mercer Canada's all-industry comparator group. The only non-cash compensation received by the Named Executive Officers that is different from that received by other salaried employees is a defined contribution supplementary executive retirement plan benefit, as described under "Pension Plan Benefits", along with certain incidental perquisites.

8.10 Summary Compensation Table

The following table sets forth all compensation earned by the Named Executive Officers for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021. The GTAA does not maintain any share-based award plans or option-based award plans.

Name and Principal Position	Year	Earnings ($)	Incentive Plan Compensation[1] ($)		Pension Value[2] ($)	All Other Compensation ($)	Total Compensation ($)
			Annual Incentive Plans ($)	Long-Term Incentive Plan ($)			
Deborah Flint, President and Chief Executive Officer[3]	2023	$750,000	$627,401	$525,000	$187,300	$213,624	$2,303,325
	2022	$750,000	$519,300	$449,460	$192,600	$191,282	$2,102,642
	2021	$750,000	$549,585	$302,640	$180,600	$243,542	$2,026,367
J'Maine Chubb, Chief Financial Officer[4]	2023	$337,615	$168,655	$—	$38,300	$—	$544,570
Craig B.M. Bradbrook, Chief Operating Officer	2023	$440,000	$203,280	$220,000	$80,700	$—	$943,980
	2022	$440,000	$162,580	$197,882	$90,800	$—	$891,262
	2021	$440,000	$223,432	$192,176	$92,200	$—	$947,808
Katherine Hammond, Vice President, General Counsel, Corporate Safety & Security	2023	$386,000	$189,912	$185,000	$77,700	$—	$838,612
	2022	$386,000	$172,928	$184,778	$77,600	$—	$821,306
	2021	$381,692	$195,239	$186,628	$73,400	$—	$836,959
Mark Carbonelli, Chief Human Resources Officer[5]	2023	$350,000	$186,200	$160,417	$65,300	$—	$761,917
	2022	$350,000	$156,800	$—	$66,400	$—	$573,200
	2021	$313,654	$260,994	$—	$35,600	$—	$610,248

1. Incentive Plan Compensation is determined by the Board based on the achievement of targeted performance criteria. See “Management Incentive Plans”. Incentive Plan Compensation is separately disclosed as “Short-Term Incentive Plan” and “Long-Term Incentive Plan” amounts. Also included are discretionary cash awards, earnings, or payments not related to the Short-Term or Long-Term incentive plans.
2. Pension Value is derived from the “Compensatory” column of the Pension Plan Benefits table in Section 8.11.
3. All Other Compensation for Ms. Flint in 2023 includes $178,679 for accommodation expenses.
4. J'Maine Chubb was appointed as Chief Financial Officer effective February 6, 2023.
5. Mr. Carbonelli received signing bonuses totaling $100,000 in 2021. Mr. Carbonelli was not eligible for the Long Term Incentive Plan awards in 2021 and 2022.

8.11 Pension Plan Benefits

The GTAA maintains a defined contribution registered pension plan for the benefit of each of the executive officers (the “DC RPP for Executives”), which is a funded arrangement whereby the participant directs the investment of their account among a number of pooled funds selected by the GTAA. The DC RPP for Executives requires contributions of six per cent of base salary from both the participants and the GTAA, up to the maximum limit under the *Income Tax Act*, which was $31,560 in 2023, representing contributions of up to $15,780 from the participant and the corresponding matching contribution from the GTAA.

In addition, each Named Executive Officer participates in a defined contribution supplementary executive retirement plan (the "DC SERP"). The DC SERP is a non-funded arrangement to which the executives are not permitted to contribute. Under the DC SERP, notional allocations are determined for each participant each year and accumulated with notional investment income in a notional account. The annual notional allocation is 16 per cent of the sum of the participant's base salary and Short-Term Incentive Plan received in the year, less the total contributions made by the participant and the GTAA to the DC RPP for Executives in the year. The notional contributions earn a return based on either the returns provided by a pooled balance fund selected by the GTAA for this purpose, or the returns provided by a notional fund based on Government of Canada marketable bonds, or a combination of both, as elected by each participant.

Participants in the DC SERP are vested in their notional account balance under the DC SERP once they have completed two years of continuous service as a member of the DC SERP. If a DC SERP participant terminates employment or dies prior to being vested, only the DC RPP for Executives balance is payable. If a vested DC SERP participant terminates employment or dies, in addition to receiving the DC RPP for Executive balance, the DC SERP participant or their beneficiaries receive a lump sum payment of their notional account balance under the DC SERP, less withholding taxes. Vested DC SERP participants may retire any time after attaining age 55, will receive a payout of their notional account balance under the DC SERP in five annual payments, less withholding taxes or a lump sum payment of their notional account balance under the DC SERP, less withholding taxes.

The following table sets out information relating to benefits earned under the DC SERP and the DC RPP for Executives in 2023 by the Named Executive Officers.

