



Steering the Way

2023 ESG REPORT

407 ETR
Express Toll Route



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MESSAGE FROM THE

President & CEO

For 25 years, Highway 407 ETR has been helping drivers save time and enjoy the peace of mind of a stress-free, reliable commute. With our corporate values of excellence and integrity driving our business decisions, we continue to make a positive impact in our communities and connect people and businesses in the Greater Toronto Area (GTA).

“I’m pleased to share our 2023 Environmental, Social and Governance Report which demonstrates the progress we’ve made in aligning our operations with the principles of social and environmental responsibility.”

I’m pleased to share our 2023 Environmental, Social and Governance (ESG) Report which demonstrates the progress we’ve made in aligning our operations with the principles of social and environmental responsibility. We understand the critical role that transportation plays in shaping the future of our planet, and that we must participate in sustainable business practices wherever possible. This report reflects our dedication to transparency and accountability as we navigate risks and opportunities within the transportation industry, while we continue to focus on creating a positive impact in our surrounding communities.

In this report, you’ll find detailed insights into our environmental initiatives, outlining the steps we’ve taken to reduce our carbon footprint, embrace eco-friendly solutions throughout our operations and bolster our support for local conservation. As well, we share achievements in employee health and safety, progress with our diversity, equity and inclusion (DEI) strategy and community engagement initiatives.

Staying Ahead of the Curve

We’re happy to report that traffic continues to grow post-pandemic. We’re excited about advancements in technology that are reshaping the way we travel and we look forward to continuing to innovate along the highway and within our operations. In September 2023, we held our second annual Transportation and Mobility Forum to discuss insights around highway innovation and travel trends. We heard from industry experts, including 407 ETR traffic and data specialists, about emerging technologies, the wider economic impacts

of 407 ETR and the benefits of using a data-driven approach to understand driver behaviours and attitudes.

Our Journey Towards Decarbonization

In 2023, we continued to work towards our goal to reduce our Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 25% by 2030. To help advance our ESG goals, we worked with a global environmental consultant on a GHG emissions reduction roadmap and maintained a Sustainability-Linked Loan (SLL) which is tied to our ESG performance. We also welcomed a new Senior ESG Manager to help drive the implementation of our ESG strategy and help keep us on track to meet our goals.

This past winter, we introduced a new wide-wing snowplow to our 90-piece winter fleet. This snowplow helps reduce the emissions from our winter operations by reducing the number of snowplows needed to clear the roadway. We plan to continue enhancing our fleet by adding more of these plows in 2024 and 2025.

In the Community

We aim to support the communities we serve in ways that make a meaningful difference in people’s lives. In 2023, we invested \$1.7 million in our surrounding communities through sponsorships, donations and free travel on Highway 407 ETR. This included environmental initiatives, youth sports sponsorships, hospital donations and initiatives that support accessibility and DEI. As we work to expand our initiatives into more accessible spaces, we proudly became the first-ever sponsor of Soccability Canada, which supports the Blind Soccer program and training camps.

To celebrate our employees in June, we invited everyone to participate in a walk to commemorate Pride month. We invited a representative from Friends of Ruby to accept a \$15,000 donation and speak to the impact of our support. We're also supporting inclusion in science, technology, engineering and math (STEM) fields through our multi-year \$400,000 commitment to York University's k2i program, which is helping break down education barriers for underrepresented youth.

We continued our support of biodiversity and local conservation efforts by donating over \$600,000 through key environmental partnerships – Nature Conservancy of Canada (NCC), Canadian Wildlife Federation (CWF), Conservation Halton, Credit Valley Conservation (CVC), Toronto and Region Conservation Authority (TRCA) and A Greener Future. We were proud to sponsor CVC's Conservation Gala in the fall, which featured Indigenous drumming, a smudging ceremony and traditional Indigenous food.

Strong Workforce

We continue to focus on connecting with our employees in meaningful ways and building a culture of belonging and safety. Last year, we were recognized by the Infrastructure Health & Safety Association (IHSA) for surpassing 2.5 million hours without a lost-time injury. As of December 2023, we've achieved 3.7 million hours.

We're also working on an exciting transformation of our billing and customer relationship management system, which modernizes the way we work so that we can continue to provide world-class customer service to our valued customers.

I would like to thank our employees. It's because of their hard work and dedication that we're celebrating so many great achievements in 2023 and remain the first choice for transportation in the GTA.

Sincerely,

Javier Tamargo
President & CEO, 407 ETR



"We continue to enhance our strategy and apply learnings throughout the business to help us remain the world's leading toll road."

MESSAGE FROM THE Chair

We're proud to continue bringing value to our customers, employees, shareholders and surrounding communities.

In 2023, we continued to build our resilience through a strong ESG action plan. With our GHG emissions reduction roadmap in place, we're continuing to enhance our strategy and apply learnings throughout the business to help us remain the world's leading toll road. By exploring innovative technologies to make our operations more sustainable and resistant to climate change, we're positioning ourselves to continue serving the GTA's rapidly growing population for many years to come.

Sincerely,

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

About this Report

This report demonstrates our commitment to enhance the transparency and accountability of our ESG strategy and performance for our intended audiences of employees, customers, suppliers, stakeholders and shareholders.

The information in this report applies to 407 International Inc. and its subsidiaries, including 407 ETR Concession Company Limited (407 ETR) and Canadian Tolling Company International Inc. Throughout this document, any references to “our,” “we,” “us” and/or “the Company,” collectively refer to 407 ETR.

Unless otherwise stated, this report highlights our ESG activities and performance during the calendar year ending December 31, 2023.

Forward-looking Statements

This document has been prepared and published on a voluntary basis. The information contained herein should not be read as necessarily material to the Company or its operations.

The Environmental, Social and Governance (ESG) Report includes statements about expected future events and operating results that are forward-looking. Forward-looking statements may include words such as “anticipate,” “believe,” “could,” “expect,” “goal,” “intend,” “may,” “outlook,” “plan,” “strive,” “target” and “will”. These forward-looking statements reflect the internal projections, expectations, future growth, performance and business prospects and opportunities of 407 International Inc. and its subsidiaries including 407 ETR Concession Company Limited as well as the Company’s environmental, social and governance projections, objectives, vision and goals (collectively, Our ESG Objectives) such as net zero and emissions reduction targets. These forward-looking statements are based on information currently available to the

Company. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements as they are subject to a number of risks and uncertainties as discussed in this ESG Report. As a result, our ESG Objectives may not be achieved. In developing these forward-looking statements, certain material assumptions were made, including assumptions as to the timing of highway development activities and the impact and duration of the COVID-19 pandemic. Readers are cautioned not to place undue reliance on the Company’s forward-looking statements and assumptions as Management cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have expected consequences to, or effects on, the Company. These forward-looking statements are subject to change as a result of new information, future events or other circumstances, as discussed above, in which case they will only be updated by the Company where required by law. In setting and implementing our ESG Objectives, and in preparing this document, the Company has made various assumptions, including about technological, economic, scientific, policy and legal trends and developments. As such, the information set out in this document is subject to evolution, amendment, update and restatement over time.

¹ IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.



Vanessa Pannozzo,
Heavy Equipment Operator

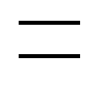




Frameworks

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

With the disbandment of TCFD and its replacement with the International Sustainability Standards Board (ISSB), the Financial Reporting Standards (IFRS) Foundation is responsible for monitoring climate-related disclosures in 2024. We're monitoring developments of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. These will serve as a guideline for future reporting as they are aligned with SASB and TCFD recommendations.



UN SDG Alignment

We have mapped 407 ETR's business activities to specific United Nations Sustainable Development Goals and outlined related initiatives across our business that help advance each goal using past and current initiatives.

Learn more about the United Nations Sustainable Development Goals.

3 GOOD HEALTH AND WELL-BEING


Ensure healthy lives and promote well-being for all at all ages.

- Highway 407 ETR has a 60% lower collision rate compared to alternate 400-series highways in the GTA.²
- We're committed to maintaining a safe roadway. Our Highway Operations team monitors and patrols Highway 407 ETR 24/7.
- In March 2023, we were recognized by [IHSA](#) for achieving and surpassing 2.5 million hours without a lost-time injury. As of December 31, 2023, we achieved 3.7 million hours.
- In 2023, we donated \$100,000 to help support road safety initiatives through local not-for-profit organizations.
- We donated \$150,000 across 15 hospitals along the Highway 407 ETR corridor in 2023, including SickKids Foundation and William Osler Health System.
- To help United Way Greater Toronto's efforts to increase access to critical resources, we donated over \$105,000 in 2023 through our employee fundraising campaign and corporate matching program.
- Since 2015 we've invested over \$980,000 in youth team sports through [Keep Moving™ by 407 ETR](#). In 2023, we sponsored over 3,300 kids in the GTA.

² Figure is based on 407 ETR's internally reported collision rate compared to MTO's latest estimates of collision rates on other 400-series highways in the GTA.

³ [2023 Steer Report](#).

5 GENDER EQUALITY


Achieve gender equality and empower all women and girls.

- We achieved 38% female representation on our Board of Directors (Board), exceeding our target of 30%.
- Our current workforce is 48% female. Women are represented at all levels of the business and make up 20% of our Executive Management Team (Management).
- In 2023, we held an internal event for International Women's Day, which included a panel of female 407 ETR employees who shared their unique experiences.
- We announced plans to launch a women's Employee Resource Group in 2024 to better support and empower our workforce.
- Our \$400,000 multi-year commitment to support DEI in STEM fields through k2i (kindergarten to industry) academy at York University's, Lassonde School of Engineering, is helping more girls (among other underrepresented groups) pursue STEM-related careers.

8 DECENT WORK AND ECONOMIC GROWTH


Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.


- We proudly employed 539 Ontarians in 2023.
- We aim to provide meaningful work for our employees and provide training and career development opportunities. In 2023, employees completed over 7,000 hours of learning.
- We're helping support the next generation of conservation leaders in Ontario through our sponsorship of NCC's Conservation Internship Program.
- In 2023, we invested \$31.3 million in highway capital projects through third-party contractors.
- Since 1999, we've contributed \$23 billion to GDP, including \$4.7 billion in direct salary earnings and an estimated 73,300 job years of labour generated to construct, maintain and operate company assets.³
- In 2007, we established a \$125,000 407 ETR Graduate Student Award with York University that grants \$5,000 annually to one scholarship recipient. This gift is matched two-to-one by the Ontario Graduate Scholarship Program for a total gift of \$15,000.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

10 REDUCED INEQUALITIES



Reduce inequality within and among countries.

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts.

15 LIFE ON LAND



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.

- To make work zones safer we introduced laser-enabled sensors that mark the perimeter of a work zone and alert workers of an unauthorized vehicle in the zone.
- We've attached sensors to safety systems along the highway so that we can respond faster when damage occurs, helping to ensure customer safety.
- We're sponsoring the University of Toronto's study of travel model systems to understand travel demand in the GTA to help inform transportation policy.
- Our second annual Transportation and Mobility Forum in September 2023 brought together technical and transportation experts from across the region to discuss trends and emerging technology in the transportation sector.
- We're completing a major billing and Customer Relationship Management system modernization to help us continue providing world-class customer service.

- We encourage employees to voluntarily share their demographics through our secure employee portal, including gender, orientation, ethnicity and religion. This helps us identify opportunities to improve existing practices and helps encourage equality across the organization.
- We provide DEI training to help empower our employees. Topics include understanding DEI, power and privilege, unconscious bias, microaggressions and allyship.
- In 2022, we reviewed our employee handbook to uncover and correct accessibility concerns and ensure inclusive language throughout.
- We obtained a membership with [Canadian Aboriginal and Minority Supplier Council](#) (CAMSC) as part of our DEI strategy to diversify our supplier pool.
- To recognize National Day for Truth and Reconciliation (Orange Shirt Day), we invited Larissa Crawford from Future Ancestors Services Inc. to speak about the history and legacy of Canadian residential schools.
- Our main office is compliant with Accessibility for Ontarians with Disabilities Act requirements.

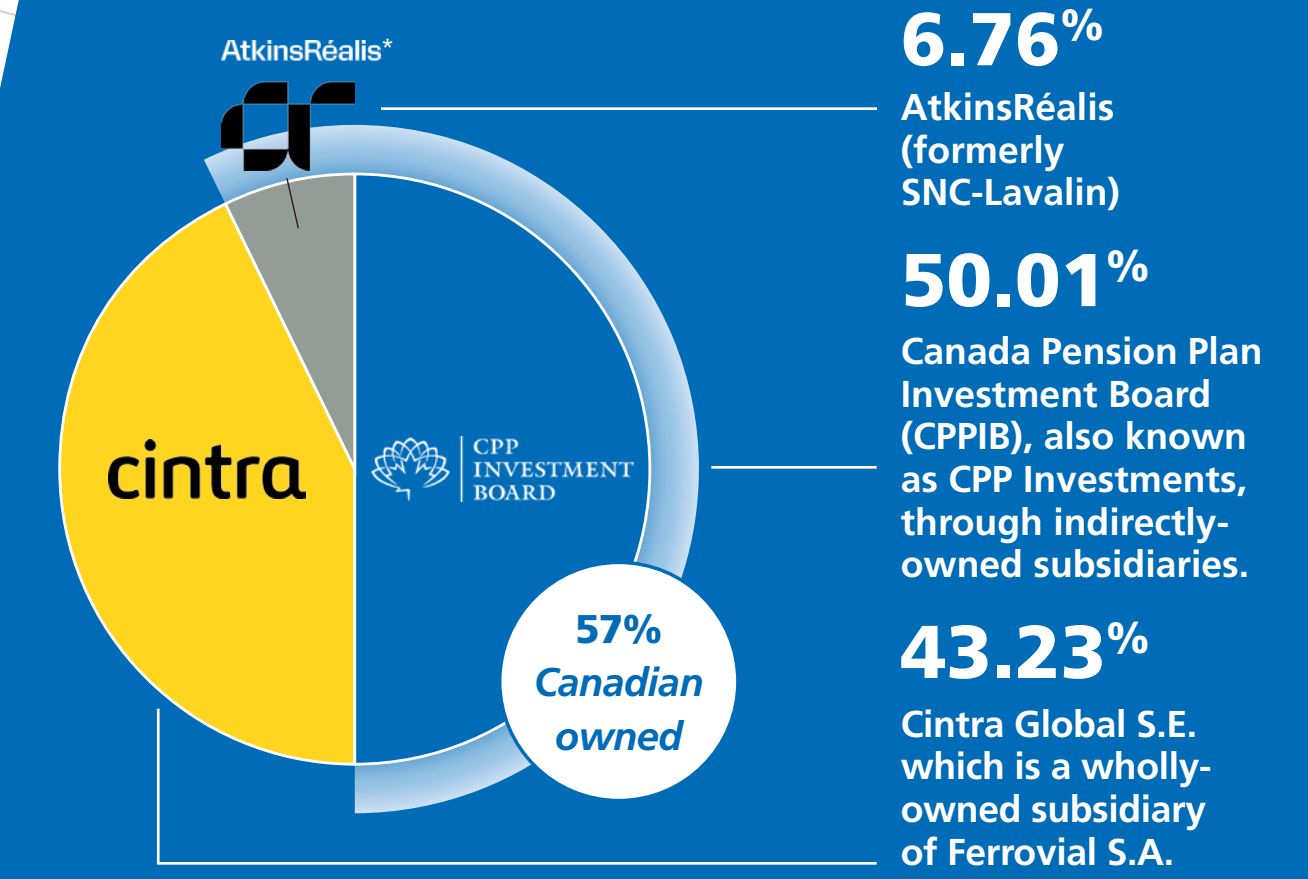
- Our goal is to reduce our Scope 1 and Scope 2 GHG emissions by 25% by 2030. In 2023, we achieved a 20% reduction in Scope 1 and Scope 2 GHG emissions relative to our 2018 baseline.⁴
- We're continuing to look for ways to reduce vehicle emissions and we have one fully electric vehicle (EV) in our Highway Operations fleet. In addition, we've purchased a wide-wing snowplow, that is helping reduce emissions from winter operations.
- We developed a GHG emissions reduction roadmap that outlines annual targets and emission reduction initiatives to help us achieve our emissions reduction goal.
- To advance our ESG strategy in 2023, we completed a climate scenario analysis to identify climate change transition and physical risks for our business.

- We increased our annual investment into biodiversity and donated over \$600,000 in 2023 to help support and enhance the natural spaces in our surrounding communities.
 - We partnered with CWF to fund the restoration of critical pollinator habitat for Monarch Butterflies, native bees, hummingbirds and other pollinator species in municipalities surrounding Highway 407 ETR's corridor.
 - We announced our largest environmental donation to date with a three-year, \$800,000 donation to NCC's Conservation Internship program.
- We planted 10,000 native species trees along the highway to promote biodiversity and a healthy and sustainable landscape. These included white pine, red cedar and bur oak trees.
- Employees volunteered a total of over 600 hours with environmental organizations in 2023.

⁴ Results are partly due to a more mild winter in 2023.



