



For the Things That Matter Most
Sustainability Highlights | 2019



About this Sustainability Report

This report was published in November 2020 and highlights 407 ETR's social, economic and environmental initiatives from January 1 to December 31, 2019.

Contents

Message from the President and CEO | 3

2019 Fast Facts and Achievements | 4–5

About Highway 407 ETR | 6–8

Governance

Mission, Vision and Values | 10

Management Team | 10

Management Approach | 11

People

Fostering an Engaged and Healthy Workforce | 13–14

Serving Our Customers | 16–17

Supporting the Well-being of Ontarians | 18

Promoting Road Safety | 19

Giving Back to the Communities We Serve | 20

Planet

Environmental Management Practices | 23–24

Our Environmental Partnerships | 25

Performance

Highway Maintenance and Improvements | 27

Highway 407 ETR Significant Contributor to Ontario's Gross Domestic Product (GDP) | 28

Supporting Innovation in Transportation with Autonomous Vehicles (AVs) | 29

Message from the President and CEO

As we wind down 2020, it's safe to say, no one could have predicted the year that has unfolded. COVID-19 has turned the world upside down, testing our strength, our healthcare systems and the fabric of social connectedness.

Supporting communities is vital to our long-term success and resilience as a society. In fact, giving back is an important part of 407 ETR's corporate responsibility. Over the past two decades, we have contributed to the communities we serve through the sponsorship of a wide range of causes from healthcare and road safety to youth sports teams and environmental stewardship.

Watching the devastation of the pandemic, 407 ETR, with the support of our Board of Directors, pledged \$5.2 million to local hospitals and United Way Greater Toronto for the fight against COVID-19. We were the first corporation to make a multi-year commitment to United Way and our \$4 million donation is helping agencies from Durham to Peel deliver vital services in support of mental health, food security, income security and seniors. Our \$1.2 million gift to 24 hospitals in the Greater Toronto Area (GTA) at the onset of the pandemic, helped secure essential equipment and supplies so frontline healthcare workers could continue to serve patients in need.

Though we are in the midst of a second wave and don't know exactly how long it will last, what we do know is that we will play a vital role in the economic recovery along the highway's corridor when Ontarians have successfully flattened the curve. In fact, a report released by the Canadian Centre for Economic Analysis in 2019 found that 407 ETR supports \$724 million in economic benefits within Ontario *on an annual basis*. We know that Highway 407 ETR will remain the route of choice for delivering goods efficiently and for saving valuable time for commuters from Burlington to Pickering.

When it comes to our roadway, we continue to deliver an exceptional driving experience for customers and completed a number of capital projects in 2019 to widen the highway to keep traffic flowing. This is important, as we move more people daily than the regional transit system. In June 2019, we even broke a one-day traffic record with more than 494,000 trips. Easing congestion, getting drivers to their destinations faster and offering predictable arrival times alleviates stressful commutes and improves our customers' overall quality of life.

As technology continues to advance, 407 ETR is championing innovation in the transportation industry. We partnered with 3M Canada to pilot lane markings that are easier for autonomous vehicles (AVs) to detect. We were thrilled to be recognized by the Toronto Region Board of Trade for our potential as the "AV Highway of the Americas" in their report, *Getting Ready for Autonomy: AVs for Safe, Clean and Inclusive Mobility in the Toronto Region*.

We know that sustainability must go hand-in-hand with innovation, and the future – even in the midst of a global pandemic – is full of potential. As we reset our strategic direction moving forward, we are taking stock and reflecting on our 20 years of history. For two decades, we have connected communities across the GTA and as we look ahead, we will continue to listen to our valued stakeholders about the issues that matter most and will continue to advance our practices to keep sustainability at the forefront of our business, today and always.

Sincerely,

Javier Tamargo



2019 Fast Facts and Achievements



20
years in
operation

38%
workforce
with 10+ years
of service



451
full-time
employees

38
part-time
employees

116
Unifor union
members



\$45.9M+
invested in employee
compensation
and benefits

\$499,000+
invested in employee
training



90%+
of employees are proud to
work for 407 ETR



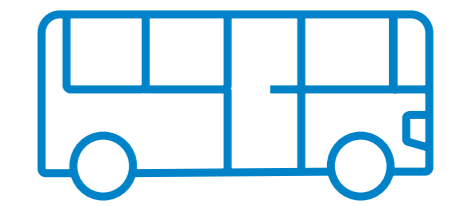
408,232
average
workday trips

2.7B+
total annual
vehicle km

30.4M
hours saved by
businesses and
individual drivers
annually¹



1.6M
transponders
in circulation



1,750
daily trips by public
transit agencies

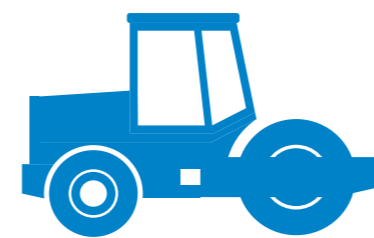


3,185
drivers received
free roadside assistance

140,000
business trips
each workday



20 to 60
minutes saved each
trip as reported by
majority of drivers



135
lane km resurfaced
and rehabilitated



568
lane km added
since 2001



19,600+
hours spent on
winter maintenance



\$77.7M
invested in roadway
for highway expansion,
rehabilitation and
maintenance

¹ Canadian Centre for Economic Analysis Report, *Economic Impacts of Highway 407 ETR: Implications for Travellers, Transportation and Prosperity*.

2019 Fast Facts and Achievements



\$744M
avg. annual contribution to Ontario GDP²

\$75M
avg. annual savings in social costs avoided from lower collision rates and emissions on our highway²



\$9M
invested in enforcement and policing services to help keep the highway safer



\$737,000+
total funds donated to community

77%
employee participation in **One Big Day**, corporate-wide day of volunteering

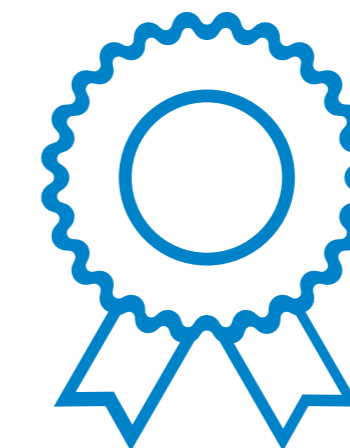


90%
Customer Satisfaction Rate



86%
First Call Resolution Rate

2.5M+
annual customer service transactions



10
years of ISO Certification



World Class Call Centre Certification
for sixth consecutive year

Contact Centre World Class CX Certification Commercial Relations Award
for first call resolution

Contact Centre World Class CX Certification Customer Service Award
for first call resolution

Top Pledge Award
from SickKids Foundation for fundraising efforts

Platinum Level Distinction
from United Way Greater Toronto for excellence in workplace giving

² Canadian Centre for Economic Analysis Report, *Economic Impacts of Highway 407 ETR: Implications for Travellers, Transportation and Prosperity*.



