

To: Metrolinx Board of Directors

From: Jennifer Gray
Chief Financial Officer

Jennifer van der Valk
Chief Communications Officer

Date: June 24, 2021

Re: **Metrolinx 2020-21 Annual Report**

Executive Summary

Metrolinx is legislatively required to prepare an Annual Report, detailing the organization's achievements, major accomplishments and financial statements from the fiscal year. The Annual Report has been reviewed by the Audit, Finance, and Risk Management Committee and is being recommended for the Board of Directors' approval, following which the report will be submitted to the Minister of Transportation for approval. Once approved by the Minister, the Annual Report will be made publicly available on the Metrolinx website.

Recommendation

RESOLVED, on recommendation of the Audit, Finance, and Risk Management Committee:

THAT, subject to any comments received from the Metrolinx Board of Directors and the Audit, Finance, and Risk Management Committee, the Metrolinx Annual Report 2020-21 be approved;

AND THAT Audited Financial Statements for Metrolinx for the year ended March 31, 2021 as appended to the 2020-21 Annual Report be approved;

AND THAT the CEO submit the Annual Report to the Minister of Transportation in accordance with the *Metrolinx Act, 2006*;

AND THAT the CEO submit the approved Audited Financial Statements to the Ministers of Finance and Transportation.

Background

The Annual Report includes highlights of significant achievements and milestones achieved within the 2020-21 business year. Performance on safety targets as well as our capital program, including the progress made on the GO Expansion program, rapid transit projects and subways portfolio are outlined the report. Our customer

experience deliverables for GO, PRESTO and UP Express are also discussed against planned targets for the year. Building on last year's COVID-19 response measures, the report includes information on mitigation efforts, business continuity implementation and adjustments to our operations, to maintain delivery of our services and mandate in the region.

The Annual Report is consistent with the guideline provided by the Province for Annual Reports in the Agencies and Appointments Directive and is in accordance with the requirements of the *Metrolinx Act, 2006*.

The Audit, Finance, and Risk Management Committee has also reviewed the Annual Report consistent with the Committee's mandate.

Next Steps

The Annual Report draft will be finalized upon approval by the Board of Directors, signed by the Board Chair, and submitted to the Minister of Transportation in accordance with section 33 of the *Metrolinx Act, 2006*.

Once approved by the Minister of Transportation, an electronic version of the 2020-21 Annual Report will be posted to Metrolinx's website at:
http://www.metrolinx.com/en/aboutus/publications/annual_reports.aspx

Respectfully submitted,

Jennifer Gray
Chief Financial Officer

Jennifer van der Valk
Chief Communications Officer

Attachment:

Metrolinx Annual Report 2020-21 - Draft

Annual Report

2020-2021

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Land Acknowledgement

Let us take a moment to acknowledge that we are on the traditional territory of many nations. In particular, the Mississaugas of the Credit, the Anishnabeg, the Haudenosaunee and the Wendat Peoples. We acknowledge that Metrolinx operates on these lands and has a responsibility to work with the original keepers of this territory and the many Indigenous Peoples living here today.

Message from the Chair

Metrolinx has the challenging mandate of providing leadership in the co-ordination, planning, financing, development and implementation of an integrated transit network in the Greater Golden Horseshoe. This is no small feat and I am proud to say that over the past year Metrolinx rose to the challenge, even in the face of the global COVID-19 pandemic. Our dedicated front-line staff provided a vital transit service to keep the people of this region moving safely, while many of our office staff switched seamlessly to remote working. We continued to deliver on our mandate, working to achieve the vision of a world-class transit and transportation system in Ontario.

In 2020-21, Metrolinx significantly advanced our capital program despite the challenges presented by the pandemic. More than \$3.9 billion dollars were invested to deliver several key milestones in the GO Expansion, Rapid Transit and Subway programs. These milestones included the opening of the new Union Station Bus Terminal, the construction of the new Kipling GO and Bloomington GO Stations, commencing two tunnelling contracts in our Subways program, and enhancing customer experience with free Wi-Fi on GO buses and trains and the PRESTO open payment pilot. The integrated transit network that we are building in the Greater Golden Horseshoe will provide significant economic benefits for decades to come.

As with many public transit organizations across the globe, the pandemic has significantly impacted Metrolinx's operations with unprecedented reductions in ridership and revenue due to the necessary public health restrictions to help reduce the spread of the virus. We are, however, seeing the light at the end of the tunnel and early signs that people are ready to return to our services as vaccinations ramp up. Metrolinx is poised to welcome riders back safely, and we're looking forward to playing a key role in restarting and revitalizing the Ontario economy, in 2021-22 and beyond.

Message from the CEO

This fiscal year proved to be remarkable in many ways. As was the case for many organizations, our response to the pandemic dominated our year. We made huge operational adjustments to maintain the continuity of our business and the delivery of our capital program. We made significant safety investments to ensure our customers could confidently rely on our life-line transit services. At the end of the business cycle, notwithstanding considerable challenges, we outperformed our key performance targets.

We recorded our lowest-ever Lost Time Injury Frequency rate (LTIFR) at 0.7. This KPI was at 4.8 in January 2018. For several years now we have continuously improved our organizational safety culture, not only among employees, but also among our contractors.

Our Safety Never Stops campaign to combat COVID continued throughout the year, and we implemented more than 65 safety measures at our stations, on our vehicles and at all offices and facilities. Our focus on safety along with on-time performance ensured we positively impacted customer satisfaction throughout the year. In March, GO achieved a remarkable 87% customer satisfaction, the highest level ever since we started tracking this indicator.

Project by project our region's future transit network is becoming a reality. Our capital programs progressed significantly during the year with major milestones achieved including the opening of the new Union Station Bus Terminal, the first light rail vehicle testing for the Eglinton Crosstown, and several procurement milestones achieved on subway projects. We also completed improvement projects at Kipling and Cooksville GO stations as well as the final segment of Viva Bus Rapid Transit.

Our community engagement and communications teams quickly pivoted to digital-based community relations and virtual engagement platforms this year. We have had a very challenging year during which community consultation in the face of a pandemic had to adjust in terms of method, complexity and messaging. Our overriding objective remains unaltered: to give our communities full visibility of our programs and our strategies.

We have also continued to advance innovations through our Transit Oriented Communities (TOC) program. Our TOC portfolio advanced well with the execution of three Letters of Intent (LOI), a Binding Agreement, three Business Cases, and two high value dispositions.

On-Time-Performance exceeded targets across GO rail, GO bus and UP Express, ending the year with an aggregated average of 98.7%. PRESTO payment equipment availability achieved 99.79% at the end of the fiscal year. Our customer satisfaction aggregate target for the year was met as we achieved a score of 83%.

We implemented several PRESTO user experience actions including updates to the app allowing for instant load to PRESTO cards, reduction of the minimum card load to 5 cents and more recently, the launch of a contactless open payment pilot on UP Express which will allow customers to pay using their credit and debit cards or mobile wallets. These improvements pushed PRESTO's customer satisfaction score to 80% for the year.

As we prepare for our customers to return to our services with the gradual re-opening of the region, we have put huge effort into developing and implementing our "Ready to Ride" recovery plan, informed by learnings from customer research conducted throughout the pandemic.

The remarkable work that went into our pandemic response, recovery efforts and our business continuity activities has been recognized by the Railway Association of Canada as well as the Business Continuity Institute (BCI) in the U.K.

Diversity and Inclusion is a central strategic objective. In a year marked by a global public health crisis and a wave of anti-racism protests, our commitment to an engaged, inclusive, and anti-racist organization is stronger than ever. We continued to take substantive actions to include our employees, to ensure they are connected and engaged while providing them with a space where they feel safe, valued and heard. Two new Employee Resource Groups (ERGs) launched last year, namely the Black Employee Experience at Metrolinx (BEEAM) ERG and the Women in Capital Projects Group ERG. We also updated our Workplace Harassment & Discrimination Prevention Policy to specifically acknowledge anti-Black racism. We implemented this policy update with an employee campaign featuring letters mailed to all employees' homes, creative materials and a series of divisional town halls.

The resilience and spirit of all the teams across our organization reflect a very real embodiment of our core values of playing as a team, thinking forward and serving with passion. The last year was a challenging one, but our people - both those on the front lines and those working from home - rose to the challenges. We are excited about our plans for the 2021-2022 financial year. We are taking huge steps forward on our capital projects and we are welcoming our customers back, a truly exciting time.

Metrolinx is coming out of the pandemic with great optimism and with an incredible team. Our work will assist the restart of the economy and our transit network will ensure our region prospers in the future.

Stay safe and healthy.

Vision, Mission, Values & Mandate

Our Vision

We connect our communities.

Our Mission

Getting you there better, faster, easier.

Our Values

Serve with Passion.

Think Forward.

Play as a Team.

Our Mandate

Metrolinx is an agency of the Government of Ontario, established under the Metrolinx Act of 2006 ("the Act"). The Act mandates Metrolinx to coordinate, plan, finance, develop and implement an integrated transit network in the Greater Golden Horseshoe (GGH) in alignment with applicable growth plans and provincial transportation policies and plans. Metrolinx is responsible for the operation of the regional transit system.

The organization's mission is to ensure the implementation of an integrated transit network that connects people, improves their quality of life, and brings sustainable development and prosperity to our communities.

Introduction

Like all organizations, Metrolinx has faced unprecedented challenges over the last fiscal year. The most significant impact of the global COVID-19 pandemic for Metrolinx has been the reduction in ridership and revenue from our transit operations. Through innovative approaches to maintaining the resiliency of our business, we have demonstrated leadership in the public transit environment.

Business continuity planning and the safety of our customers and employees remained our top priorities throughout the year and allowed Metrolinx to continue providing essential regional transit services to support frontline workers.

We worked to improve the customer experience and build customer confidence in PRESTO through the implementation of new and modern features, including the launch of open payments.

Significant disruption to the supply chain was experienced due to the pandemic, but through Metrolinx's careful management and nimble intervention, we continued to make significant strides in advancing our transit expansion program and our mission to connect communities throughout the Greater Golden Horseshoe (GGH).

As the region moves forward in its recovery from COVID-19, we continue to execute long-term strategies to safely welcome back customers, support the region's transit needs today and build the optimal network for the future.

Financial Highlights and Business Plan Overview

For the 2020-21 business year, revenue was just under \$183.0 million comprised of \$56.3 million from fare revenue, \$50.5 million from non-fare revenue and third party construction revenue of \$76.1 million. Our operating costs totaled \$1.2 billion while our Q1 forecast for the year was \$1.3 billion. We ended the year with a net loss for the fiscal year of \$17.7 million.

We continue to see the effects of the COVID-19 pandemic posing a challenge for Metrolinx in fare and non-fare related revenue. Ridership levels are down approximately 91.1 per cent compared to the equivalent prior year period. Throughout the year we monitored customer travel patterns and optimized our service frequency for GO and UP Express services to match demand.

The pandemic has affected both current and future travel behaviours related to public transit, and in response Metrolinx has successfully implemented many COVID-19 safety measures to rebuild customer confidence in public transit and to encourage customers to come back to GO Transit and UP Express, by providing a safe public transit experience for when ridership recovers.

Our capital expenditures for the year were \$3,909.4 million, which is \$380.6 million higher than the annual budget of \$3,528.8 million. The capital overspend was mainly related to the acceleration of the priority subway projects, to advance planning and design to inform the major procurement packages and alignments. In addition, several projects were able to utilize the increased availability of rail corridors and work blocks due to the current reduced service intervals.

Key achievements from 2020-21 outlined in the 2021-22 Business Plan include:

- Successfully implemented over 65 COVID-19 safety measures, including seat partitions for passengers, barriers for drivers and mandatory mask policy on Metrolinx vehicles and stations..
- The opening of Union Station Bus Terminal in December 2020, which demonstrates Metrolinx's commitment to drive higher customer satisfaction through improved customer access to GO bus services.
- Implemented GO Wi-Fi for customers on buses and trains and other customer amenities such as Quiet Zone in partnership with Audible providing free content to customers, Purolator Mobile Quick Stop at select GO stations, and new vending options.
- Advanced procurement work for major capital projects including GO Rail Expansion Enabling Works, New Stations, Off-Corridor and On-Corridor Works.

Key deliverables set out in the 2021-22 Business Plan include:

- Continue to focus on providing a safe and secure journey during the COVID-19 pandemic, while adjusting service levels to meet changing customer demand to support short- and long-term economic recovery efforts of the region.
- Taking proactive steps towards ridership recovery as the economy reopens and lockdown measures relax, supporting recovery through our fare strategy, and enhancing our customer experience.
- Continuing to work towards delivering capital project commitments, including by working together with Infrastructure Ontario (IO) in advancing enabling work and other critical procurements to support the GO Rail Expansion program, advancing work on the Subways Program, continuing to make progress on Rapid Transit projects and delivering the Transit Oriented Communities program at new and existing transit stations.
- Improving PRESTO customer experience and re-building customer confidence through the implementation of new, modern features such as open payments and e-Tickets, while striving for long-term sustainability.

- Continuing to pursue fare and service integration to support ridership recovery post-COVID-19 and advancing ongoing work with municipalities to improve station access as well as implement other elements of the Regional Transportation Plan.

Report on Non-Financial Activities

Everyone Safe

Safety remained a top priority for Metrolinx throughout the year and we have seen continued improvement in safety management and safety culture within the organization. This year, Metrolinx introduced a Chief Safety Officer to lead a newly formed safety function dedicated to safety, health, and the environment. This new focus and leadership helped us achieve our lowest Lost Time Injury Frequency Rate (LTIFR – this is the number of lost-time injury and illness claims per 100 full-time equivalent workers for the injury year specified) since we started tracking this as one of our key performance indicators in 2017.

At the close of the financial year, we recorded a LTIFR of 0.7, which is significantly below the target of 2.6. This is 75 per cent lower compared to the same period last year and represents an overall reduction of 85 per cent from 4.8 since January 2018.

Contractor LTIFR was also monitored and tracked to ensure alignment and compliance with our overarching safety program. Metrolinx contractors recorded LTIFR of 0.17, which is above our target of 0.10, but below the target Ontario construction group rate average of 1.13 and the Ontario General Contractors Association Members average of 0.36. This also represents a 39 per cent decrease compared to same time last year.

Railway safety, and our commitment to improve safety at level crossings in particular, saw our team go beyond regulatory compliance and for the first time completed annual risk assessments for all of Metrolinx's public and private grade crossings (136 public grade crossings and 31 private grade crossings) and implementing new leading practice Metrolinx design standards at pilot locations. Additionally, the Safety division advanced operational and construction safety by completing:

- 17 deep-dive rail incident investigations, of which 11 were completed by the end of the fiscal year; and,
- 2,701 construction inspections and audits, resulting in 88,652 compliant findings and 3,037 non-compliant findings. Of the non-compliant findings, there were approximately 1,318 corrective actions closed by the end of the fiscal year.

Further advances to our rail safety program during the year included two industry firsts: partnering with the Standards Council of Canada (SCC) to develop a Canadian Independent Safety Assessor program for Railway Systems; and working with the Canadian Standards Association (CSA) to develop the Canadian Common Safety Method for Risk Evaluation (CSMREA), which reflects the common safety method used in European Regulation of Railway Systems.

Our work to increase contractor and employee track safety and competence progressed with the introduction of a mandatory Personal Track Safety (PTS) training, assessment and certification program, which is supported by the launch of a new Competence Management System for registration, in-field verification and audit. To date, more than 12,000 employees and contractors have completed the PTS training.