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year-End ($)
Deborah Flint	$507,600	$187,300	$772,700
J'Maine Chubb	$—	$38,300	$56,500
Craig B.M. Bradbrook	$793,600	$80,700	$985,400
Katherine Hammond	$371,000	$77,700	$506,300
Mark Carbonelli	$130,600	$65,300	$229,000

Note: The values are the sum of benefits earned under the DC SERP and the DC RPP for Executives.

8.12 Employment Agreements

The GTAA has employment agreements with each of Ms. Flint, Mr. Chubb, Ms. Hammond and Mr. Carbonelli that provide for payments in connection with a termination of employment.

Deborah Flint

Termination of Employment Without Cause

Ms. Flint's employment agreement provides that if the GTAA terminates her employment without cause, the GTAA shall provide her with 12 months' notice of termination or payment-in-lieu of notice of termination, plus two weeks' notice per each full year of service, provided that the notice period shall not exceed 18 months, as well as pro-rated STIP and LTIP payments and pension contributions for such period. The estimated incremental payment that would have been payable to Ms. Flint in the event of termination of her employment without cause, assuming termination on December 31, 2023, is $1,672,704.

Termination Due to Change in Control

Ms. Flint's agreement provides that if there is a change in control of the Company, which results in a change in the terms and conditions of her employment that amounts to "Good Reason," Ms. Flint shall be entitled to the same compensation and benefits outlined above under Termination of Employment Without Cause. The estimated incremental payment that would have been payable to Ms. Flint in the event of termination due to a change in control that results in a material adverse change in the terms and conditions of her employment, assuming that the triggering event took place on December 31, 2023, is $1,672,704.

In addition to a general obligation of confidentiality, Ms. Flint's employment agreement provides that during the 24-month period following the cessation of her employment, she will not solicit business from any customer or prospective customer of the GTAA, interfere with the relationship between the GTAA and any of its suppliers, or solicit the services of a GTAA employee or encourage a GTAA employee to leave the GTAA.

J'Maine Chubb

Mr. Chubb's employment agreement provides that if the GTAA terminates his employment without cause, the GTAA shall provide him with 12 months' notice of termination or payment-in-lieu of notice of termination, or any combination thereof, plus a minimum of two weeks' notice per each completed year subsequent to the first year of service, as well as pro-rated Target STIP and LTIP payments and pension contributions in accordance with the applicable plan documents, subject to mitigation for income earned through comparable employment. The estimated incremental payment that would have been payable to Mr. Chubb in the event of termination without cause, assuming termination on December 31, 2023, is $404,179.

In addition to a general obligation of confidentiality and non-disparagement, Mr. Chubb's employment agreement provides that following the cessation of his employment, he will not compete with the GTAA (for a period of 6 months), solicit business from any customer or prospective customer of the GTAA (for a period of 12 months), interfere with the relationship between the GTAA and any of its suppliers (for a period of 6 months), or solicit the services of a GTAA employee or encourage a GTAA employee to leave the GTAA (for a period of 24 months).

Craig B.M. Bradbrook

Mr. Bradbrook retired from the GTAA effective January 19, 2024.

Katherine Hammond

Ms. Hammond's employment agreement provides that if the GTAA terminates her employment without cause, the GTAA shall provide her with 12 months' notice of termination or payment-in-lieu of notice of termination, or any combination thereof, plus a minimum of two weeks' notice per each completed year subsequent to the first year of service, as well as pro-rated Target STIP and LTIP payments and pension contributions in accordance with the applicable plan documents, subject to mitigation for income earned through comparable employment. The estimated incremental payment that would have been payable to Ms. Hammond in the event of termination without cause, assuming termination on December 31, 2023, is $460,230.

In addition to a general obligation of confidentiality, Ms. Hammond's employment agreement provides that during the six month period following the cessation of her employment, she will not solicit business from any customer or prospective customer of the GTAA, interfere with the relationship between the GTAA and any of its suppliers, or solicit the services of a GTAA employee or encourage a GTAA employee to leave the GTAA.

Mark Carbonelli

Mr. Carbonelli's employment agreement provides that if the GTAA terminates his employment without cause, the GTAA shall provide him with 12 months' notice of termination or payment-in-lieu of notice of termination, or any combination thereof, plus a minimum of two weeks' notice per each completed year subsequent to the first year of service, as well as pro-rated Target STIP and LTIP payments and pension contributions in accordance with the applicable plan documents, subject to mitigation for income earned through comparable employment. The estimated incremental payment that would have been payable to Mr. Carbonelli in the event of termination without cause, assuming termination on December 31, 2023, is $462,103.

In addition to a general obligation of confidentiality and non-disparagement, Mr Carbonelli's employment agreement provides that during the six month period following the cessation of his employment, he will not solicit business from any customer or prospective customer of the GTAA, interfere with the relationship between the GTAA and any of its suppliers, or solicit the services of a GTAA employee or encourage a GTAA employee to leave the GTAA.