407 International Inc. is the sole shareholder of 407 ETR and is owned by:



About 407 ETR

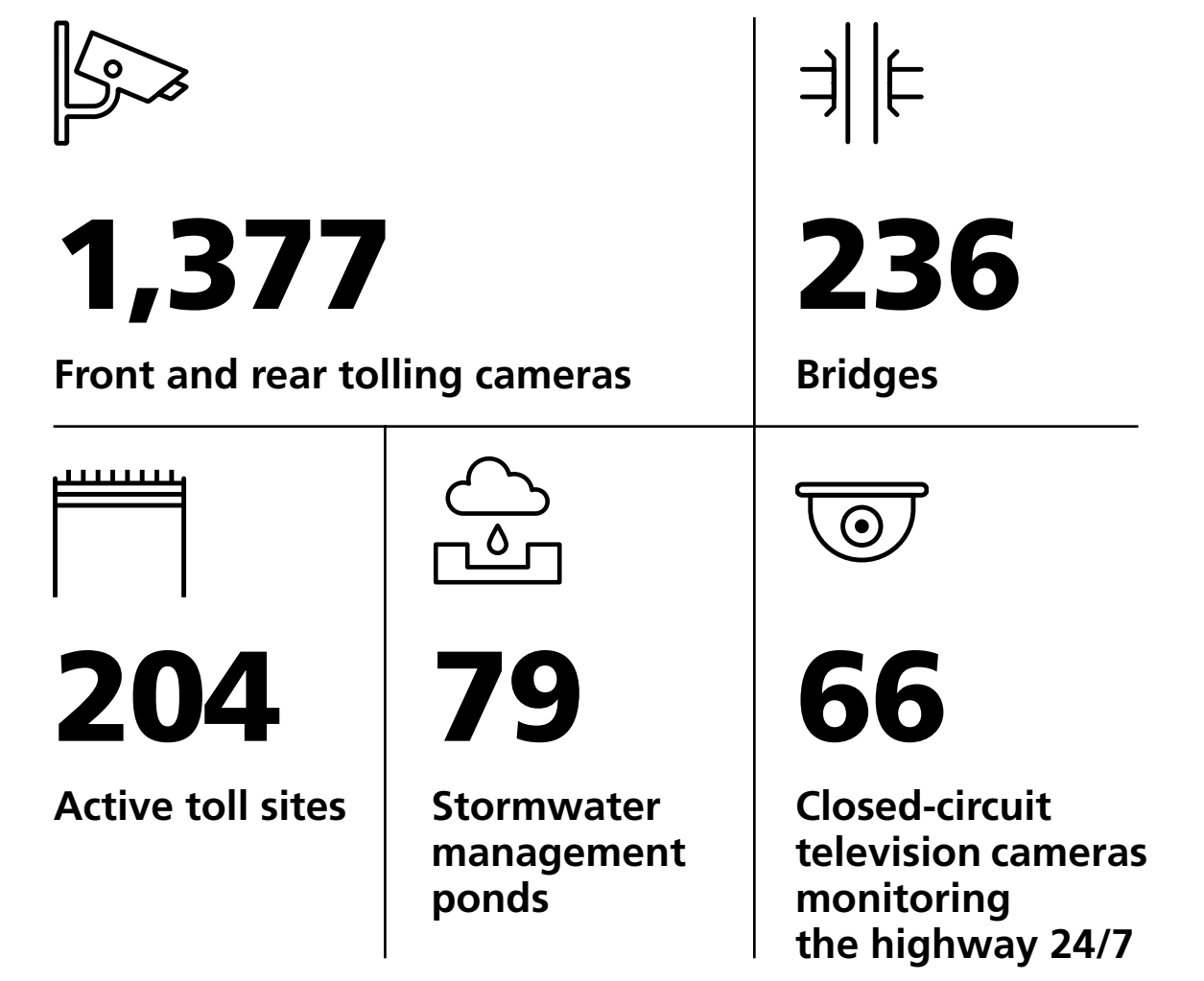
Who We Are

Highway 407 ETR runs through the GTA in Ontario, Canada and spans 108 kilometres from Burlington in the west to Pickering in the east.

In the spring of 1999, we began a 99-year Concession Agreement 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. The Company paid \$3.1 billion for the concession—twice as much as the province’s cost to build the highway, which at the time spanned only 68 kilometres. When the concession began, we were required to extend the existing

central section of Highway 407 ETR east and west, for a combined total of 40 kilometres. Since 1999, we have invested more than \$1.6 billion in construction, expansion and customer service.

In addition to paying for all operating and capital costs, we’re also responsible for all costs associated with the maintenance, policing and Ministry of Transportation Ontario (MTO) enforcement of Highway 407 ETR. We’re also responsible for customer service, tolling and billing for Provincially-owned Highway 407, which extends from Brock Road to Highway 35/115 in Clarington. The revenues we collect for Highway 407 are passed back to the Government of Ontario.





Kwasi Djane, Highway Engineer

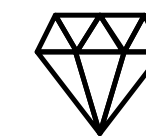
Vision

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

Mission

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

Values



Excellence – We Drive Results

Safe

We will always focus on safety

Customer Focused

We put our customers in the driver’s seat

Innovative

We’re excited to discover a better way

Efficient

We take the most direct path

Collaborative

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



Integrity – We Always Take The High Road

Ethical

At every intersection we take the right path

Diverse and Inclusive

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

Socially Responsible

We respect the environment and the communities we serve

Accountable

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

Vigilant

We never take shortcuts with privacy and information security

2023

Highlights

Workforce



539

Employees⁵



48%

Female workforce



109

Unionized employees



7,130

Hours of staff learning



\$589,000+

Invested in employee training



\$45.9M+

In employee compensation and benefits



64%

Employee engagement⁶



77%

Employee inclusion⁷

⁵ 499 full-time and 40 part-time employees.

⁶ A measure of employee's connection and commitment to the Company and its goals.

⁷ Employees who report "I feel like I belong at 407 ETR" in employee engagement survey.

⁸ Economic Impact of Cintra Assets from the beginning of the concession (1999 to December 2023) [2023 Steer Report](#). All numbers are in Canadian dollars.

⁹ Figure is based on 407 ETR's internally reported collision rate compared to MTO's latest estimates of collision rates on other 400-series highways in the GTA.

Highway



\$31.3M

Invested in highway capital projects through third-party contractors, including:

- 20,000 tonnes of asphalt replaced
- 7,600 m² of concrete panels replaced
- 100,000 m² of concrete surface texturing



\$8M

Invested in policing and enforcement

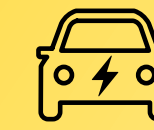


2,200+

Pieces of debris safely removed from the highway



Purchased one wide-wing snowplow which improves energy efficiency and time savings during snow removal



Our Highway Operations fleet includes one EV



Added sensors to highway safety systems to decrease the time it takes to respond when damage occurs



Implemented laser-enabled sensors that digitally mark the perimeter of a work zone to detect unauthorized vehicles and alert road workers in real-time



60%

Lower collision rate compared to alternate 400-series highways in the GTA⁹

Economic Impact



\$23.3B

In benefits⁸



\$19B

In user benefits (travel time, reliability, vehicle operating costs)



\$3.5B

In wider economic benefits (productivity)



\$720M

In external benefits (safety and emissions)

Traffic



2.5B

Total annual vehicle kilometres travelled



350,000+

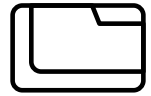
Average workday trips



2,250

Daily trips by public transit agencies

Customer Service


1.7M
Transponders in circulation

 **2,045**
Drivers received free roadside assistance


 **92%**
Customer service satisfaction rate

 **85%**
First call resolution rate

Community

 **\$1.7M**
Invested in GTA communities through sponsorships, donations and free travel

 **3,300**
Kids supported through Keep Moving™ by 407 ETR

 **\$400,000**
Multi-year commitment to support DEI in STEM-related fields

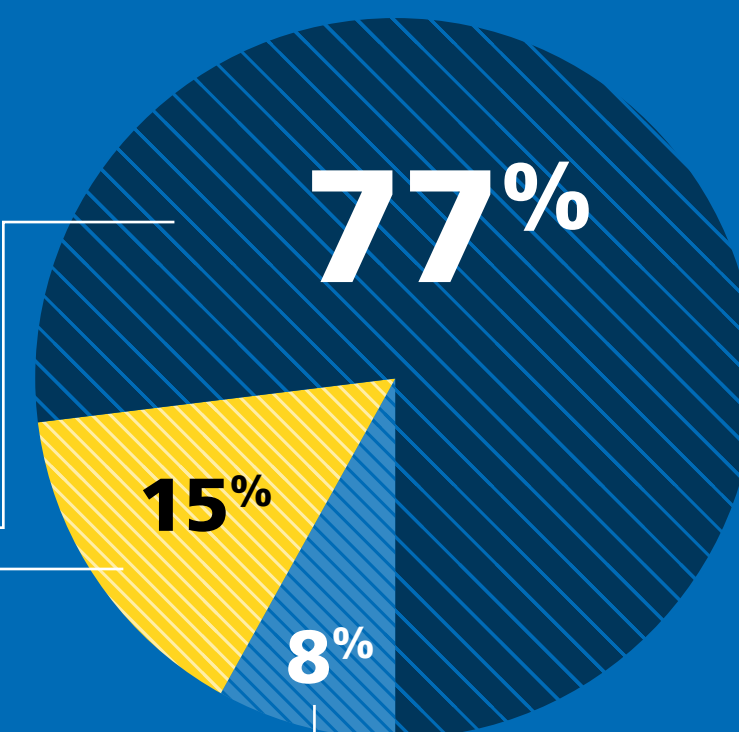
 **Over \$105,000**
Donated to United Way Greater Toronto through employee fundraising and corporate matching program


Governance



- Maintained SLL
- Finalized an ESG Policy
- Created new role for ESG Senior Manager
- Obtained a membership with CAMSC as part of our supplier diversity strategy
- Board exceeded ESG-related training hours
- No major data breaches


560,189
Total contacts




429,586
Calls


86,980
Live chats


43,623
Emails

Environmental & Climate

 **\$600,000+**
Invested in partnerships supporting biodiversity and conservation

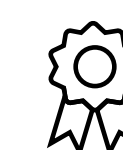
- 
- Integrated environmental and social factors as part of vendor selection
 - Developed a GHG emissions reduction roadmap
 - Completed a climate risk scenario analysis for our business

 **Achieved a 20%**
Reduction in Scope 1 and Scope 2 GHG emissions relative to our 2018 baseline¹⁰

 **10,000**
Trees planted along the Highway 407 ETR corridor

¹⁰ Results are partly due to a more mild winter in 2023.

Awards & Achievements



- Recognized by IHSA for achieving and surpassing 2.5 million hours without a lost-time injury as part of their Recognition of Performance Achievement Milestone
- Community Impact Award from the City of Brampton
- 2023 Call Center World Class FCR Certification (Contact Centre)
- 2023 Call Center World Class FCR Certification (Commercial)
- 2023 Best Practice Award — Agent Coaching

OUR APPROACH TO ESG

Moving sustainability forward

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Strategy

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Risk Management

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Metrics & Targets



Strategy

At 407 ETR, ESG factors are linked to our core strategic objectives. The way we manage ESG factors impacts our business and stakeholders, including our customers, employees, partners, the communities where we operate and the long-term value of our Company.

We also understand and support the growing integration of ESG-related risks and opportunities into investors' decision-making processes globally.

We're committed to implementing environmentally responsible practices in our operations through pollution prevention, biodiversity conservation and climate risk management. We remain committed to reducing our GHG emissions through strategic decarbonization levers while ensuring we remain resilient to the impacts of climate change and aligning with global climate goals.

We understand that we have a responsibility to protect our customers' confidential information and we remain committed to keeping data safe through our robust information security strategy. We also value the importance of community engagement and continue to be actively involved in community development initiatives to help drive positive change.

Our ESG strategy is guided by our ESG policy, which integrates environmental and social considerations into our business model and decision making.

Strategic ESG Pillars and Commitments

Our approach to ESG is guided by four strategic pillars. These align to the ESG factors that were identified as having the greatest potential to impact the Company's value as determined by a formal [ESG materiality assessment](#), completed in 2021.

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

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

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

4 Uphold industry-leading information security and customer privacy practices.

To support these foundational pillars, we:

- Analyze the impacts of ESG on our business activities and integrate ESG factors into our long-term strategic planning;
- Ensure sufficient allocation of budget to maintain regulatory compliance on ESG factors and achieve our ESG priorities; and
- Strive to capture ESG opportunities, including evaluating and implementing innovative technologies to improve our ESG performance.

Governance

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

Learn more about [governance](#).

Risk Management

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

Metrics and Targets

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

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

Reporting and Disclosure

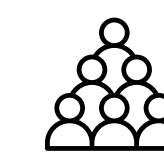
We strive to continually improve our ESG reporting to investors and other stakeholders on ESG risks and opportunities. This year, we have included disclosures around our climate scenario analysis, GHG reduction roadmap, DEI strategy and more. We remain committed to enhancing our ESG-related disclosures to improve our transparency over time.

HOW WE ENGAGE WITH STAKEHOLDERS



Customers

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



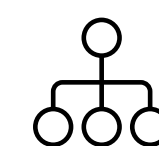
Employees

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



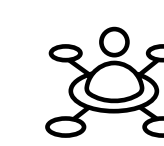
Industry & Associations

- Board of Trade and Chamber of Commerce memberships
- Events and conferences
- Partnerships
- Sponsorship and support of transportation sector discussions and best practices



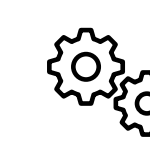
Communities

- Investments to support local biodiversity preservation efforts
- Support for diversity, equity and inclusion initiatives
- Company-wide One Big Day of volunteering
- Support of United Way Greater Toronto through volunteering, corporate donations and employee fundraising
- Community events
- Sponsorship of children and youth sports
- Annual donations to hospitals in the GTA
- Support of road safety initiatives



Governments

- Quarterly Government Relations e-newsletter
- Ongoing dialogue with elected officials and provincial and municipal staff to provide briefings and input on industry policies and other matters related to the operation of Highway 407 ETR
- Semi-annual meetings with the province to discuss matters related to the Concession Agreement
- Back-office service provider for Provincially-owned Highway 407



Shareholders & Investors

- Quarterly Board and Committee meetings
- Conferences and regular meetings with bond investors
- Financial disclosures
- ESG reporting
- Maintenance of SLL



ESG Materiality Assessment

In 2021, we completed an ESG materiality assessment to identify ESG topics that are most financially material to our business operations and the capital markets.

The ESG materiality assessment was based on the definition of materiality as applied by the capital markets. It should be noted that non-financial stakeholders (e.g. customers, employees, community groups) may use the term “materiality” to refer to issues of high importance in relation to 407 ETR’s corporate social responsibility efforts. Though we acknowledge these efforts throughout the report and understand their connection to 407 ETR’s value, we do not refer to any other reporting frameworks outside of the SASB Standards and TCFD recommendations.

In 2024, we intend to review our ESG materiality assessment to ensure the ongoing relevance and effectiveness of our ESG strategy, while adapting to the evolving ESG landscape and emerging ESG trends. Updating our ESG materiality assessment is a systematic and dynamic process which is critical for us to stay responsive to evolving ESG topics and stakeholder expectations. This will include reviewing and reassessing the significance of existing ESG factors to our strategy, emerging industry trends and shifting investor and shareholder priorities. This process demonstrates our commitment to continuous improvement and resilience in navigating the rapidly changing landscape of ESG considerations.

OUR MATERIAL ESG FACTORS

Materiality Process

■ Core Priorities
 ■ Other Significant Priorities



The outcome of the materiality assessment guides our ESG strategy and informs the allocation of our efforts and resources.



Risk Management

At 407 ETR, risk management is integral to our strategy and business operations. Our Board has oversight and responsibility for our entity risk management which includes specific ESG factors identified by the ESG materiality assessment process.

Our annual entity risk assessment is completed by Management and the Board through annual enterprise risk surveys, and the results are reported to both groups. The entity risk assessment serves as an important step in our annual strategic planning sessions where priorities are set for the year.

Through this process we identify and assess the Company's potential and actual risks, including ESG and climate-related risks, that could materially impact our financial and operational performance. The risks identified are aligned with our ESG materiality assessment, which is conducted to identify and prioritize ESG topics that could impact our business over the short, medium and long-term. The outcome of the materiality assessment guides our ESG strategy and informs the allocation of our efforts and resources.

ESG factors are assessed and managed with non-ESG factors. ESG risks are regularly discussed during the bi-monthly ESG Steering Committee meetings to ensure the risks are adequately managed.

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

Metrics & Targets

ESG Metrics

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

In this report, a [TCFD Index](#) provides a summary of our TCFD-aligned climate-related disclosures, a [SASB Index](#) summarizes our disclosure on relevant standards and a [Performance Data Table](#) provides consolidated ESG metrics.

Data methodologies and limitations are explicitly noted where relevant and where information is available.

Where data is not reported, we have explained why it's not relevant to 407 ETR and have noted if we intend to report on it in the future.

ESG Targets

We're committed to establishing additional ESG targets over time.

To advance our ESG strategy we have:

- Established ESG targets to track our performance on important ESG priorities;
- Established and maintained targets tied to our SLL; and
- Developed our GHG emissions reduction roadmap which will support the continued implementation of our Scope 1 and Scope 2 decarbonization targets.



SUMMARY OF ESG TARGETS AND PROGRESS IN 2023

✔ Completed ⚠ In Progress

Metric	Target	Measurement Frequency/Target Year	Progress in 2023
Governance			
🌐 ESG Governance			
Female representation on the Board (SLL KPI)	More than 30%	Annually	✔ 38%
ESG-related Board education	40 hours total across the Board	Annually	✔ 59 cumulative hours of education completed
Maintain SLL Three key performance indicators (KPI) relating to GHG emissions reduction, Board diversity and employee health and safety	Develop GHG emissions reduction roadmap in 2023 Loan matures on November 14, 2027	Annually	✔ Developed and completed our GHG emissions reduction roadmap ✔ Loan maintained in 2023
Social			
💙 DEI			
Inclusion score Defined as employees who report that “I feel like I belong at 407 ETR” in employee engagement survey	78% Annual Increase by 2% (Stretch 3% from previous year result) (2021 baseline = 65%)	Annually	⚠ 77% A 12% increase from the baseline
+ Health & Safety			
Lost-Time Injury Rate (SLL KPI)	0.00	Annually	✔ 0.00
🔒 Privacy and Security			
Major data breaches ¹¹	0	Annually	✔ No major data breaches

¹¹ 407 ETR discloses data breaches as required by law and those the Company deems material. Disclosures are limited to information that is not confidential or privileged. There were no such breaches in 2023.

Metric	Target	Measurement Frequency/Target Year	Progress in 2023
Community			
Invest \$1.8M into local biodiversity and conservation efforts over the next three years (2023–2025)	\$1.8M	2023–2025	☹️ Donated approx. \$600,000 of the total \$1.8M
Environmental			
GHG Emissions			
GHG emissions reduction (SLL KPI)	Achieve 25% reduction in Scope 1 and Scope 2 GHG emissions relative to 2018 baseline	By 2030	☹️ Scope 1 and Scope 2 GHG emissions were 20% lower relative to 2018 baseline



GOVERNANCE

Navigating with integrity

23

ESG Oversight

27

ESG-Related Policies

29

Business Ethics





407 International Board of Directors

ESG Oversight

We aim to maintain a target of at least 30% female representation on the Board which is tied to our Sustainability-Linked Loan.