Throughout the year, COVID-19 safety measures remained critically important for our employees as well as our customers. More than 65 control measures have been implemented since the beginning of the pandemic. Some of these measures included a mandatory mask policy, paid time off for vaccination, enhanced respiratory protection measures to protect against the more transmissible variants of concern

(VOC), completion of 80 field/facilities COVID-19 audits, and 42 project site COVID-19 inspections, which resulted in 69 site-specific audit reports and 673 corrective actions.

Metrolinx was recognized with an award from the Railway Association of Canada (RAC) for our work on COVID-19. Our pandemic response and recovery efforts also received global recognition from the Business Continuity Institute (BCI), a UK-based professional organization with more than 9,100 members in 100 countries.

While we experienced some capacity challenges caused by COVID-19 and the need to have more employees dedicated to the COVID-19 response overall, the Safety division performed well against our corporate strategic objective targets, employee engagement scores related to feelings of safety remained high, and we continued to make significant progress on our safety transformation agenda to build a strong safety culture at Metrolinx. (See Appendix A for commentary on all safety targets).

Engaged People

Metrolinx moved with purpose and speed to support and protect our people through the COVID-19 pandemic. Our commitment to the safety of our employees remained a top priority. About half our workforce is made up of essential frontline workers, including many of our operations and capital employees and contractors, and were required to report to work throughout the COVID-19 pandemic. Office-based staff whose jobs can be done remotely were encouraged to continue to work from home throughout the year, consistent with provincial stay-at-home orders. In Metrolinx's February 2021 Employee Engagement survey, 82 per cent of employees felt well-informed around safety measures being taken as a response to the pandemic.

Security and technology were essential components of supporting a remote workforce at Metrolinx with the tools and systems they needed to stay productive, engaged and connected with colleagues. Pre-COVID-19, the average number of remote connections to our Virtual Private Network (VPN) was 450-500 employees each day. However, once the pandemic was in full force, 2,400-2,600 employees needed to connect remotely to Metrolinx daily. Within 30 days, the information technology team was able to process and provision enough VPN connections for most users.

In addition, hundreds of laptops with accessories (headset, keyboard, mouse) had to be purchased, set up with software and distributed – in some cases directly to employees' homes, with the help of the corporate services team – to enable remote work of around 50 per cent of Metrolinx's workforce. Expediting the roll out of the Microsoft Office 365 and Windows 10 migration to employees boosted productivity and enabled collaboration. Equally as critical, the infrastructure was kept stable and secure, and business and service applications continued to function with minimal disruption.

Employee communications remained extremely important in supporting employee engagement, with targeted internal communication tools to effectively reach staff working remotely as well as those on the frontlines. We focused on sharing timely and important organizational information, as well as facilitating two-way communication with the Metrolinx leadership team to ensure staff felt supported and engaged. Regular virtual town halls were held with the CEO and the senior management team, providing all employees with an opportunity to hear from leadership, ask questions and highlight issues of concern. In addition, people leaders within each division held regular virtual town halls with their staff.

The importance of employees' mental health and wellness remained a strong focus this year, as new initiatives were introduced to better support our people throughout the pandemic. We ensured employees were aware of existing resources and consistently introduced and added new offerings to a dedicated area of our employee intranet site. We also introduced regular mental health webinars on a variety of topics, including overcoming burnout and practical strategies for working remotely with children. Resources and recorded webinars were shared across all our employee communication channels. We improved the health benefits we offer to our employees, with enhanced psychological paramedical service benefits to include social workers, clinical counsellors, marriage/family therapists and psychoanalysts.

Meaningful steps were made towards making Metrolinx a stronger leader on diversity and inclusion, to act and remove barriers that perpetuate systemic discrimination and racism in the workplace. Efforts continued as we worked to foster an inclusive and anti-racist organization at Metrolinx. Highlights included:

- Unconscious Bias training launched and within six months all people leaders had completed this training. In October, the course was added to Metrolinx's corporate course calendar with all employees encouraged to register.
- Enterprise-wide campaigns on anti-racism and workplace harassment and discrimination were implemented in the fall of 2020. These included presentations on inclusion and equity at divisional

town halls, and a mail-out to all staff on the updated Workplace Harassment & Discrimination Prevention Policy and procedures.

- Metrolinx's Cultural Census program launched in October 2020 to allow employees to self-identify across a variety of dimensions to better equip the organization when determining new programs around diversity, equity and inclusion, including anti-racism initiatives.
- Support was provided for the development of eight Employee Resource Groups (ERGs), providing opportunities for employees to feel seen, heard and empowered at work. In addition to Pride 365, Young Professionals & Future Leaders and Metrolinx Women's Network, we have provided support for the Black Employee Experience at Metrolinx (BEEAM) ERG which was established this past year and other emerging groups including Women in Operations, W.I.N in CPG (Women's Inclusive Network) and the Indigenous Peoples ERG which is still the development stage.

A new five-year HR Technology Roadmap was developed to further modernize HR systems at Metrolinx. By 2024, with the correct tools and systems in place, we will have a more cohesive and efficient digital workplace for all employees in support of a more modern and improved employee experience.

At the beginning of the year, Metrolinx prioritized the importance of cultivating a Lean culture, establishing a Lean Centre of Excellence to engage and empower employees to change their behaviours and apply Lean techniques. By the end of March 2021, we saw 1,000 employees complete the new virtual Lean Fundamentals Training Program and had a 93 per cent satisfaction score among participants. To date, 316 ideas originating from Lean actions have been prioritized, and coaching for Metrolinx teams and people leaders continues to focus on using practical problem-solving techniques.

We also successfully negotiated a new collective agreement with the International Association of Machinist and Aerospace Workers (IAMAW) Local 235, not only within the approved timeline, but also the first to be negotiated virtually at Metrolinx.

Trusted Business Partner

Metrolinx is delivering the largest rapid transit expansion program in North American history. This includes a \$75-billion portfolio of new capital projects as well as the expansion of existing rail and bus operations.

Our responsiveness and efforts to engage with customers, stakeholders, and the general community in which we operate are critical determinants of the trust we are able to earn. This proved to be even more important in the midst of the pandemic, where our actions needed to support our customers' confidence in our services; and our stakeholders' ability to continue consulting and engaging with us as we rolled out our capital programs.

Communications and corporate reputation

Throughout the 2020-21 business year, our key focus was continued engagement with our customers and our communities.

In keeping with the organizational objective to build our reputation, Metrolinx achieved a positive impression score of 61 per cent among community residents. More than two-thirds identified as supporters or advocates of transit expansion, and their preferred mode for community engagement is through Metrolinx or project websites followed by virtual open houses and town halls.

For stakeholders/partners, Metrolinx achieved a positive impression score of 59 per cent, a six-point increase from 2019-20. Stakeholder partners continued to emphasize the importance of early and consistent consultations, as well as two-way engagement.

There were frequent communications about the safety measures Metrolinx implemented at our work locations, on our buses, trains and at our stations to address public health concerns caused by the pandemic; how we changed and adjusted services to keep frontline workers moving, while also maintaining our construction timelines on capital projects; and continuously adapted our actions to reflect the most current and relevant guidance from the province and public health authorities - including the mandatory wearing of masks at Metrolinx work locations, on trains, buses and at all project work sites.

Consistent with our objective to communicate transparently with our various stakeholders/partners, the media relations team responded to more than 2,295 media calls (compared to 1,800 calls in the previous year). More than 500 of the calls for the year were related to COVID-19. Proactive outreach to media, customers and stakeholders contributed to the achievement of key milestones on capital projects including the Ontario Line, GO Expansion and Rapid Transit projects, and the opening of the new Union Station Bus Terminal; and to successful customer initiatives such as service changes, Wi-Fi on GO buses and trains, PRESTO app enhancements and the contactless open payment pilot.

Metrolinx News, the corporate blog, grew its reach tremendously within the year delivering unprecedented audience as communities, riders and the media looked to it for stories that explain how progress is being made on our projects and for the latest updates on our services. For the year, Metrolinx News published 321 features and was recognized with an ACE Award by the Canadian Public Relations Society for best digital communications campaign for the year (July 2020).

Corporate Social Responsibility

In addition to enhanced safety measures for customers, Metrolinx offered COVID-19 community support through several special initiatives which included: support of a COVID-19 mobile testing unit, providing transport for quarantining migrant workers in western Ontario, supporting the Ontario Public Service through a pandemic supply procurement initiative, and piloting a program to distribute COVID-19 personal protective equipment to vulnerable populations seeking comfort in our facilities.

Community and stakeholder/partner engagement

Building collaborative partnerships with our stakeholders/partners and communities remained a key focus throughout the year. Our community engagement and stakeholder relations teams pivoted to hold community engagements and public consultations virtually and continued to connect through virtual outreach, in some instances offering virtual appointments to community members to speak one-to-one with a member of the team and responding to and initiating correspondence and communications via other channels to ensure we were providing timely and accurate information about our projects.

Administration of the Community Benefits program continued within the year. First introduced in 2013, the program is committed to ensuring that where possible major infrastructure investments include equitable hiring practices, training, apprenticeships, local supplier and social procurement opportunities. (See GRI report, Appendix B, Disclosure 413-1 for more details on the performance of the Eglinton Crosstown Community Benefits Agreement).

Throughout the year we held 89 virtual public meetings and 1,068 virtual stakeholder briefings, conducted 7,767 interactions related to the Subway program, GO Expansion and Rapid Transit projects (including correspondence, emails and phone calls), sent 119,146 eblasts (construction notices and weekly/bi-weekly/monthly e-newsletters), and 708,092 direct-to-home communications. Towards the end of the financial year we developed a 'We Are Here For You' campaign so residents know who to contact when they have a question or concern. The table below provides a comparison of our performance for the last fiscal year and the previous year.

Fiscal Year	Public meetings (virtual and/or in-person)	Stakeholder briefings	Public interactions	Eblasts	Direct-to-home communications
2020-21	89	1,068	7,767	119,146	708,092
2019-20	76	867	5,499	20,827	916,143

COVID-19 impacts to capital program

As with many areas, COVID-19 caused significant disruption to the GTHA, particularly in the initial period when there was a transition to a work-from-home environment. However, with careful management and nimble intervention, the capital projects team managed to keep the capital program moving. Heightened mandatory safety precautions have been implemented on projects across the capital program which

complement the developments that further support the construction progress achieved in 2020-21. For instance, reduced train service allowed greater access for construction on railway corridors.

Planning and transit expansion

We delivered on an investment of approximately \$3.9 billion dollars (incurred cost) across our projects in the 2020-21 financial year.

As part of our strategic goals for the year, we had projected the delivery of 25 key milestones – we were able to deliver 18 of these milestones. The shortfall was largely due to COVID-19 related supply chain disruptions.

GO Expansion

Under the GO Expansion portfolio, we achieved several key milestones including completion of the new Union Station Bus Terminal which was brought into operation on December 5. The new station features 14 bus bays (which doubles the capacity of the previous terminal), 270 bike parking spaces and several other customer amenities.

At Cooksville, a new six-level parking garage was completed and opened to customers, providing more than 750 net new spots, and increasing the number of parking spots at the station to more than 2,500.

A project at Kipling GO station features construction of a new station building. We also installed a green roof which will not only provide weather protection, but will also bring improved building energy performance, and the diversion of thousands of gallons of storm water from the sewer system annually.

We also started construction on a new Lincolnville GO Station, which will replace the existing facility, and completed the installation of a layover.

Bloomington GO Station reached substantial completion in the last quarter of the financial year. Once complete, this new station—the 68th in the GO network—will become the northern terminus of the Richmond Hill line. It includes a parking complex, station building and canopies to keep customers sheltered from the elements.

At Agincourt GO Station, crews installed the final underground pedestrian tunnel section in December. With construction of the new station building well underway, demolition of the existing station building began in February. When complete, the improved Agincourt GO Station will give commuters better station amenities and access to all-day, two-way frequent GO train service on core segments of the Stouffville line.

Rapid Transit

As we focus on delivering our rapid transit programs, we realigned this part of our business to create a rapid transit division solely responsible for managing operational, asset management and commercial elements related to this portfolio; and bringing into service the upcoming Light Rail Transit (LRT) projects, Subways Extensions and the Ontario Line. The portfolio also includes Mississauga Transitway and VIVA BRT, two Bus Rapid Transit (BRT) systems which are now fully in operation with the completion of the final VIVA BRT segment, marking a full decade of effort on this project.

Within the year, we conducted the first light rail vehicle testing in the Eglinton Crosstown LRT tunnel - this was the first time testing took place beyond the Maintenance and Storage Facility. Other key milestones included

underpinning of TTC's Line 1 at Eglinton and Eglinton West stations, completion of all track installation, and all surface level stops installed. To date, forty-five LRT vehicles have been delivered.

Finch West LRT saw piling works at the Humber College stop and at Finch West station. The installation of steel piles will support the excavation for elements including entrances, emergency exits and the pedestrian connection between the LRT and subway. Additionally, replacement of the Highway 400 bridge, which spans across the Finch West LRT line, was completed at Finch Avenue West.

Work continued to progress on the construction of the Hurontario LRT. Within the year, the underpass at Highway 407 was widened to create a new centre and independent deck to carry the LRT guideway. Metrolinx also worked with utility providers to relocate hydro cables, gas mains and telecom cables. In December, utility company crews completed the early works relocations of this essential infrastructure to prepare for construction. Utility works will continue to be carried out this year by Mobilinx, the consortium building the new line.

Subways

The Ontario Line transit project advanced significantly throughout the year. In December 2020, Metrolinx published the Preliminary Design Business Case (PDBC) which provides a more detailed and improved understanding of the benefits of the project. It builds upon the Initial Business Case (IBC) which was released in July 2019 and describes how the project will improve transit and strengthen communities across the city. In addition, Requests for Proposals (RFPs) were issued for two major packages of work – one for the Southern Civil, Stations and Tunnels package and one for the Rolling Stock, Systems, Operations and Maintenance (RSSOM) package.

Within the last quarter, the Yonge North Subway Extension (YNSE) project delivered its Initial Business Case and commenced consultation. Several engagements with the public, stakeholders and Indigenous organizations and community partners have taken place for alignment of the project and Early Works reports have been released for public feedback.

The Scarborough Subway Extension (SSE) and Eglinton Crosstown West Extension (ECWE) Advance Tunnel procurements saw significant strides with the announcement of the First Negotiations Proponents (FNP) for each project. Strabag and West End Connectors (WEC) were identified to design, build and finance the tunnels for SSE and ECWE projects, respectively. Identification of the FNP is the first step in the negotiations process. Infrastructure Ontario and Metrolinx will work with the teams to finalize the details of their RFP submissions to ensure that each team has a proposal that provides the best value for the province.

Across all four priority transit projects, Metrolinx continued to progress environmental assessments which will help us determine and mitigate potential impacts to the environment.

Planning

Planning for customer needs is a core part of Metrolinx's business and often involves partnerships with other regional and municipal transit systems, research activities and pilot exercises. The Frequent Rapid Transit Network (FRTN) Prioritization Framework, which was developed and implemented in collaboration with the Ministry of Transportation and municipalities across the region (endorsed by the Metrolinx Board in February 2020), helps to address long-term needs by continuously progressing planning readiness for the 2041 Regional Transportation Plan's envisioned network of over 100 rapid transit corridors. For the reporting period, we engaged with planning and transit staff in more than 10 outer-ring municipalities in Metrolinx's expanded GGH mandate area and conducted the first annual review of projects using the FRTN Prioritization

Framework. These activities were conducted in close coordination with the Ministry of Transportation and its ongoing multi-modal GGH Transportation Plan.