8.13 Compensation of Directors

The GTAA's Directors receive remuneration for the performance of their duties, together with reimbursement for all reasonable expenses incurred in the fulfillment of their duties, including travelling expenses. Meridian, the Board's Compensation Consultant, periodically provides advice as to the appropriateness of Directors' compensation and any adjustments that may be appropriate having regard to market competitive practices.

During the fiscal year ended December 31, 2023, Directors earned fees totaling $1,406,341 for their services as Directors.

During 2023, there were seven meetings of the Board; eight meetings of the Governance and Stakeholder Relations Committee; five meetings of the Audit Committee; five meetings of the Human Resources and Compensation Committee; and four meetings of the Planning and Commercial Development Committee. The following table summarizes each Director's attendance record for Board and Committee meetings held during 2023 and the compensation earned with respect to 2023. In addition to these scheduled meetings, Directors also attended ad hoc meetings, strategic planning sessions and workshops.

Director Attendance and Compensation

Name	Board Meetings Attended	Board Fees Earned[1] ($)	Committee Meetings Attended	Committee Meeting Fees Earned[2] ($)	Total[3] ($)
Douglas Allingham	7/7	$210,000	22/22	N/A	$210,000
Nafisah Chowdhury	7/7	$72,000	13/13	$20,000	$92,000
Kim Day	3/3	$34,043	4/4	$9,457	$43,500
Jeffrey P. Fegan (term ceased May 3, 2023)	2/2	$24,330	3/3	$6,758	$31,088
Lise Fournel	7/7	$72,000	9/9	$31,621	$103,621
Peter Gregg	7/7	$72,000	12/13	$26,621	$98,621
Don Kennedy	7/7	$72,000	9/9	$35,000	$107,000
Tracy Li	5/5	$47,670	6/6	$16,552	$64,222
Hazel McCallion (term ceased January 29, 2023)	0/0	$5,800	0/0	$2,014	$7,814
Michele McKenzie	5/7	$72,000	11/13	$23,379	$95,379
Marc Neeb	7/7	$72,000	9/9	$23,379	$95,379
Eric Plesman	6/7	$72,000	9/9	$25,000	$97,000
Michelle Samson-Doel (term ceased May 3, 2023)	2/2	$24,330	2/3	$8,447	$32,777
Mark Schwab	6/7	$72,000	9/10	$23,310	$95,310
Johan van ‘t Hof	7/7	$72,000	9/9	$37,500	$109,500
Rajeev Viswanathan	7/7	$72,000	13/13	$25,000	$97,000
Andrew Wallace	2/2	$21,130	2/2	$5,000	$26,130
Total Fees Earned		**$1,087,303**		**$319,038**	**$1,406,341**

1. Board Fees Earned consist of each Director’s retainer fee, and, where applicable, the Board Chair fee.
2. Committee Fees Earned consist of Directors’ committee member fees, and, where applicable, the Committee Chair fee.
3. All Other Compensation Perquisites and other benefits do not exceed 10 per cent of the total annual fees payable to any of the Directors.

9. Auditors: Interest of Experts

The GTAA's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, which has prepared an independent auditor's report dated March 28, 2024 in respect of the GTAA's consolidated financial statements as at December 31, 2023 and December 31, 2022, and for years then ended. PricewaterhouseCoopers LLP has advised that it is independent with respect to the GTAA within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

External Auditor Fees

The aggregate fees (excluding out-of-pocket disbursements) paid to PricewaterhouseCoopers LLP for the fiscal years ended December 31, 2023 and December 31, 2022 are as follows:

	2023[4]	**2022[5]**
Audit Fees[1]	$863,669	$628,625
Audit-Related Fees[2]	$407,300	$139,000
Tax Fees[3]	$23,000	$18,022
All Other Fees	$—	$—
Total	**$1,293,969**	**$785,647**

1. Audit Fees were paid for professional services rendered by the external auditor for the audit of the GTAA's annual financial statements; consultations arising during the course of the audit or review; prospectus or other securities work, including due diligence, comforts and consents; the annual Canadian Public Accountability Board fee; and the review of the GTAA's interim financial statements.
2. Audit-Related Fees were paid for consultations not arising as part of the audit or review. Audit-Related Fees were paid for professional services related to the 52-109 internal controls over financial reporting certification; GTAA's Ground Lease regulatory filing; the audit of the financial statements of the GTAA's pension plans, and the audit of the Fire and Emergency Services Training Institute.
3. Tax Fees were paid for professional services related to tax compliance and tax advice, including the filing of the GTAA's income tax returns. See "Non-Audit Services".
4. Fees for 2023 incorporate estimated costs, as final invoices have not yet been received, and exclude out-of-pocket disbursements.
5. Fees for 2022 have been updated to incorporate final invoices received and exclude out-of-pocket disbursements.