At 407 ETR, we use strong governance frameworks to ensure we adhere to ethical, safe and environmentally responsible business practices. Robust governance frameworks establish accountability, transparency and allow for strategic decision-making, creating a foundation for successful ESG initiatives. The Board and Management play a crucial role in setting and implementing ESG policies and aligning organizational goals with sustainable practices.

Our governance mechanisms not only mitigate risks but also foster long-term value, reinforcing the significance of governance in ESG objectives and shaping a more responsible and resilient business landscape.

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

Three of the Board's four standing committees (except for the Executive Committee) have oversight of specific ESG topics:

- The **Audit Committee** has oversight over ESG matters related to supply chain management, information security, customer privacy and business ethics.
- The **Corporate Governance & Compensation Committee** has oversight over ESG governance, human capital management and community relations.

- The **Environmental, Health & Safety Committee** has oversight over ESG strategies related to general health and safety and environmental management.

According to our Shareholder Agreement, each of our Shareholders has the right to nominate a specified number of Board members, including both independent and non-independent Directors. As the Board cannot exclusively manage or direct its composition, term limits and other Board renewal mechanisms have not been established. The Board has a similarly limited role in the selection of our executive officers. However, a corporate DEI strategy was developed and introduced in 2022 with input from the Board and includes a commitment to increase Management diversity beyond current levels, with diversity defined as employees who self-identify as female, visible minority, LGBTQIA+, Indigenous or persons with disabilities.

As part of the annual Board effectiveness assessment process, the Board and the Corporate Governance & Compensation Committee consider, among other things, the knowledge, diversity, skills and competence of Directors individually and as a group. This assessment helps to ensure there is an appropriate balance of necessary skills and experience on the Board.

The President & CEO is a member of the Board and has the highest level of executive accountability for ESG issues and chairs our ESG Steering Committee. The ESG Steering Committee was established to oversee the development and implementation of our ESG strategy, as well as provide oversight of ongoing ESG-related disclosures. The ESG Steering Committee, which meets bi-monthly, is represented by Management and senior leaders across the Company, including the ESG Senior Manager. Through the efforts of the ESG Steering Committee, we drive ESG performance and initiatives.

In 2023, an ESG Senior Manager role was created to oversee the implementation of our ESG-related activities and coordinate the efforts of the ESG Steering Committee. The ESG Senior Manager is responsible for providing guidance on all ESG-related matters, including the integration of climate risks and opportunities within our strategies. The ESG Senior Manager collaborates with ESG-related data owners across all departments and sub-committees within the Company to drive ESG initiatives. They also receive ESG-related updates and reports, which are communicated to the ESG Steering Committee bi-monthly.

Skills & Experience

Directors are nominated by shareholders who consider the ESG-related experience and expertise of candidates for board positions. In addition to ESG-related training and education provided by 407 ETR, our shareholders each have robust ESG programs in which individual nominee Directors may participate. This ESG education directly supports Directors' development of ESG-related skills and experience.

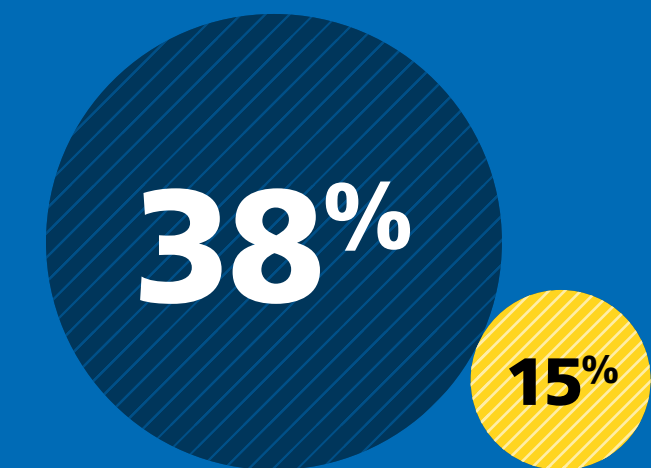


ESG OVERSIGHT



CHAMPIONING DIVERSE LEADERSHIP

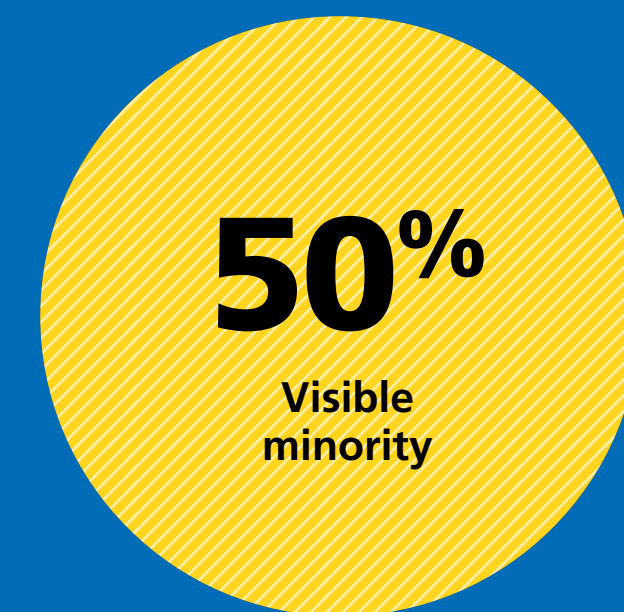
Board diversity:



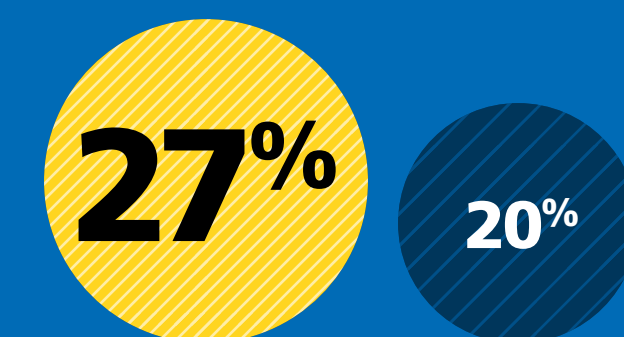
Female representation

Visible minority

Named Executive Officer diversity:



Management diversity:



Visible minority

Female representation

Board ESG Continuing Education

Beginning in 2023, the Board committed to track and complete a minimum of 40 cumulative hours per year of ESG-related education and training to ensure that Directors have the knowledge to adequately oversee our ESG strategy. In 2023, we exceeded this goal with 59 cumulative hours of training completed.

The Board committed to complete a minimum of

40

cumulative hours per year of ESG-related education and training.

The Board exceeded this goal with

59

cumulative hours of training completed in 2023.

BOARD ESG CONTINUING EDUCATION IN 2023

Provider and Seminar/Course Title	Total Course Hours	Number of Participating Directors	Total Hours
Institute of Corporate Directors (ICD) • Board Oversight of Climate Change	12	3	36
Toronto Region Board of Trade • Gateway to Growth Summit: Transition to Net-Zero Economy	1.5	2	3
DiversiPro • Equity, Diversity & Inclusion Training and Consulting	5	1	5
ICD Conference • The Board’s Roadmap to Sustainability Reporting • The Evolution of ESG and Sustainable Investing	2	1	2
ICD • Navigating Climate Governance: Legal Update for Directors	1	1	1
ICD • Climate Adaptation Strategies and the Board’s Role	1	1	1
ICD • The Role of Boards Overseeing Culture	1	1	1
ICD – Board Education Program • Board Oversight of ESG • Ethics and Reputational Risk • Equity, Diversity and Inclusion	6	1	6
AtkinsRéalis • Cyber and Data Training • Indigenous Culture Awareness and Sensitivity	2	1	2
Financial Times – Board Director Program • Tackling Scope 3 Emissions	2	1	2
Total Hours			59

ESG-RELATED POLICIES

Policy	Purpose	Last Update
Governance		
Code of Conduct for Suppliers	Outlines our commitment to ethical standards of business conduct and behaviour, and to only do business with Suppliers who share this commitment.	Feb. 1, 2023
Collections Code of Conduct Policy	Outlines the practices that 407 ETR employs to collect unpaid amounts.	Nov. 2, 2022
Collection Policy	Communicates the collection methods and practices used by 407 ETR.	Nov. 3, 2022
ESG Policy	Drives the implementation of our ESG strategy, approach, commitments and initiatives across the Company.	March 8, 2024
Ombudsman Role and Responsibilities Policy	Communicates the role and responsibilities of 407 ETR's Ombudsman.	Nov. 18, 2022
Privacy Policy	Outlines the legal rights and obligations relating to the collection, use and disclosure of personal information.	Nov. 20, 2023
Procurement Policy	Communicates 407 ETR's guidelines and requirements for the procurement of all goods and services.	Dec. 4, 2020
Whistle Blowing Policy	Communicates the ongoing commitment to achieve the highest standards of openness, accountability and security.	Nov. 17, 2023
Environmental Impact		
Anti-idling Policy	Reduce air pollution and GHG emissions by discouraging unnecessary idling of vehicles owned, rented, leased or operated by 407 ETR employees.	Sept. 19, 2022
Environmental Policy Statement	Establish, maintain and continually improve an effective Environmental Management System (EMS) incorporating best industry practices and applicable standards related to environmental protection and sustainability.	Jan. 31, 2024
Health & Safety		
Occupational Health and Safety Policy Statement	Establish, maintain and continually improve an effective Occupational Health and Safety Management System (OHSMS) to reduce the risk of injuries, occupational illnesses and other accidental loss.	Jan. 31, 2024
Workplace Harassment and Discrimination Policy	Supports a working environment at 407 ETR that is safe, healthy and rewarding, that is free of personal harassment, including implied or express forms of sexual harassment and discrimination.	Nov. 17, 2023
Workplace Violence Prevention Policy	Describes the processes that 407 ETR has put in place to help safeguard employees from workplace violence.	Nov. 17, 2023

Policy	Purpose	Last Update
Information Security & Customer Privacy		
Code of Conduct Policy	Expresses 407 ETR’s commitment to ethical standards of business conduct and behaviour.	Nov. 17, 2023
Information Systems Security Policy	Communicates how 407 ETR protects information and information systems from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.	Mar. 17, 2022
Protection of Classified Information Policy	Describes the approach to safeguarding classified information.	Nov. 6, 2021
Records Management and Retention Policy	Communicates the requirements of 407 ETR, and the Province of Ontario’s Highway 407, as applicable, for the retention and management of its records created or generated in the course of business.	Nov. 29, 2022

Supply Chain Management

At 407 ETR, we appreciate the essential role our suppliers and contractors play within our business operations and as such we have identified supply chain management as one of our material ESG topics. Our Code of Conduct for Suppliers, which our suppliers must agree to, supports our commitment to do business with suppliers who adhere to ethical and responsible standards.

In 2023, we obtained a membership with the CAMSC as part of our strategy to drive diversity within our supply chain. CAMSC facilitates the growth of Indigenous

and minority owned businesses by connecting them to procurement opportunities with companies and governments committed to promoting a diverse and inclusive supply chain. Being a part of CAMSC helps us establish diverse supplier inclusion within our procurement process, enhancing our DEI strategy.

We’re also aware of the regulatory Bill S-211: Canada’s Fighting Against Forced Labour and Child Labour in Supply Chain Act (Modern Slavery Act) and intend to align with the requirements where relevant.

We continue to explore opportunities to enhance our reporting around the integration of ESG into our supply chain management.

Business Ethics

As the operator of a major roadway in the GTA that serves millions of drivers each year, we must operate ethically. We believe that following fair and honest business practices forms the foundation for positive stakeholder relationships and long-term, sustainable success.

Approach

Our Code of Conduct Policy serves as our code of ethics. Each year, every employee must review and attest to their understanding of the policy. It's the responsibility of all employees to follow our Code of Conduct Policy to ensure we can operate in the most ethical and efficient manner.

The Board is responsible for setting the tone for a culture of integrity and compliance at 407 ETR and believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and Management. The Code of Conduct Policy emphasizes guiding principles, such as honouring trust, fairness, integrity and corporate and individual responsibility, and addresses many areas of business conduct including:

- Honesty and integrity in all conduct, including customers, suppliers and others;
- Compliance with all applicable laws;
- Avoiding and dealing with conflicts of interest situations;
- Ensuring high standards of disclosure and integrity in relation to the Company's activities and financial performance and reporting;
- Ensuring the security of the Company's communications, transactions and information;
- Ensuring the workplace is free from any form of hostility, discrimination, harassment or violence in accordance with the Company's Workplace Harassment and Discrimination Policy; and
- Dealing with confidential and privacy matters.

The Board periodically reviews management reports on the effectiveness of the Code of Conduct, and issues around compliance. The Board receives quarterly confirmations from the Chief Financial Officer and the Chief Legal Officer regarding statutory filings and withholdings, any reported matters under our Whistle-Blowing Policy or other matters that might materially affect our reputation. Any waiver of the requirements of the Code of Conduct Policy for Directors and executive officers of 407 ETR must be approved by the Board.

Through the Annual Directors Questionnaire, Directors are asked to identify other business relationships and companies or entities with which they have relationships. These responses help the Board and Management identify conflict of interest situations. We also comply with all *Canada Business Corporations Act (CBCA)* requirements with respect to conflicts of interest. From time to time, matters may come before the Board where a director may have a conflict of interest. If this happens, that director will declare themselves as having a conflict of interest and will not participate in the discussion or vote on the matter.

In February 2023, we introduced a Code of Conduct Policy for Suppliers which requires suppliers, vendors and service providers to comply with basic ethical standards of business conduct and behaviour. We expect our suppliers to communicate these expectations to all employees, contractors, agents, sub-contractors and sub-agents engaged in providing goods or performing services for the Company and to monitor their adherence to the principles of the policy.

We're committed to treating our customers fairly and are continuously evaluating our processes against industry best practices.



Various process controls have been implemented to reduce the opportunity for anti-competitive or unethical behaviour, including the introduction of an ethics reporting hotline in August 2023, available to employees and suppliers. This provides a secure platform for confidential and anonymous reporting of issues or concerns about unethical behaviour as outlined in the Code of Conduct Policy and the Code of Conduct Policy for Suppliers.

Collections Code of Conduct

Highway 407 ETR is an all-electronic, open-access toll highway without booths or barriers. We cannot prevent someone from using the highway – even if they have accumulated significant debt and are unable to pay their account. Because of this, we have developed a Collections Code of Conduct, which outlines the practices that we employ to collect unpaid amounts and details the collections process from start to finish.

We use various methods to collect unpaid amounts, including internal collections and third-party collection agencies. In addition, the Registrar of Motor Vehicles will deny the renewal of existing licence plates and the issuance of new plates when unpaid amounts are older than 90 days (otherwise known as Notice of Licence Plate Denial).

Office of the Ombudsman

The Ombudsman’s mandate is to act as an advocate for fairness and review customer concerns in an unbiased and impartial manner, ensuring the outcome is fair and reasonable to both the customer and 407 ETR. The Ombudsman will make recommendations based on good business practices. For more information, see the [2023 Ombudsman Annual Report](#).



Performance

As noted in our approach to business ethics, we hold our employees and suppliers to high ethical standards, which are primarily governed by the Code of Conduct and the Code of Conduct for Suppliers. The potential for anti-competitive or unethical behaviour is minimized by our use of strict controls that have been integrated across our operations.

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

Analyst Corner

- [SASB SV-PS-510a.1](#)
- [SASB SV-PS-510a.2](#)
- [SASB IF-EN-510a.2](#)
- [SASB IF-EN-510a.3](#)

Metric	2023	2022	2021	2020
Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices (CAD)	\$0	\$0	\$0	\$0
Total amount of monetary losses as a result of legal proceedings associated with professional integrity (CAD)	\$0	\$0	\$0	\$0

ENVIRONMENT

Harmony on the highway

33

**Environmental
impact**

37

**GHG Emissions &
Climate Change**



Environmental Impact

As a highway operator, we have a responsibility to do our best to minimize the impact of the Company's operations on the surrounding nature, wildlife and waterways that are critical to the local communities we serve.

Approach

We're committed to conducting business in an environmentally responsible manner and integrate environmental planning and management into all aspects of our operations. We promote adherence to best environmental practices and encourage employees to do their best to ensure no harm is done to the environment. We're working to reduce our environmental footprint and GHG emissions by using sustainable solutions and working to reduce our fuel and energy consumption rates. We also meet or where possible, exceed relevant environmental acts and regulations, and integrate applicable environmental requirements in our practices and processes.

We strive to:

- Protect the environment, including preventing pollution, reducing waste and minimizing our environmental footprint and GHG emissions;
- Fulfill our compliance and contractual obligations; and
- Continuously improve our practices to enhance our environmental performance.

We review environmental aspects and impacts applicable to our operations on an annual basis and document our actions internally to control these impacts.

UN SDG Alignment



The 108 kilometre stretch of Highway 407 ETR is surrounded by a rich and diverse mixture of urban and rural landscapes.



Photo provided by Nature Conservancy of Canada

Along the highway

From time to time, there are accidental spills on the highway. These spills can be harmful to the surrounding environment and we work to clean up affected sites quickly. We employ professional spill response companies to clean and remediate contaminated sites in accordance with current environmental laws. In 2023, a total of four spills occurred, all of which were caused by customers.

To capture water run-off, there are 79 stormwater management ponds along Highway 407 ETR. The function of stormwater management ponds is to reduce localized flooding, control erosion by limiting the volume of stormwater that goes to nearby creeks and rivers and improve water quality by allowing dirt and other solids in stormwater run-off to settle to the bottom of the pond.

In the community

We're mindful about the effects our operations have on the environment and we're committed to continue supporting the growing demands of climate change and biodiversity loss. In 2023, we supported six environmental partners and invested over \$600,000 to help support and restore the natural biodiversity in our communities. Our goal is to invest \$1.8 million into biodiversity over the next three years (2023-2025) and we're currently on track to achieve this goal.