Metrolinx is also supporting the Ministry of Transportation in the development of the GGH Transportation Plan for 2051 by providing input to the transit component of the plan. RTP projects and FRTN project analysis are being used as input for the development of options. Once finalized, the GGH Transportation Plan will provide strategic direction to guide Metrolinx transit network and business case planning.

The preliminary design for the Durham Scarborough BRT neared completion and was refined in consultation with the municipalities and through extensive community consultation. Planning for a future Dundas Street BRT advanced with Metrolinx issuing a Request to Qualify and Quote (RQQ) to market for consultant services to support preliminary design, a Preliminary Design Business Case, and environmental approvals.

2020 Metrolinx Accessibility Status Report

Metrolinx is committed to making transit accessible for all Ontarians. As part of this commitment, we published the 2020 Accessibility Status Report which is required to fulfill Accessibility for Ontarians with Disabilities Act (AODA) reporting requirements. The report outlines timelines for making non-accessible GO stations accessible, provides updates on accessibility of PRESTO devices, and highlights key accessibility initiatives in new Bus Rapid Transit, Light Rail Transit, and Subway projects. Members of the public were offered an opportunity to provide input into the report through annual accessibility consultations, which due to COVID-19 were held virtually and in an accessible format.

Station access implementation

Improved station access is a key strategic goal for Metrolinx and focuses on the ease of access and connectivity transit riders have to our stations. A “quick blitz” application of a suite of station access improvements progressed within the year, starting with five pilot locations (Ajax GO, Aurora GO, Long Branch GO, Mount Pleasant GO and Oakville GO) with specific focus on walking, cycling and wayfinding. Insights and lessons learned from the pilots may inform future station improvements across the network. These initial pilot stations were selected based on various considerations, including; ridership, facility needs, parking utilization, and customer satisfaction score.

Transit network integration and regional partnerships

We saw progress on the fare and service integration program as advancement was formalized within the last quarter at a regional roundtable meeting with municipal representatives from across the region as well as with discussions with the province.

Metrolinx is also researching technical examples to inform long-term regional fare structure options and short-term service integration opportunities in consultation with MTO and transit partners across the region. Several early actions have been proposed and are under consideration as building blocks to making transit more convenient, seamless and affordable for riders and by removing obstacles that make it difficult for people to use transit.

We introduced a Regional Priority Bus Program which provides a proof-of-concept micro simulation modelling exercise to better understand priority bus options in the region. Three corridors in Brampton, Mississauga and Hamilton are being analyzed to test the benefits of queue jump lanes, transit signal priority, dedicated bus lanes, stop consolidation and all-door boarding.

Transit Oriented Communities update

Metrolinx's market-driven Transit Oriented Communities (TOC) program leverages Metrolinx's real estate holdings as well as third party partnerships to provide positive value capture for the province, and to maximize transit investment and increase transportation connectivity across the network while reducing taxpayer burden.

Metrolinx's GO Heavy Rail and LRT TOC portfolio progressed considerably this past year with the execution of three Letters of Intent (LOI) and a Binding Agreement. Additionally, three business cases as well as two high value dispositions were completed.

Sustainability

Metrolinx is committed to sustainability, and reporting is a key part of this commitment. Beginning in 2019, Metrolinx began disclosing environmental, social and governance (ESG) performance metrics aligned with the Global Reporting Initiative (GRI) framework. This reporting standard is used by almost 75 percent of the world's 250 largest companies. (See Appendix B for the full GRI report).

The close of the 2020 business year marked the end of the company's five-year sustainability strategy. This plan was the first of its kind for Metrolinx, and we were successful in achieving or partially achieving over 80 per cent of the actions set out in the strategy. Primary among our achievements over the five-year period were a reduction in criteria air contaminants for GO rail and bus and publication of our first ever climate adaptation strategy in 2018 (a full performance report will be published later this year).

A key sustainability achievement this past year was the development and publication of the Sustainable Design Standard. The standard provides metrics and reporting requirements through design and construction on a variety of topics, including water and energy use, greenhouse gas emissions and waste diversion, in support of corporate reporting and the development of future sustainability requirements.

Satisfied Customer

COVID-19 and our customers

The COVID-19 pandemic greatly affected the travel behaviour of our customers, and in response we implemented programs to reassure and provide comfort to customers that it is safe to travel on UP Express and GO Transit. More than 65 safety actions were implemented over the last year across our network of GO Transit and UP Express vehicles, stations, and platforms as well as offices and facilities. These actions included:

- Mandatory masks worn by staff and customers, along with the distribution of PPE to employees.
- More than 10,000 plexiglass barriers installed on trains, buses and in stations, including barriers for GO bus drivers and between passenger seats for increased rider protection on all in-service GO trains, buses and UP Express. Installation of more than 4,200 plus hand sanitizer dispensers on board trains, buses and in stations.
- Implementation of new high touch point cleaning programs in stations and on-board vehicles.
- Enhanced overnight service line cleaning programs, with more than 100,000 litres of disinfection cleaner used.

Our Safety Never Stops customer campaign delivered a comprehensive paid, earned and owned media strategy to promote the safety measures across our services. The campaign included safety kiosks at stations and bus wraps reinforcing our messaging, with high profile media coverage on Breakfast Television and CP24. By the end of March 2021, nine out of 10 customers recognized Metrolinx's safety-related measures in response to COVID-19 and overall personal health and safety - this was the highest customer satisfaction we've seen since we began tracking these attributes last summer.

Transit service

UP Express and GO Transit services were adjusted throughout the year, based on demand, customer research and behaviour analysis, and ongoing ridership monitoring. Metrolinx also looked for ways to find new efficiencies and cost saving opportunities while continuing to deliver cost-effective and relevant services to essential workers across the GGH. Examples of areas where cost savings were gained included efficiencies from changes to train consist sizes, train crews, bus drivers, station maintenance, contact centre operations and service level changes that were more closely aligned to revised ridership forecasts.

Acceleration of the revised station service model in June 2020 continues to have positive impacts on improving accessibility and availability of customer service staff to customers. Station ambassadors moved out from behind the ticket window to help keep our stations clean by frequently wiping down high-traffic touch points, including door handles, handrails, fare devices and countertops. They are also available to help customers with self-serve options.

The framework for the 2021 Bus Transformation Program was developed to further optimize our service and network, maximize resource utilization, eliminate process waste and increase non-fare revenue. During the fiscal year, we streamlined fleet maintenance into fewer facilities, and initiated the use of telematics on non-revenue vehicles to monitor health and geographical data and reduce vehicle downtime and turnaround time.

The new Union Station Bus Terminal became operational on December 5, 2020. To prepare for the opening day, readiness teams trained drivers on the terminal's operations, reviewed pedestrian safety measures and performed simulation and emergency management exercises. The opening of the new bus terminal helped

to better serve our riders through enhanced safety and a larger, more comfortable waiting area. The terminal shelters customers from bad weather, offers easy access to trains and the downtown core and works much like a modern airport - there are zones, and gates within those zones, that open to the bus platforms. The new bus terminal was built to better support the growth and transformation of the City of Toronto and the region.

On-time performance (OTP) for our customers across all services (GO train, GO bus and UP Express) averaged 98.7 per cent for the fiscal year, exceeding the target of 96 per cent. To continue improving on-time performance, we focused on implementing actions that address the root cause of delays. Some of the major actions included:

- Bus: A fleet overhaul program targeted coolant and exhaust, as well as improved data accuracy. Improvements were made to data collection and reporting procedures, and root cause analysis of delays and cancellations has become more embedded in daily activities. Work is ongoing to improve fleet mean distance between failure and reduce in-service equipment breakdowns.
- Rail: The transition of the rail traffic control function to Metrolinx (from CN) has helped to substantially reduce delays. Root cause analysis continues to be a cornerstone within rail services, with a focus on diagnosing and eradicating delays related to in-service fleet failures and track and signal issues. In addition, we completed a detailed root cause analysis for traction motor faults to ensure the management of impacts to on-time performance.

GO & UP Express Customer Charter Results for 2020-2021

Promise	Service Brand	Measure	Target	Actual	
To Do Our Best To Be On Time.	GO	We will run 95% of trains within 5 minutes of scheduled time.	95%	97.6%	✓
		We will run 96% of buses within 15 minutes of scheduled time.	96%	98.9%	✓
	UP	We will run 97% of trains within 5 minutes of scheduled time.	97%	99.2%	✓
To Always Take Your Safety Seriously.	GO	We will have 30 or fewer complaints per 1,000,000 boardings regarding safety.	30 or Fewer	96.2	✗
	UP	We will have 2 or fewer complaints per 100,000 boardings regarding safety.	2 or Fewer	2.7	✗
To Keep You In The Know.	GO	We will have 30 or fewer complaints per 1,000,000	30 or Fewer	14.0	✓

		boardings regarding service status communication.			
	UP	We will have 4 or fewer complaints per 100,000 boardings regarding service status communication.	4 or Fewer	5.9	✗
To Make Your Experience Comfortable.	GO	We will have 30 or fewer complaints per 1,000,000 boardings regarding comfort in stations, trains, and buses.	30 or Fewer	68.7	✗
	UP	We will have 1 or fewer complaints per 100,000 boardings regarding comfort in stations and trains.	1 or Fewer	2.1	✗
To Help You Quickly and Courteously.	GO	We will ensure that 80% of all calls are answered within 20 seconds or less.	80% or Higher	90.3%	✓
	UP	We will ensure that 80% of all calls are answered within 20 seconds or less.	80% or Higher	95.8%	✓

PRESTO

At the onset of the pandemic, ridership was down 90 per cent for PRESTO's partner systems, and PRESTO was additionally impacted for several months by changing transit system policies such as stopped or reduced fare collection and shifting to rear-door boarding to protect drivers (some transit vehicles do not have payment devices at the rear). PRESTO boardings and unique riders have slowly and steadily rebounded, with March boardings recovering by 38.6 per cent and unique riders recovering by 49.2 per cent for the same period in 2019.

While PRESTO users were down this year, we continued implementing PRESTO's long-term strategy and remained on track to achieve and/or exceed all our targets in this area. This included implementing new fare payment methods, customer experience improvements and executing sustainability initiatives such as PRESTO's 2022 procurement program.

We continued to explore new ways to enhance the customer experience. On March 11, PRESTO began piloting contactless payment on UP Express. PRESTO contactless payment allows customers to "tap-on" with credit cards and mobile wallets and receive PRESTO's best adult fare pricing. This brings another option to transit riders, offering more choice, ease and convenience.

We introduced new PRESTO payment devices across 905 transit systems, GO Transit and UP Express, working closely with our transit system partners. The devices allow customers to leverage new, modern features that will support enhanced forms of payment, including PRESTO contactless payment with credit or debit fares.

We refined our procurement strategy for retendering the PRESTO system to better serve customers, transit systems and stakeholders, as well as to reduce the total cost of ownership of the provincial transit payments business. This came because of earlier market sounding activities Metrolinx undertook with more than 25 industry partners across five different sectors. In early 2021, we issued a Request for Information (RFI) to seek out proposed costs, opportunities, risks and transition approach from the market, that closed on March 15.

Other PRESTO customer enhancements we delivered during the fiscal year included:

- PRESTO app updates such as instant load capabilities allowing both iPhone and Android users to instantly load their cards right from their phones.
- The removal of the 25 cent overdraft fee.
- Immediate balance protection for registered PRESTO users upon reporting a lost or stolen card.
- Reduction of the minimum card load on the PRESTO website and app from \$10 to 5 cents.
- Faster, more streamlined PRESTO account registration.

All these initiatives helped to boost PRESTO customer satisfaction to 81 per cent in November 2020. We ended the fiscal year with a score of 80 per cent.

PRESTO Customer Charter results for April 2020 to March 2021

Promise	Measure	Target		Actual	
To Do Our Best To Be On Time.	We will ensure that 99.9% of all customers transactions are available to be viewed online by the next day.	99% or higher	100%		✓
To Always Take Your Safety Seriously.	We will ensure that safeguards are in place to ensure customer accounts and information are secure	Full Compliance	100%		✓
To Keep You In The Know.	We will ensure our customers are satisfied with our communications around service interruptions (80% or higher on the bi-annual customer satisfaction survey).	80% or Higher	68%		✗
To Make Your Experience Comfortable	We will do our best to make sure we have 40 or less complaints per 1,000,000 taps (excluding transfers).	40 or Fewer	25.7		✓
To Help You Quickly and Courteously.	We will ensure that 80% of calls are answered within 30 seconds or less.	80%	88%		✓
	We will ensure that 80% of web inquiries are resolved within 2 business days.	80%	99%		✓

Customer experience across our network

Customer needs and priorities also shifted just prior to the beginning of the fiscal year in response to the COVID-19 pandemic, placing a greater importance on health and cleanliness, in addition to continued priority around frequency and relevance of our services. We responded to these shifting customer priorities by elevating cleaning and hygiene measures throughout the service network.

We continued to give customers the confidence to use our services, with an experience that is safe, easy and convenient. We demonstrated our adaptability to changes in customer needs, creating a system that improved ease of use, gave more self-serve capabilities and improved customer satisfaction scores.

Despite the fluctuation in ridership, as provincial restrictions were implemented, eased and then returned, we used a modular, agile and scalable approach to service planning that allowed us to quickly respond to changing customer demand. This ensured we provided the right level of service, at the right time.

Customer satisfaction with GO communications improved significantly throughout the year, achieving a customer satisfaction score of 83 per cent. Providing timely, accurate and useful customer information was an important driver of customer satisfaction. We saw high satisfaction with [gotransit.com](https://www.gotransit.com) and 82 per cent of customers told us the website provided the information they were looking for. We worked to keep customers well informed of upcoming schedule changes.

Overall, customer satisfaction achieved a score of 77 per cent on GO, while on UP Express, we achieved 92 per cent, meeting our strategic objective target set out for the year. On PRESTO, customer satisfaction achieved 80 per cent, exceeding our target by 2 per cent.

Other customer experience improvements implemented this year included:

- The launch of a wayfinding pilot project in York Concourse at Union Station to improve wayfinding and signage. New bilingual signage was installed to clarify messaging and disclose information progressively as customers move through the facility. This program was a partnership with the City of Toronto.
- GO Wi-Fi Plus was launched in September 2020 on trains and buses which provides free Wi-Fi and entertainment portal for customers.
- Launched new UV cleaning machines across several GO and UP stations so customers can safely and effectively sanitize small items and devices.
- Signed an agreement with Purolator for a multi-year partnership to provide customer amenities at stations.
- Through the retail strategy we secured a multi-year partner for eight (8) GO stations including USBT.

Additional customer-focused research and planning initiatives included:

- Developed FY21/22 'Ready to Ride' recovery plans that are anchored in updated post-pandemic trip purpose customer research learning to ensure we provide the right level of service at the right time.
- Developed UP Express and GO Transit improvement plans through customer experience mapping for each service to identify and address points of customer friction with operational teams.

Fare revenue, advertising, partnership and retail revenue targets were impacted throughout the fiscal year. With lockdown measures throughout the region keeping customers at home, this year's ridership was 8.9 per cent of 19-20 (6.8 million for GO and UP). This significantly decreased advertising and partnership asset values. Our Business to Business (B2B) fare revenue strategy and plans were also impacted, with corporations ceasing business travel and corporately funded travel programs, and with major conferences, events and seminars held in downtown Toronto being cancelled.

Governance

Metrolinx is an agency of the Government of Ontario and is guided by a mandate from the Minister of Transportation, on behalf of the Premier of Ontario.

The Board of Directors is responsible for setting Metrolinx's strategic direction, identifying, managing and monitoring key risks, as well as providing oversight to operations. The Chair of the Board is accountable to the Minister of Transportation as described in Metrolinx's Memorandum of Understanding.