Non-Audit Services

The GTAA's Audit Committee has adopted a policy for the pre-approval of non-audit services provided by the GTAA's external auditor, which also includes a list of prohibited non-audit services. The policy requires that the Audit Committee pre-approve all non-audit services provided to the GTAA by the external auditor. The Audit Committee has delegated the pre-approval of non-audit services to the Chair or any member of the Audit Committee between meetings of the Audit Committee.

During 2023, PricewaterhouseCoopers LLP performed non-audit services relating to GTAA's income tax returns and security filings as discussed above in "Tax Fees" and "Audit Fees".

10. Additional Information

Additional information relating to the GTAA, including the GTAA's annual audited Consolidated Financial Statements and Notes for the years ended December 31, 2023 and December 31, 2022, together with the auditors' report therein and accompanying MD&A, and Interim Financial Statements and Notes and accompanying MD&A, is filed with the Canadian Securities Administrators and may be accessed through their System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedarplus.ca or obtained upon written request to the Vice President, Stakeholder Relations and Communications, Greater Toronto Airports Authority, P.O. Box 6031, 3111 Convair Drive, Toronto AMF, Ontario, L5P 1B2.

Greater Toronto Airports Authority

Board of Directors Terms of Reference

(Board approved effective March 23, 2023)

A. GENERAL

1. The Greater Toronto Airports Authority (the "Corporation") is a Canadian Airport Authority, a non-share capital corporation under the *Canada Not-for-Profit Corporations Act* and a reporting issuer under Canadian securities legislation. The Board of Directors (the "Board") and the Corporation's Management (the President and Chief Executive Officer (the "CEO") and other corporate officers) are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of the Corporation. This responsibility means that the Board oversees the Corporation's governance and strategic direction and supervises Management, which is responsible for the day-to-day conduct of the business and affairs of the Corporation. The Board ensures that Management implements systems to manage the risks of the Corporation's business and oversees such systems. In its oversight role, the Board also develops the Corporation's approach to corporate governance and sets the positive tone and disposition of the Corporation towards compliance with applicable laws, environmental, safety and health policies, financial practices and reporting.

2. Under the *Canada Not-for-Profit Corporations Act,* each Director must act honestly and in good faith with a view towards the best interests of the Corporation, and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3. These Terms of Reference establish a framework for the Board's governance structure. Reference should also be made to the *Canada Not-for-Profit Corporations Act*, the Corporation's by-laws and the Ground Lease dated December 2, 1996, as amended, between Her Majesty The Queen in Right of Canada and the Corporation for additional requirements regarding the Board's composition, duties and responsibilities and procedural matters.

B. DUTIES AND RESPONSIBILITIES OF THE BOARD

1. The Board's duties and responsibilities include the following:

   (a) to oversee a strategic planning process by (i) periodically approving a strategic plan prepared by Management that reflects the Corporation's long-term strategic direction and that takes into account, among other things, the opportunities and risks of the Corporation's business, (ii) ensuring that Management implements the strategic plan, (iii) periodically approving revisions to the strategic plan as necessary, and (iv) evaluating Management's, and in particular the CEO's, performance in carrying out the Corporation's strategic plan and actions thereunder measured against pre-determined objectives;

   (b) to oversee a risk assessment process, and evaluate risks as part of strategic decision-making, by confirming the principal risks identified by Management that are associated with the Corporation's businesses, and ensuring that the appropriate systems are in place to effectively identify, evaluate, monitor and manage those risks. These risks include those relating to matters that are outside the Corporation's direct control;

   (c) to demonstrate support for the Corporation's values and ethics and to satisfy itself, to the extent feasible, that Management builds a culture reflecting the Corporation's values and that Management adheres to these values;

   (d) to oversee adherence by all Directors, officers and employees to the Corporation's Code of Business Conduct and Ethics;

   (e) to be familiar with all policies of the Corporation, as amended from time to time, applicable to the Board and individual Directors;

   (f) to oversee the Corporation's internal controls and management information systems that effectively monitor the Corporation's operations in compliance with applicable laws, regulations and policies and safeguard its assets and ensure that they are used in alignment with the Corporation's strategic objectives;

   (g) to ensure that a succession planning process is in place for directors and senior Management; and

   (h) to establish and monitor effective communication with the Corporation's stakeholders.

2. The Board may carry out its responsibilities either directly or through a committee(s) established by the Board. However, the following responsibilities are sufficiently important to warrant the attention of all Directors and cannot be delegated:

   (a) appointing and removing Members of the Corporation;

   (b) constituting committees of the Board;

   (c) filling a vacancy among the Directors or in the office of external auditor;

   (d) issuing securities;

   (e) subject to confirmation by the Members, adopting, amending or repealing by-laws;

   (f) CEO succession planning, selecting and appointing the CEO and approving the terms of the employment agreement and the annual compensation, including salary, incentive payments, perquisites and other benefits, of the CEO;

   (g) appointing officers;

   (h) determining the Corporation's fiscal year-end;

   (i) approving the audited financial statements and accompanying notes, approving the Annual Report and approving the holding, location and date of the Annual Public Meeting;

   (j) approving the compensation paid to Directors; and

   (k) approving any other matter the Board is required to approve under applicable laws.