[Learn more](#) about our support for local environmental initiatives.



CASE STUDY

Bending the curve on biodiversity loss

In September 2022, we launched the 407 ETR Highway Corridor Biodiversity Project with St. Williams Nursery and Ecology Centre to help develop a healthy, ecologically sustainable and biodiverse landscape along the Highway 407 ETR corridor.

With this project, we aim to help protect and enhance local biodiversity by eliminating invasive plant species along the highway and replacing them with well-adapted, robust and sustainable native plant species. These native plants and trees will better resist the spread of invasive species such as Phragmites.

Charting the path: pilot locations

The project includes four pilot locations along Highway 407 ETR with unique micro-environments and distinct features. This gives us range in experimenting with remediation techniques and allows us to customize the work we do at each location to ensure the best possible results.

Breaking ground: 10,000 new trees

In October 2023, we planted 10,000 native trees in two of the four pilot sites, including red and white cedar, white spruce, white pine and red oak species.

Future forward: next steps

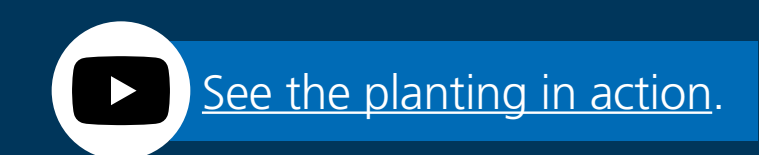
In 2023, we established the Biodiversity Advisory Group, including CWF, NCC and St. Williams Nursery and Ecology Centre. The Advisory Group will offer knowledge and support to help us successfully complete the biodiversity project.

In 2024, as part of our long-term biodiversity strategy, the existing pilot sites will be monitored and maintained as needed, including the control of invasive species. As well, we will continue monitoring the locations to better understand the impact of invasive species and inform our strategies for future control. We will also continue planting more native species and identifying opportunities to restore the ecosystems to benefit local wildlife and pollinators.

As a company committed to environmental stewardship, we intend to understand and continue monitoring the impacts of our operations on biodiversity and land use.

In doing this work, we hope to become a leader in roadside vegetation management.

- **Helping protect and enhance local biodiversity**
- **Launched the 407 ETR Highway Corridor Biodiversity Project**
- **Planted 10,000 native trees in two of the four pilot sites**



Highway 407 ETR biodiversity pilot sites



Performance

Our aim is to help protect and restore the biodiversity that surrounds our roadway and communities. We do this by following best practices in environmental management and investing in environmental partnerships with local conservation organizations.

Along the highway, we take great care to avoid spills and minimize our impact on the surrounding environment. Spills caused by customers are beyond our control and we make our best efforts to perform clean-ups quickly. In 2023, there were no reportable spills caused by 407 ETR employees and four caused by customers.

Analyst Corner

[SASB IF-EN-160a.1](#)
[SASB IF-EN-160a.2](#)
[SASB TR-RO-540a.3](#)

Metric	2023	2022	2021	2020
Number of incidents of non-compliance with environmental permits, standards and regulations	0	0	0	0
Number of reportable spills and releases to the environment caused by 407 ETR	0	0	0	0
Number of reportable spills and releases to the environment caused by road users	4	4	1	4
Number of site cleanups/remediation completed	4	4	1	4
Aggregate volume of spills and releases to the environment ¹²	n/a	1.7m ³	0.1m ³	20.4m ³

¹² Moving forward, we will report spill volumes caused by 407 ETR employees only. We will continue to clean up spills and remediate contaminated sites within the boundaries of our operations regardless of their cause. Information on the number of all reportable spills and remediations will continue to be included in our ESG Report.



GHG Emissions & Climate Change

Acting on climate change-related issues is not only important from an ethical perspective, but also crucial for the long-term sustainability and resilience of our business.

To support the effective communication of our approach to climate change issues, we've aligned with the TCFD recommendations.

Approach

Climate Change Governance

The Board is responsible for climate change oversight and the President & CEO has the highest executive level accountability for ESG topics including climate-related risks and opportunities.

Members of the ESG Steering Committee report to the Board quarterly on the development, implementation and performance of the Company's ESG metrics, strategy and initiatives, which also includes climate risks and opportunities.

Learn more about our [ESG governance](#) practices.

Climate Change Strategy

We understand that our business performance and operations can be vulnerable to the impacts of climate-related risks and opportunities over the short, medium and long-term. We remain committed to understanding these evolving risks and continue to identify opportunities to enhance the resilience of our operations and assets.

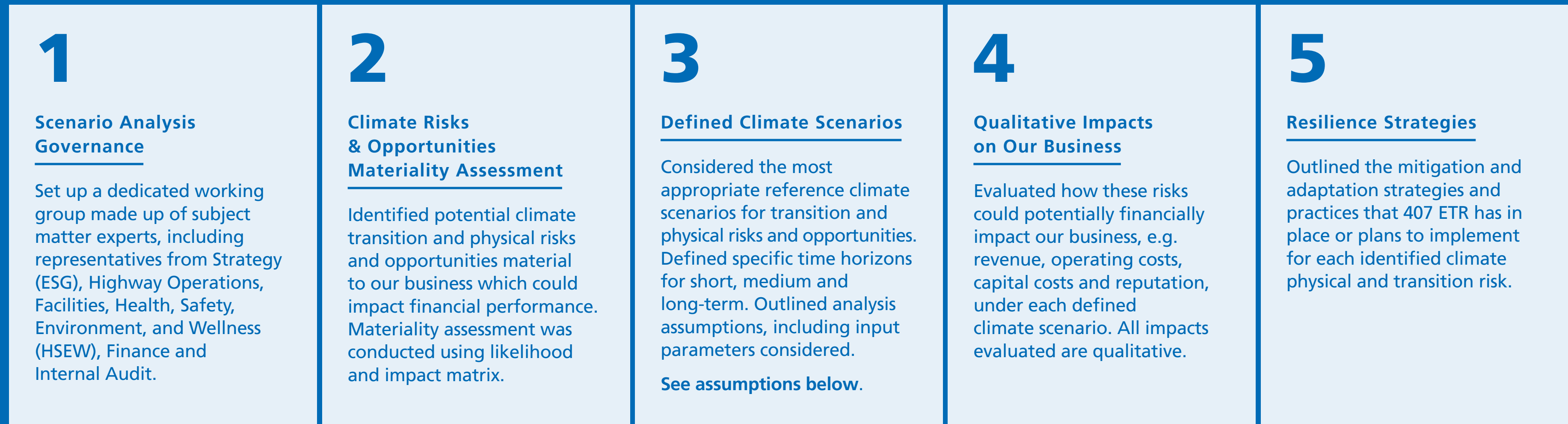
UN SDG Alignment



Climate change poses an urgent threat to our planet, with rising temperatures and extreme weather events affecting communities globally.

Scenario Analysis Methodology

We adopted a systematic approach in completing our climate scenario analysis and have detailed the process, as well as outlined the assumptions we considered during the analysis. We understand that these risks may evolve. We remain committed to monitoring these risks or any other emerging climate risk that we consider to be material, as well as their associated impacts, and will update our analysis accordingly. We also plan to expand our existing resilience strategies for risks we consider to be material, where possible.



Climate Scenario Analysis

In 2023, we identified climate-related transition and physical risks and opportunities material to our business and completed a climate risk scenario analysis aligned with TCFD guidance. The analysis examined the potential impacts of various climate-related risks on our business from a financial perspective (operating expenses, capital expenses and revenue), and articulated the mitigative and adaptive strategies we have in place to manage these risks, with clearly defined time horizons.

Scenario Analysis Assumptions

- Time horizons: 2025 (short-term: 1-3 years), 2030 (medium-term: 3-10 years) and 2050 (long-term: 10 years and above).
- Climate scenarios:
 - International Energy Agency (IEA) Global Energy Model scenarios for transition risks; and
 - Intergovernmental Panel for Climate Change (IPCC) scenarios for physical risks.
- Analysis incorporated data from the World Energy Outlook (WEO) 2023 Report, IPCC Sixth Assessment Report, Ferrovial’s Climate-Related Physical Risk Analysis Tool (Adaptare Tool)¹³ and national commitments around climate risks.

Analysis considered:

- Forecasted emissions with 2022 emissions data as the baseline and financial information;
- Historical physical risk incidents;
- Impact of gas prices on traffic;
- Uncertainty of projections, especially for long-term scenarios; and
- Qualitative nature of findings.

¹³ The methodology of the Adaptare tool considers the risk of climate-related impacts as a result of the exposure of our infrastructural assets to climate-related risks specific to our geography while also considering the asset’s vulnerability and coping capacity.

Climate Risk & Opportunities Assessment

Our climate transition and physical risks, associated pathways and potential impact on the Company's financial performance can be viewed below.

Transition Risk (Risks faced due to a global transition to a low carbon economy)		
	Risk Pathways	Potential Financial Impacts
Policy and Legal	Carbon pricing	Increased operating expenses due to rising cost of energy due to increasing carbon tax.
Technology	Transition to lower emission fleet	Increased capital expenses and technology limitations due to transitioning fleet to low/zero emission vehicles.
Market	Changing customer behaviour	Decreased revenue due to reduced demand for our highway.
	Increased cost of fossil fuel	Increased operating expenses due to rising energy and gas costs.
Reputation	Shift in consumer preferences	Decreased revenue due to reduced demand for our highway.
Physical Risk (Risks faced due to impacts of climate change on our assets)		
	Risk Pathways	Potential Financial Impacts
Acute	Heat waves, flooding, snowstorms (winter events)	Increased capital expenses and operating expenses due to increased repairs and maintenance.
		Decreased revenue due to reduced demand for Highway 407 ETR.
Chronic	Increasing mean temperatures	Increased capital expenses and operating expenses due to increased repairs. Decreased revenue due to reduced demand for Highway 407 ETR.
Opportunities		
	Opportunity Pathways	Potential Financial Impacts
Resilience	Climate resilient infrastructure	Increased traffic due to climate resilience of our highway infrastructure, resulting in increased revenue.

Transition Risk Scenario Analysis

We adopted three climate risk scenarios under the IEA's Global Energy and Climate Model for our transition risks analysis. They include:

- 1 Stated Policy Scenario:**
A scenario that reflects current policy settings based on a sector-by-sector and country-by-country assessment of the energy-related policies that are in place, as well as those that are under development.
- 2 Announced Pledges Scenario:**
A scenario that assumes that all climate commitments made by governments and industries around the world, including Nationally Determined Contributions, will be met in full and on time.
- 3 Net Zero Emissions by 2050 Scenario:**
A scenario that sets out a pathway for the global energy sector to achieve net zero CO₂ emissions by 2050.

TRANSITION RISKS—IMPACT AND RESILIENCE STRATEGY

S Short-term / M Medium-term / L Long-term

Transition Risks	Potential Impact			Resilience Strategy
	Stated Policy Scenario	Announced Pledges Scenario	Net Zero Emissions by 2050 Scenario	
Policy and Legal Risks (Carbon pricing mechanisms)				
<p>Policies and legislation which limit emissions-intensive activities and/or incentivize transition to a lower carbon economy.</p> <p>In 2020, the Canadian government announced a plan to increase the carbon price by \$15 per tonne annually from 2023 to 2030. It's expected to reach \$170 per tonne by 2030.</p> <p>Rising carbon prices are expected to increase gas and energy prices annually, which has the potential to affect our operating costs.</p>	<p>↓ Low</p> <p>S M L</p>	<p>↓ Low</p> <p>S M L</p>	<p>↓ Low</p> <p>S M L</p>	<p>Although we're not an energy-intensive business, we will continue to monitor government legislations around carbon pricing.</p> <p>As outlined in our GHG emissions reduction roadmap, we plan to reduce our dependency on fossil fuel and transition to cleaner energy sources to ensure we meet our Scope 1 and Scope 2 emissions reduction goal.</p>
Technology Risks (Fleet electrification)				
<p>Development of EV technologies that support a transition to a more climate-friendly economy.</p> <p>Our fleet is made up of light-duty trucks and heavy-duty trucks. These vehicles account for over 70% of our total Scope 1 and Scope 2 emissions and more than 90% of the fuel needed to maintain our operations.</p> <p>We're aware that the Canadian government has finalized regulations that will require 100% of newly manufactured light-duty trucks and heavy-duty trucks to be zero-emission by 2035 and 2040, respectively.</p> <p>We understand the current limitations and unavailability of EV technology, especially for heavy-duty vehicles, such as snowplows. These limitations may impact our energy transition commitments as well as the associated capital expense requirements needed to achieve this objective, especially under a Net Zero Emissions by 2050 Scenario, where there could be significant pressure to adopt cleaner technologies.</p>	<p>↓ Low</p> <p>S M L</p>	<p>↓ Low</p> <p>S M L</p>	<p>↓ Low</p> <p>S</p> <p>— Moderate</p> <p>M L</p>	<p>Transitioning our fleet to cleaner energy sources is one of the key decarbonization levers within our GHG emissions reduction roadmap.</p> <p>We're currently exploring alternative fuel technologies for our heavy-duty trucks, such as hydrogen fuel cells, to support our emissions reduction goals. We have also purchased a light-duty EV and are continuing to monitor its efficiency and limitations, while considering the implementation of the necessary infrastructure (charging stations) to support this transition.</p>

- S Short-term
- M Medium-term
- L Long-term

Transition Risks	Potential Impact			Resilience Strategy
	Stated Policy Scenario	Announced Pledges Scenario	Net Zero Emissions by 2050 Scenario	
Market Risk (Changing customer behaviour)				
<p>Shifts in driver behaviour for climate-related reasons.</p> <p>We recognize that shifts in customer demand to use the highway, especially for climate-related reasons, could impact our business revenue.</p> <p>One factor we considered was the potential impact of increased energy costs due to the increasing carbon tax on customer travel decisions and traffic projections.</p> <p>We also considered how the impacts of climate change, such as flooding; increased temperatures; and winter events, could shift customers travel decisions.</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>We conducted a high-level analysis on the impact of increasing gas prices on customer travel decisions. Our results showed traffic trajectories remained strong under increased gas price scenarios.</p> <p>We also considered that the projected uptake in EVs over the long-term would address risks posed by increased gas prices.</p> <p>See the physical risk scenario analysis for more information on severe weather events.</p>
Market Risk (Increased energy costs)				
<p>Abrupt changes in energy costs and its impact on our direct operations.</p> <p>We explored the cost implications for our direct operations in a scenario where energy costs are increased. Because of the nature of our business, we largely depend on fossil fuel energy for our daily and winter maintenance activities.</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>↓</p> <p>Low</p> <p>S M L</p>	<p>We evaluated the scenario of stressed gas prices and its contribution to our total operating expenses to assess our sensitivity to significant changes in price. Results showed a minimal impact on total operating expenses.</p> <p>We also considered the crude oil projections according to the WEO 2023 report, which projected crude oil prices to plummet to about \$25 USD per barrel under Net Zero Emissions by 2050 Scenarios due to reduced demand.</p> <p>We remain committed to a clean energy transition through our GHG emissions reduction roadmap to help reduce sensitivity to any abrupt change in energy prices.</p>

- S Short-term
- M Medium-term
- L Long-term

Transition Risks	Potential Impact			Resilience Strategy
	Stated Policy Scenario	Announced Pledges Scenario	Net Zero Emissions by 2050 Scenario	
Reputational Risk (Shift in consumer preferences)				
<p>Poor management of ESG-related risks including climate risks and lack of disclosure and transparency on how we manage these risks.</p> <p>Impacts of climate change could impact our reputation and revenue due to a decrease in travel and change in customer preference to use Highway 407 ETR.</p> <p>We considered the susceptibility of the highway to the impacts of physical climate risks, resulting in people choosing not to use the highway for climate impact reasons.</p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">Low</p> <p style="text-align: center;">S M L</p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">Low</p> <p style="text-align: center;">S M L</p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">Low</p> <p style="text-align: center;">S M L</p>	<p>ESG and climate risks remain a core part of our overall strategy as a business. We're committed to providing a fast, safe and reliable trip, building a strong reputation for ourselves and remaining the highway of choice for our customers.</p> <p>We monitor traffic trends and align traffic projections with customer behaviour. We also conduct quarterly customer surveys which include some ESG-related questions to better understand our customer's perception of us.</p> <p>We're committed to continuing to proactively assess physical risk impacts to build our adaptive resilience.</p>



Physical Risks (Acute and Chronic) Scenario Analysis

To help identify and assess potential impacts of physical risks on our assets, we considered the IPCC’s Sixth Assessment Report with a focus on Canada and North America. We also leveraged the assessment of Ferrovial’s Adaptare Climate and Adaptation Risk Tool on our assets. The tool provides a preliminary assessment of both acute and chronic physical risks associated with various emission scenarios. It also supports our defined time horizons and two IPCC Representative Concentration Pathways (RCP) emission scenarios as defined below.

1 RCP 4.5: A moderately optimistic scenario where emissions peak around 2040 and then decline slowly, where the effects of climate change are not so grave.

2 RCP 8.5: A worst-case scenario where emissions continue to rise throughout the 21st century leading to the most severe climate change effects.

The categorization of the potential impacts is based on our understanding and analysis of the risks, actual historical events and the resilience strategy we have in place to address these risks. We understand that these climate risks could evolve, and we remain committed to monitoring these risks and their potential impacts.