Highway 407 ETR

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

On April 6, 1999, 407 ETR Concession Company Limited (407 ETR) began a Concession Ground Lease Agreement (CGLA) with the Province of Ontario to assume the management and operation of Highway 407 ETR, including tolling, customer service and the maintenance and expansion of the roadway.

407 ETR is also responsible for customer service, tolling and billing for provincially-owned Highways 407, 412 and 418 (collectively, Highway 407). Revenues collected for provincially-owned highways are passed onto the Government of Ontario.

407 International Inc. is the sole shareholder of 407 ETR.

407 International Inc. is owned by:

- Canada Pension Plan Investment Board through indirectly-owned subsidiaries (50.01%)
- Cintra Global S.E. which is a wholly-owned subsidiary of Ferrovial S.A., through indirectly owned subsidiaries (43.23%)
- SNC-Lavalin (6.76%)





About the CGLA

The CGLA outlines the rights and obligations to operate the road. In addition to 407 ETR's assumption of all operating and capital costs, 407 ETR is also responsible for expenditures related to the maintenance, policing and Ministry of Transportation (MTO) enforcement of Highway 407 ETR.

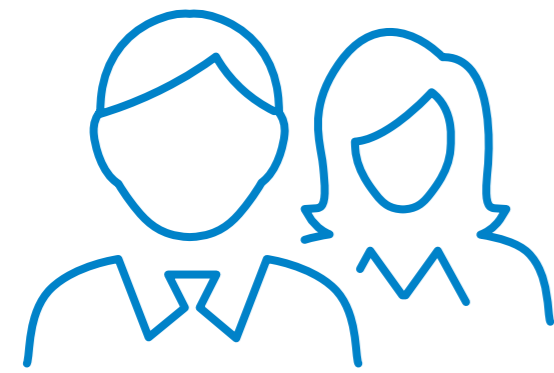
Highway 407 ETR was never "sold." The land on which Highway 407 ETR sits is the property of the Province of Ontario and Highway 407 ETR will be returned to the Province at the conclusion of the CGLA.

407 International competed in an international bidding process for the right to operate Highway 407 ETR. We paid \$3.1 billion for the concession – twice as much as the Province's cost to build Highway 407 ETR, which at the time spanned only 68 km.

At the onset of the CGLA, 407 ETR was required to extend the existing central section of the highway eastbound and westbound. By the summer of 2001, the highway was extended by 24 km to the west and 15 km to the east, ahead of schedule.

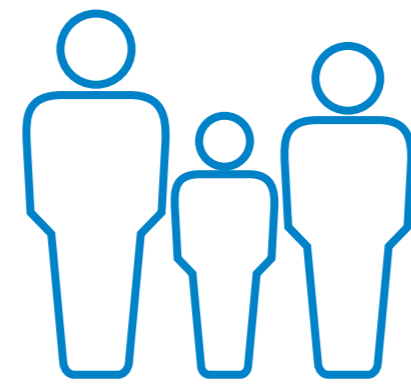


How We Engage Stakeholders



Customers

- Telephone and electronic surveys
- Customer service interactions
- Office of the Ombudsman
- Bill inserts and other print communications
- Digital communications including email marketing and social media
- Customer focus groups



Communities

- One Big Day of volunteering
- Fundraising initiatives
- Support of United Way agencies through related volunteering and donations
- Community events
- Sponsorship of children and youth sports
- Annual donations to hospitals across the GTA
- Support of road safety initiatives



Employees

- Surveys
- Townhalls/employee engagement events
- Committees
- Internal communications through intranet, email, poster and committees



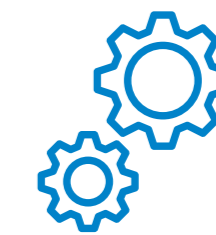
Government

- Ongoing dialogue with elected officials and staff to provide input on industry policies and other matters related to the operation of Highway 407 ETR
- Provide back-office support to the government for the operation of Highway 407



Shareholders/Investors

- Quarterly Board of Directors and Committee meetings
- Industry conferences and regular meetings with bond investors
- Investor relations webpage



Industry/Associations

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



Governance

For the last 20 years, 407 ETR has demonstrated leadership and innovation through strong governance. At the core, we are focused on doing the right thing for our drivers, employees, stakeholders and the community at large.

Our Mission, Vision and Values

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

Our mission is to provide a fast, safe and reliable customer experience on and off the highway.



“
The world is facing unprecedented challenges and I’m proud that 407 ETR is committed to making meaningful changes. We’re excited about what the future holds and how sustainability will shape our business strategies.
”

- David McFadden, Q.C., Board Chair

Our values guide the behaviours of employees



EXCELLENCE

We drive results

Safe

We will always focus on safety

Customer-focused

We put our customers in the driver’s seat

Innovative

We are excited to discover a better way

Efficient

We take the most direct path

Collaborative

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



INTEGRITY

We always take the highroad

Ethical

At every intersection we take the right path

Diverse and Inclusive

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

Socially Responsible

We respect the environment and the communities we serve

Accountable

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

Vigilant

We never take shortcuts with privacy and data security

Management Team

Javier Tamargo
President and Chief Executive Officer

Brian Fernandes
Chief Internal Auditor and Ombudsman

Craig White
VP, Highway and Tolling Operations

Geoffrey Liang
Chief Financial Officer

Greg MacKenzie
Chief Legal Officer & Corporate Secretary

Karina Luquetti
VP, Business Process Optimization and Strategy

Kevin Sack
VP, Marketing, Communications and Government Relations

Lydia Iacovou
VP, Human Resources

Mark Yoshida
VP, Revenue Optimization

Paul Ruttan
VP, Infrastructure

Robert Ives
Chief Operations Officer

407 International Board of Directors

David McFadden, Q.C., Board Chair

Andrew Alley

Michael Bernasiewicz

George Davie

Alejandro de la Joya

Laura Formusa

Pedro Losada

Rob MacIsaac

Young Park

Andres Sacristan

Jose Tamariz

Stephanie Vaillancourt

Committees

Audit Committee

Environmental Health and Safety Committee

Executive Committee

Corporate Governance and Compensation Committee

Management Approach

Risk Management

407 ETR has an Enterprise Risk Assessment process to identify strategic, operational, financial, regulatory, compliance and emerging risks that would impact our ability to attain our strategic plan. This risk assessment is conducted annually with Management and the Board of Directors. For each risk event, assessors evaluate the likelihood of the risk materializing and the residual impact after considering control measures in place to mitigate the risk.

407 ETR also maintains a broad range of insurance coverage with reputable insurers as part of our risk management program. In addition, other risk management activities are integrated into day-to-day operations such as health and safety, environmental management, security, contract management, etc.

Cybersecurity

407 ETR's cybersecurity program follows a risk-based, iterative approach designed to continuously monitor, identify and address high-priority security risk areas. In 2019, 407 ETR continued to identify, develop and implement preventative and detective controls based on industry-leading technologies. Notably, emphasis continued to be placed on developing a stronger, company-wide security culture through ongoing training and cross-departmental information protection initiatives. 407 ETR also conducted an internal cyber-risk assessment that involved a review of potential high-impact cyber scenarios. The assessment provided us with a better understanding of the impact of a significant data incident as well as additional mitigation tactics to be considered or adopted.