3. The following is a list of responsibilities that may be carried out either directly by the Board or through committees established by the Board:

   (a) recommending to Members of the Corporation the remuneration of the external auditors;

   (b) approving the Corporation's annual capital budget and operating budget including those of any subsidiaries, and where appropriate any supplementary capital budget or operating budget;

   (c) approving the terms of reference for the Board and each committee established by the Board as well as the roles and responsibilities of the Chair of the Board, the chairs of the committees and for individual directors;

(d) establishing a continuing education program for directors and orientation program for new directors to enhance their skills, inform as to emerging trends and issues in governance and other functional areas of the Board and to increase their knowledge of the Corporation and the aviation industry;

(e) conducting periodic evaluations of the effectiveness of the Board, the Chair, the chair of each committee, and each Director;

(f) determining the role and responsibilities of the CEO and performance targets, including the annual goals and objectives of the CEO and other officers;

(g) establishing an approval regime whereby contracts, the acquisition and disposition of corporate assets and banking, borrowing and investment transactions are approved either directly by the Board, a committee of the Board or Management;

(h) approving employee pension and other benefit plans and amendments thereto; and

(i) ensuring that the financial performance of the Corporation is reported to the public, including approving the interim financial statements and other materials requiring disclosure pursuant to applicable continuous disclosure obligations and other laws and regulations

4. The Board may retain independent outside counsel or advisors as it deems appropriate to assist the Board in performing its duties and responsibilities as set out in these Terms of Reference. The Board shall advise the Governance and Stakeholder Relations Committee if it intends to retain such advisors and keep the Committee informed as to the advisors retained, the compensation paid and the nature of the services provided.

5. The Board has the authority to constitute a committee or committees of the Board and appoint the members and chairs of such committees. With the exception of the matters listed in paragraph 2 above, the Board may delegate powers, duties and responsibilities to such committees. The matters to be delegated to committees of the Board and the constitution of such committees shall be assessed periodically as circumstances require. The following committees are ordinarily constituted:

(a) the Audit Committee;

(b) the Governance and Stakeholder Relations Committee;

(c) the Human Resources and Compensation Committee; and

(d) the Planning and Commercial Development Committee.

In addition to these regular committees, the Board may periodically appoint ad hoc committees of the Board to address issues of a short-term or specific nature.

C. DUTIES AND RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

1. Each Director has duties and responsibilities to:

   (a) advance the interests of the Corporation and the effectiveness of the Board and Board Committees by bringing his or her skills and experience to bear on issues facing the Corporation;

   (b) maintain and demonstrate an appropriate understanding of the Corporation's business and operations, including its strategic direction and annual plans, the communities in which it operates, emerging trends and issues, underlying assumptions, and the Corporation's principal risks;

   (c) demonstrate an understanding of the difference between governing and managing, the latter being within Management's area of responsibility;

   (d) preserve the confidentiality of non-public and proprietary information;

   (e) disclose all potential conflicts of interest, so that a course of action can be determined to resolve any such conflicts before any interest of the Corporation is jeopardized;

   (f) promptly inform the Board Chair upon undertaking any new significant interests or relationships not previously disclosed, to assess potential conflicts of interest;

   (g) notify the Board Chair in advance, to the extent possible, of any material change in his or her circumstances which could impact the Director's continued ability to carry out his or her duties on the Board. Such circumstances could include material changes to the Director's health, qualification as an independent Director, primary occupation, ability to commit to full Board participation and attendance or circumstances giving rise to conflicts of interest (that cannot be appropriately managed) or reputational risk to the Board;

   (h) demonstrate a willingness and availability for individual consultation with the Board Chair and the CEO and other officers of the Corporation;

   (i) prepare diligently for and attend each Board and Committee meeting for which they are a member, and attend the Corporation's Annual Public Meeting;

(j) participate fully and frankly in the deliberations and discussions of the Board and Committees of the Board and contribute meaningfully and knowledgeably to such deliberations and discussions; and

(k) participate in orientation and educational initiatives, including tours of Airport facilities, for Directors and performance assessments and keep abreast of developments in the aviation industry.