PHYSICAL RISKS (ACUTE AND CHRONIC) IMPACT AND RESILIENCE STRATEGY

S Short-term / M Medium-term / L Long-term

Transition Risks	Potential Impact		Resilience Strategy
	Representative Concentration Pathway 4.5	Representative Concentration Pathway 8.5	
Heat Waves & Increasing Mean Temperatures (Acute and chronic risks)			
<p>Extreme heat waves are projected to become more frequent, intense and longer in duration as the average temperature rises across North America.</p> <p>Our analysis considered the impact of increased and prolonged heat waves on Highway 407 ETR’s pavement. Increased prolonged heat waves could lead to reduced stiffness, cracking and reduced rutting resistance of asphalt pavement due to thermal shocks. We understand such damage could potentially impact operating expenses, capital expenses and our reputation.</p>	<p>↓ Low</p> <p>S M L</p>	<p>↓ Low</p> <p>S M L</p>	<p>To manage these risks, we have four weather stations placed along the highway to help us monitor pavement surface temperatures as well as air and subgrade temperature readings.</p> <p>Our pavement is made of a high-grade mix that has low cracking and high rutting resistance. We use a mixture designed for temperatures as high as 64°C and as low as -28°C.</p> <p>If pavement surface temperatures increase beyond the temperature threshold, we will transition to a modified mix designed for up to 70°C and/or include added modifiers such as reinforced fibres. Based on our asphalt resurfacing cycles of an average of 14 years, this is an adjustment we believe can be made without a material financial impact to our business.</p> <p>We remain committed to continuously monitoring the resistance of our pavement to increased temperatures and heat waves.</p>



- S Short-term
- M Medium-term
- L Long-term

Transition Risks	Potential Impact		Resilience Strategy
	Representative Concentration Pathway 4.5	Representative Concentration Pathway 8.5	
Flooding (Acute risks)			
<p>Extreme precipitation is expected to increase in frequency and intensity, leading to severe flooding.</p> <p>Short duration, high-intensity rainfall can create significant inland flooding risks, causing damage to transportation infrastructures and negatively affecting mobility.</p> <p>We assessed the impact of flooding on our drainage using the Adaptare tool and found that heavy rainfall could cause drains to clog and produce sedimentation due to run-off, leading to damage to our drainage. This could potentially lead to increased maintenance costs and reduced revenue due to a disruption in traffic because of flooding.</p>	<p style="text-align: center;">↓ Low</p> <p style="text-align: center;">S M L</p>	<p style="text-align: center;">↓ Low</p> <p style="text-align: center;">S</p> <p style="text-align: center;">— Moderate</p> <p style="text-align: center;">M L</p>	<p>To proactively adapt and manage this risk, we have a regimented drainage inspection and regular maintenance cycle in place. We do a detailed drainage inspection annually along one-fifth of the corridor.</p> <p>The focus of this inspection is to assess the vulnerability of our drainage and address any deficiencies. Additionally, we clean the sumps of catch basins and flush the culverts every year along a third of the highway. Garbage is also removed along the right-of-way to prevent debris from clogging the catch basins.</p> <p>To ensure free flow of run-off, we reshape ditch lines in areas that have blockages caused by silt or vegetation. We have also redesigned the drainage at the west end of the highway in response to major flooding experienced historically. We're working towards enhancing our drainage capacity to improve the highway's resilience in the event of increased rainfall.</p> <p>In addition to these regular maintenance programs, we're relining the drainage culverts along the corridor to ensure that these will perform as intended.</p>
Winter Events – Snowstorms (Acute risks)			
<p>As temperature projections continue to rise, accumulated snow in winter months is expected to decline.</p> <p>Winter events that make the road slippery and impact driver visibility can increase the risk of accidents or incidents on the highway. Our model also showed a decrease in snowstorm frequency, especially under RCP 8.5, with the remaining extreme snowfall events projected to intensify.</p> <p>We also noted that with milder temperatures comes the risk of decreased snowfall events and an increase in freezing rain events. These events are more hazardous and costly because of the continued use of de-icing materials.</p>	<p style="text-align: center;">↓ Low</p> <p style="text-align: center;">S M L</p>	<p style="text-align: center;">↓ Low</p> <p style="text-align: center;">S M L</p>	<p>We're exploring and implementing new technologies that can improve efficiency when responding to winter events. This includes using wide-wing snowplows, which can do the equivalent work of two snowplows. Also, we're piloting plow pre-emption systems that considerably reduce the time our winter equipment idles at the 407 ETR-owned traffic signals, which will increase response times.</p> <p>We have also phased out using abrasive materials during low temperature events. We're currently using a Type II enhanced salt that performs better and activates its de-icing capabilities faster.</p> <p>Our pavement is built using MTO's approved highway mixes and we perform diamond grinding to improve roughness to ensure sufficient friction on the road surface. This helps ensure a smoother ride, reduced road noise and improved surface friction.</p>

Climate-Related Opportunities

Resilience – Climate Resilient Infrastructure

We're aware of the increasing frequency of severe weather events and their potential impact on mobility in Ontario. Extreme weather events can negatively impact surrounding roads and highways and cause increased travel time. We remain committed to integrating climate change into our corporate strategy to help ensure the resilience of our highway during these events.

Climate Change Risk Management

Effective climate risk management involves a systematic approach to identify, assess, manage and report on climate change-related risks. We have integrated climate considerations into our annual entity risk assessment process to enhance our business resilience and contribute to sustainable, long-term business success. See the [risk management section](#) for more details on the integration of climate risk into our business and strategic planning.

Identification of Climate-Related Risks

To identify climate-related risks, we have a climate change working group in place. Risks that are identified, including climate transition and physical risks, are documented and defined in line with the recommendations of the TCFD. We also monitor emerging trends and regulatory requirements related to climate risks.

Assessment of Climate-Related Risks

We assessed climate-related risks based on the matrix of likelihood of occurrence and scale/nature of impact, while also considering our vulnerability to these risks. We used a risk map to assess risks that could have a material impact on our business. Through our collaboration with shareholders, we explored the use of Ferrovial's Adaptare tool for assessing physical risks. The Adaptare tool assessed the risks of climate-related impacts as the result of the exposure of our infrastructural assets to physical climate-related risks while also considering our vulnerability and coping capacity with specific consideration to our geography. We also leveraged other relevant data sources to assess these risks. See the [Climate Change Strategy](#) section for results of our climate risk assessment through scenario analysis.

Managing Climate-Related Risks

Our ESG Senior Manager communicates the outcome of the climate risk assessment to the ESG Steering Committee and the Board. The result also informs our strategy, resource allocation and efforts to mitigate and manage risks that could potentially impact our business.

Climate Change Metrics & Targets

Climate-Related Metrics

We're focused on tracking and measuring our climate-related metrics as part of our strategy towards mitigating climate-related risks. Our climate-related metrics are currently focused on Scope 1 and Scope 2 absolute emissions. We intend to enhance our disclosures and transparency around climate-related metrics as a demonstration of our dedication to address these risks.

We recognize that our value chain poses a significant and important source of our total GHG emissions. Last year, we engaged an external consultant to help us

identify material Scope 3 emissions categories that are most relevant to our business and those within our control. We remain committed to the consideration of Scope 3 disclosures and strive to enhance the scope of our future reporting.

In 2023, our absolute Scope 1 and Scope 2 GHG emissions were 20% lower relative to our 2018 baseline. This reduction is partly due to a milder winter in 2023, which led to less diesel, gasoline and natural gas consumption. We also decommissioned one of our buildings in 2023, which contributed to a decrease

in energy consumption over the year. The increase in propane was related to additional utility usage at some of our buildings in 2023. To help improve our reporting, we introduced [Geotab technology](#) to our fleet vehicles, which provides more accurate data by transitioning our reporting from purchased data to actual consumption.

Analyst Corner

[SASB TR-RO-110a.1](#)

[SASB TR-RO-110a.2](#)

[SASB TR-RO-110a.3](#)

[TCFD Recommendations](#)

SCOPE 1 AND 2 EMISSIONS

GHG Emissions Scope	Emissions Source	2023	2022	2021	2020	2019	2018 (base year)
Scope 1 (tCO ₂ e)	Diesel ¹⁴	1,145	1,290	1,144	1,299	1,663	1,569
	Gasoline	598	631	667	747	786	874
	Natural Gas	335	341	289	299	307	226
	Propane	58	49	37	36	28	33
Scope 2 (tCO ₂ e)	Electricity	409	445	455	435	464	490
Total GHG Emissions (tCO₂e)							
Total Scope 1		2,136	2,311	2,137	2,381	2,784	2,702
Total Scope 2		409	445	455	435	464	490
Total Scope 1 & 2		2,545	2,756	2,592	2,816	3,248	3,192

¹⁴ Diesel emissions vary depending on the severity of the winter and the operations required to keep the road safe during winter events.

ENERGY CONSUMPTION

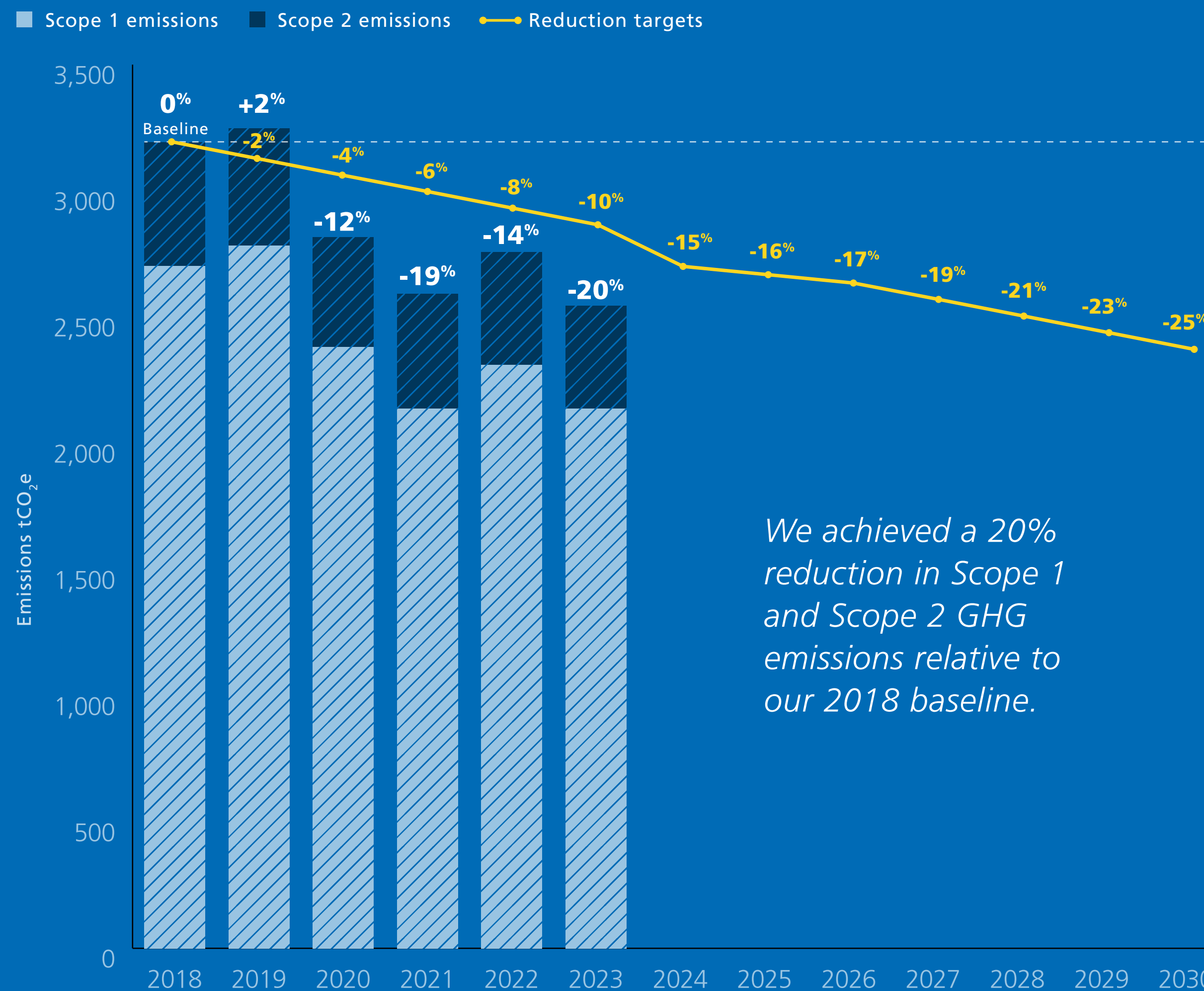
Total % consumption	2023	2022	2021	2020
Natural gas (tCO ₂ e)	13%	15%	13%	13%
Renewable fuel (tCO ₂ e)	0%	0%	0%	0%
Emissions Source (litres)				
• Diesel	417,873	470,732	417,386	473,941
• Gasoline	258,109	272,328	287,878	324,905
• Natural Gas	173,301,000	176,610,000	149,644,000	157,721,000
• Propane	37,678	31,786	24,070	23,273
Total fuel consumed	174,014,066	177,384,846	150,373,334	158,543,119
Emissions Source (kWh)				
• Electricity	14,378,594	15,067,703	15,403,160	14,709,011

Climate-Related Targets

We have set a target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 25% by 2030, relative to our 2018 baseline. This amounts to a reduction of 798 tCO₂e (tonnes of carbon dioxide equivalent) by 2030.

We intend to increase our efforts to achieve our target through decarbonization initiatives, as identified in our GHG emissions reduction roadmap below. We have also set annual absolute emissions targets going forward to 2030. We believe that these targets will help us to reduce our emissions, operating costs, exposure to carbon pricing and further strengthen our reputation as an environmentally responsible company.

EMISSIONS REDUCTION TARGET PERFORMANCE



We achieved a 20% reduction in Scope 1 and Scope 2 GHG emissions relative to our 2018 baseline.

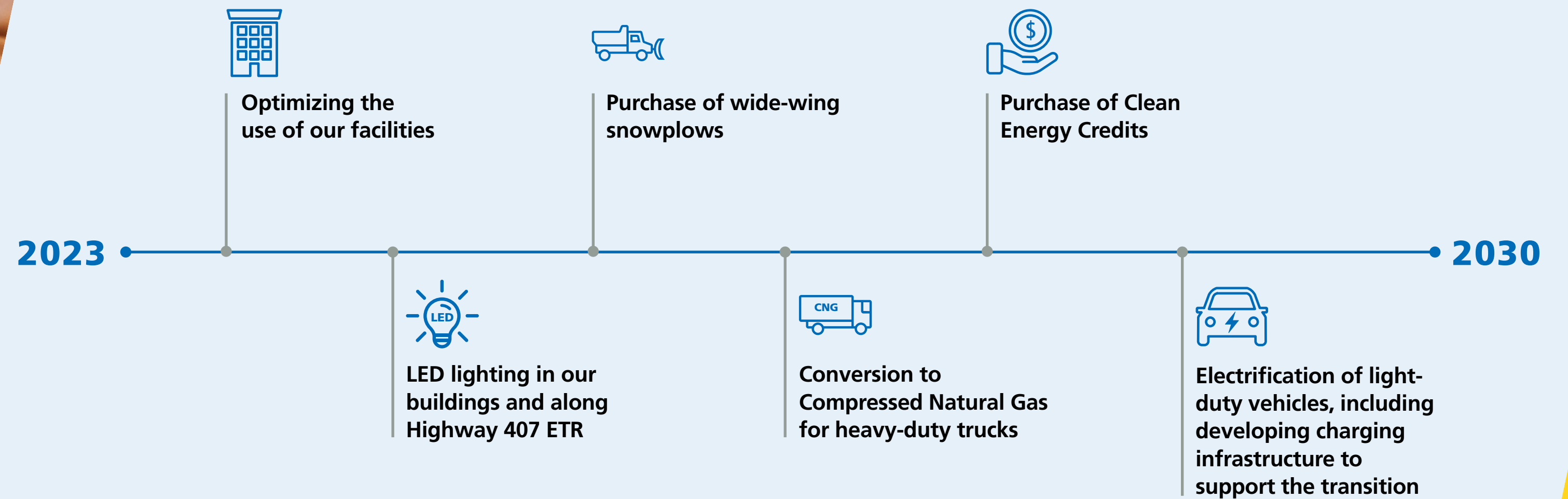
Note: 2018 is the baseline for reporting



GHG Emissions Reduction Roadmap

In 2023, we developed a GHG emissions reduction roadmap that plays a crucial role in demonstrating our commitment to environmental sustainability and addressing climate change concerns. The roadmap serves as a strategic blueprint and outlines both annual targets and emissions reduction initiatives which we intend to explore to help us reduce our Scope 1 and Scope 2 GHG emissions by 25% by 2030. The initiatives include implementing energy efficiency measures, adopting a lower-carbon emissions fleet and other operational changes.

We remain open to exploring additional emissions reduction opportunities as technology evolves. By developing and implementing the GHG emissions reduction roadmap, we intend to reduce our environmental footprint, drive innovation and foster alignment with our overall ESG strategy.



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The nature of our operations involves various challenges and potential risks. We're committed to doing our best to help ensure the health and safety of our employees. We recognize that a robust commitment to employee well-being not only preserves the health of our workforce but also contributes to the overall efficiency of our operations.

By prioritizing safety, we aim to create a work environment where employees feel safe and can perform their duties confidently and efficiently.

On the roadway, we adhere to MTO regulations and maintain Highway 407 ETR's infrastructure to high standards to minimize potential risks to customers and employees.

Approach

At 407 ETR, we believe that a strong safety culture can only be achieved through an Internal Responsibility System, where everyone has a role to play in creating a safe work environment. This includes the Company, leadership team, Management, supervisors, employees and the Joint Health & Safety Committee (JHSC).

We recognize the importance of proactively identifying hazards and managing risks to maintain a healthy and safe workplace. Therefore, we strive to continually improve our Occupational Health & Safety Management System (OHSMS) by:

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

In 2023, we continued to align our OHSMS with the IHSA COR® 2020 – Canadian National Standard for Occupational Health & Safety Management Systems, administered in Ontario by IHSA. We also updated policies, rules, procedures and safe work practices.

At the beginning of each year, we invite representatives from across the business, including JHSC members, to take part in a one-day risk review session. At this session, we review the occupational health and safety hazards registry to identify potential risks or opportunities that are applicable to the Company. We recognize that OHS risk management is an ongoing process. We continue to identify hazards and implement controls daily to help increase worker safety. This is documented using job hazard analysis forms.

We believe that incidents should be investigated in an unbiased and independent manner and should include an in-depth root cause analysis and employee accountability. We encourage employees to report all incidents and near misses¹⁵ and initiate an appropriate level of investigation depending on the actual or potential severity of the incident. We initiate an executive incident review following high potential events¹⁶ that could have resulted in serious injury or extensive property damage. This review includes the President & CEO and other members of Management.

¹⁵ An incident where no injury and ill health occurs but has the potential to do so.