ISO Organization for Standardization

407 ETR has established an objective of implementing and maintaining a quality management system for the activities involved in operating, managing, tolling, maintaining and rehabilitating Highway 407 ETR. In December 2018, 407 ETR was recertified to the new ISO 9001: 2015 standard.

Responsible Collections Committee

We operate an open access, barrier-free toll highway and as such, are unable to restrict access to individual drivers whose accounts are in arrears. We understand that our collection practices must be reasonable while encouraging drivers to pay for their tolls in a timely fashion. We established a multidisciplinary, cross-functional team to monitor, develop and report on responsible collection practices for 407 ETR and our contractors. We are committed to treating our customers fairly and are continuously evaluating our processes against industry best practices.





People

From delivering a top-notch customer experience and promoting road safety to rolling up our sleeves for fundraising activities and volunteering, 407 ETR employees are passionate about delivering excellence in all we do.

Fostering an Engaged and Healthy Workforce

407 ETR employees are the driving force behind our organization. We are committed to providing a safe and dynamic working environment and invest in our team members to create a culture of innovation and continuous improvement.



Investing in Our Employees

We care about our employees and work hard to provide a positive working environment so staff feel supported, valued and proud to work at 407 ETR. We offer employees a comprehensive benefits package which includes the following:

- Health Benefits – Drug, Vision, Dental, Medical
- Health Care Spending Account (HCSA)
- Global Medical Assistance (GMA) – Travel Assistance/Health Insurance outside of Canada
- Life Benefits – Critical Illness*, Life Insurance*, Supplementary Life Insurance*, Dependent Life*, Accidental Death and Dismemberment*
- Long-term Disability (LTD) – Disability assistance
- Employee Assistance Program (EAP) – Offers variety of resources in family, life, work, etc.
- Best Doctors Program – Helps put employees in touch with specialists and health care practitioners
- CarePath – Specializes in cancer care information
- Good Job Program – Provides employee discounts for various goods and services

*Taxable benefits

Total Investment in 2019 Employee Compensation and Benefits

Compensation	\$42.8M
Health Benefits + HCSA	\$2.1M
Manulife Financial Premiums	\$0.8M
Deferred Profit Sharing Program	\$1.1M
TOTAL	\$46.8M



Health and Wellness Initiatives

Today's world can be a hectic place and many employees are juggling a number of external stressors. We provide tools, initiatives and workshops to help employees make healthy choices to improve their well-being inside and outside of the office.

Walking Challenge

In May 2019, we hosted a challenge to get staff moving and to track their steps along our walking path, an outdoor trail located adjacent to our offices. Employees were encouraged to participate by forming teams with colleagues across the organization. We awarded prizes to those who could accumulate the most steps during the course of the challenge. More than 200 employees participated.

Wellness Month

In June 2019, we held a wellness month to promote and inspire employees to adopt healthy habits into their everyday routines. Over the course of the month, we held a range of activities from cardio kickboxing and yoga sessions to stress management workshops and a dedicated nutrition week.

Fitness Membership Discount

We encourage employees to stay active with a discounted membership to GoodLife Fitness.



In 2019, employees participated in an on-site kickboxing session as a part of our Wellness Month initiative.



Attracting and Retaining Top Talent

We are committed to employing the top talent in our industry and are proud that so many of our employees have had long-lasting careers at 407 ETR.

We were excited to welcome over 90 permanent new hires to the 407 ETR family in 2019 and to celebrate more than 20% of our workforce who reached service milestones of 15 years or longer.



97 New Hires*

*excluding contract workers and summer students

Employee Tenure

Years of Service	Percentage of Workforce (in 2019)
0-5 Years	45.7%
5-10 Years	16.0%
10-15 Years	16.2%
15-20 Years	15.6%
20 Years +	6.5%

\$499,000+ Total Investment in 2019 Employee Training



2019 Employee Engagement Survey Results

We conduct engagement surveys on an annual basis to gauge employee satisfaction and sentiment on a number of important indicators.

- 90%+** are proud to work for 407 ETR, have a stake in the company's success, would recommend 407 ETR to others, and believe that 407 ETR is an excellent company to work for compared to other companies they know about.
- 94%** state that now that they have worked for 407 ETR, they would still choose to work here if faced with the same decision again.
- 86%+** view 407 ETR as a company that values its employees, puts an emphasis on customer and employee safety, and delivers a high level of service to customers.
- 85%** feel that 407 ETR puts a real emphasis on employee health and safety.
- 87%** see a real effort at 407 ETR to streamline processes, be more efficient and continuously improve how things are done.
- 86%** feel that 407 ETR is a good place to pursue their career goals.
- 92%** state that their supervisor is supportive of their career development plans.
- 89%+** feel that both 407 ETR and their particular department are being led effectively by senior leaders and executives.
- 87%** feel that the executive team is open and approachable.
- 90%** feel that the executive team has an interest in the well-being of those who work at 407 ETR.
- 93%** are pleased with the direction the company is taking and a similar proportion feel that the executive team is leading growth and change effectively.

Serving Our Customers

We take care of the traffic so customers can focus on the things that matter most. We offer a peace of mind that comes with predictable commute times, stress-free travel and a superior customer experience.



Providing World Class Service

Results of annual customer service, research and attitudes surveys conducted throughout 2019 illustrate strong levels of customer satisfaction with 407 ETR services and Highway 407 ETR. In fact, in 2019, we achieved a customer satisfaction rate of **90%**. In particular, customers positively identified with time savings and more predictable commutes.

In 2019, we were proud to achieve a first call resolution rate of **86%**. For our efforts, we received the [Contact Centre World Class CX Certification Commercial Relations Award](#) for first call resolution from Service Quality Measurement Group (SQM), an independent organization that measures both call centre and customer satisfaction rates. SQM surveys hundreds of 407 ETR customers each month and benchmarks call centre customer service for more than 500 call centres globally.

407 ETR also received the [Contact Centre World Class CX Certification Customer Service Award](#) from SQM for the sixth consecutive year, placing the call centre among an elite group of less than 20 call centres certified with this award (out of 500 leading call centres benchmarked globally by SQM). [Learn more.](#)

In 2019, **78** customer service representatives (CSRs) were certified as “World Class CSRs” by SQM.



2019 Customer Service Highlights

- **90%** customer satisfaction rate
- **31 seconds** average call wait time
- **612,000+** calls answered
- **86%** first call resolution rate
- **43,000+** emails
- **97,900** transponder exchanges

Loyalty Program

Since its introduction in 2007, customers have received more than \$202 million in fuel savings and free weekend kilometres on Highway 407 ETR as part of our tiered loyalty program for eligible transponder customers* who frequently drive the highway.

*Customers driving sedans, SUVs, pickup trucks and other light vehicles under 5,000 kg.