D. DUTIES AND RESPONSIBILITIES OF BOARD CHAIR

1. In addition to the duties and responsibilities of individual Directors, the Chair of the Board also has the duty and responsibility to:

(a) provide leadership to the Board, facilitating its effective performance in fulfilling its duties and responsibilities;

(b) facilitate the setting of annual priorities and objectives of the Board and the formulation of a cyclical work plan for the Board;

(c) establish the agenda for Board meetings and ensure that sufficient time is allotted at the Board meetings, and appropriate materials are provided to the Board, to consider the agenda issues;

(d) chair meetings of the Board, setting a healthy tone and culture, encouraging open, candid, respectful and constructive dialogue among and active participation of all Directors, fostering ethical and responsible decision-making;

(e) facilitate the ability of the Board to think and act independently of Management or any single stakeholder, in the best interests of the Corporation, including managing conflicts of interest, and holding in camera sessions of independent Directors only, while taking care to foster a healthy working relationship with, and respect for, Management;

(f) maintain open lines of communication with Directors between meetings and provide constructive feedback;

(g) act as the direct liaison between the Board and Management through the CEO, and to manage the relationship between the Board and the CEO;

(h) act, in consultation and co-ordination with the CEO, as liaison with external stakeholders of the Corporation, including attending meetings, representing the interests of, and speaking on behalf of the Corporation, as appropriate;

(i) act as liaison and maintain effective communication and co-ordination among the Committees and the Board, both with the Committee Chairs between meetings, and by serving as an ex officio member of the Committees, with all the rights and obligations of regular members except that the Board Chair shall not be entitled to receive any additional remuneration for performing services as a member of a Committee while also serving as Board Chair;

(j) review expense report summaries of the CEO and Directors, and consider the results of any internal review of such expenses; and

(k) chair meetings of the Members of the Corporation.

E. REVIEW OF TERMS OF REFERENCE

The Board shall review and reassess the adequacy of these Terms of Reference at least every two years and otherwise as it deems appropriate and provide comments to the Governance and Stakeholder Relations Committee.

Version History

Amended April 25, 1997
Revised March 22, 2006
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Revised September 26, 2012
Revised May 11, 2016
Revised November 28, 2018
Revised March 24, 2021
Revised March 23, 2023

Audit Committee Charter

(Board approved effective March 22, 2023)

A. MANDATE

The Audit Committee (the "Committee") is mandated by the Board of Directors of the GTAA to undertake delegated work on the Board's behalf to gain reasonable assurance regarding the integrity of the financial reporting, accounting, auditing and internal controls, related areas such as financing strategy, budgeting and forecasting, as well as to fulfill relevant legal obligations of an Audit Committee of a reporting issuer.

The members of the Committee ("members") shall be directors of the Corporation ("Directors"), appointed to the Committee to provide broad oversight of the financial, audit related and financial risk and control-related activities of the Corporation, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.

Management shall be responsible for the preparation, presentation and integrity of the Corporation's financial statements. Management shall also be responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The external auditors shall be responsible for planning and carrying out an audit of the Corporation's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

B. COMPOSITION AND MEETINGS

1. The Board of Directors ("Board") shall appoint annually, upon receiving the recommendation of the Chair of the Board and the Governance and Stakeholder Relations Committee, the members of the Committee to be effective immediately following the annual members meeting of the Corporation. The Committee shall consist of not less than 4 members, all of whom shall be "independent" directors, as defined in applicable securities law, and confirmed by the Board annually. Every member must also be "financially literate", as defined under applicable securities laws. At least one member

must be an "Audit Committee Financial Expert", as defined under applicable securities laws. Any member may be removed from the Committee or replaced at any time by resolution of the Board.

2. In annually determining the members of the Committee, the Board shall also appoint, upon receiving the recommendation of the Chair of the Board and the Governance and Stakeholder Relations Committee, the Chair of the Committee ("Chair") to be effective immediately following the annual members meeting of the Corporation. The Committee Chair will take the lead in the Committee's succession-planning process to ensure that qualified candidate(s) are in place to succeed him or her; this process shall include polling Committee members for interest early in the year and informally communicating with the Governance and Stakeholder Relations Committee if a gap in qualified candidates is identified.

3. The Corporation shall designate a Secretary to the Committee who may be an employee of the Corporation. The Secretary shall arrange to keep minutes and records of all meetings of the Committee.

4. In the event that either the Chair or the Secretary is absent from any meeting, the members present shall designate any Director present to act as Chair and shall designate any Director, officer or employee of the Corporation to act as Secretary.

5. Meetings of the Committee, including telephone or virtual meetings, may be called by the Chair and shall be held at least 4 times per year.

6. Notice of meetings shall be given to each member not less than 48 hours before the time of the meeting and may be given verbally or by email or telephone. Meetings of the Committee may be held without notice as aforesaid if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. Where notice is given it shall be accompanied by an agenda setting out the matters for discussion at the meeting. The Committee may invite its advisors, such officers and employees of the Corporation and other guests to attend a meeting of the Committee. All Directors are entitled to receive notice of and attend regular meetings of the Committee and, at the invitation of the Committee Chair, special meetings of the Committee, however, failure to provide notice of a meeting of the Committee to persons other than members of the Committee shall not invalidate the meeting.

7. The CEO, CFO, the Controller and the head of internal audit are expected to be available to attend the Committee's meetings or portions thereof.

8. A majority of the members of the Committee shall constitute a quorum.

9. A resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee. A copy of any such resolution in writing shall be kept with the minutes of the proceedings of the Committee.