The Metrolinx Board of Directors includes up to 15 members from several communities in the Greater Golden Horseshoe. They are appointed through Order in Council under the Metrolinx Act, 2006. The table below provides an overview of the Board members, their period of service and annual remuneration within the last fiscal year.

Director	Period of Service	Annual Remuneration
Donald Wright, <i>Chair</i>	Serves from August 16, 2019 to August 15, 2022.	\$146,135.57
Rick Byers	Serves from December 12, 2019 to December 11, 2022.	\$6,300.00
Bryan P. Davies, <i>Vice Chair</i>	Serves from September 8, 2015 to November 14, 2023.	\$10,375.00
Janet Ecker	Serves from October 31, 2012 to October 30, 2022.	\$6,800.00
Luigi Ferrara	Serves from January 17, 2019 to January 16, 2022.	\$5,900.00
Diana Fletcher	Serves from September 17, 2020 to September 16, 2023.	Remuneration to be paid in 2021-22 fiscal year.
Michael Kraljevic	Serves from January 17, 2019 to January 16, 2022.	\$9,100.00
Tony Marquis	Serves from December 6, 2019 to December 5, 2022.	\$5,300.00
Emily Moore	Serves from January 17, 2019 to January 16, 2022.	\$6,400.00

Reg Pearson	Serves from February 14, 2019 to February 13, 2022.	\$5,600.00
Robert Poirier	Serves from January 17, 2019 to January 16, 2022.	\$10,400.00
Clio Straram	Serves from January 17, 2019 to January 16, 2022.	\$4,600.00
Sylvie Tessier	Serves from September 3, 2020 to September 2, 2023.	\$3,300.00
Paul Tsaparis	Serves from January 17, 2019 to January 16, 2022.	\$8,300.00
Phil Verster, <i>President & CEO</i>	Serves from October 2, 2017 to October 1, 2023.	Phil Verster receives an annual salary as President & CEO of Metrolinx but does not receive remuneration as a Board member.

¹Kathy Bardswick served from April 5, 2017 to April 4, 2020 and received remuneration in the amount of \$200 for the 2020-21 fiscal year. Anne Golden Served from April 16, 2014 to April 15, 2020 and received \$800 remuneration for the reporting period.

Management Discussion & Analysis

Management Discussion & Analysis

Corporate Performance

Metrolinx's revenue comprises i) fare revenues from transit operations, including bus and rail services; ii) non-fare revenues, including partnership, advertising, fees collected from transit providers for the use of the PRESTO system, and commercial space rent; as well as iii) reimbursements received for certain work completed for third parties. Net loss represents the excess of operating expenses, including amortization, over revenues earned in the fiscal year. Annual results are normally compared against budget, however, the Metrolinx budget was based on pre-COVID-19 assumptions and therefore did not reflect the impact of COVID-19 on anticipated financial results and became less relevant in measuring the organization's financial performance. As a result, a Q1 forecast was established based on the anticipated COVID-19 environment and this was presented and approved by the Province, and became the new benchmark for the organization's financial performance and Strategic Objectives. Therefore, the Q1 forecast is used as a benchmark for comparison where relevant throughout the management discussion and analysis. The 2020-21 budget information provided in the below tables is for reference purposes only. The net loss for the fiscal year ended March 31, 2021 of \$17.7 million was lower than the prior fiscal year's net loss of \$18.4 million and lower than the Q1 forecast net loss of \$184.4 million.

Metrolinx continues to see the effects of the COVID-19 pandemic posing a challenge for the organization with a reduction in total ridership levels during the fiscal year ended March 31, 2021 of approximately 91.1% in comparison to the prior fiscal year, which has impacted how Metrolinx operates its service. While the COVID-19 pandemic has resulted in significant reductions in ridership and revenue, it has also presented a unique opportunity for leadership and innovation in the public transit environment. Metrolinx has taken this opportunity to support short- and long-term economic recovery efforts of the region by continuing to provide lifeline regional transit services to support frontline workers, adjusting GO Transit services to meet customer demand while continuing to ensure customer safety, advancing Ontario's new subway transit plan for the Greater Toronto Area (GTA), and continuing the delivery of Greater Toronto and Hamilton Area (GTHA) rapid transit projects. Metrolinx continues to focus on providing a safe and secure environment for its customers and employees while optimizing its operations to meet shifting customer needs.

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2018 (fiscal 2017-18), March 31, 2019 (fiscal 2018-19), March 31, 2020 (fiscal 2019-20) and March 31, 2021 (fiscal 2020-21).

The following table summarizes the consolidated revenues, operating costs and ridership for Metrolinx for fiscal year ending 2020-21, the three prior fiscal years and the 2020-21 Q1 Forecast.

Summary of Corporate Performance (\$ in 000')	2017-18	2018-19	2019-20	2020-21	2020-21	2020-21
	Actual	Actual	Actual	Actual	Q1 Forecast	Budget
Fare Revenue	540,989	566,663	574,160	56,348	98,258	653,022
Non-fare Revenue	64,688	95,383	132,324	50,507	61,533	194,424
Third Party Construction Revenue	-	-	-	76,049	-	-
Operating Costs ¹	994,532	1,077,518	1,139,982	1,203,581	1,346,329	1,293,200
Ridership	72,374	76,225	76,334	6,813	12,220	83,751

Note:
1- Included in operating costs in 2020-21 are third party construction expenses of \$77.4 million. Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation (refer to following table for details).

Financial Report

Financial Report	2017-18	2018-19	2019-20	2020-21	2020-21	2020-21	2020-21
(\$ in '000)	Actual	Actual	Actual	Actual	Q1 Forecast	Variance	Budget
Revenue							
Fare Revenue	540,989	566,663	574,160	56,348	98,258	(41,910)	653,022
Non-fare Revenue	64,688	95,383	132,324	50,507	61,533	(11,026)	194,424
Third Party Construction Revenue	-	-	-	76,049	-	76,049	-
Provincial Contributions	341,309	478,135	590,394	961,560	1,004,334	(42,774)	404,334
Amortization of Deferred Capital Contributions	616,494	700,977	803,312	868,350	948,450	(80,100)	948,450
Total Revenues	1,563,480	1,841,158	2,100,190	2,012,814	2,112,575	(99,761)	2,200,230
Expenditures							
Supplies & Services ¹	97,112	98,193	128,635	184,458	364,513	(180,055)	195,725
Equipment maintenance	118,192	117,855	138,332	109,158	121,572	(12,414)	145,302
Facilities & track	146,002	168,967	145,414	161,149	165,881	(4,732)	157,986
Labour & benefits	318,656	336,167	352,201	379,607	356,578	23,029	363,462
Operations	314,570	356,336	375,400	291,846	337,785	(45,939)	430,725
Third Party Construction Expense	-	-	-	77,363	-	77,363	-
Amortization of capital assets	611,795	699,248	803,105	837,468	948,123	(110,655)	948,123
Amortization of long-term leases	327	327	327	327	327	-	327
Loss/(gain) on disposal and write-down of capital assets ¹	(19,837)	79,417	175,187	(10,870)	2,159	(13,029)	-
Total Expenditures	1,586,817	1,856,510	2,118,601	2,030,506	2,296,938	(266,432)	2,241,650
Net income/(loss)	(23,337)	(15,352)	(18,411)	(17,692)	(184,363)	166,671	(41,420)

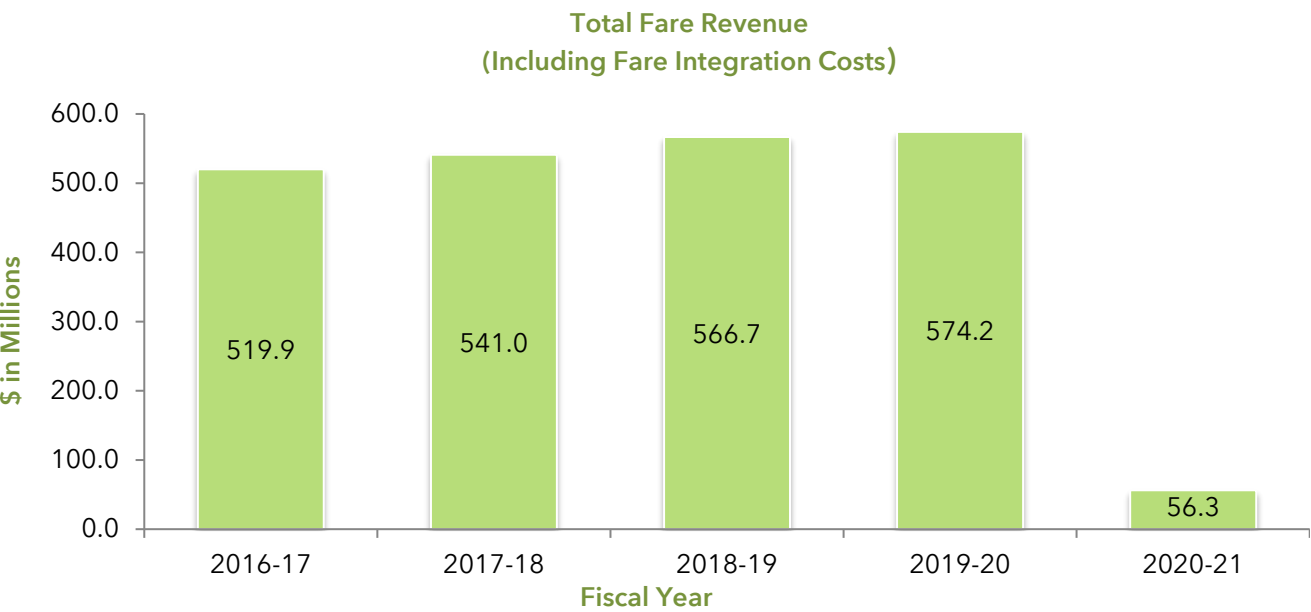
Note:
Numbers may not add due to rounding
1- Capital work-in-progress write-offs were included in supplies and services in prior years. During the current year, these write-offs have been included in loss/(gain) on disposal and write-down of capital assets. Prior year's figures for loss/(gain) on disposal and write-down of capital assets and supplies and services have been reclassified accordingly.

Revenues

Fare revenue

Metrolinx’s fare revenue from transit operations, including bus and rail services, decreased in 2020-21 to \$56.3 million compared to the prior year’s \$574.2 million. The net decrease of \$517.9 million or 90.2% in fare revenue is primarily a result of lower ridership due to the COVID-19 pandemic. In particular, the ridership on UP Express decreased by 93.5% during 2020-21. With the decreased ridership, Metrolinx monitored customer travel patterns and optimized its service frequency for GO and UP Express services to align with the lower demand. Weekly trips were reduced by 47% in March 2021 relative to pre-COVID-19 levels in January 2020, or 25% relative to the already reduced service levels in March 2020.

The COVID-19 pandemic has affected both current and the future travel behaviours in public transit, and in response Metrolinx has successfully implemented many COVID-19 safety measures to rebuild customer confidence in public transit and to encourage customers back to GO Transit and UP Express, by providing a safe public transit experience for when ridership recovers.



The fare revenue for the current fiscal year was lower than the Q1 forecast by \$41.9 million or 42.7% reflecting the early COVID-19 second wave and a delay in businesses returning to the office.

Ridership

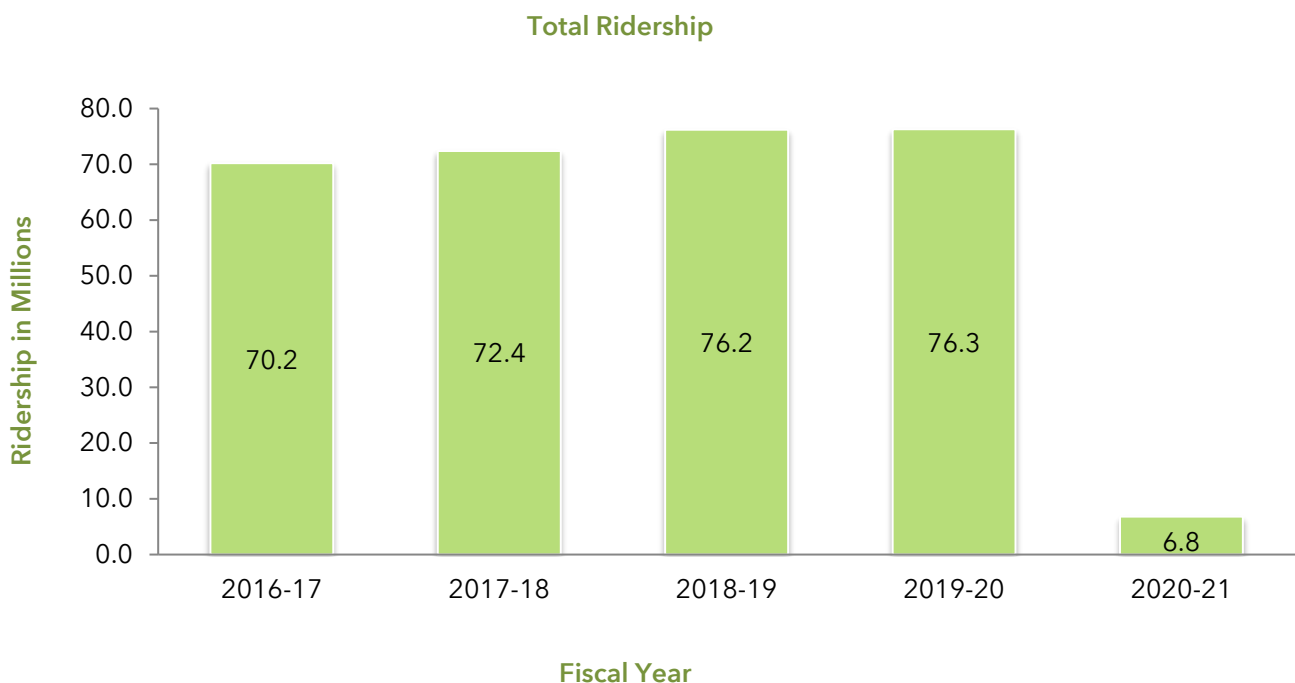
Metrolinx's ridership reflects the use of GO and UP trains and GO buses across the region. Year over year ridership decreased by 69.5 million or 91.1% from 76.3 million in 2019-20 to 6.8 million in 2020-21.

Over the last year, Metrolinx announced many improvements for GO customers, including:

- removal of the 25-cent overdraft fee charged each time a registered PRESTO user reached a negative balance, as well as reduction of the minimum card load on the PRESTO customer website and app from \$10 to 5 cents;
- significant updates to the PRESTO app allowing smartphone users to tap their PRESTO cards to their phones to instantly reload funds;
- launch of GO Wi-Fi Plus on trains and buses which provides a free Wi-Fi and entertainment portal for customers;
- opening of the new Union Station Bus Terminal, providing improved customer access to GO bus services and several other customer amenities; and
- launch of the Audible Quiet Zone sponsorship that provides customers with audiobook access on the go.