Responsible Collections

407 ETR is an all-electronic, open access toll highway without booths or barriers. This design was chosen by the Government of Ontario to improve traffic flow and to reduce congestion. Because there are no barriers, 407 ETR cannot prevent someone from using the highway – even if they have accumulated significant debt and are unable to pay their bills.

While most customers pay their bills, there are some people who use the highway and refuse to pay. To collect from individuals who have not paid their bills on time, 407 ETR uses traditional methods, including internal collections and third-party collection agencies. In addition, 407 ETR can request that the Registrar of Motor Vehicles deny the renewal of existing licence plates and the issuance of new licence plates (otherwise referred to as “plate denial”).

407 ETR has developed a [Collections Code of Conduct](#). The Code outlines the practices that the company employs to collect unpaid amounts. It details the collections process from start to finish, including the opportunity for customers to take a dispute to an Ombudsman.

Financial Assistance and Complaint Resolution



Financial Hardship Program

407 ETR offers a Financial Hardship Program for qualifying customers with accounts in plate denial and an outstanding balance of more than \$1,000 on their account. This program is available to those who cannot afford to pay their outstanding charges in full, are experiencing financial difficulties and require plate renewal.

Qualification for the program involves an application, validation and approval process.

Exceptional Hardship Payment Plan

In an effort to assist customers who have accumulated significant debt and who would suffer an exceptional hardship if placed in plate denial, 407 ETR offers an Exceptional Hardship Payment Plan. Eligible customers are generally those who rely on their vehicle as a primary means of transportation to attend to a medical condition for either themselves or a dependant. The review of these applications remains part of the responsibility of the Office of the Ombudsman (the Office). In 2019, the Office received a total of 113 applications; a 36.1% increase over 2018. Of those applications received, 46.9% were approved.



Ombudsman Mandate

The Office exists to objectively listen to customer issues as they relate to Highway 407 ETR and the Province of Ontario's Highway 407, Highway 412 and Highway 418. The Office gathers the facts regarding a customer's complaint and conducts an investigation if it falls within the mandate of the Office.

The Ombudsman is not an advocate for 407 ETR, the Province, or the customer. In the event that an issue is based on verbal accounts that are not easily verifiable, the Office limits the investigation to the confirmable facts. The Office has no legislative power and therefore cannot make recommendations to change, amend or influence laws or regulations, or otherwise impact customer pricing or fees. The Office is unable to review matters:

- Before the courts or that have a legal ruling
- Related to damage claims
- Highway infrastructure and design, or
- Policing and enforcement

In addition, the Office does not engage in financial settlements on customer accounts or award punitive damages. For a fair and reasonable resolution, the Office collaborates with other stakeholders, including the MTO, where appropriate, and based on the nature of the issue, focuses on providing a timely resolution.



Complaint Resolution

In 2019, the Office received a total of 239 inquiries, a 3.5% increase over 2018. When measured against the total number of customer interactions throughout the year (over 19.6M invoices sent and calls received), 407 ETR's 2019 dispute rate was 0.001%.

Breakdown of Customer Inquiries:

- 31% (73) Informational requests for general information or inquiries unrelated to complaints or concerns
- 32% (77) Advice referrals for complaints or concerns
- 37% (89) Investigations of complaints or concerns

The Office found no failures and no interventions were required.

Supporting the Well-being of Ontarians

We support hospitals in every community along Highway 407 ETR and together with our corporate matching program, 407 ETR employees actively fundraise to support advances in childhood cancer research and Lou Gehrig's Disease.



Ron Mori Ball Hockey Challenge

The Highway 407 ETR Detachment of Ontario Provincial Police (OPP), with the support of 407 ETR held the 4th annual Ron Mori ball hockey challenge on June 12, 2019. Ron Mori passed away from Lou Gehrig's disease in 2015 after serving as an OPP officer for 24 years. Employees participated in the tournament and helped raise more than \$4,400 for ALS Canada.



Supporting SickKids Foundation

For more than a decade, 407 ETR staff have participated in the IceWave and HeatWave volleyball tournaments to raise money for SickKids Foundation. In 2019, 407 ETR staff, with corporate matching dollars, raised \$16,000 for childhood cancer research and received the Top Pledge award from SickKids Foundation.



Promoting Physical Activity Through Children and Youth Team Sponsorships Program

Physical activity plays an important role in the health and well-being of youth and that's why 407 ETR sponsors local sports teams along the highway. Since 2015, we have grown our youth sports sponsorship program to 172 teams in 2019, representing approximately 2,000 children and youth.

Hospital Partnerships

We are proud to support hospitals in every community along the highway. In 2019, our long-term partners included 13 healthcare facilities:

- Abilities Centre in Whitby
- Brampton Civic Hospital
- Etobicoke General Hospital
- Hamilton Health Sciences Foundation (McMaster Children's Hospital)
- Humber River Hospital Foundation
- Joseph Brant Hospital Foundation
- Mackenzie Health Foundation
- Markham Stouffville Hospital Foundation
- Oakville Hospital Foundation
- Southlake Regional Health Centre Foundation
- Sunnybrook Health Sciences Centre Foundation
- Trillium Health Partners Foundation (Directed to Credit Valley Hospital)
- SickKids Foundation



Cheque presentation for William Osler Health System

Promoting Road Safety

We are proud to operate one of the safest highways in Ontario. Our control room has eyes on the road 24/7 and our team of highway patrollers provides customers with free roadside assistance whenever possible.

407 ETR Covers the Costs for Police and Enforcement Services

To help keep the highway safe, we work with the MTO and OPP to enforce vehicle licensing and safety standards, speed limits and other traffic laws. 407 ETR is responsible for covering the annual costs of these services which include staff and vehicle expenses.



In 2019, 407 ETR paid more than **\$9 million** for enforcement and police services.

High Visibility Safety Vests for New Transponder Customers



In 2019, we provided **2,500 safety vests** to new transponder customers to help keep them safe by staying visible to other drivers when pulled over on the side of the road.

Roadside Assistance

Our highway patrollers and control room staff monitor the highway 24 hours a day, 365 days a year. We respond to highway incidents as quickly as possible to clear collisions and debris. Whenever possible, we also provide a helping hand to drivers who run into trouble.