10. The Committee shall meet periodically with Management (including, at a minimum, the Corporation's CFO), the head of the internal audit and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. Such persons shall have access to the Committee to bring forward matters requiring its attention. The Committee shall also meet periodically without Management present.

11. The external auditors shall be notified of all meetings of the Committee and when appropriate they may attend and be heard at any such meeting and shall attend if requested to do so by the Chair.

12. Any matter to be voted upon shall be decided by a majority of the votes cast on the question, however, only Committee members are entitled to vote.

13. The Committee may retain independent counsel and/or advisors as it deems appropriate to assist the Committee in performing its duties and responsibilities as set out in this Charter, provided that it prepares an annual report with respect to such advisors to the Governance and Stakeholder Relations Committee in a form prescribed by it.

C. DUTIES AND RESPONSIBILITIES OF COMMITTEE

The Committee's duties and responsibilities include to:

1. oversee and monitor the integrity of the Corporation's financial statements and financial reporting process, including the audit process, the system of internal controls regarding accounting and financial reporting and accounting and financial reporting compliance with related legal and regulatory requirements, including:

   a) review with the external auditors and with Management the audited year-end financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the Corporation's Annual Information Form and any financial information of the Corporation contained in any prospectus or other offering document of the Corporation, all prior to recommending to the Board the approval of such financial information for public disclosure;

b) review with the external auditors and with Management each set of interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Corporation containing or accompanying financial information of the Corporation, all prior to approving such financial information for public disclosure;

c) confirm with Management for each quarter and year end that the CEO/CFO Certificates and related due diligence have been completed;

d) review with Management all annual and interim earnings news releases before the Corporation releases such news releases to the public;

e) review with the external auditors and with Management prior to the approval of the interim financial statements of the Corporation, and prior to the recommendation to the Board of the approval of the year-end financial statements of the Corporation:

   i. any report or opinion proposed to be rendered in connection with the financial statements;

   ii. any significant transactions which were not a normal part of the Corporation's business;

   iii. the nature and substance of significant accruals, reserves and other estimates;

   iv. any change in accounting principles;

   v. any audit problems or difficulties and Management's response;

   vi. all significant adjustments proposed by Management or by the external auditors; and

   vii. the specifics of any unrecorded audit adjustments.

f) review with Management financial related disclosures and other information to be included in the Annual Report, including pursuant to the Ground Lease, except for corporate governance and human resources-related information, which information will be reviewed by the Governance and Stakeholder Relations Committee or the Human Resources and Compensation Committee as applicable;

g) review the impact of proposed regulatory and other changes and new developments in generally accepted accounting principles and their impact on the financial statements of the Corporation and other financial disclosures;

h) review the role, the activities, the independence and the results of the Corporation's internal auditors;

i) periodically review with Management and the internal and external auditors of the Corporation, the Corporation's internal accounting and financial statements, controls and the testing of controls to ensure that the Corporation maintains:

    i. the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Corporation's transactions;

    ii. effective internal control systems and that the reporting on such internal controls is in compliance with regulatory requirements;

    iii. adequate procedures for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;

    iv. adequate procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements; and

    v. adequate procedures for the review of the Corporation's public disclosure of material, non-financial information, such as written statements, news releases, presentations (verbal and written), letters, GTAA website, private meetings, social media, discussions, phone calls, emails, conferences and interviews;

j) oversee, review and discuss with Management, the external auditors and the internal auditors:

    i. the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices, and the application of particular accounting principles and disclosure practices by Management to new transactions or events;

    ii. all significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;

iii. disagreements between Management and the external auditors or the internal auditors regarding the application of any accounting principles or practices, risk and control-related activities of the Corporation;

iv. the effect of regulatory and accounting initiatives on the Corporation's financial statements and other financial disclosures; and

v. the use of any special purpose entities and the business purpose and economic effect of any off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and their impact on the reported financial results of Corporation.

k) oversee the resolution of disagreements between Management and the external auditors regarding financial reporting, risk and control-related activities of the Corporation;

l) review any significant or negative findings or comments of any regulatory agency, including Transport Canada, concerning financial information of the Corporation;

m) receive and review quarterly reports on litigation, and as called for, brief other Committees of material litigation related to designated risks, through their Committee Chairs (or be confident that this takes place via another communication channel);

n) receive and review periodic reports on the compliance with regard to statutory deduction and remittance requirements, including deductions and remittances under the Income Tax Act (Canada), the Excise Act (Canada) and the Employment Insurance Act (Canada), the nature and extent of non-compliance and reasons thereto, and the plan and timetable to correct deficiencies;

o) review the annual budgets prior to submissions to the Board for approval and shall periodically review long range financial forecasts. The Committee shall receive regular updates from Management on the financial performance of the Corporation compared to budget;

p) provide oversight of the Corporation's pension fund and plans, including:

i. receive and review annually a report from the Pension Administration Committee ("PAC") including compliance with pension regulators, summaries of any actuarial valuations, summaries of any Asset Liability studies, DC plan employee member education activities, PAC members' skills review, and the performance of the pension fund and investment managers.