Metrolinx has implemented multiple programs to reassure and provide comfort to customers that it is safe to travel on UP Express and GO Transit. More than 65 safety actions were implemented over the last year across Metrolinx's network of GO Transit and UP Express stations, vehicles and all offices and facilities. These actions included:

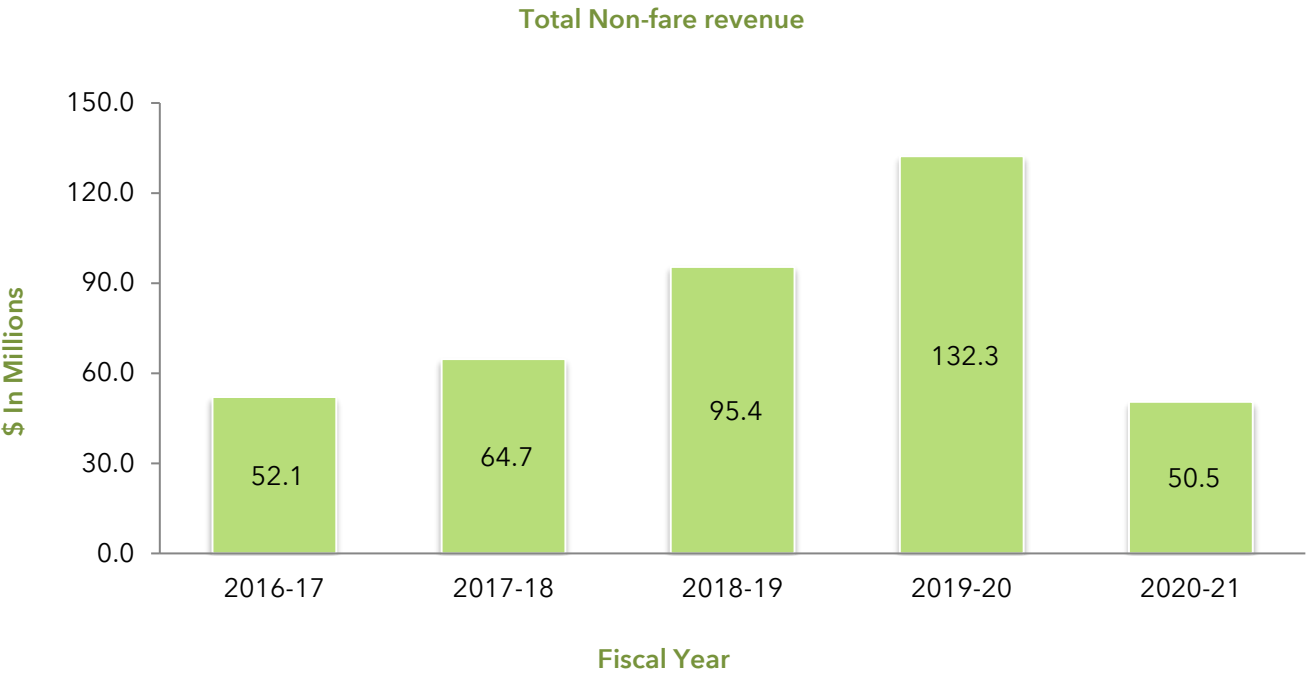
- expanded retail offerings for riders including self-serve vending machines that sell PPE (personal protective equipment) such as face coverings, disposable gloves and hand sanitizer;
- new signage and wayfinding to encourage physical distancing at stations;
- enhancements to daily visible and overnight cleaning programs on the Metrolinx fleet;
- mandatory masks worn by staff and customers;
- distribution of PPE to employees; and
- more than 10,000 plexiglass barriers and 4,200 hand sanitizer dispensers installed on trains, buses and in stations.



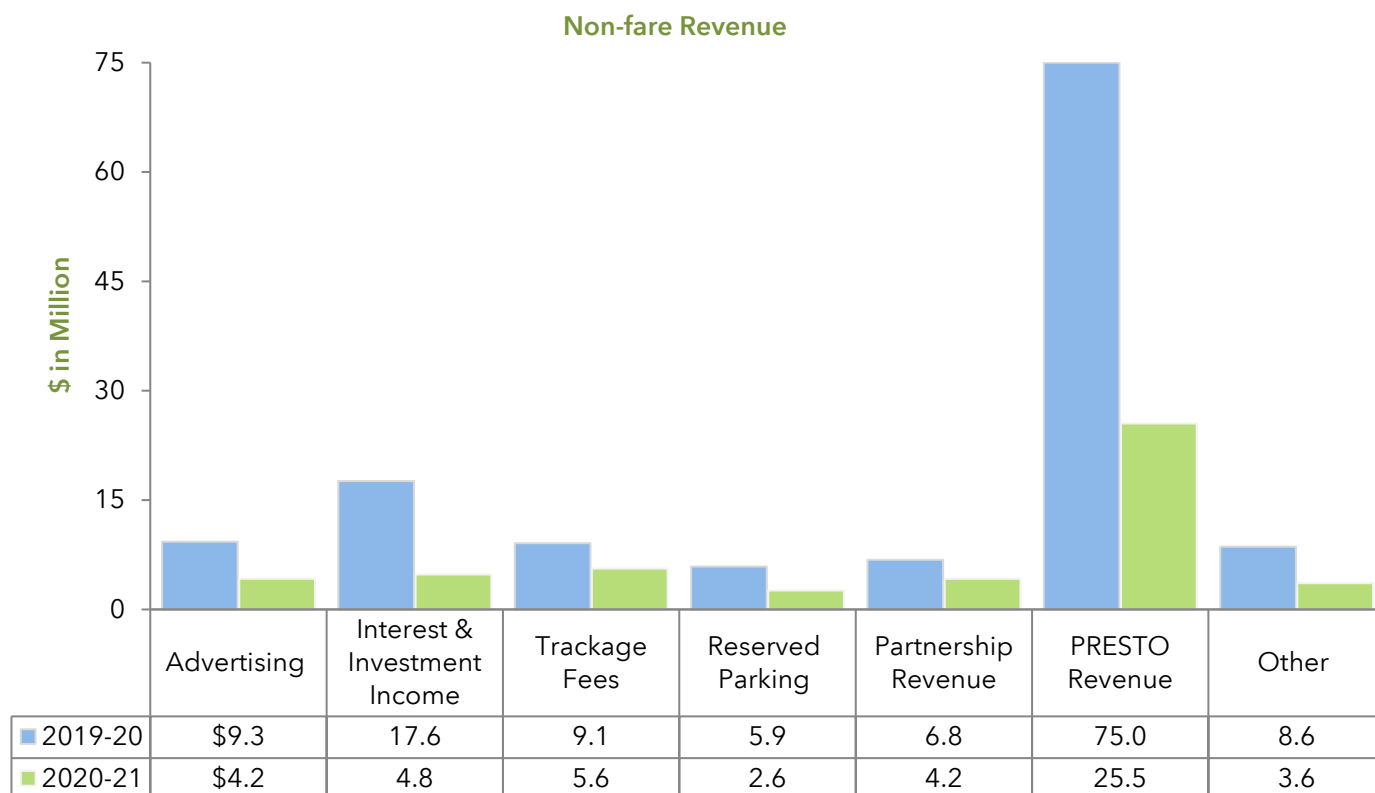
Non-fare revenue

Non-fare revenue consists of partnership and advertising revenue, fees collected from TTC and other transit providers for the use of the PRESTO system, corridor access fees and commercial space revenue.

The following chart shows non-fare revenue performance from 2016-17 to 2020-21. Non-fare revenues were \$50.5 million in 2020-21 in comparison to \$132.3 million in 2019-20, a decrease of \$81.8 million or 61.8%.



The following chart shows the year over year performance of components of non-fare revenue for the fiscal years ending March 31, 2020 and 2021.



The decrease in non-fare revenue of \$81.8 million is largely due to a decline in PRESTO revenue by \$49.5 million, and lower interest and investment income by \$12.8 million.

The decrease in the revenue generated by PRESTO, which mainly includes revenue from fare card sales and PRESTO commission revenue, significantly reduced non-fare revenues this year. Such fees decreased from \$75.0 million in 2019-20 to \$25.5 million in 2020-21, a decrease of \$49.5 million or 66.0%. The decrease in fees was primarily driven by a decline in ridership due to COVID-19 which resulted in a decline in PRESTO commission revenue and lower demand for PRESTO cards across all channels (transit agencies, fare vending machines and retail channels).

In 2020-21, Metrolinx has achieved significant progress on PRESTO client engagement, including:

- Continued implementation of the PRESTO device refresh program across 905 transit agencies, GO Transit and UP Express to leverage new, modern features that will support enhanced forms of payment such as PRESTO Contactless credit or debit fare payments;
- Supporting clients in their transition during the pandemic, such as aiding the TTC in issuing over 200,000 customer refunds, providing remote device training to all clients, and delivering on more than a dozen new client requests for updating passes and concessions through the PRESTO Vouchers program; and
- Improving accessible transit to customers with disabilities by equipping 2,500 new Wheel-Trans Service vehicles across the TTC to accept PRESTO, and supporting Ottawa's EquiPass.

PRESTO continues its journey of improving customer experience through the implementation of new, modern features, open payment, and reduction in the minimum card load on the PRESTO website and app from \$10 to 5 cents. PRESTO also worked with municipal transit agencies and partners in 2020-21 to implement customer and client centric initiatives to support its long-term strategy for higher adoption, greater customer reach and modernized technology.

Advertising revenue decreased from \$9.3 million in 2019-20 to \$4.2 million in 2020-21, a decrease of \$5.1 million or 54.8% largely due to lower advertising sales impacted by COVID-19.

Non-fare partnership revenue is derived from partnerships with a number of companies in the private sector representing the financial services, information and technology, consumer electronics and retail food services sectors. Partnership revenue decreased from \$6.8 million in 2019-20 to \$4.2 million in 2020-21, a decrease of \$2.6 million or 38.2%.

Interest and investment income decreased from \$17.6 million in 2019-20 to \$4.8 million in 2020-21, a decrease of \$12.8 million or 72.7%. The decrease was driven by lower interest from both a significantly lower interest yield and lower PRESTO e-purse bank balance resulting from lower ridership.

Metrolinx owns most of its transit railway corridors and also shares its corridors with its partners including Canadian National Railway (CN) and Canadian Pacific Railway (CP). Railway partners pay access corridor fees on Metrolinx-owned corridors that cover signalling, dispatch and communications costs. Trackage fees decreased from \$9.1 million in 2019-20 to \$5.6 million in 2020-21, a decrease of \$3.5 million or 38.5%.

Non-fare revenue is forecasted to regain in 2021-22. The rebound expectation is mainly attributed to expected strong growth in advertising and billboards as the economy recovers from the impacts of the COVID-19 pandemic. Revenues from track usage and reserved parking fees are anticipated to grow as service increases and riders return to GO and UP services. Healthy recovery is also forecasted for PRESTO commission revenue with increases in GO and UP Express ridership and strong ridership growth projected by other PRESTO-supported transit agencies.

Third Party Construction Revenue

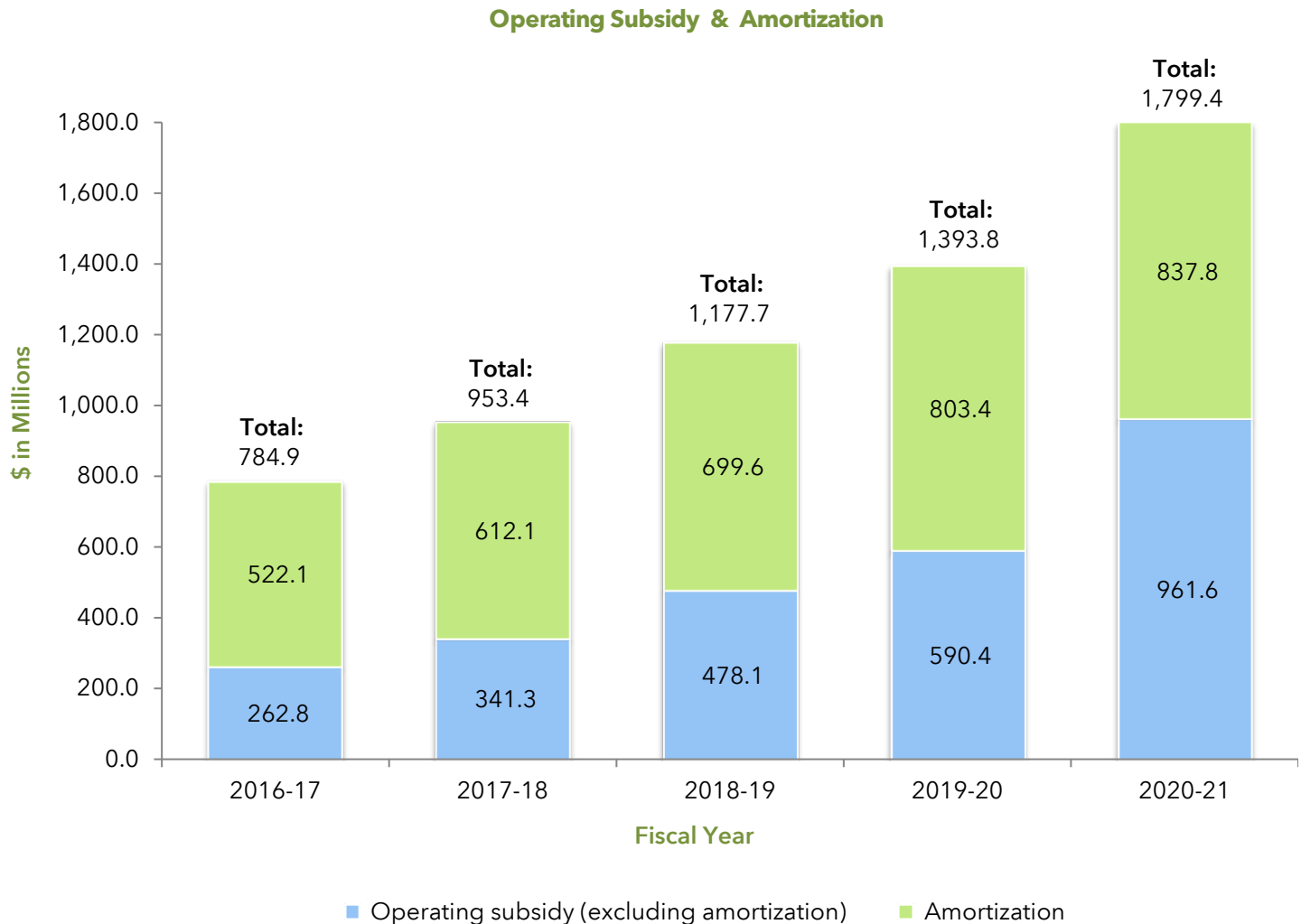
In 2020-21, Metrolinx recognized revenue of \$76.1 million related to third party reimbursements for capital assets constructed on the third party's behalf. The related expenditures are recorded as expenses (see Operating Costs section). Metrolinx expects third party reimbursement transactions to grow over time as Metrolinx continues a large capital program and is often approached by municipalities and other third parties to complete scope on third party owned assets while actively constructing in the area.

Government Funding

Operating Subsidy

Metrolinx received approximately \$961.6 million in operating subsidy from the Province of Ontario (the Province) in 2020-21, an increase of about \$371.2 million or 62.9% from \$590.4 million in 2019-20. This large increase in subsidy was required to offset the significant reduction in revenue due to the ridership loss caused by the COVID-19 pandemic. The subsidy increase due to the pandemic was offset by reductions in capital adjustments in the current year. No municipal or federal operating subsidy or grant has been received over the last five years. The operating subsidy is used for implementing many of the commitments made under the Regional Transportation Plan (RTP). The subsidy is funded by the Province to support the operating expenses less income earned.

Amortization has been fully funded through capital funding for the initial capital expenditure. Amortization expense for the year was \$837.8 million or \$34.4 million over the prior year of \$803.4 million as a result of Metrolinx's ongoing investments in capital initiatives.