¹⁶ Any event that could, in other circumstances, have realistically resulted in serious disabling injury/illness, death, or extensive property damage.



Occupational Health & Safety, Environmental and Wellness (OHSEW) performance is reported to the Board regularly according to the established Board meeting schedule. During these meetings, the Board is updated on major OHSEW accomplishments, performance milestones, key performance indicators, incidents and lessons learned. The Board provides documented feedback that triggers actions to address issues of concern or potential opportunities for improvement.

Employees have the opportunity to participate in mandatory or voluntary OHSEW committees. These committees help us uncover ways to improve our current processes and procedures, and encourages employee engagement.

Continuously Improving

In 2023, we introduced a new tool, HELP cards, to engage employees in the identification of hazards and opportunities for improvement. Employees are encouraged to submit HELP cards whenever they become aware of a potential or actual hazard.

HELP card ideas have ranged from energy-saving initiatives to slips, trips and fall hazards and opportunities to reduce environmental waste.

A HELP card can be completed in the following areas:

H Health, Safety & Wellness

E Environment

L Learning Opportunity

P Processes & Practices



We set a company-wide target to receive 120 HELP cards in 2023; we surpassed this target with 163 submissions.

HELP card suggestions have ranged from energy-saving initiatives to slips, trips and fall hazards and opportunities to reduce environmental waste.

We select the best **HELP cards** monthly and recognize the employees who submitted the cards.



From left to right: David McFadden, Chair of the Board, 407 International Inc.; Javier Tamargo, President & CEO, 407 ETR; Lydia Iacovou, Vice President, Human Resources and Labour Relations, 407 ETR; Enzo Garritano, President & CEO, IHSA

Driven by safety

In March 2023, we were recognized by IHSA for achieving and surpassing 2.5 million hours without a lost-time injury, demonstrating our daily commitment to health and safety. We're also proud to work with contractors who share our high safety standards. In May 2023, we invited our contractors to attend our Contractor Safety Appreciation Day to celebrate our joint success.

We also became a platinum sponsor of the [League of Champions](#), which has a mission to advocate for safety by inspiring leaders to take action to achieve safer construction workplaces in Ontario.

Supporting employee well-being

Because of the nature of our business, exposure to highway noise is inevitable for our Highway Operations team, and as such, employees are encouraged to use personal protective equipment, such as hearing protection. As an additional preventative measure, we've introduced regular audiometric testing, which is a basic test that evaluates potential hearing loss.

We continue to increase our focus on employee wellness by offering various training and information sessions as well as engagement opportunities, with a focus on mental health. 407 ETR's wellness initiatives are led by our Wellness Ambassador, who works with various stakeholders across the organization to deliver the wellness program.






Aaron Hanton, Highway Operations Team Lead

On the road

Each year, millions of drivers trust us to help them get to their destination safely. By maintaining rigorous safety standards, we help mitigate the risk of accidents, damage to highway infrastructure and potential injury to customers and employees. Compared with MTO’s latest estimates of collision rates on other 400-series highways, Highway 407 ETR has 60% fewer collisions, demonstrating our promise to provide customers with a fast, safe and reliable trip.

Along the highway, infrastructure is regularly inspected and maintained to ensure it’s in good working condition, and defects are repaired quickly. In 2023, we invested \$31.3 million in highway capital projects, including road resurfacing to help ensure a safe and smooth drive. Our Highway Operations Team monitors the highway 24/7 and works quickly and safely to remove debris and help stranded motorists. In 2023, our crews removed over 2,200 pieces of debris and provided free roadside assistance to over 2,000 customers.¹⁷

 [See our road crews in action.](#)

We continue to promote safety information through digital signs placed along the highway. These messages include safe driving tips, reminders about distracted and impaired driving, moving over for emergency vehicles and more. In 2023, we invested \$8 million in policing and MTO enforcement services to help keep the highway safe.

¹⁷ Roadside assistance is subject to patroller availability and only available on Highway 407 ETR (QEW to Brock Rd.). Customers can request roadside assistance through our mobile app.

To help ensure public safety along Highway 407 ETR and in surrounding communities, the following vehicles are exempted from tolls:

- Ambulance;
- Fire department vehicles; and
- Ontario government enforcement vehicles.

Supporting road safety

In 2023, we donated \$100,000 in support of road safety initiatives. We’re proud to support organizations like Teens Learn to Drive and Accident Awareness, which provide young people with resources to become safe and knowledgeable drivers. We’re a proud supporter of the Prevent Alcohol and Risk-Related Trauma in Youth (P.A.R.T.Y.) program through Sunnybrook Health Sciences Centre, and our work with Parachute Canada is helping to raise awareness about preventable injuries. In addition, we’re helping the Canadian Spinal Research Organization (CSRO) fund spinal cord injury research by donating \$25,000 annually. This research aims to help individuals who’ve suffered catastrophic injuries regain mobility.





To make work zones safer, we introduced laser-enabled sensors that mark the perimeter of a work zone.

CASE STUDY

Innovating for increased work zone safety

To make work zones safer, we introduced laser-enabled sensors that mark the perimeter of a work zone. These devices sound an audible alarm to alert workers of an unauthorized vehicle entering the designated work zone, creating an added digital layer of protection for customers and field employees.

In addition, we're using sensors attached to highway safety systems, such as crash cushions and end treatments, to track damage to these sites. This technology enhances safety as it helps improve our response times to affected sites so that our crews can repair damaged safety systems for surrounding road users in near real-time.



- **Researched and applied innovative technologies to help improve safety along Highway 407 ETR**
- **Introduced laser-enabled work zone breach sensors**
- **Using sensors attached to highway safety systems to track damage to sites**



We continue to research and apply innovative technologies to help improve safety along Highway 407 ETR.



Performance

As part of our commitment to continuous improvement, we have built upon our strong safety performance from 2022. As of December 2023, we achieved 3.7 million hours without a lost-time injury.

We aim to reduce medical aid incidents by encouraging proactive hazard identification and open communication. There were no fatal, critical or lost-time injuries involving 407 ETR employees in 2023. The Medical Aid Injury Frequency Rate (MAIFR) and the corresponding Total Recordable Incidents Frequency Rate (TRIFR) are slightly higher in 2023 compared to 2022. This is attributed to employees returning to work at 407 ETR offices following the COVID-19 pandemic, which increased exposure to workplace hazards.

We're committed to operational excellence and aim to meet or exceed all applicable safety and MTO standards relating to the design and operation of Highway 407 ETR. Periodically, there are motor vehicle accident claims made against 407 ETR for safety-related deficiencies regarding the design or operation of Highway 407 ETR. In most cases, these claims are eventually abandoned or dismissed without costs. In 2023, there were no monetary losses for claims regarding design defects or safety-related incidents, other than the legal costs incurred to defend such claims.

Analyst Corner

[SASB IF-EN-250a.2](#)
[SASB IF-EN-320a.1](#)
[SASB TR-RO-320a.1](#)
[SASB TR-RO-540a.1](#)

Metric ¹⁸	2023	2022	2021	2020
Lost-Time Free Hours ¹⁹	3,737,586	2,854,502	2,026,170	1,233,094
Lost-Time Free Days	1,648	1,282	917	552
Fatality Injury Frequency Rate (FIFR)	0.00	0.00	0.00	0.00
Lost-Time Injury Frequency Rate (LTIFR)	0.00	0.00	0.00	0.00
Medical Aid Injury Frequency Rate (MAIFR)	1.81	1.69	0.25	0.26
Total Recordable Incident Rate (TRIR)	1.81	1.69	0.25	0.26
Near Miss Reports ²⁰	5	7	0	0
Road accidents and incidents ²¹	489	511	435	393
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents (CAD)	\$0	\$0	\$0	\$0

¹⁸ These safety metrics (lost-time free hours, lost-time free days, FIFR, LTIFR, MAIFR, TRIR, near miss reports) pertain to 407 ETR direct employees and contract employees, but do not include safety information for contractors. Contract employees are on the 407 ETR payroll and covered under the Workplace Safety and Insurance Board (WSIB), whereas contractors possess their own insurance. We did not have reportable safety accidents involving contractors in 2023.

¹⁹ 3.7 million hours without a lost-time injury from June 2019 to December 2023.

²⁰ An incident where no injury and ill health occurs but has the potential to do so.

²¹ 407 ETR only reports accidents and incidents caused by customers.

Information Security & Customer Privacy

Protecting customer information and maintaining customer trust is a top priority for us. We aim to maintain physical, technological, organizational and contractual safeguards designed to prevent unauthorized access, use, disclosure and loss of customer information.

We operate and manage Highway 407 ETR as well as provide tolling and back-office services for Provincially-owned Highway 407. This means that two privacy laws can apply to the collection, use and disclosure of personal information:

- **Canada's Personal Information Protection and Electronic Documents Act (PIPEDA)** for Highway 407 ETR (applicable to private, commercial entities in Ontario), and
- **Ontario's Freedom of Information and Protection of Privacy Act (FIPPA)** for Highway 407 (applicable to ministries of the Government of Ontario).

Approach to Information Security

In the context of information security, we follow an IT Governance, Risk and Compliance (GRC) program that identifies relevant aspects of the IT risk management framework, such as IT security policies, standards, procedures, control assessments and attestations. The IT risk management framework adheres to the compliance requirements of PCI DSS Version 3.2 and follow the principles of ISO 27002 information security, cybersecurity and privacy protection, and at a minimum applies to all systems that store, process and transmit sensitive information. Integrated in GRC are the various methods used to perform risk and control assessment by means of internal processes. These processes allow us to determine the highest priority control areas and align our security objectives to enterprise business plans using risk-based decision making. This approach allows for a full view of technical and process controls that are based on regulatory requirements and industry best

practices established under ISO 27002 (2022), NIST 800.53 r5, NIST CSF 2.0, PCI DSS v4.0 and 407 ETR General Computing Controls (GCC). This enhances our ability to identify and address information security risks and vulnerabilities.

Along with automated applications and tools, our Information Security Team works to monitor for threats and identify malicious activity to protect our environment, customers and other third parties that access, store or process information. The team is responsible for identifying, containing, remediating and disclosing breaches to internal stakeholders, including the Privacy Officer, who ensures the required reporting is completed and the integrity of customer information is maintained.

Our Chief Information Officer is accountable for information security and works with the President and Chief Executive Officer, Chief Financial Officer, Privacy Officer and Audit Committee to maintain transparency and accuracy of the IT security GRC and the associated risk management program. Our annual security training and awareness program and ongoing phishing campaigns are used to ensure employees stay aware of current security threats, best practices and steps to be taken if they believe that a security event has taken place. All new employees and contractors must complete the information security awareness training as a part of the onboarding process.

Prabhjot Kang, IT Project Coordinator





Our approach to identifying and addressing information security risks is based on a comprehensive strategy involving several key steps, including:

- 1**

Risk Assessment & Analysis

We conduct a thorough risk assessment to identify potential vulnerabilities, threats and exposures. This involves evaluating our technology infrastructure, systems and processes to understand where sensitive information is stored and how it's accessed.
- 2**

Classification of Information

We classify information based on its sensitivity and criticalness. This helps us implement protective measures and ensure that resources are allocated appropriately to safeguard information.
- 3**

Compliance & Regulatory Alignment

We stay current with applicable information protection laws and industry regulations. This ensures that our practices are aligned with legal requirements and industry-specific standards.
- 4**

Access Controls & Authentication

As a part of our access control strategy, we adopt and adhere to industry best practices such as ensuring least privilege access. We implement robust access controls, limiting data access to authorized personnel only. We also utilize strong authentication mechanisms, including multi-factor authentication, to verify the identity of users.
- 5**

Encryption & Data Masking

We use encryption techniques to protect information at rest and in transit. This includes encrypting files, databases and communication channels. Additionally, we use data masking techniques to conceal sensitive information when it's not required for processing.
- 6**

Regular Information Security Audits & Monitoring

We conduct regular information audits and penetration tests to identify vulnerabilities and weaknesses. We also employ technology to continuously monitor systems to detect and promptly respond to suspicious activities.
- 7**

Information Security Awareness Training

We ensure that all employees are well informed about information security best practices and what they must do to protect information that we create or manage for others. This includes training on recognizing phishing attempts, secure password management and the importance of safeguarding sensitive information.
- 8**

Vendor & Third-Party Risk Management

We evaluate the information security practices of vendors and third-party partners to ensure they have adequate safeguards in place to protect any information they manage or process.
- 9**

Incident Response Plan

We have a robust information security incident response plan in place that outlines the steps to be taken in case of a security breach involving 407 ETR information. This includes identification, protection, detection, response and recovery.
- 10**

Information Backups & Disaster Recovery

We have implemented appropriate information backup processes and procedures as well as a comprehensive disaster recovery plan. This ensures that in the event of a significant incident, critical systems and information can be restored with minimal downtime.



Approach to Privacy

To keep us accountable for our privacy obligations, 407 ETR’s Privacy Officer oversees the Company’s privacy management program. This includes compliance with privacy policies and procedures designed to ensure that the collection, use and disclosure of personal information is carried out in accordance with applicable laws. For example, our external [Privacy Notice](#) informs customers of their privacy rights, while our internal Privacy Policy advises our employees of their corresponding obligations.

The Privacy Officer works closely with various internal stakeholders to ensure that safeguards are maintained to help to detect, manage, mitigate and control potential threats. In keeping with our commitment to prioritize privacy, we follow an integrated Privacy GRC process based on PIPEDA requirements. This process is designed to validate privacy compliance at the operational level, and helps to remediate privacy non-compliances first by requiring data stakeholders to annually confirm they are meeting specific privacy law requirements relevant to their roles and responsibilities and then working with them to address any privacy gaps.

The Privacy Officer also works with internal support teams to ensure that:

- Customer privacy inquiries are appropriately addressed;
- Up-to-date training and awareness activities are made available to new and existing employees;
- Third-party engagements involving data are subject to appropriate terms and conditions; and
- Privacy impact assessments or analyses are carried out for internal data-driven projects.

Performance

Thanks to our robust information security and privacy programs and strategy, we had no major data breaches in 2023. Additionally, there were no legal proceedings associated with customer privacy.

Analyst Corner

[SASB SV-PS-230a.1](#)
[SASB SV-PS-230a.2](#)
[SASB SV-PS-230a.3](#)

Metric	2023	2022	2021	2020
Number of data breaches ²²	0	0	0	0
Percentage of data breaches involving customers’ confidential business information (CBI)	0%	0%	0%	0%
Percentage of data breaches involving customers’ personally identifiable information (PII)	0%	0%	0%	0%
Number of customers affected	0	0	0	0
Number of legal proceedings associated with customer privacy	0	0	0	0

²² 407 ETR discloses data breaches as required by law and those the Company deems material. Disclosures are limited to information that is not confidential or privileged. There were no such breaches in 2023.



Human Capital Management

UN SDG Alignment



We're proud to be a majority Canadian-owned company that employs over 500 Ontarians each year. We believe in providing meaningful work for our employees and helping them meet their career goals through quality training and professional development activities.

Approach

Our Code of Conduct Policy recognizes that our most valuable assets are our people, and that 407 ETR must be a fulfilling place to work where all employees are treated as individuals deserving the respect of their subordinates, peers and superiors. In keeping with this principle, we seek to recruit the best people without discrimination or bias and with advancement and compensation based solely on merit.

The Board and our shareholders recognize the value and importance of including talented and experienced individuals on the Board and within Management, whose diverse backgrounds reflect 407 ETR's stakeholders, including our customers, employees and surrounding communities.

To ensure our workforce represents the vibrant and multicultural communities we serve, we're working to understand the representation of racial and ethnic groups within our organization.

From recruitment practices that emphasize diverse sourcing to ongoing employee training to promote awareness and understanding, we regularly review our policies and practices to ensure they align with the core corporate values in our [DEI strategy](#).



"I love helping anywhere I can and strive to deliver an exceptional customer experience on every call."

Nella Polyak, Customer Service Representative

CASE STUDY

Achieving customer service excellence

We're committed to providing a world-class experience on and off the roadway. Our Customer Service Team continues to deliver award-winning service to our valued customers, achieving an 85% first call resolution rate in 2023.

We're proud to be World-Class Certified by Service Quality Measurement Group (SQM) 10 years in a row, and our Commercial Relations Team has earned the award for the past seven years. In 2023, we also received a Customer Experience Best Practice Award for agent coaching.

Meet one of the faces behind our award-winning Customer Service Team

Behind the scenes, through technology and innovation, we strive to provide a positive and effortless experience for our customers. Nella is just one of the amazing Customer Service Representatives who works hard to deliver on this promise.

Here's what one of Nella's customers had to say about their experience:

"I placed a phone call to customer service and was gifted with Nella. Kind, caring, patient and knowledgeable. Riding Highway 407 ETR just became even more enjoyable knowing that you as a company are providing such a lovely person an amazing place to work."

M. McConnell
407 ETR customer



95%

Contact resolution rate in 2023



85%

First call resolution rate in 2023

Performance

As of December 31, 2023, five of 407 ETR’s 13 Directors were women. There were two Directors who identified as a visible minority and no one who identified as being Indigenous, or as having a disability. Two of the 11 people in Management identified as women and three identified as a visible minority. No one identified as Indigenous or as having a disability. Of 407 ETR’s two named executive officers who are male, one identified as a visible minority.

Post-pandemic, we saw a shift in the employment market. A number of variables, including remote work options and the movement of employees regionally, contributed to a higher turnover rate in 2022.

We’re in the process of implementing major strategic initiatives. In 2023, this resulted in a significant increase of contractors with specialized IT skill sets to increase business capacity and support with implementation.

Making a difference in our communities

In 2023, we enhanced our volunteer program and set a goal of 80% employee participation for the year. More volunteer opportunities were made available throughout the year, and we achieved our goal with 82% of employees volunteering with local organizations.