In 2019, we assisted **3,185 drivers** by:

- changing a tire
- providing up to 5L of free gas
- calling a tow truck vehicle
- using blocker trucks to prevent the vehicle from being struck by oncoming traffic

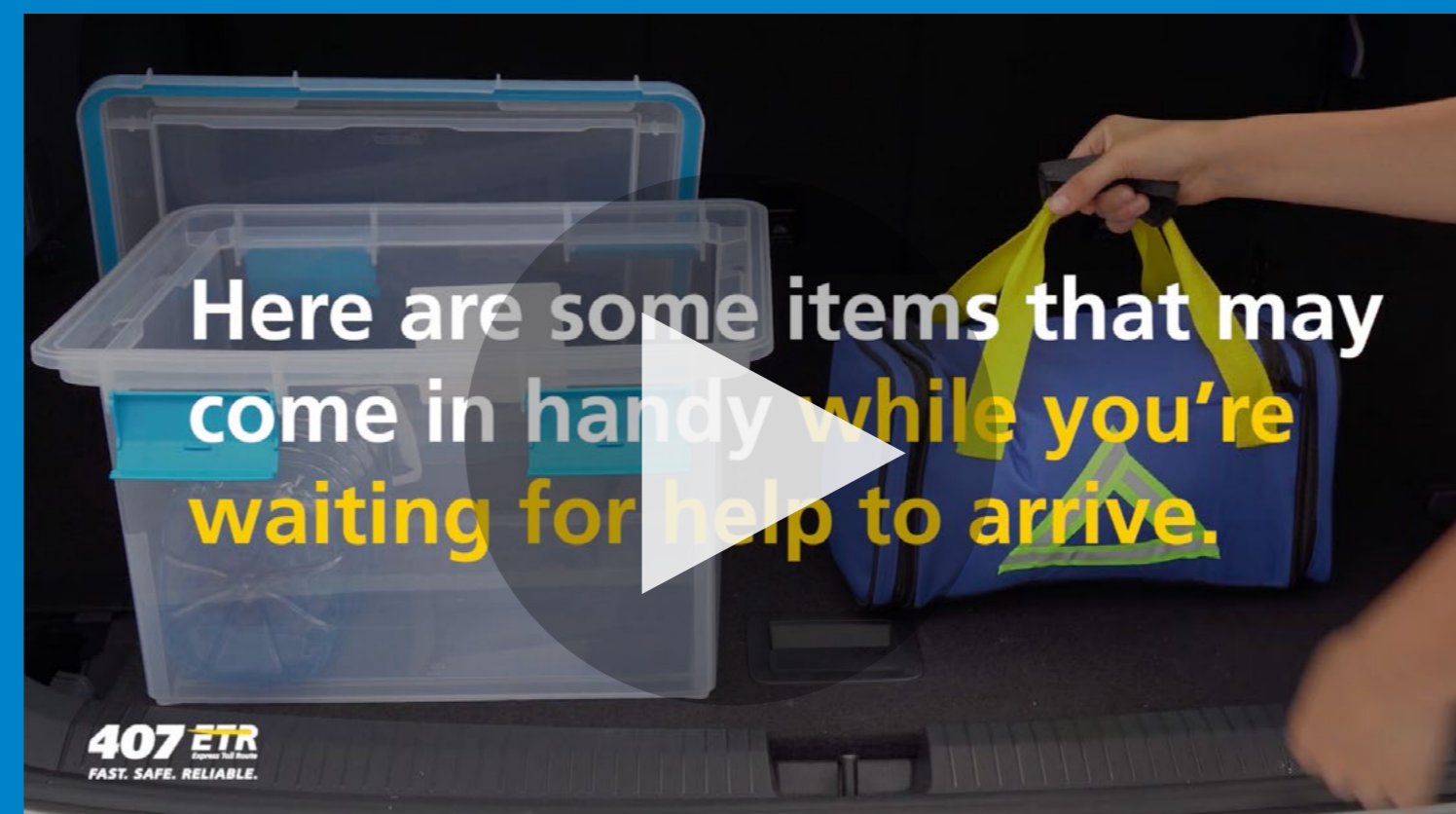
Summer Safety Contest Raises Awareness about Road Safety Through Weekly Tips and Resources

407 ETR launched our second Summer Safety Contest to raise awareness and encourage dialogue about road safety. Drivers were invited to join the conversation by sharing their own safety tips or stories on social media channels for a chance to win a year of free travel on Highway 407 ETR.

To kick off the campaign, 407 ETR promoted road safety awareness for young drivers with the public service announcement #likeyoucare, produced by Teens Learn to Drive, an organization dedicated to educating youth about how to make better driving decisions.



In 2019, almost **1,500 people** participated by sharing their own safety tips.



Video: What to keep in a car emergency kit | 407 ETR



Win a year of free travel on 407 ETR



A DRIVER USING A PHONE IS 4X MORE LIKELY TO CRASH THAN A DRIVER FOCUSING ON THE ROAD.*

*Ontario Government, Ontario.ca/distracteddriving



Win a year of free travel on 407 ETR!

Last chance





Giving Back to the Communities We Serve

One Big Day

Our employees care about the communities we serve and have always contributed to charitable causes.

407 ETR launched One Big Day in 2016 to coordinate our volunteering efforts and give our staff the opportunity to donate their time as part of a corporate-wide initiative. In 2019, 375 employees participated in the day of volunteering, making it our largest event to date. Activities included building furniture for those less fortunate, helping out at shelters, preparing and delivering meals to those in need, mentoring youth, supporting seniors' residences and cleaning up litter in green spaces.



28 activities
23 organizations



10 bikes built for Big Brothers and Sisters of Peel in 3.5 hours
19 kids participated in a bowling event with Big Brothers and Sisters of Peel



65 meals prepared and delivered for isolated seniors as part of Meals on Wheels program at Bernard Betel Centre



2,500 pieces of litter removed from Humberwood Park in Toronto



Video: Supporting our community through One Big Day 2019 | 407 ETR



The cleanup we did at Humberwood Park with the 407 ETR staff created a big positive environmental impact in a very short amount of time. We picked up thousands of pieces of litter in less than two hours! Although our staff hosts litter cleanups regularly, each one we attend is completely unique and full of amazing conversations and learning experiences. We thoroughly enjoyed the company of the 407 ETR staff at the cleanup and are so grateful to have the support of such a wonderful organization.



– Rochelle Byrne, Executive Director
A Greener Future



Thank you for believing in the potential of the young people residing at Youth Without Shelter (YWS) at this very moment. We are grateful for your generosity in preparing lunches and clean care kits for our youth.

In addition, you are helping YWS provide a full circle of care to homeless youth, including: teaching life skills, assisting with employment, and providing independent housing options. The lunches will help a youth go back to school, attain employment and secure a new place for their own. Your team also went beyond this and ensured that they will be successful in the community with their new clean care kits. Thank you for helping youth grow their confidence and find respect while breaking out of the cycle of youth homelessness.

We are most appreciative for your support in helping us give a future to each youth.



– Mike Burnett, Community Engagement and Education Specialist, Youth Without Shelter

Employee United Way Fundraising Campaign Earns Platinum Level Status

In 2019, 407 ETR staff, with the support of 407 ETR's matching program and vendors, raised **\$133,281** for United Way Greater Toronto. This was a record-breaking campaign and for our efforts, 407 ETR received Platinum Level status on the 2020 Local Leaders List in recognition of excellence in workplace giving.



Donating School Supplies to Students Through Employee Backpack Challenge

In 2019, employees participated in an annual donation drive collecting school supplies for children in need. Staff members packed and delivered 147 backpacks to SEVA Foundation, Horizons for Youth, FCJ Refugee Centre, Youth Without Shelter and Knights Table.