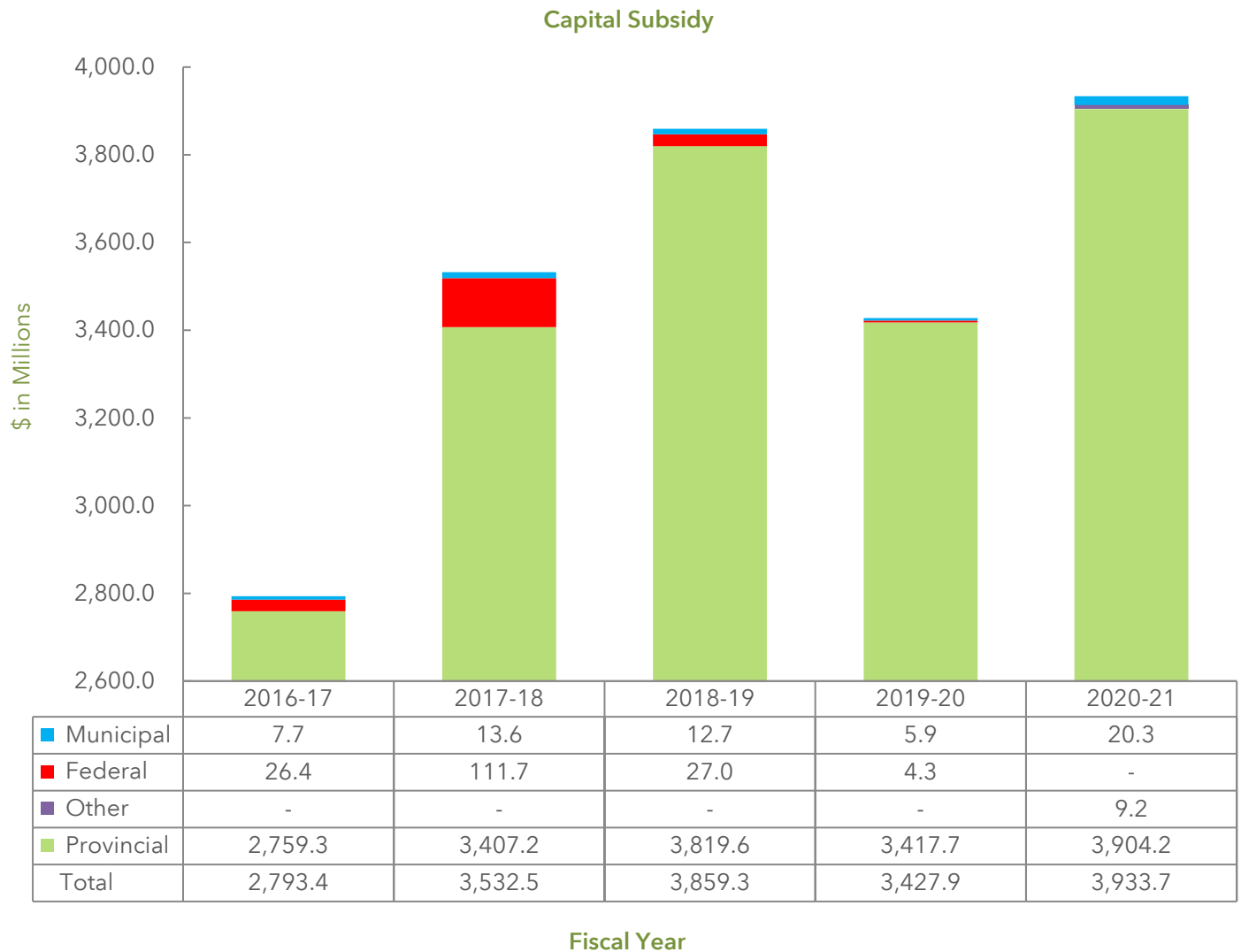
Capital Subsidy

Capital subsidy increased by \$505.8 million to \$3,933.7 million in 2020-21 from \$3,427.9 million in 2019-20. Funding from the Province of Ontario totaled \$3,904.2 million for 2020-21. Metrolinx also received capital funding of \$20.3 million from municipal governments and \$9.2 million from other organizations.

Municipalities contribute towards the GO Growth program. Municipal capital contributions increased to \$20.3 million from \$5.9 million last year mainly as a result of additional contributions for the Metrolinx State of Good Repair program and PRESTO device refreshes.

Funding from other organizations was \$9.2 million in 2020-21 relating to third party reimbursements of capital assets owned by Metrolinx as part of Metrolinx's existing capital projects. These reimbursements are beneficial for Metrolinx projects and they demonstrate positive relations with the development community. There were no federal contributions received in 2020-21 as the Public Transit Infrastructure Funding (PTIF) is nearing completion.

In addition, an agreement with the federal government was finalized in 2020-21 for the Finch West LRT under the Building Canada Fund.



Operating and Capital Expenditures

Operating costs

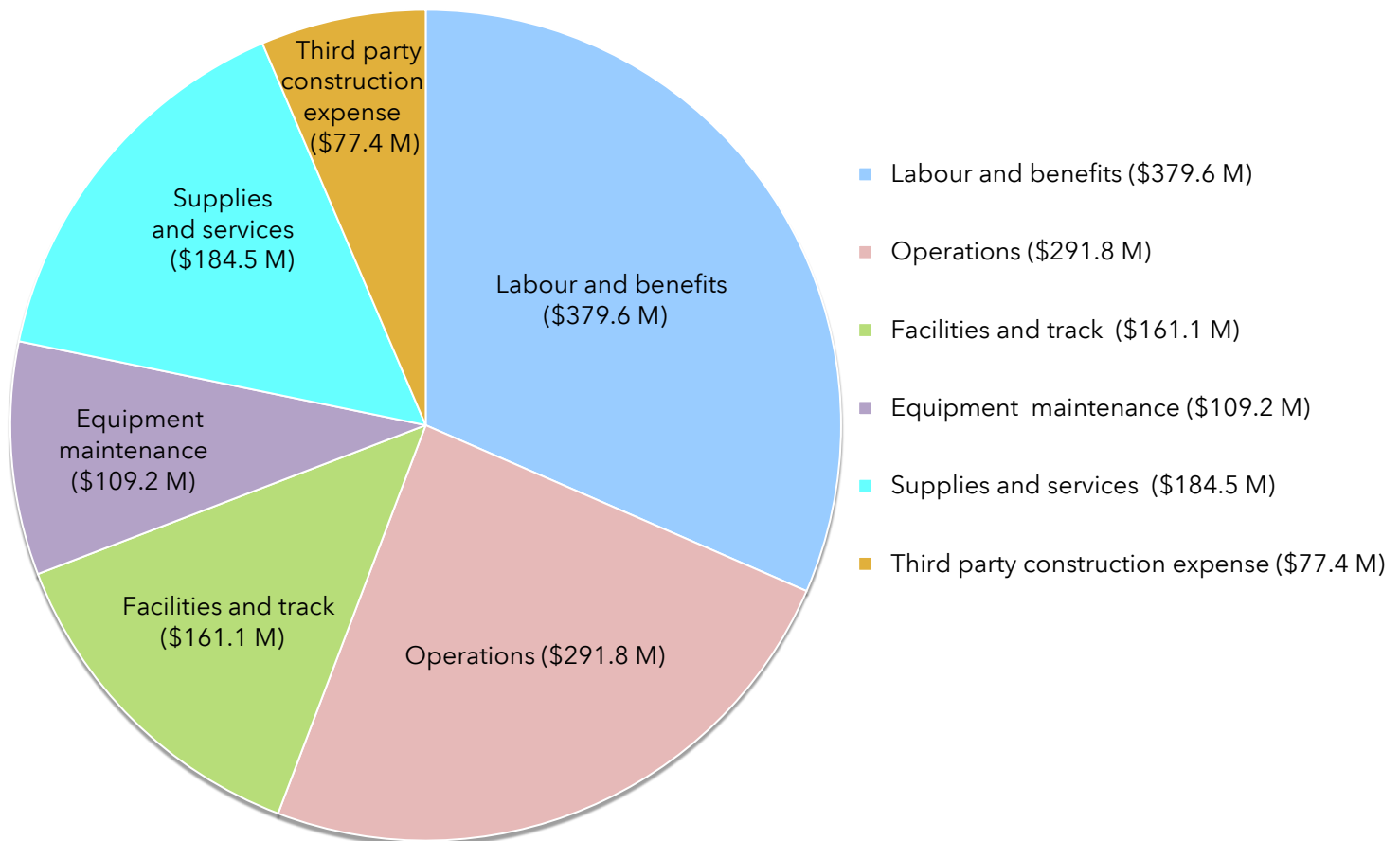
Operating costs, before amortization, for the year were \$1,203.6 million or \$142.7 million (10.6%) lower than the Q1 forecast of \$1,346.3 million. The decrease in spending compared to Q1 forecast was primarily due to:

- a decrease in supplies and services costs of \$180.1 million largely as a result of costs forecasted for subways that are expected to be incurred in the next fiscal year, and lower than expected bid fees;
- a decrease in operations costs of \$45.9 million largely in diesel fuel, crew wages and lower equipment maintenance cost. This decrease is partially offset by the following:
- In 2020-21, Metrolinx recorded third party construction expenses of \$77.4 million for costs incurred relating to capital assets constructed on a third party's behalf. The related reimbursements are recorded as third party construction revenue (see Third Party Construction Revenue section).

As GO Transit and UP Express services were adjusted throughout the year, Metrolinx continued to look for efficiencies and cost saving opportunities while delivering cost-effective and relevant services to its customers in the region.

Operating expenditures by category are shown below.

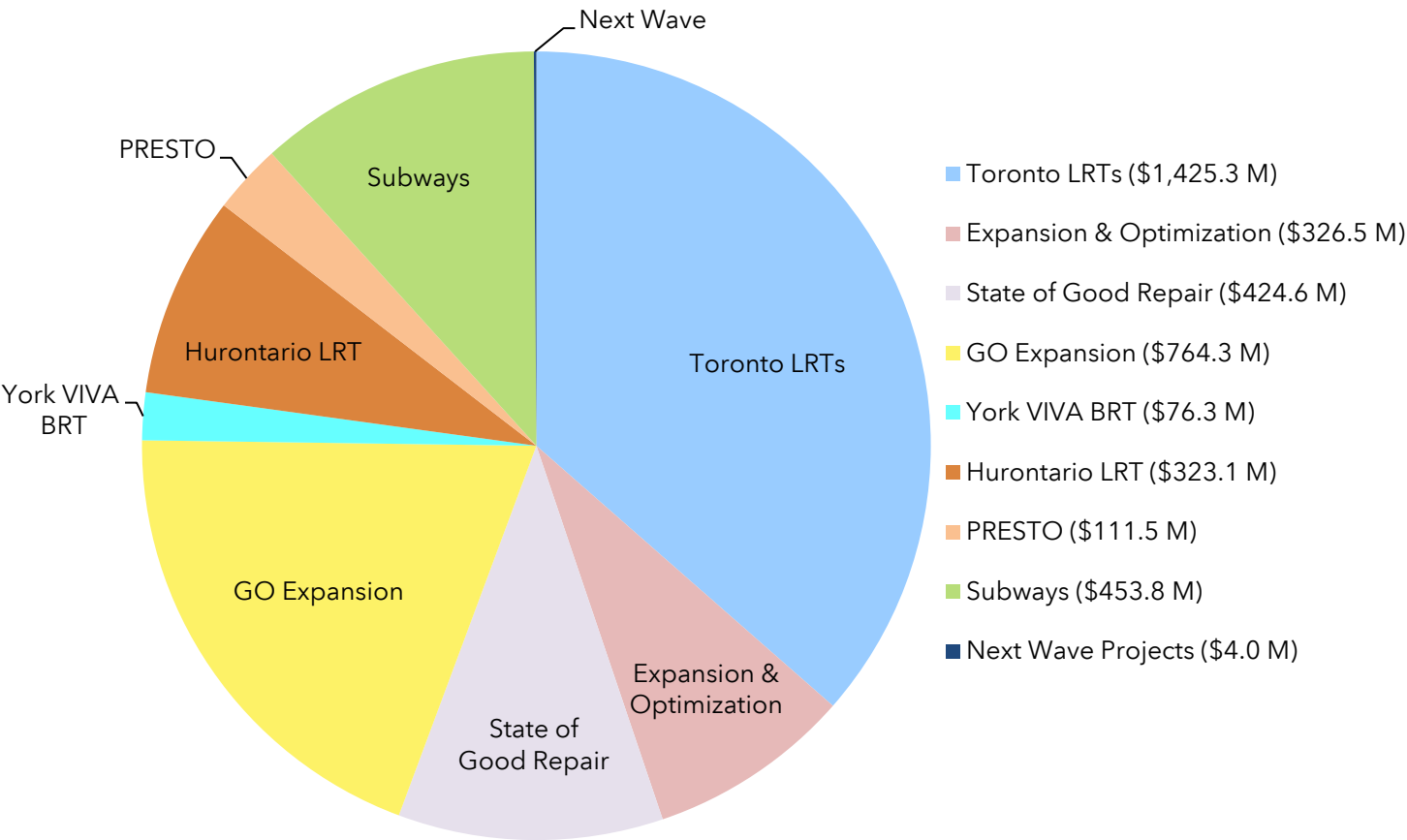
Operating Expenditures by Category



Capital investments

In 2020-21, Metrolinx continued working towards the Province’s priority to significantly increase investment in public transit infrastructure. Key milestones were achieved throughout the year on major capital projects such as the implementation of GO Expansion early works and procurement activities for On Corridor works; procurement, planning and design advancement for the priority subway projects; and further progression into the implementation phase for the Eglinton Crosstown LRT, Hurontario LRT and the Finch West LRT projects. Several major projects reached substantial completion during the year including VIVA BRT, Cooksville GO Station, Kipling Station and Bus Terminal and the downtown Union Station Bus Terminal. Significant investments were also made towards the State of Good Repair (SOGR) program for existing infrastructure to maintain and improve safety and reliability. Capital expenditures in 2020-21 were \$3,909.4 million.

2020-21 Capital Expenditures by Category



Capital Investments – Budgeted and Actual

Metrolinx is advancing a large and growing program, including signature projects like the GO Expansion program, the Eglinton Crosstown LRT, Finch West LRT and the Hurontario LRT. In addition, there was significant advancement and progress on the procurements, planning and design works for the priority subway projects - Ontario Line, Eglinton Crosstown West Extension, Scarborough Subway Extension and Yonge North Subway Extension. In 2020-21, Metrolinx's capital expenditure was \$3,909.4 million, which is \$380.6 million higher than the annual budget of \$3,528.8 million.

The 2020-21 capital results are mainly driven by milestone achievements. Starting with the priority subway projects, there has been acceleration of the works to advance the planning and design to inform the major procurement packages and alignments. In December 2020, the Ontario Line reached a significant scheduled milestone with the release of the request for proposals on the Rolling Stock, Systems, and ongoing Operations and Maintenance (RSSOM) and South Civils, Station and Tunnels procurement packages. Advance tunneling requests for proposal were closed for both the Eglinton Crosstown West Extension and Scarborough Subway Extension projects, with work scheduled to commence in 2021-22. In addition, several projects were able to utilize the increased availability of rail corridors and work blocks due to the current reduced service intervals.

GO Expansion delivers on the Province's commitment to transform the GO Transit rail network into a comprehensive, all-day rapid transit network. The GO Expansion Early Works program achieved significant progress this year by reaching substantial completion on the Kipling Station and Bus Terminal, the Union Station Bus Terminal in downtown Toronto and Cooksville GO station. Crews broke through on both tubes of the Highway 401/409 Tunnel and completed a series of track shifts that enabled construction of the Davenport Diamond Guideway to move to its next phase. Key procurement and early construction milestones were hit on the series of enabling grading contracts along the Barrie corridor, and similar contracts on the Stouffville corridor were completed or advanced into late construction. Finally, a variety of critical scoping and contracting strategy decisions were reached for projects such as the SmartTrack stations that will bring GO train services to new markets.