Analyst Corner

SASB SV-PS-000.A
 SASB SV-PS-330a.1
 SASB SV-PS-330a.2
 SASB SV-PS-330a.3

Metric ²³	2023	2022	2021	2020
Number of full-time employees	499	477	437	437
Number of part-time employees	40	36	25	25
Number of contractors employed	523	178	n/a	n/a
Percentage of gender and racial/ethnic group representation in executive management ²⁴	20%	18%	20%	20%
Percentage of gender and racial/ethnic group representation for all other employees ²⁵	48%	48%	41%	38%
Voluntary turnover rate for all employees	17%	20%	12%	8%
Involuntary turnover rate for all employees	9%	7%	4%	11%
(1) Total volunteer hours and (2) Average volunteer hours per employee	1,564/3	602/1	n/a	n/a
Employee engagement	64%	63%	n/a	n/a

²³ SASB requires a disclosure of temporary employees. This is not a material metric for 407 ETR.

²⁴ As of December 31, 2023. Management is defined as the most senior level of leadership reporting directly to the CEO. All other employees refers to all employees in the organization not at the most senior level of leadership.

²⁵ As of December 31, 2023.

Employee Engagement

Employee engagement is measured in our annual survey and is based on responses to the following questions:

- I would recommend 407 ETR as a great place to work
- 407 ETR motivates me to go beyond what I would in a similar role elsewhere
- I am proud to work at 407 ETR
- I rarely think about looking for a job at another company
- I see myself still working at 407 ETR in two years’ time





Diversity, Equity & Inclusion

We employ a data-driven approach to track the impact of our DEI initiatives across the organization. Each year, we closely examine employee feedback to understand their experiences and identify areas of success and areas for improvement. This ensures that our DEI strategy is both impactful and responsive to the evolving needs of our workforce.

²⁶ Employees who report that “I feel like I belong at 407 ETR” in employee engagement survey.

²⁷ Defined as the percentage of underrepresented groups in leadership and Management (i.e. employees who self-identify as female, visible minority, LGBTQIA+, Indigenous, persons with disabilities)

DEI is a key part of our corporate strategy and is supported cross-functionally and at all levels of the organization. A dedicated DEI specialist is responsible for developing relevant initiatives with support from our Board, Human Resources & Labour Relations department, executive sponsors and DEI Committee.

In 2023, we increased our inclusion score²⁶ to 77% (an average of belonging and respect) – a 12-point increase against our 2021 baseline – and measured 82% in our diversity score.²⁷

Focus Areas for Impact in 2023

We channel our efforts into several key areas that align with our core corporate values of excellence and integrity.

Our DEI strategy is made up of three strategic pillars and a series of aligned initiatives:

- Increasing awareness
- Leadership & accountability
- Diverse workforce

Increasing Awareness – DEI Training Courses

We successfully launched DEI training as part of our comprehensive DEI strategy. The targeted training, facilitated by our DEI specialist, empowered our employees with the knowledge and skills to champion DEI at every level. The training gave employees a general understanding of the meaning of DEI, and supporting topics like power and privilege, microaggressions and allyship.

Leadership & Accountability – Talent, Advancement & Recruitment

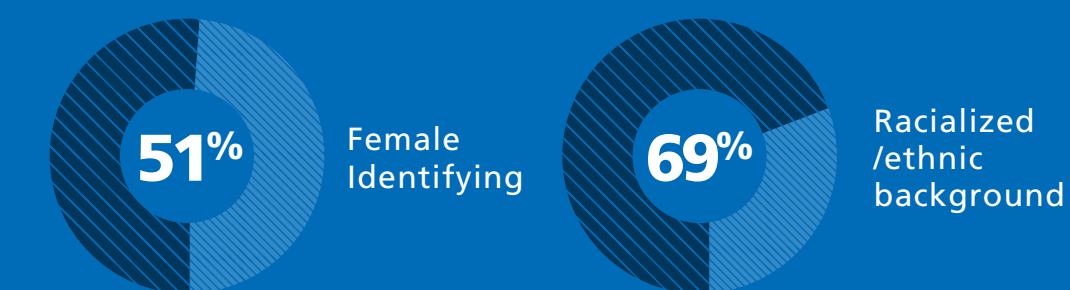
We made significant investments in consultants from diverse backgrounds to help develop our Employee Resource Group program and pilot a mentorship program. We plan to evaluate each program’s contribution to employee engagement, belonging, professional growth and development.

To help ensure fair recruitment practices, we engaged with job placement organizations focused on supporting candidates from marginalized backgrounds and broadening the diversity of the talent pool. Our talent acquisition specialists attend unconscious bias training, which equips them with crucial skills for fair and unbiased hiring. Furthermore, we ensure that all hiring managers are aligned with our anti-bias hiring practices.

Diverse Workforce – Measuring Demographics

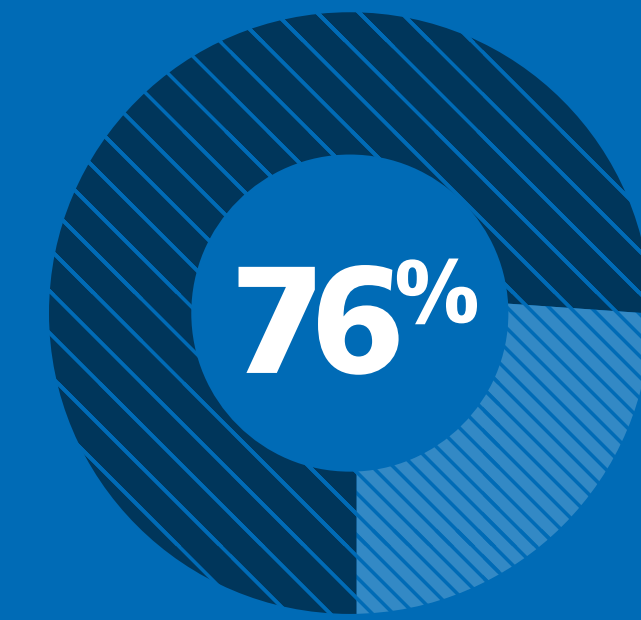
In 2023, we launched a self-identification campaign on our secure employee portal, empowering our employees to voluntarily share their demographics. This data helps us accurately measure the impact of our strategy, track and understand the people that make up our workforce and benchmark our progress to refine and enhance our DEI strategy.

EMPLOYEE SELF-IDENTIFICATION

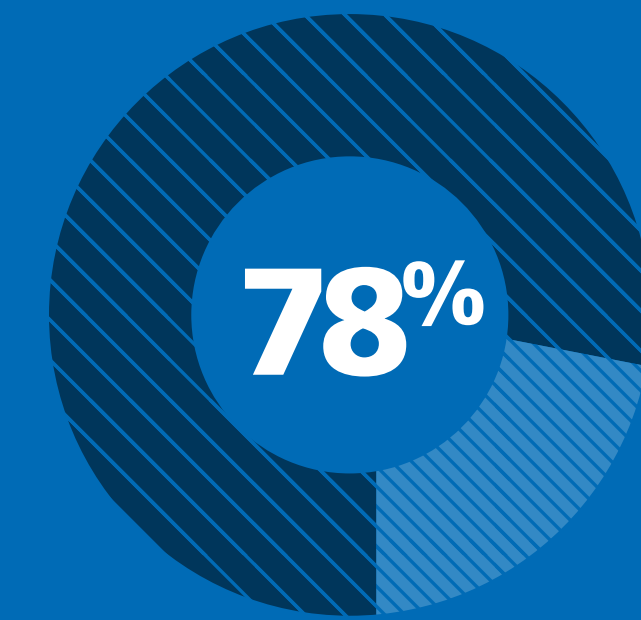


The data presented reflects self-identification results as of December 31, 2023, and is not a reflection of our entire workforce.

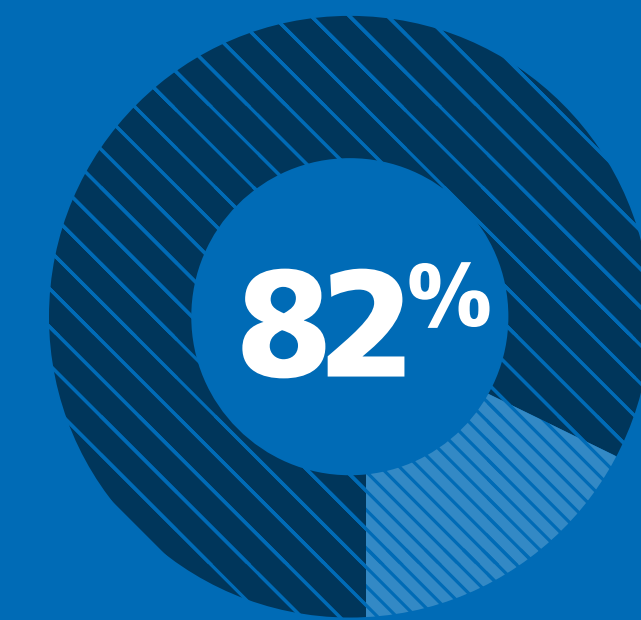
EMPLOYEE SENTIMENTS AROUND DEI (2022)



"I feel like I belong at 407 ETR"



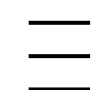
"I feel respected at 407 ETR"



"407 ETR values diversity"



Kadeisha Powell, DEI Specialist, 407 ETR





From left to right: Lydia Iacovou, Vice President, Human Resources and Labour Relations, 407 ETR; Larissa Crawford, Founder, Future Ancestors Inc.; Javier Tamargo, President & CEO, 407 ETR

Indigenous Relations

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

We're committed to continually advancing our understanding and sensitivity to Indigenous interests. We do this by acknowledging important dates focused on reconciliation, volunteering with and donating to Indigenous organizations as well as addressing conscious and unconscious bias in the talent development process.

To commemorate National Day for Truth and Reconciliation (Orange Shirt Day), we invited Larissa Crawford from [Future Ancestors Services Inc.](#) to speak about the history and legacy of Canadian residential schools. Delivering an impactful and emotional presentation, Larissa helped give our employees perspective on past and current issues that affect Indigenous groups.

In October 2023, we were proud to be the presenting sponsor of Credit Valley Conservation Foundation's Conservation Gala, which included traditional Indigenous drumming and smudging, learning opportunities and traditional Indigenous food.

We also obtained a membership with [CAMSC](#) as part of our commitment to diversifying our supply chain.

DEI Contributions & Community Engagement

We dedicate our efforts to engaging our employees and local communities through a series of inclusive, informational and insightful events.

On International Women's Day, we held a panel featuring female employees who discussed their stories, realities and challenges of womanhood in the workplace. We displayed the artistry of talented Black female visual artist and entrepreneur Ashante Blackwood, helping us celebrate diversity and creativity.

During Pride month we invited leadership from [Friends of Ruby](#) to accept our donation to the organization and join our Pride march and cake decorating contest. They spoke about the importance of supporting LGBTQIA+ youth in our communities and the impact of our gift. We remain dedicated to promoting equality and creating a safe and welcoming space for all people, regardless of their sexual orientation or gender identity.

[Learn more about our community engagement.](#)



York University k2i program mentor and mentees

“We’re proud to be part of this program that is addressing some of the systemic barriers that make it difficult for students to pursue academic paths in STEM.”

Javier Tamargo, President & CEO, 407 ETR

CASE STUDY

Breaking down barriers to STEM education

In July 2023, 407 ETR announced a \$400,000 donation to York University’s Lassonde School of Engineering’s k2i (kindergarten to industry) academy. This gift is supporting two programs which help underrepresented Ontario high school students pursue careers in science, technology, engineering and math (STEM) through specialized learning opportunities.

Through this collaboration, 407 ETR aims to increase opportunities for a more diverse workforce in STEM-related positions.

Since its launch in June 2020, k2i academy has:

- Developed partnerships with publicly funded school boards with 522,000+ students and 74,000+ staff.
- Employed 400+ high school students and 130+ undergraduate STEM mentors through the Bringing STEM to Life: Work-Integrated Learning program.
- Seen more than 99% of students complete their credits.

407 ETR has been a supporter of the Lassonde School of Engineering and York for over a decade. In 2013, a donation was made to support the 407 ETR Learning Laboratory, home to pre-laboratory training, theory and application for a generation of Civil Engineering students.

 [See student impacts.](#)



Community Relations

UN SDG Alignment



At 407 ETR, we're driven to make life better on and off our highway and give back to the communities we serve. Our commitment to serving GTA residents goes beyond the road, as we continue to invest in our surrounding communities in ways that align with our core values.

Our priorities include the support of health services, DEI initiatives, biodiversity enrichment and social services and education.

Approach

We're proud to be an active member of communities across the GTA through our engagement with a variety of stakeholders and not-for-profit organizations. In 2023, we partnered with over 160 different community organizations and maintained our memberships with 12 boards of trade and chambers of commerce along the Highway 407 ETR corridor.

Our community relations initiatives and activities are developed and managed within the Communications and Government Relations department and are overseen by the Vice President, Communications and Government Relations.

Youth Sports Funding

We aim to promote an active and healthy lifestyle and connect kids to sports through Keep Moving™ by 407 ETR, our youth team sponsorship program. The program sponsors kids aged 4–18 in the GTA who participate in a variety of team activities, including dance, swimming, hockey and accessible sports. Since 2015, Keep Moving™ by 407 ETR has invested over \$980,000 in youth sports sponsorships. In 2023 alone, the program supported 3,300 youth on 157 teams.

Supporting the Business Community

We're proud to be a member of the following organizations:

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



3,300

Youth supported in 2023



157


Teams supported in 2023




Peel Panther players

Fast facts about some of the organizations we support:

- All are welcome on the pitch at Pickering Football Club; the [All Abilities Program](#) gives children and youth with intellectual and/or physical disabilities the opportunity to learn and play soccer with one-to-one support.
- [Peel Region Football](#) provides youth athletes with a space to learn football, play at competitive levels and experience the benefits of teamwork. The organization subsidizes players who need financial aid and provides nutrition help and tutoring services to athletes in need.

 [Hear from some of the athletes.](#)

- [Dance Creations](#) is an inclusive organization that offers dance programs for everyone. Their students benefit from mentorship at a high, professional level of training that focuses on their physical and mental well-being.

 [See the dancers in action.](#)

[Learn more about Keep Moving™ by 407 ETR.](#)

Soccability Canada's Blind Soccer program

407 ETR is the first-ever sponsor of [Soccability Canada's Blind Soccer program](#), which supports training camps and awareness-raising efforts. As part of the sponsorship, each player received a Keep Moving™ by 407 ETR branded audible soccer ball to help train during their off time.

“The future of blind soccer is really positive and through the support of companies like 407 ETR, we can raise awareness to grow the participant base and attract more fans.”

Matt Greenwood, Director
Soccability Canada

Supporting Biodiversity

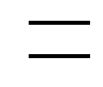
In March 2023, we teamed up with CWF to help bend the curve on biodiversity loss in Canada. Funding supports the restoration of critical pollinator habitat for Monarch Butterflies, native bees, hummingbirds and other pollinator species in municipalities surrounding the Highway 407 ETR corridor. This work will restore 12 hectares – the equivalent of roughly 22 football fields – along the monarch butterfly migration route that closely follows the roadway.

At the 2023 National Bank Open we gave away Ontario native seed packets to do our part to help promote biodiversity in our local communities.

[Read more about our work with CWF.](#)



Soccability team members





NCC Interns hiking in Severn Woodlands

“To address the immediate and longer-term challenges related to climate change and biodiversity, we need exceptional leadership. We’re proud to be investing in these young professionals at NCC who are driving conservation and building a more sustainable planet.”

Javier Tamargo, President & CEO, 407 ETR

CASE STUDY

Growing the next generation of conservation leaders in Ontario

In June 2023, we were proud to announce our largest environmental investment to date to [Nature Conservancy of Canada’s Internship Program](#), which will see an \$800,000 injection of funds over three years.

The funding will help the program continue to prepare the next generation of environmental leaders with real-world, skills-building opportunities to care for natural areas in Ontario.

NCC interns will work to restore habitats that support biodiversity and native pollinators, plants, mammals and birds. Interns will also take part in efforts to control invasive species including Phragmites—Canada’s worst invasive species—while engaging with communities through outreach and volunteer events.

Fast facts:

- NCC hired 22 interns for the 2023 Ontario Conservation Internship program which runs from May to October.
- In 2023, NCC interns helped run 21 Conservation Volunteer events, engaging 285 community volunteers to remove invasive species, stabilize stream banks and plant 4,630 trees and shrubs in Ontario.
- One quarter of NCC’s full-time Ontario conservation program staff are former interns.

This initiative is supporting conservation activities in ecologically significant areas across Ontario like [Happy Valley Forest](#), protecting the air we breathe and the water we drink.

\$800,000

Commitment marks 407 ETR’s largest environmental donation to date

 [Hear from the students.](#)



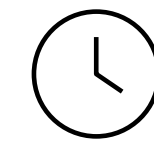


407 ETR employees identifying species with NCC for One Big Day

One Big Day

In June, the 407 ETR team spent the day supporting our vibrant communities on One Big Day, our annual company-wide volunteering event. Employees spent time at a variety of not-for-profit organizations within the GTA, including food banks, senior's homes, youth and women's shelters and environmental organizations.

Back at 407 ETR's headquarters, employees spent time building water filtration kits, bicycles for Big Brothers and Big Sisters of Canada, summer care kits for Native Child and Family Centre, art kits for SickKids Hospital and personal care kits for at-risk youth. In 2023, employees volunteered over 1,500 hours.



1,500+

Total volunteer hours



82%

Of employees participated

Keeping a pulse on regional transportation

In September 2023, we hosted our second Mobility and Transportation Forum, [Connected](#), at York University's Executive Learning Centre and welcomed transportation experts from across the GTA to explore insights that inform highway innovation.

Joined by members of 407 ETR's Traffic and Planning and Analytics teams, as well as special guests from Steer Group and Mohawk College, we explored topics like new and emerging drone technologies, post-pandemic traffic patterns, customer behaviour and macro-level economic and social impacts of roadways like Highway 407 ETR.

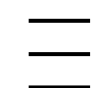


22

Local organizations supported



From left to right: Richard Borger, Professor, Building and Construction Sciences, Mohawk College; Patrick Miller, North American Transportation Strategy Lead, Steer Group; Dana Boehling, Senior Insights Analyst, 407 ETR; Shakir Hussein, Director, Traffic & Planning, 407 ETR.