Supporting Victims of Domestic Abuse Through Basketeers

In 2019, 407 ETR employees organized a donation drive for Basketeers, an organization which provides victims escaping domestic abuse with basic necessities and household items. Employees filled 54 baskets with toiletries, kitchen supplies and household wares which were distributed to women and children at Family Transition Place.





Lassonde School of Engineering Student Endowment Fund

At 407 ETR, we believe in the power of education and paving the way for the next generation of bright minds. That's why we support York University's Lassonde School of Engineering and have donated approximately **\$350,000** since 2006 to support students in their academic journey. In the 2019/2020 academic year, Ramya Murthy received **\$5,000** from our Graduate Student Endowment Fund and in 2019, we renewed our sponsorship for the 407 ETR Learning Lab which fosters learning and collaboration amongst professors and students.



“My research focuses on how digital technologies are influencing firm strategy and entrepreneurship. Studying such an emerging phenomenon brings a number of uncertainties to the research process. The award helped mitigate some of the risks and contributed to enhancing my experience as a doctoral student. I would like to thank 407 ETR Concession Company for their commitment to supporting graduate students.”

– Ramya K. Murthy, 2019 Award Recipient
PhD Candidate, Strategic Management Schulich School of Business



Sponsorships and Community Events

- Rogers Cup and 407 ETR Free Community Weekend
- Toronto Rock
- Canadian International Auto Show
- Brampton Rotary Club's Santa Clause Parade
- True Patriot Love Foundation
- Woodbridge Rotary Club's Ribfest/Pizzafest
- ClubLink
- Teens Learn to Drive
- Accident Awareness

Members of the Following Organizations

- Ajax/Pickering Board of Trade
- Brampton Board of Trade
- Burlington Chamber of Commerce
- Canadian Council of Motor Transportation Administrators
- Canadian Council for Public-Private Partnerships
- Greater Oshawa Chamber of Commerce
- Intelligent Transportation Systems Society of Canada
- Markham Chamber of Commerce
- Milton Chamber of Commerce
- Mississauga Board of Trade
- Oakville Chamber of Commerce
- Ontario Chamber of Commerce
- Toronto Region Board of Trade
- Transport Futures
- Transportation Association of Canada
- Vaughan Board of Trade



Planet

Using Highway 407 ETR reduces fuel consumption, vehicle maintenance costs and lowers the environmental impact of driving by keeping drivers out of the gridlock and heavy traffic elsewhere in the GTA. Vehicles moving at consistent speeds on Highway 407 ETR reduce carbon dioxide emissions by an average of 108 million kilograms per year.³

³ Canadian Centre for Economic Analysis Report, *Economic Impacts of Highway 407 ETR: Implications for Travellers, Transportation and Prosperity*.



Environmental Management Practices

There is an abundance of wildlife surrounding Highway 407 ETR and we do our part to maintain the roadway with as minimal disruption to the environment as possible.

We integrate advanced environmental management practices into our operations. These systems include:

- Water management facilities designed to minimize the quantity of water run-off and naturally improve water quality. For snow melt and rainstorms, 407 ETR has 79 storm water management ponds to capture water run-off, which allows time for most suspended solids to settle out and prevents silt-laden flood waters from rapidly discharging into rivers and storm drains. The storm water management ponds help maintain healthy streams for fish and protect water quality
- Fencing along the entire corridor to protect animals and pedestrians by restricting access to or on the highway
- Electronic ground speed-controlled spreader equipment to carry out anti-icing during winter months using a combination of salt brine and road salt, to increase effectiveness while reducing the use of sodium chloride

Highway Operations Environmental Management Plan

As part of our contractual obligations, 407 ETR has developed and implemented an Environmental Management Plan (EMP). The EMP provides guidance to 407 ETR Highway Operations to ensure that environmental considerations are incorporated into appropriate aspects of 407 ETR operation and maintenance activities, as appropriate.



- **Part A: Guidelines** - Part A of the EMP describes the laws and regulations, environmental principles, policies, guidelines and practices that govern the operation of 407 ETR, and outlines the roles and responsibilities of personnel in administering these instruments.



- **Part B: Procedures and Plans** - Operational procedures have been developed to guide 407 ETR staff in carrying out their duties in a safe and effective manner. Part B also includes environmental contingency and emergency response plans that provide guidance in dealing with unplanned or emergency incidents and events. These include: spills response, fire, unknown contaminated sites, unknown archaeological resources, discovery of human remains, erosion and sediment control, wet weather shutdown, fish rescue, and wildlife encounters.



- **Part C: Environmental Features** - Summary tables pertaining to identified environmental features in or adjacent to the highway corridor are included in Part C. This includes information on watercourses and fisheries. Mapping illustrating environmental features, storm water management ponds and drainage ditches are also provided for reference.

- **Part D: Detailed Information** - Specific procedures and environmental contingency and emergency response plans such as:

Procedures

- Maintenance in Fish Habitat
- Drainage Feature Maintenance
- Stormwater Pond Maintenance
- Maintenance in Valleylands and Environmentally Sensitive Areas
- Obstructions to Waterflow at Bridges and Culverts
- Bridge and Culvert Structure Maintenance
- Waste Management
- Vegetation Management
- Summer Road Maintenance
- Groundwater Monitoring
- West Nile Virus Surveillance and Larviciding Program and Procedure

Environmental Contingency and Emergency Response Plans

- Fire Emergency Plan
- Spill Response Contingency Plan
- Unknown Contaminated Sites Contingency Plan
- Unknown Archaeological Resources Contingency Plan
- Human Remains Contingency Plan
- Erosion and Sediment Control Contingency Plan
- Wet Weather Shut Down Contingency Plan
- Fish Rescue Contingency Plan
- Wildlife Encounters Contingency Plan



Environmental Pollution Prevention and Climate Change Risk

407 ETR recognizes the effects of increased frequency of extreme weather events due to climate change, such as heavy rainfall resulting in flooding and more extreme winter conditions. These effects may lead to more frequent or extensive damage to infrastructure or roadside tolling equipment, localized disruptions to highway operations and traffic levels.

407 ETR follows a preventative maintenance plan that takes into account the effects of climate change in the design, rehabilitation and construction of highway infrastructure and roadside tolling equipment. 407 ETR will continue to assess and mitigate the impact of climate change on our longer-term operations and will adjust our preventative maintenance, infrastructure, rehabilitation and construction plans accordingly.

To mitigate our exposure to climate change risks, in 2019, 407 ETR engaged an external consultant to complete a climate change study on the impact of rising temperatures on the various pavements along Highway 407 ETR.

The results of the study show that Highway 407 ETR pavements are robust and resilient to such changes with little or no expected impact. Additionally, a flood hazard and risk study based on computer modelling and simulations was also carried out on certain sections of Highway 407 ETR with a historical and perceived vulnerability to flooding. While certain areas were identified as having a potential risk of local flooding, the result of the study confirms that the design of Highway 407 ETR, combined with its topographical area and high standard of maintenance, makes the highway resilient to such risks, and unlikely to be impacted in any major way.