The Rapid Transit program which is well under construction will deliver LRT and BRT to the GTA and York Region. The Eglinton Crosstown LRT continued to advance through the implementation phase and has achieved approximately 75% completion overall. Over the course of 2020-21, the Finch West LRT project broadened the extent of its construction activity to include much of the alignment. Significant progress was made at the Maintenance and Storage Facility, where tracks were laid and the building enclosed, and on some of the initial underground excavation at Finch West station and Humber College. The rapid bridge replacement of two Highway 400 bridge spans was executed over two weekends in June. The consortium delivering the Hurontario LRT, Mobilinx, made significant progress on design in 2020-21 and began some of its initial construction works, most visibly at the Maintenance and Storage Facility. The early utility relocation program undertaken by various utility companies was completed.

State of Good Repair (SOGR) includes Metrolinx infrastructure and technology assets that are regularly scheduled for repairs, maintenance and rehabilitation. Actual spending of \$424.6 million was under budget by about \$176.0 million. More robust condition assessments and asset management planning are being performed to ensure SOGR projects are delivered within budgeted spending targets. Focused efforts are also being made to improve data quality and to provide reporting on contracts and detailed cost positions.

Over the course of the 2020-21 fiscal year, PRESTO's modernization was well underway with a number of enhancements to better serve GO Transit, UP Express and transit agencies across the region. These enhancements include the delivery and installation of new second-generation self-serve reload machines with faster load times, new PRESTO devices and enhancements to the customer web chat feature. With these enhancements as a technology enabler, Metrolinx will be able to introduce new payment options by credit card, debit card and mobile wallet.

Capital Expenditures by Category (\$ in millions)	2020-21 Actual	2020-21 Budget	2020-21 Variance
Expansion & Optimization	326.5	607.6	(281.1)
State of Good Repair	424.6	600.6	(176.0)
Subways	453.8	271.0	182.8
GO Expansion	764.3	819.6	(55.3)
RT - York VIVA BRT	76.3	143.7	(67.4)
RT - Toronto LRTs	1,425.3	1,714.0	(288.7)
RT - Hamilton	-	100.0	(100.0)
RT - Hurontario	323.1	391.5	(68.4)
Next Wave Projects	4.0	6.4	(2.4)
PRESTO	111.5	68.8	42.7
Other*	-	(1,194.4)	1,194.4
Total	3,909.4	3,528.8	380.6

* In fiscal year 2020-21, the government's plan continued to reflect more sustainable levels of infrastructure investment. It also reflects a more realistic forecast of construction timelines for major projects planned or underway, in keeping with actual expenditure patterns.

Enterprise Risk Management

Metrolinx continues to enhance its Enterprise Risk Management (ERM) Program to help guide the organization's risk management activities and support risk-informed decision-making, assess opportunities and ensure that the organization complies with the Government of Ontario Enterprise Risk Management Directive for all provincial agencies to use a risk-informed approach in managing their business. The identification, assessment, management, monitoring and reporting of risks is vital to the successful ongoing achievement of the organization's strategic objectives.

The COVID-19 pandemic has challenged organizations in unprecedented ways. In response, Metrolinx has adapted its business to address the evolving demands COVID-19 has brought in 2020-21. Agile, focused mitigation of risks at both strategic and tactical levels will continue through 2021 and outlying years. In 2020-21, Metrolinx reviewed our risks at the enterprise, program and project level, considering the new environment of the pandemic including but not limited to safety measures, new legislation and changes to the workplace. Metrolinx has also refined risk appetite statements that guide the decision-making and strategic planning processes and worked with senior leaders to better embed them in decision-making.

In 2021-22, Metrolinx will continue to review all appropriate risks on a monthly basis and actively manage risks by ensuring that appropriate mitigation plans are developed and in place. The mitigating strategies to address those risks have been reflected throughout Metrolinx's Business Plan strategic priorities and key organizational initiatives. Risks reported typically fall within the following risk categories:

- **Financial risks:** Risks relating to and/or impacting funding of projects and operations, liquidity, financial reporting and movements in price.
- **Operational risks:** risks relating to ongoing operations.
- **Project risks:** risks relating to a project being completed on time and on budget.
- **Safety risks:** Risks to the safety of Metrolinx's customers, staff, contractors and communities it operates and builds in.
- **Strategic risks:** Risks that threaten to disrupt the assumptions at the core of Metrolinx's strategy resulting in potential for financial loss or reputational damage.

Key Risks

Risk	High Level Overview of Mitigation Actions
Financial	
Achieving a sustainable operating subsidy for fiscal year 2021-22 and beyond to deliver on Metrolinx's strategic objectives and government commitments.	<ul style="list-style-type: none"> • Metrolinx is proactively managing the impact of the COVID-19 pandemic by implementing Business Improvement Plans (BIPs) to transform its business and adapt to a changing public environment, identify additional revenue opportunities and drive operational savings and efficiencies for 2021-22. • Considerable time has been spent monitoring and modeling the pandemic's significant and lasting impact on revenue and developing a budget which is both cost effective and puts the organization in a position to recover quickly once the pandemic is resolved.
Operational	
Technological risks within the following areas: cyber security, disaster recovery, end of life hardware/hardware refresh and project delivery.	<ul style="list-style-type: none"> • Incremental security controls have been implemented in order to respond to the increasing threat landscape, particularly in the transportation industry. • Operational technology assessments have been completed, including analysis of current and planned operations technologies and associated risks. • An independent peer assessment of the cyber security program has been completed. • Due to increased requirements on the Metrolinx network from the COVID-19 pandemic and the work from home shift, the front firewalls were successfully replaced.

Project	
2022 procurement program - PRESTO transitioning to proposed new operating model.	<ul style="list-style-type: none"> • PRESTO is ensuring organizational alignment and executive sponsorship on its program strategy/objective, commercial direction, procurement approach and associated risk management. • Metrolinx released a Request for Information (RFI) in February 2021 to refine the recommended procurement program approach.
The delivery of property to support capital projects is at risk due to the anticipated large volume of requirements.	<ul style="list-style-type: none"> • A property acquisition playbook is in development, addressing traditional and emerging acquisition related risks. • Executive sponsors have been engaged with the objective of minimizing impacts to the Metrolinx property acquisition process as well as impacts on communities and stakeholders.
There may be insufficient market capacity and/or appetite to deliver the volume of planned capital work and produce a competitive environment for bids.	<ul style="list-style-type: none"> • Market conditions: <ul style="list-style-type: none"> - Enhancement of the procurement process approach. - Establish appropriate risk regimes for Metrolinx's P3 (Public-Private Partnership) and DBB (Design, Bid, Build) contracts and apply to complexities of the projects. • Market value: <ul style="list-style-type: none"> - Undertaking analysis to better understand what is driving market rates and develop mitigation strategies.
Current track access process in an operating railway may not enable delivery of planned capital works, resulting in negative impacts on safety, cost, schedule and revenue service start.	<ul style="list-style-type: none"> • Rail Corridor Access and Rules of the Route and Access Standard are in development. • Challenging/testing of track access assumptions used to build deterministic schedules and OnCorr schedule critical path and near-critical patch activities have been completed. • Track access process for maintenance companies has been developed and implemented. • A process has been finalized to agree on acceptable levels of operational impact during delivery of capital works.
Safety	
Damage to assets, service disruption and threats to safety due to extreme weather events.	<ul style="list-style-type: none"> • Metrolinx Climate Adaptation Strategy and reporting of key actions are now in place. • A targeted risk assessment for Metrolinx network of assets to identify vulnerable assets and asset geographies is currently in progress. • An asset management plan and a corresponding state of good repair plan have been completed. • Climate resiliency requirements have been embedded into GO Expansion.

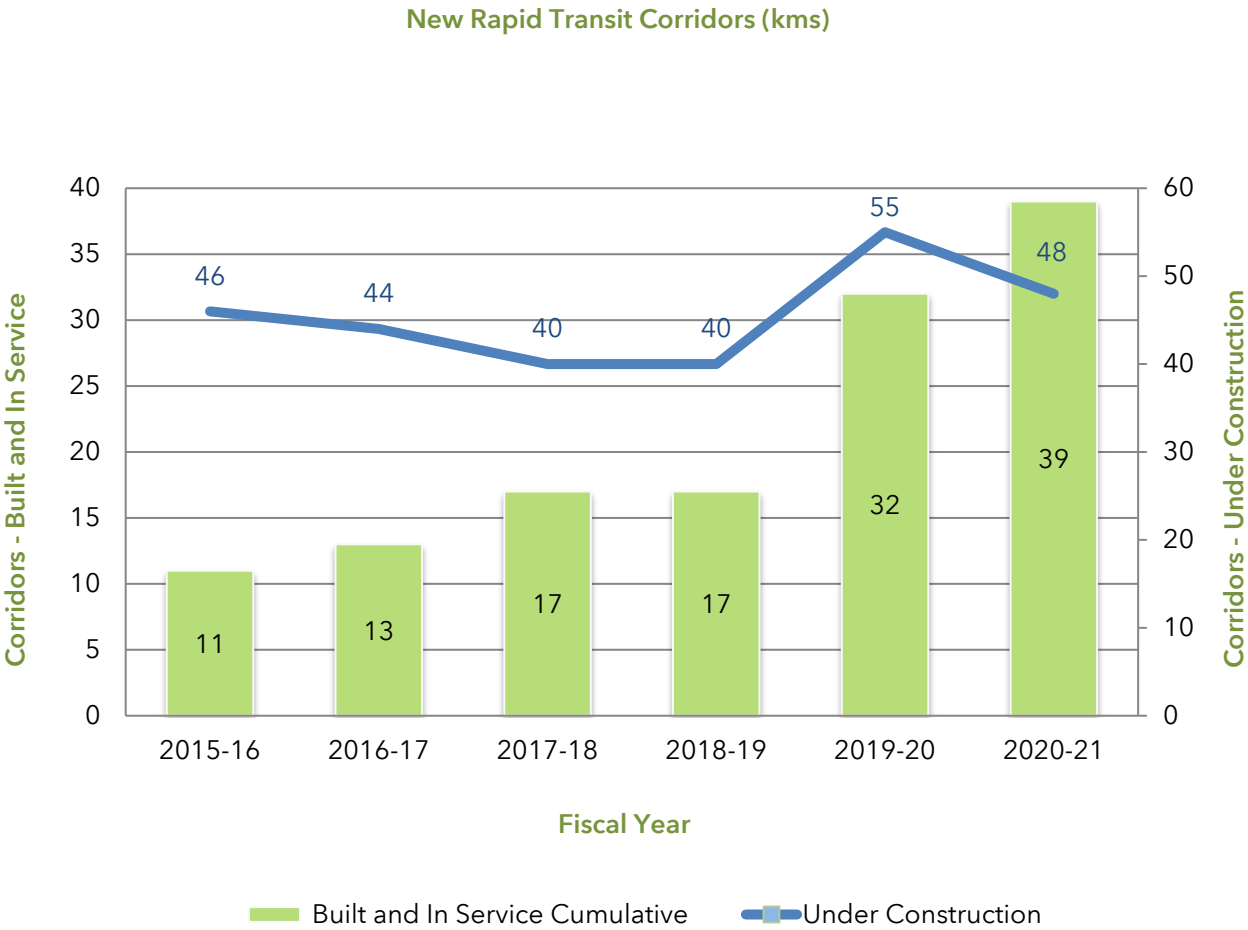
Metrolinx will also continue to focus on enhancing its ERM framework and policy and delivering on its ERM maturity plan. The risk education plan will continue to expand to different areas of the organization using different modalities. The risk reporting tool will be upgraded to improve key reporting functions and enable better reporting across the enterprise. The integration between business units, program and project risks will continue to be an area of focus. The ERM function will continue to identify, assess and report on current and emerging risks and ensure ongoing discussion of risks at all levels of the organization.

Key Performance Indicators

Metrolinx’s Corporate Key Performance Indicators (KPIs) measure and report the organization’s performance to Metrolinx’s major stakeholders: the public and Ontario’s Ministry of Transportation. These Corporate KPIs are reported against targets which are a product of the Annual Business Planning process. A more detailed set of KPIs are used internally to manage day-to-day business operations. The Corporate KPIs measure both Metrolinx’s operations performance in delivering service and its capital infrastructure build performance.