From left to right: Harkirat Singh, Deputy Mayor of Brampton; Jack Tran, Advertising and Sponsorship Advisor, 407 ETR; Patrick Brown, Mayor of Brampton; Christina Basil, Vice President, Communications and Government Relations, 407 ETR; Navjit Kaur Brar, Brampton Regional Councillor

Performance

In 2023, we invested approximately \$1.7M in sponsorships, donations and free travel. We're on track to complete our \$1.8M investment in environmental initiatives over three years (2023–2025), with over \$600,000 donated in 2023.

We were honoured to be awarded with the 2023 Community Impact Award from the City of Brampton. We're proud to fund the specialized programs that support and promote accessibility through inclusivity and subsidized costs for all our community members. This award is a testament to our collective efforts and shared dedication in driving positive change in our communities.

INVESTMENTS INCLUDED:



\$600,000+

In partnerships supporting biodiversity and conservation.



\$150,000

To support 15 local hospitals.



\$105,000

To United Way Greater Toronto through employee fundraising campaign and corporate matching program. See [impacts](#).



\$400,000

Multi-year donation to support DEI in STEM fields through k2i (kindergarten to industry) academy at York University's Lassonde School of Engineering.



\$130,000

In our youth sports team sponsorship program, Keep Moving™ by 407 ETR.

APPENDICES

Roadmap of excellence

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Deloitte
Assurance Report



SASB Index

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

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

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

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

ENGINEERING & CONSTRUCTION SERVICES STANDARD

SASB Code	Accounting Metric	Unit	Reference
Activity Metrics			
IF-EN-000.A	Number of active projects	Number	Omitted. As per the Concession Agreement, Highway 407 ETR has been built to its maximum length. As such, this metric is not applicable to 407 ETR.
IF-EN-000.B	Number of commissioned projects	Number	Omitted. This metric is not applicable to 407 ETR as Highway 407 ETR has been built to its maximum capacity.
IF-EN-000.C	Total backlog	Reporting currency	Omitted. This metric is not applicable to 407 ETR as Highway 407 ETR has been built to its maximum capacity and therefore there are no backlogged projects.
Environmental Impacts of Project Development			
IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards and regulations	Number	Page 36 of this report (Environmental Impact).
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting and construction	n/a	As per the Concession Agreement, 407 ETR has been built to its maximum length. All current construction activities are related to the maintenance and expansion of existing infrastructure. For more, see page 33 of this report (Environmental Impact).
Structural Integrity & Safety			
IF-EN-250a.1	Amount of defect and safety-related rework costs	Reporting currency	Omitted. 407 ETR's construction and maintenance activities are outsourced to third-party vendors. They are responsible for quality assurance of the services provided and are contractually required to resolve any defects related to construction activities. As per contractual agreements with these vendors, 407 ETR may seek to recover costs incurred to address safety defects.
IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Reporting currency	Page 55 of this report (Health & Safety).
Workforce Health & Safety			
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	Page 55 of this report (Health & Safety).

SASB Code	Accounting Metric	Unit	Reference
Lifecycle Impacts of Buildings & Infrastructure			
IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification.	Number	Omitted. This is not applicable to the operations of 407 ETR as this does not apply to road infrastructure.
IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design.	n/a	Omitted. This is not applicable to the operations of 407 ETR as this does not apply to road infrastructure.
Climate Impacts of Business Mix			
IF-EN-410b.1	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Reporting currency	Omitted. 407 ETR is not engaged in any hydrocarbon or renewable energy projects.
IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Reporting currency	Omitted. 407 ETR is not engaged in any hydrocarbon-related projects.
IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Reporting currency	Omitted. 407 ETR does not have a backlog for any non-energy projects associated with climate change mitigation.
Business Ethics			
IF-EN-510a.1	(1) Number of active projects and (2) Backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number, Reporting currency	Omitted. This metric is not applicable to 407 ETR as Highway 407 ETR has been built to its maximum capacity and therefore there are no backlogged projects.
IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	Reporting currency	Page 31 of this report (Business Ethics).
IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	n/a	407 ETR maintains policies designed to address and mitigate risk related to bribery, corruption and anti-competitive behaviour. For more, see page 31 of this report (Business Ethics).

ROAD TRANSPORTATION STANDARD

SASB Code	Accounting Metric	Unit	Reference
Activity Metrics			
TR-RO-000.A	Revenue tonne kilometres (RTK)	RTK	Omitted. 407 ETR is not a construction or logistics company and we do not move construction material or goods for the purpose of our business.
TR-RO-000.B	Load factor	Number	Omitted. 407 ETR is not a construction or logistics company and we do not move construction material or goods for the purpose of our business.
TR-RO-000.C	Number of employees, number of truck drivers	Number	Omitted. 407 ETR does not employ truck drivers. Our total number of employees can be found on page 61 of this report (Human Capital Management).
GHG Emissions			
TR-RO-110a.1	Gross global Scope 1 emissions	Metric tonnes (t)	Page 46 of this report (Climate Change Metrics and Targets).
TR-RO-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	n/a	Page 46 of this report (Climate Change Metrics and Targets).
TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Litres, Percentage (%)	Page 46 of this report (Climate Change Metrics and Targets).
Air Quality			
TR-RO-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Metric tonnes (t)	Omitted. This is not applicable to the operation of 407 ETR as highway construction is completed by third-party companies.
Workforce Conditions, Health & Safety			
TR-RO-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	Page 55 of this report (Health & Safety).

SASB Code	Accounting Metric	Unit	Reference
Workforce Conditions, Health & Safety			
TR-RO-320a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Percentage (%)	Page 61 of this report (Human Capital Management).
TR-RO-320a.3	Description of approach to managing short-term and long-term driver health risks	n/a	Omitted. This is not applicable to 407 ETR as we do not employ any freight drivers. For information about how we manage health and safety for our employees, see page 50 of this report (Health & Safety).
Accident & Safety Management			
TR-RO-540a.1	Number of road accidents and incidents	Number	Page 55 of this report (Health & Safety). 407 ETR only discloses road accidents and incidents caused by road users.
TR-RO-540a.5	(1) Number and (2) aggregate volume of spills and releases to the environment	Number, Cubic meters (m ³)	Page 36 of this report (Environmental Impact). 407 ETR will not be reporting on the volume of spills caused by road users but on the number of spills and remediations completed.

PROFESSIONAL & COMMERCIAL SERVICES STANDARD

SASB Code	Accounting Metric	Unit	Reference
Activity Metrics			
SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Number	Page 61 of this report (Human Capital Management).
SV-PS-000.B	Employee hours worked; percentage billable	Hours, Percentage (%)	Omitted. This metric is not relevant to 407 ETR's business model as we are not a consulting company.

SASB Code	Accounting Metric	Unit	Reference
Information Security			
SV-PS-230a.1	Description of approach to identifying and addressing information security risks	n/a	Page 58 of this report (Information Security & Customer Privacy).
SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	n/a	Page 58 of this report (Information Security & Customer Privacy).
SV-PS-230a.3	(1) Number of data breaches, (2) percentage that (a) involve customers' confidential business information and (b) are personal data breaches, (3) number of (a) customers and (b) individuals affected	Number, Percentage (%)	Page 58 of this report (Information Security & Customer Privacy).
Workforce Diversity & Engagement			
SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for executive management	Percentage (%)	Page 61 of this report (Human Capital Management).
SV-PS-330a.2	Percentage of gender and racial/ethnic group representation for all other groups	Percentage (%)	Page 61 of this report (Human Capital Management).
SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	Percentage (%)	Page 61 of this report (Human Capital Management).
SV-PS-330a.3	Employee engagement as a percentage	Percentage (%)	Page 61 of this report (Human Capital Management).
Professional Integrity			
SV-PS-510a.1	Description of approach to ensuring professional integrity	n/a	Page 31 of this report (Business Ethics).
SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Reporting currency	Page 31 of this report (Business Ethics).



TCFD Index

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

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

Recommendation	Recommended Disclosures	Reference
Governance		
Disclose the organization’s governance around climate-related risks and opportunities.	(a) Describe the board’s oversight of climate-related risks and opportunities.	Page 37 of this report (Climate Change Governance).
	(b) Describe management’s role in assessing and managing climate-related risks and opportunities.	Page 37 of this report (Climate Change Governance).
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term.	Page 37 of this report (Climate Change Strategy).
	(b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	Page 37 of this report (Climate Change Strategy).
	(c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 37 of this report (Climate Change Strategy).
Risk Management		
Disclose how the organization identifies, assesses and manages climate-related risks.	(a) Describe the organization’s processes for identifying and assessing climate-related risks.	Page 45 of this report (Climate Change Risk Management).
	(b) Describe the organization’s processes for managing climate-related risks.	Page 45 of this report (Climate Change Risk Management).
	(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	Page 45 of this report (Climate Change Risk Management).
Metrics & Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 46 of this report (Climate Change Metrics and Targets).
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Page 46 of this report (Climate Change Metrics and Targets). Our disclosure is currently focused on Scope 1 and Scope 2 emissions. We intend to include Scope 3 GHG emissions in subsequent reports.
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 46 of this report (Climate Change Metrics and Targets).

PERFORMANCE DATA TABLE

Company-wide Performance Metrics (As of Dec. 31 2023)

ESG Factor	Indicator	Reference	UoM	2023	2022	2021	2020	
Environmental								
Scope 1 emissions source								
GHG Emissions	• Diesel ²⁸	TR-RO-110a.1	tCO ₂ e	1,145	1,290	1,144	1,299	
	• Gasoline			598	631	667	747	
	• Natural Gas			335	341	289	299	
	• Propane			58	49	37	36	
	Scope 2 emissions source							
	• Electricity	TR-RO-110a.1	tCO ₂ e	409	445	455	435	
	Fuel source							
	• Diesel	TR-RO-110a.3	Litres	417,873	470,732	417,386	473,941	
• Gasoline	258,109			272,328	287,878	324,905		
• Natural Gas	173,301,000			176,610,000	149,644,000	157,721,000		
• Propane	37,678			31,786	24,070	23,273		
Total fuel consumed	TR-RO-110a.3	Litres	174,014,066	177,384,846	150,373,334	158,543,119		
• Electricity	TR-RO-110a.3	kWh	14,378,594	15,067,703	15,403,160	14,709,011		
Percentage of fuel consumed that is natural gas	TR-RO-110a.3	Percentage (%)	13%	15%	13%	13%		
Percentage of fuel consumed that is renewable fuel			0%	0%	0%	0%		

²⁸ Diesel emissions vary depending on the severity of the winter season and the operations required to keep the highway safe during winter events.

ESG Factor	Indicator	Reference	UoM	2023	2022	2021	2020
Environmental Impact	Number of incidents of non-compliance with environmental permits, standards and regulations	IF-EN-160a.1	Number	0	0	0	0
	Number of reportable spills and releases to the environment caused by 407 ETR	TR-RO-540a.3	Number	0	0	0	0
	Number of reportable spills and releases to the environment caused by road users	TR-RO-540a.3	Number	4	4	1	4
	Number of site clean-ups/remediation completed	n/a	Number	4	4	1	4
	Aggregate volume of spills and releases to the environment	TR-RO-540a.3	Volume	n/a	1.7 m ³	0.1 m ³	20.4m ³
Social							
Health & Safety²⁹	Lost-Time Free Hours ³⁰	n/a	Hours	3,737,586	2,854,502	2,026,170	1,233,094
	Lost-Time Free Days ³¹	n/a	Days	1,648	1,282	917	552
	Fatality Injury Frequency Rate (FIFR)	IF-EN-320a.1 / TR-RO-320a.1	Rate	0.00	0.00	0.00	0.00
	Lost-Time Incident Frequency Rate (LTIFR)	n/a	Rate	0.00	0.00	0.00	0.00
	Medical Aid Injury Frequency Rate (MAIFR)		Rate	1.81	1.69	0.25	0.26
	Total Recordable Incident Rate (TRIR)	IF-EN-320a.1 / TR-RO-320a.1	Rate	1.81	1.69	0.25	0.26
	Near Miss Reports ³²	n/a	Number	5	7	0	0
	Road accidents and incidents ³³	TR-RO-540a.1	Number	489	511	435	393
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	IF-EN-250a.2	CAD	\$0	\$0	\$0	\$0

²⁹ These safety metrics (lost-time free hours, lost-time free days, FIFR, LTIFR, MAIFR, TRIR, near miss reports) pertain to 407 ETR employees and contract employees, and do not include safety information for contractors. We did not have reportable safety accidents involving contractors in 2023.

³⁰ This metric pertains to 407 ETR employees and does not include safety information for contractors or customers.

³¹ 3.7 million hours without a lost-time injury from June 2019 to December 2023.

³² An incident where no injury and ill health occurs but has the potential to do so.

³³ 407 ETR only reports accidents and incidents caused by customers.



ESG Factor	Indicator	Reference	UoM	2023	2022	2021	2020
Human Capital Management ³⁴	Number of full-time employees	SV-PS-000.A	Number	499	477	437	437
	Number of part-time employees	SV-PS-000.A	Number	40	36	25	25
	Number of contractors employed	SV-PS-000.A	Number	523 ³⁵	178	n/a	n/a
	Percentage of gender and racial/ethnic group representation for executive management ³⁶	SV-PS-330a.1	Percentage (%)	20%	18%	20%	20%
	Percentage of gender and racial/ethnic group representation for all other employees ³⁷	SV-PS-330a.1	Percentage (%)	48%	48%	41%	38%
	Voluntary turnover rate for all employees	SV-PS-330a.2	Percentage (%)	17%	20%	12%	8%
	Involuntary turnover rate for all employees	SV-PS-330a.2	Percentage (%)	9%	7%	4%	11%
	(1) Total volunteer hours and (2) Average volunteer hours per employee	n/a	Number	1,564/3	602/1	n/a	n/a
	Employee engagement	SV-PS-330a.3	Percentage (%)	64%	63%	n/a	n/a
Governance							
Information Security & Customer Privacy	Number of data breaches	SV-PS-230a.3	Number	0	0	0	0
	Percentage of data breaches involving customers' confidential business information (CBI)	SV-PS-230a.3	Percentage (%)	0%	0%	0%	0%
	Percentage of data breaches involving customers' personally identifiable information (PII)	SV-PS-230a.3	Percentage (%)	0%	0%	0%	0%
	Number of customers affected	SV-PS-230a.3	Number	0	0	0	0
	Number of legal proceedings associated with customer privacy	n/a	Number	0	0	0	0

³⁴ SASB requires a disclosure of temporary employees. This is not a material metric for 407 ETR.

³⁵ We're in the process of implementing major strategic initiatives. In 2023, this resulted in a significant increase of contractors with specialized IT skill sets to increase business capacity and support with implementation.

³⁶ As of December 2023. Management is defined as the most senior level of leadership reporting directly to the CEO. "All other employees" refers to all employees in the organization not at the most senior level of leadership.

³⁷ As of December 2023.

ESG Factor	Indicator	Reference	UoM	2023	2022	2021	2020
ESG Governance	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	n/a	CAD	\$0	\$0	\$0	\$0
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	n/a	CAD	\$0	\$0	\$0	\$0
	Percentage of female representation on the Board	n/a	Percentage (%)	38%	38%	31%	25%

DELOITTE ASSURANCE REPORT



Independent Practitioner’s Limited Assurance Report

To the Board of Directors of
407 International Inc.

We have undertaken a limited assurance engagement of the total Scope 1 and Scope 2 location-based greenhouse gas emissions (“GHG emissions”), lost time injury rate (“LTIR”) and diverse gender percentage (“DGP”) of 407 International Inc. (“407 International”) for the year ended December 31, 2023 (collectively the “Subject Matter Information”), as reported in Appendix A.

Management’s Responsibility

Management is responsible for the preparation of the Subject Matter Information for GHG emissions figures in accordance with the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) “GHG Protocol”, the LTIR in accordance with the Workplace Safety and Insurance Board Ontario’s (“WSIB”) definition and the DGP in accordance with management-developed criteria as defined in the First Amendment to the Amended and Restated Credit Agreement dated November 14, 2022 and the Second Amendment dated December 19, 2023 (collectively the “Amended Credit Agreements”) disclosed in Appendix B, (collectively the “applicable criteria”). Management is also responsible for selecting the applicable criteria used and for such internal control as management determines necessary to enable preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical and other procedures) and evaluating the evidence obtained. The procedures also include assessing the suitability in the circumstances of 407 International’s use of the applicable criteria as the basis for the preparation of the Subject Matter Information. The procedures are selected based on our professional judgment which includes identifying areas where the risks of material misstatement of the Subject Matter Information are likely to arise, whether due to fraud or error.

Our engagement included the following procedures, among others:

- Making inquiries of relevant management and staff responsible for the preparation and reporting of the Subject Matter Information as well as inquiries of third-parties involved in the preparation and reporting of the Subject Matter Information;
- Obtaining an understanding of the underlying data that is used as an input into the calculation of the Subject Matter Information, including emission factors and conversion factors;
- Obtaining an understanding of the process used to prepare and report the Subject Matter Information;

- Agreeing, testing, and re-calculating the underlying data related to the Subject Matter Information on a sample basis; and
- Assessing the appropriateness of the GHG emissions factors applied.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with the Canadian Standards on Assurance Engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the applicable criteria.

Our Independence and Quality Management

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

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

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

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information of 407 International for the year ended December 31, 2023 is not prepared, in all material respects, in accordance with the applicable criteria.

Specific Purpose of Applicable Criteria

The Subject Matter Information has been prepared in accordance with the applicable criteria to assist 407 International’s management in meeting its reporting obligations in the Amended Credit Agreements. As a result, the Subject Matter Information may not be suitable for another purpose.

While Deloitte acknowledges the disclosure of our limited assurance report that will be made in full only by 407 International at its discretion in their 2023 ESG Report, Deloitte does not assume or accept any responsibility or liability to any other third party in respect of such disclosure and the report therein.

Deloitte LLP

Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 2, 2024

Appendix A

407 International Inc.
Subject Matter Information
For the year ended December 31, 2023

Subject Matter Information	Year ended December 31, 2023
GHG emissions	2,545
Lost Time Injury Rate	0
Diverse Gender Percentage	38%

Contact us

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407 ETR
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