We will continue to evaluate if we can minimize any risk of flooding by increasing drainage capacity and resilience in those areas.



Reducing Our Energy Consumption Through LED Retrofit Project

To reduce our energy consumption, we are working to replace the lighting equipment illuminating Highway 407 ETR with energy-efficient LED lighting. In 2019, we installed 632 high mast LED fixtures and decommissioned 784 inefficient high-pressure sodium fixtures. Since 2015, we have replaced more than 50% of our lighting fixtures with LEDs.



Our Environmental Partnerships

First Corporate Sponsor of Credit Valley Trail

In 2019, we committed **\$100,000** over five years to Credit Valley Conservation Foundation in support of the Credit Valley Trail project. The Credit Valley Trail runs directly beneath Highway 407 ETR and its proximity to the roadway makes it an ideal partnership. We are proud to be the first corporate sponsor of this exciting project.

“ The Credit Valley Trail is a bold vision drawing many partners from different sectors, and we’re thrilled to welcome 407 ETR as our very first corporate supporter. This partnership supports the first steps along the path to start building this project on the ground. 407 ETR is now part of the trail’s story connecting people to nature, rich cultural experiences, Indigenous heritage and the sustaining waters of the Credit River. ”

– Terri LeRoux, Credit Valley Conservation Foundation Executive Director



Evergreen Sponsorship

We are a long-time sponsor of Evergreen, an organization dedicated to driving progress in sustainability to promote healthy urban environments. Since 2013, we have donated more than **\$300,000** to further their goal to facilitate change and help make cities flourish.





Performance

Since 1999, Highway 407 ETR has contributed more than \$16 billion in economic benefits to Ontario⁴ and is well known as the route of choice for businesses to move goods efficiently.

4 Canadian Centre for Economic Analysis Report, *Economic Impacts of Highway 407 ETR: Implications for Travellers, Transportation and Prosperity*.

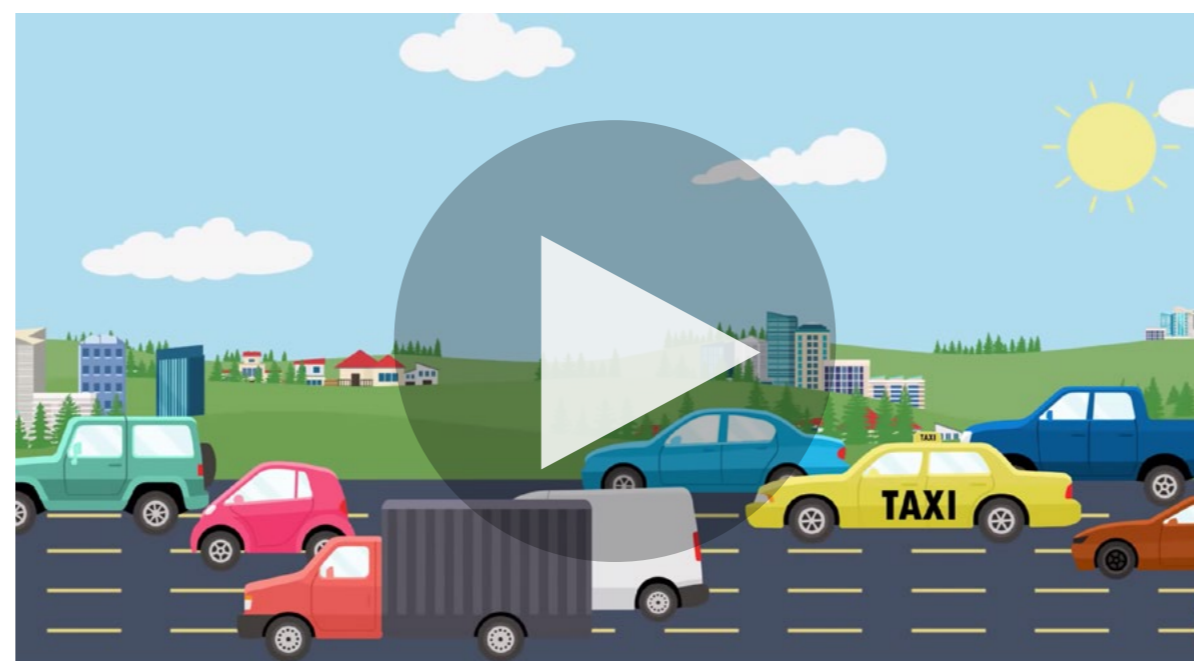


Highway Maintenance and Improvements

We maintain Highway 407 ETR to the highest standards. Over the last 20 years, no taxpayer dollars have been used to operate the highway or build the new lanes that have accommodated growth and traffic demand. Toll roads are paid for by drivers who lessen the traffic congestion on other roads.

407 ETR pays all the costs of operating Highway 407 ETR that the Province of Ontario would normally pay, including policing, MTO heavy vehicle inspections, and all maintenance, including winter operations.

407 ETR invests annually in the maintenance of Highway 407 ETR, including replacing hundreds of square metres of concrete, several kilometres of asphalt roadway, conducting annual bridge and waterway inspections, and grinding road surfaces to ensure a quality driving experience. Maintenance takes place during non-peak hours to keep our drivers moving. In 2019, we invested **\$77.7M** in the roadway.



Video: 407 ETR | Keeping you moving all year long

Keeping Traffic Flowing with Highway Expansions

In 2019, we opened additional lanes along the highway between Markham Road and York Durham Line.

We also began work to widen Highway 407 ETR in sections between Highway 410 and Highway 401, and Highway 401 and Derry Road.

Since 1999, 407 ETR has virtually doubled the highway's capacity, expanding from 643 to 1,232 lane km.


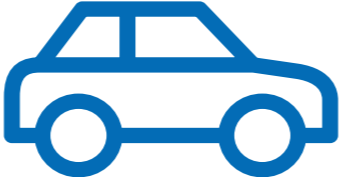

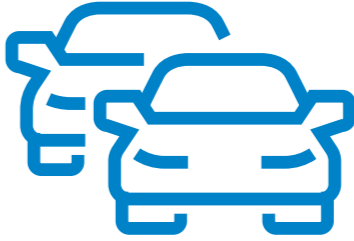






Highway 407 ETR Significant Contributor to Ontario's Gross Domestic Product (GDP)

In 2019, the Canadian Centre for Economic Analysis (CANCEA) issued a report highlighting 407 ETR's historical and forecasted contributions to the region surrounding the highway and to the Province of Ontario.

The report, *Economic Impacts of Highway 407 ETR: Implications for Travellers, Transportation and Prosperity*, concludes that Highway 407 ETR has been a strong and consistent contributor to the economic activity, quality of life and social benefits enjoyed by the people living and working across the corridor. The full report can be read at cancea.ca/407etr.