ii. review and appoint members of the PAC, on recommendation of the PAC;

iii. review and recommend annually to the Board of Directors for approval audited financial statements for the pension plans;

iv. review and approve the Pension Administration Committee Charter and funding policy, as well as material revisions to plan design or to governance of the pension plans;

v. review and recommend to the Board of Directors approval of the risk policy for the pension plans and any amendments to the risk policy from time to time; and

vi. approve the appointment of and the compensation that is to be paid to the Corporation's actuary, investment advisor and auditors of the pension plan;

q) establish, review and monitor procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable or inappropriate practices or behaviour that relate to the Corporation; and

r) performing such other duties and responsibilities delegated by the Board from time to time.

2. oversee the work of the Corporation's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; including overseeing the qualifications, independence and performance of the external auditors and recommending to the Board the nomination and compensation of the external auditors, including:

a) evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Corporation, and shall have authority to make a recommendation to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire about the qualifications of the proposed auditors before making its recommendation to the Board;

b) approve in advance the terms of engagement and the compensation to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit. The Committee shall advise the Board of such approved terms of engagement and compensation;

c) review the independence of the external auditors, including rotation of the lead audit partner, quality review partner or firm, and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors;

d) subject to Section D below, pre-approve all non-audit services to be provided to the Corporation by the external auditor; and

e) review and approve the Corporation's hiring of partners, employees and former partners and employees of the present and former external auditors of the Corporation;

3. oversee the work of the Corporation's internal auditors, including:

a) review and concur in the appointment, compensation, replacement, reassignment or dismissal of the head of the internal audit function;

b) review and approve the annual internal audit plan and all major changes to the plan, including soliciting input and requests from each of the other Board Committees regarding their needs for internal audit services for the next planning period;

c) review the adequacy of resources of the internal audit function and ensure that internal auditors have unrestricted access to all functions, records, property and personnel of Corporation; and

d) review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors standards;

4. oversee the work of the Corporation's financing strategy, including reviewing, providing input into and gaining reasonable assurance regarding the Corporation's financial strategy, including optimizing debt financing and terms, asset liability management and risk;

5. provide an open avenue of communication between senior management of the Corporation ("Management"), the external auditors, the internal auditors, and the members of the Board and Committees of the Board;

6. oversee the effectiveness of risk management for audit-related, financial and such other risks assigned by the Board of Directors or its designate, including annually reviewing the adequacy of insurance coverage maintained by Corporation;

7. review and recommend changes to the Board of financial-related policies and practices; and

8. set annual priorities and objectives of the Committee and the formulation of a cyclical work plan for the Committee consistent with this Charter.

D. DUTIES AND RESPONSIBILITIES OF CHAIR

The Committee Chair, or such other member of the Committee as may be sub-delegated by the Committee Chair, shall have the authority to pre-approve all non-audit services to be provided to the Corporation by the external auditor, and such pre-approval shall be reported by the Committee Chair at the next scheduled meeting of the Committee.

The Chair of the Committee shall also have the duties and responsibilities to:

(a) provide leadership to the Committee, facilitating its performance as an effective high-performance team fulfilling its responsibilities in accordance with its mandate;

(b) establish, in consultation with responsible management and members, meeting agendas with sufficient time to fully deliberate all required business, identifying and receiving information relevant to consider all issues;

(c) chair meetings, setting a healthy tone and culture, encouraging open, candid, respectful and constructive dialogue among and active participation of all Directors, fostering ethical and responsible decision-making;

(d) facilitate the ability of the Board or Committee to think and act independently of Management or any single stakeholder, in the best interests of the Corporation, including managing conflicts of interest, and holding brief sessions of independent Directors only, while taking care to foster a healthy working relationship with, and respect for, Management;

(e) monitor and take steps to enhance the skills, expertise and capacity of members, including overseeing and giving guidance to effective onboarding, education and training, succession and evaluation of, and constructive feedback to, members;

(f) maintain open lines of communication with Directors between meetings, providing constructive feedback or coaching as called for;

(g) review relevant minutes of meetings and communications of the Committee; and

(h) act as an effective liaison between the Committee and the Board (between meetings through the Board Chair) and Management (through the CEO or designate), to prepare and present concise reports to the full Board on the substance of deliberations, consensus, approvals and recommendations and areas of dissent or divergent thinking from each Committee meeting, and to oversee the appropriate level of information and reporting from the Committee's work to the full Board to fulfill its accountability; and

(i) report at each regular meeting of the Board on meeting(s) of the Committee held since the last report.

E. REVIEW OF CHARTER

The Committee shall review and reassess the adequacy of this Charter at least every two years and otherwise as it deems appropriate and provide comments to the Governance and Stakeholder Relations Committee.