CANCEA Report Highlights

 <p>Since 1999, Highway 407 ETR has supported economic benefits totalling \$15.9B within Ontario.</p>	 <p>Drivers of light vehicles save an average of over 22.7M driving hours on the road annually.</p>	 <p>Commercial/business users save an average of 7.7M hours of driving each year.</p>	 <p>Highway 407 ETR usage has steadily increased since 1999 and averaged 413,000 weekday trips in 2017, representing 50% more trips than there are riders on the entire network of GO buses and trains on an average weekday.</p>
 <p>The total vehicle kilometres travelled in 2017 amounted to 2.6B.</p>	 <p>Since 1999, the cumulative savings in "social costs" as defined in the report hit \$1.4B. In 2017, savings in social costs were higher than the average – reaching \$84M.</p>		 <p>407 ETR operations has generated an average of \$43M in tax revenue for the Provincial and Federal governments each year since 1999.</p>
 <p>Traffic speeds on Highway 407 ETR are consistently higher than on alternate routes, and the collision rate is low, relative to the provincial freeway average.</p>	 <p>Every \$1 invested by 407 ETR has resulted in a GDP increase of \$1.54. Since 1999, 407 ETR has invested \$4.6B into capital and operations. This has generated direct, indirect and induced effects that have contributed a combined total of \$7.1B to provincial GDP (70% direct and indirect, 30% induced).</p>		 <p>Since 1999, 407 ETR's ongoing operation and maintenance activity has generated \$4.7B in wages.</p>

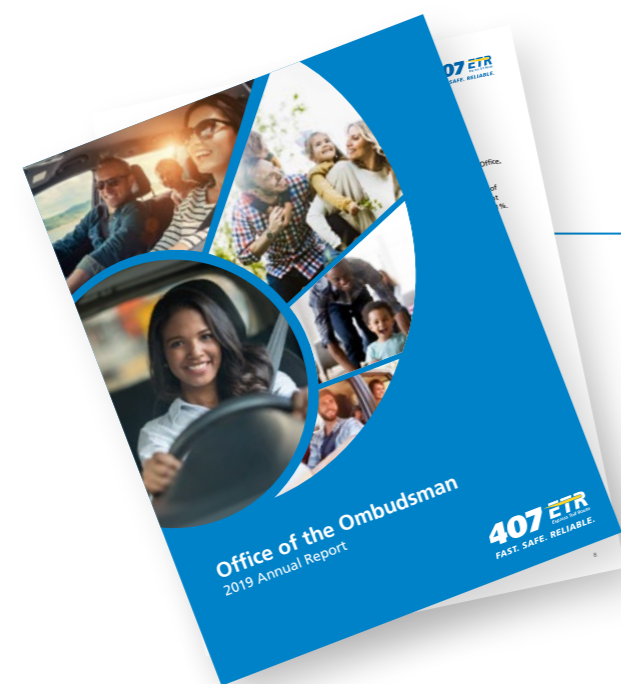
Supporting Innovation in Transportation with Autonomous Vehicles (AVs)



Highway 407 ETR Recognized for Potential as “AV Highway of the Americas” in Report by Toronto Region Board of Trade

In 2019, Toronto Region Board of Trade published a report, *Getting Ready for Autonomy: AVs for Safe, Clean and Inclusive Mobility in the Toronto Region* to highlight why the GTA should accelerate the deployment of autonomous vehicles. The report also explores how 407 ETR could play an important role as the “AV Highway of the Americas” by enabling the infrastructure and technology to help further community adoption in municipalities along the highway.

[+ Learn more](#)

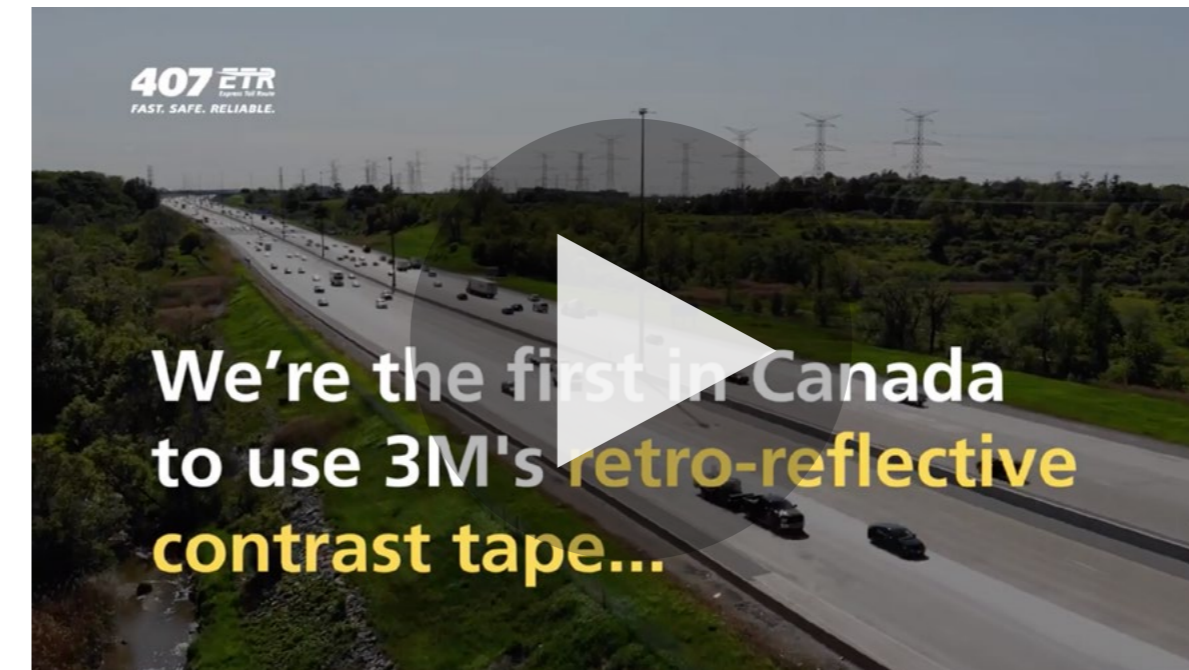


For more information about 407 ETR, please see our other reports:

[+ 407 International Inc. 2019 Annual Information Form](#)

[+ 407 International Inc. Management’s Discussion and Analysis, December 31, 2019](#)

[+ Office of the Ombudsman’s 2019 Annual Report](#)



Video: First highway in Canada to pilot high contrast lane markings | 407 ETR

Pilot Project with 3M Canada Advancing Road Technology for AVs

407 ETR and 3M Canada are working together to pilot high contrast pavement markings on a 2.5 km section of Highway 407 ETR. The pavement markings are designed to optimize detection from AVs and humans alike, using wet retroreflective properties which remain bright and visible – even in wet weather. The black edges on each side of the markings help improve the lane definition on low contrast pavement, including concrete.

The lane markings are being piloted eastbound on Highway 407 ETR between Humber River and Weston Road and have performed well in snowy and rainy conditions.

[+ Learn more](#)

To submit feedback about this report, please email communications@407etr.com



407 ETR

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