New rapid transit corridors

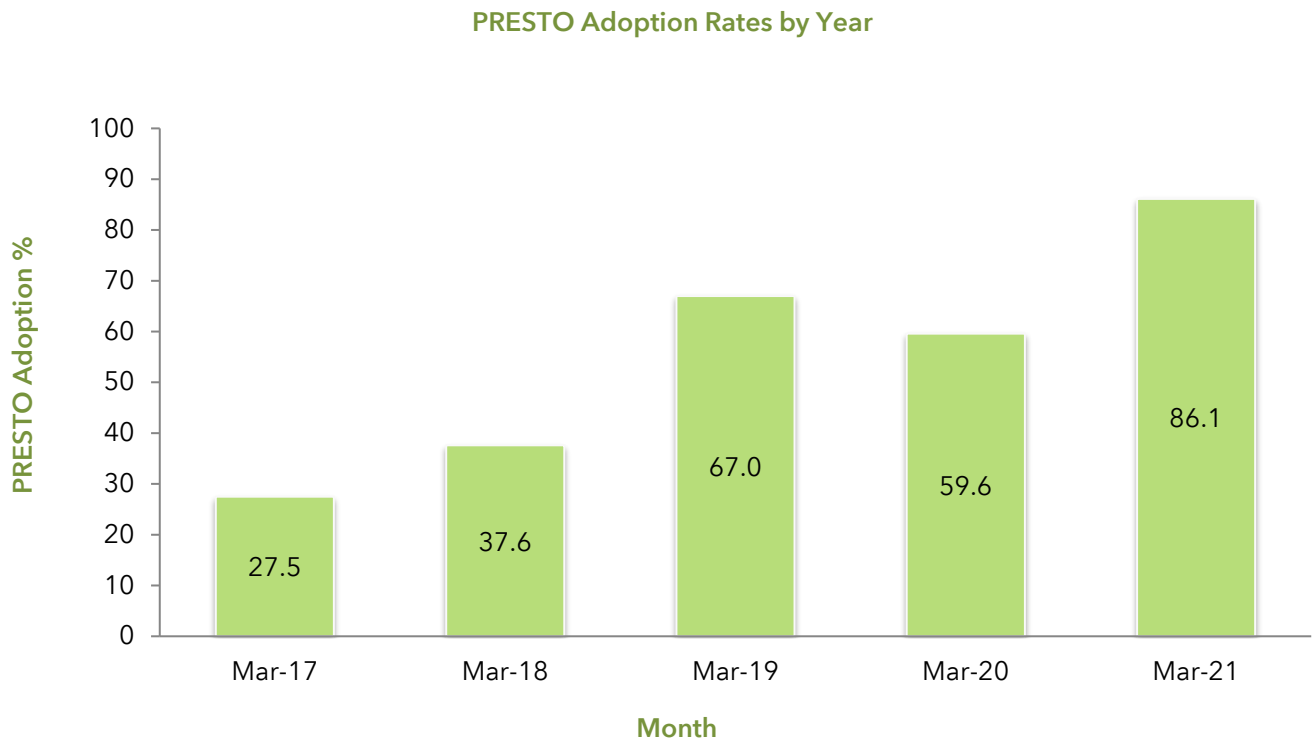
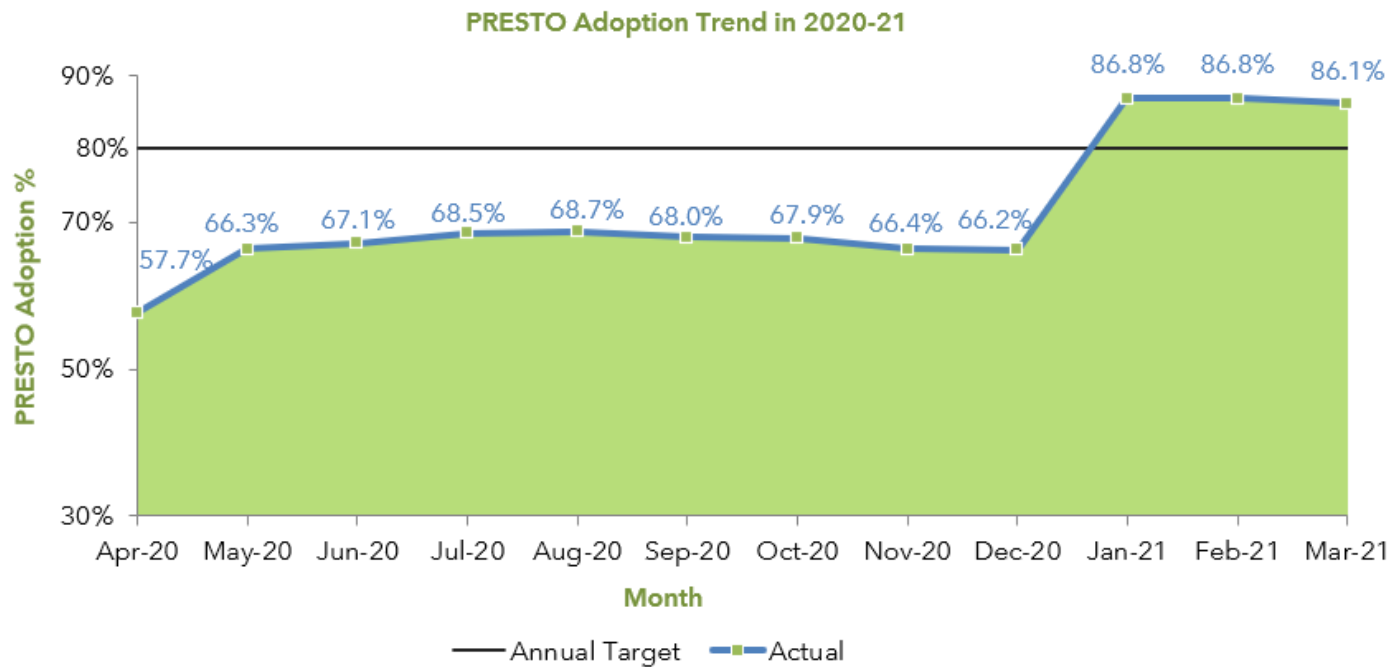
The New Rapid Transit Corridors KPI measures the number of kilometres of rapid transit corridors that are under construction, and built and in service. Metrolinx has built and placed in service 39 kilometres of rapid transit corridors since 2013-14, of which seven kilometres related to VivaNext were built and placed in service during 2020-21. Metrolinx has begun construction on 48 kilometres of rapid transit corridor as of the end of 2020-21. This includes 18 kilometres on the Hurontario corridor, 19 kilometres on the Eglinton corridor and 11 kilometres on the Finch corridor.



PRESTO adoption

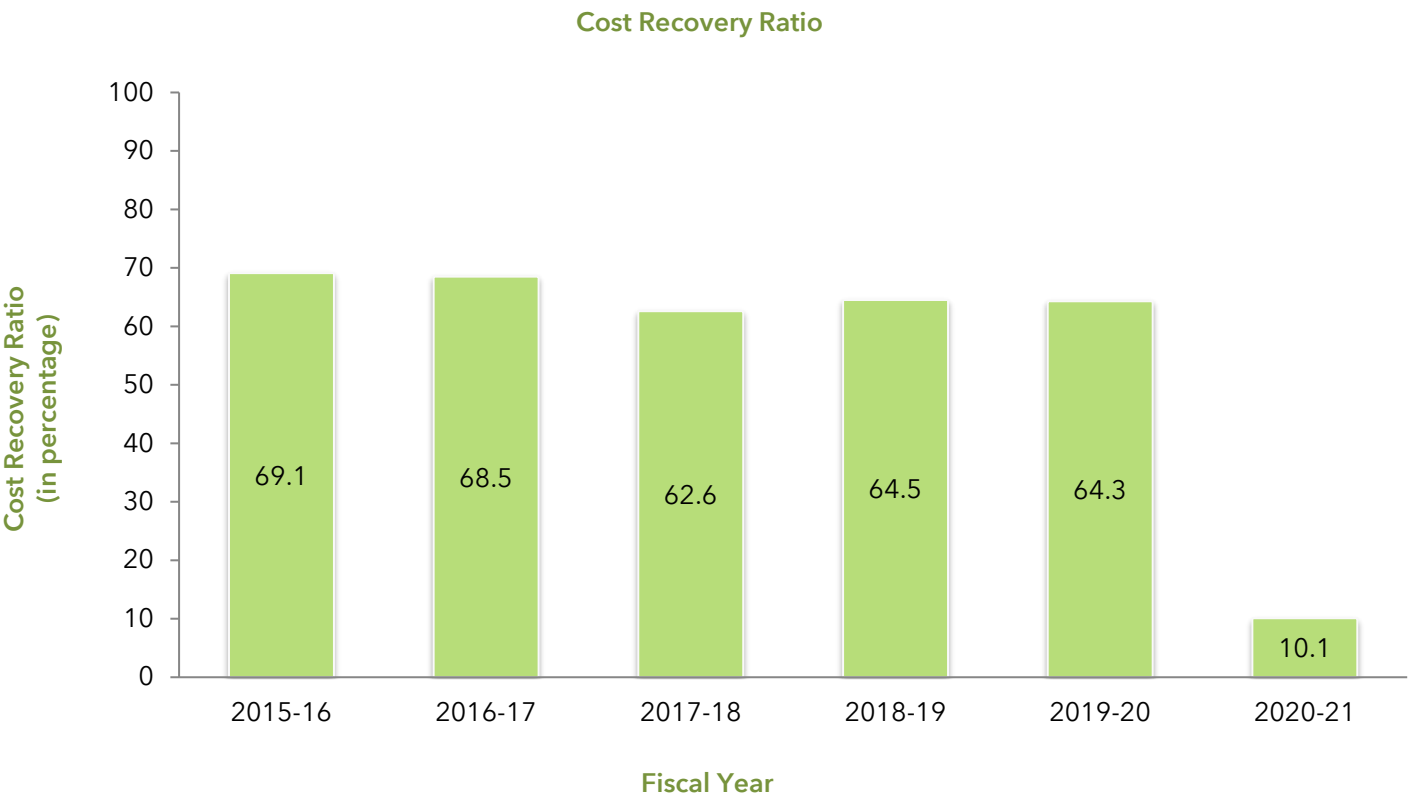
Following a decline at the onset of the COVID-19 pandemic, PRESTO adoption began the year at 57.7% in April 2020, impacted by reduced ridership levels across the region and temporary policy changes that included rear-door boarding and paused fare collection and/or enforcement by some transit agencies. PRESTO adoption had climbed to 86.1% in March 2021, exceeding the annual target of 80% established at the outset of the year.

The increase in PRESTO adoption in the last quarter of fiscal 2020-21 is largely attributed to recent improvements to the metric, determined in collaboration with the transit agencies, that align ridership figures and allow Metrolinx to more accurately report PRESTO adoption. In addition, legacy fare retirements, PRESTO card giveaway initiatives at the TTC and Durham Region Transit, and the introduction of PRESTO E-Tickets also supported the past year's results. PRESTO is continuing to enhance its products and services to ease and encourage PRESTO usage to transit riders, and adoption will be further supported by the continued delivery of new fare payment methods including expansion of contactless open payment to additional transit agencies.



Cost recovery ratio

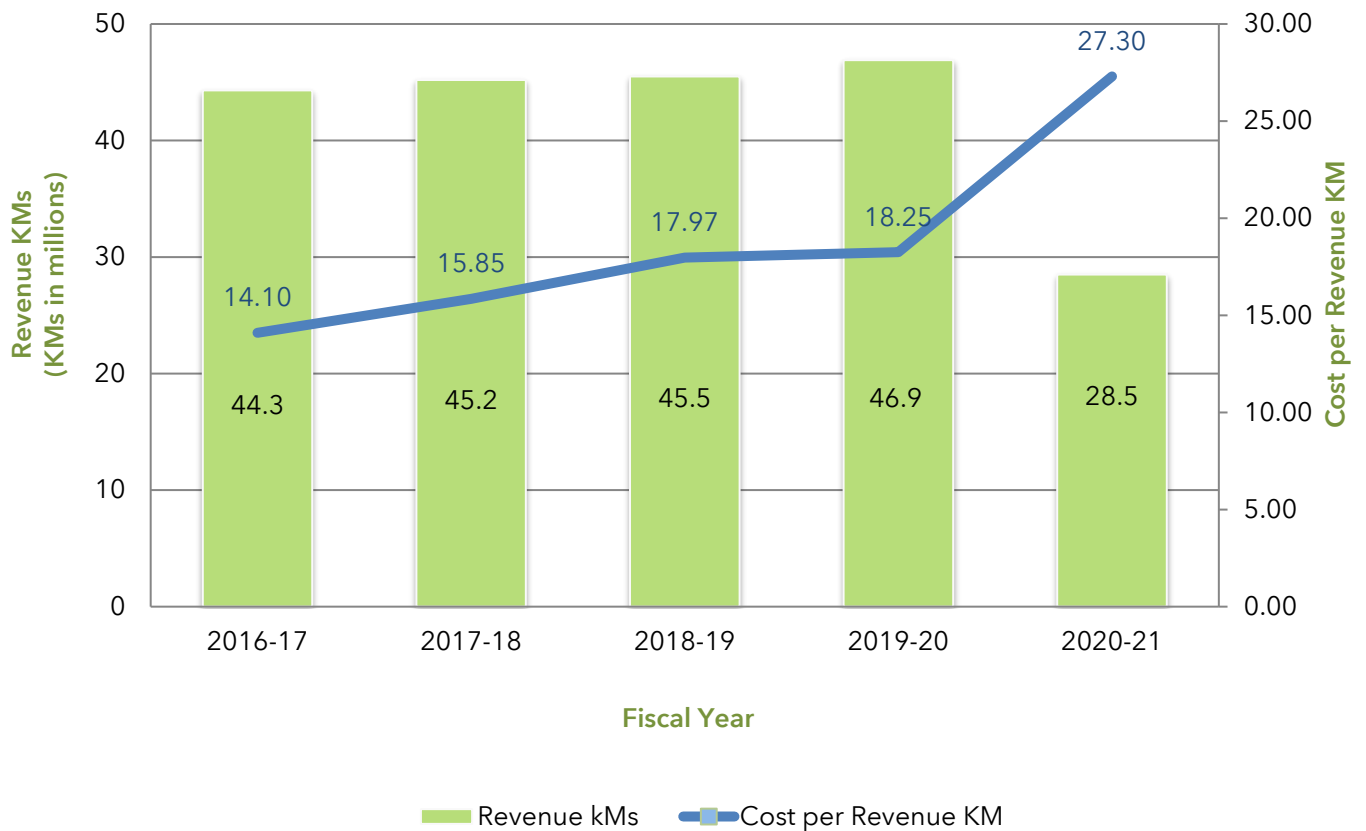
The cost recovery ratio (CRR), measured as the ratio of total revenues to total operating costs (excluding items such as capital adjustments and procurement bid fees), represents the extent to which the organization's operations are self-funded. Metrolinx compares its cost recovery ratios to its historic results as well as to industry benchmarks. Historically, Metrolinx has always had one of the best recovery ratios among its North American peers. The cost recovery ratio in 2020-21 dropped to 10.1%, due to the impact of the COVID-19 pandemic which significantly reduced ridership and revenues. Metrolinx introduced business improvement plans early in the year to manage its costs down during the pandemic while still maintaining a lifeline level of service for essential workers. Investigation of new revenue opportunities and ongoing scrutiny of operating expenses will continue as the organization manages through to the end of the pandemic.



Operations cost efficiency

Cost per revenue kilometre (KM) is a measure of cost-effective service delivery across all services (GO rail, GO bus and UP Express) and factors in direct costs applied to rail and bus against total revenue KMs delivered. Cost per revenue KM is an indicator of the effectiveness of business improvement plans and service adjustments implemented across operations throughout the COVID-19 pandemic.

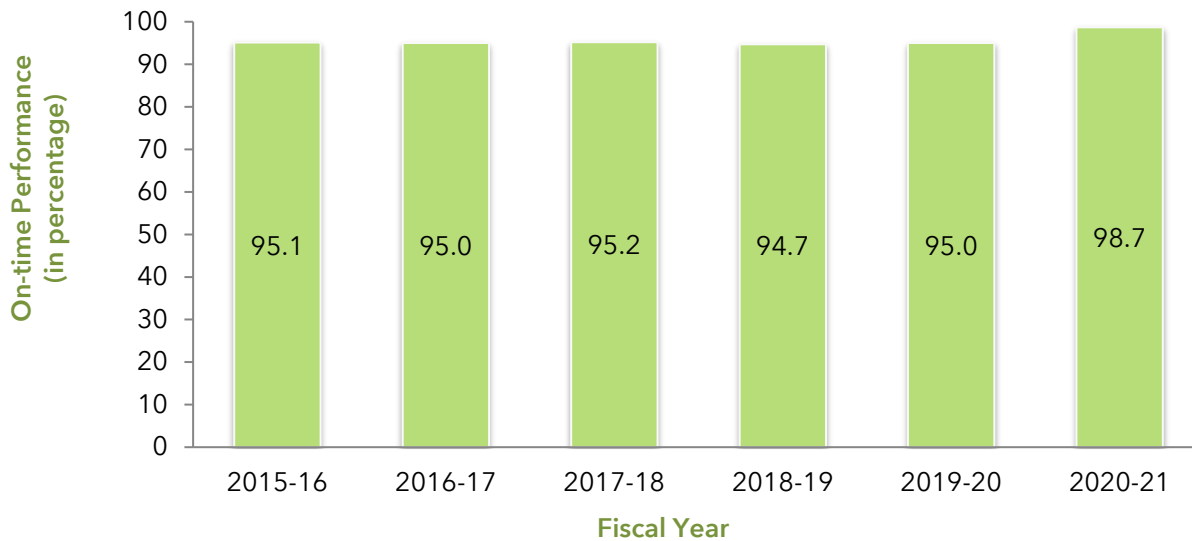
Cost Efficiency



On-time performance

The on-time performance (OTP) key performance indicator measures the number of scheduled trips arriving at their destination on time for the period being measured. On-time is defined as within five minutes of scheduled arrival time for rail trips and within 15 minutes of scheduled arrival time for bus trips. OTP across all services (GO rail, GO bus and UP Express) ended the fiscal year at an all-time high of 98.7% which was above the combined target of 96%. Performance has improved over prior periods due to the LEAN initiatives implemented across the organization to address root cause issues. LEAN is a term used in Metrolinx's strategic objectives and key success factors which is synonymous with efficiency.

On-time Performance



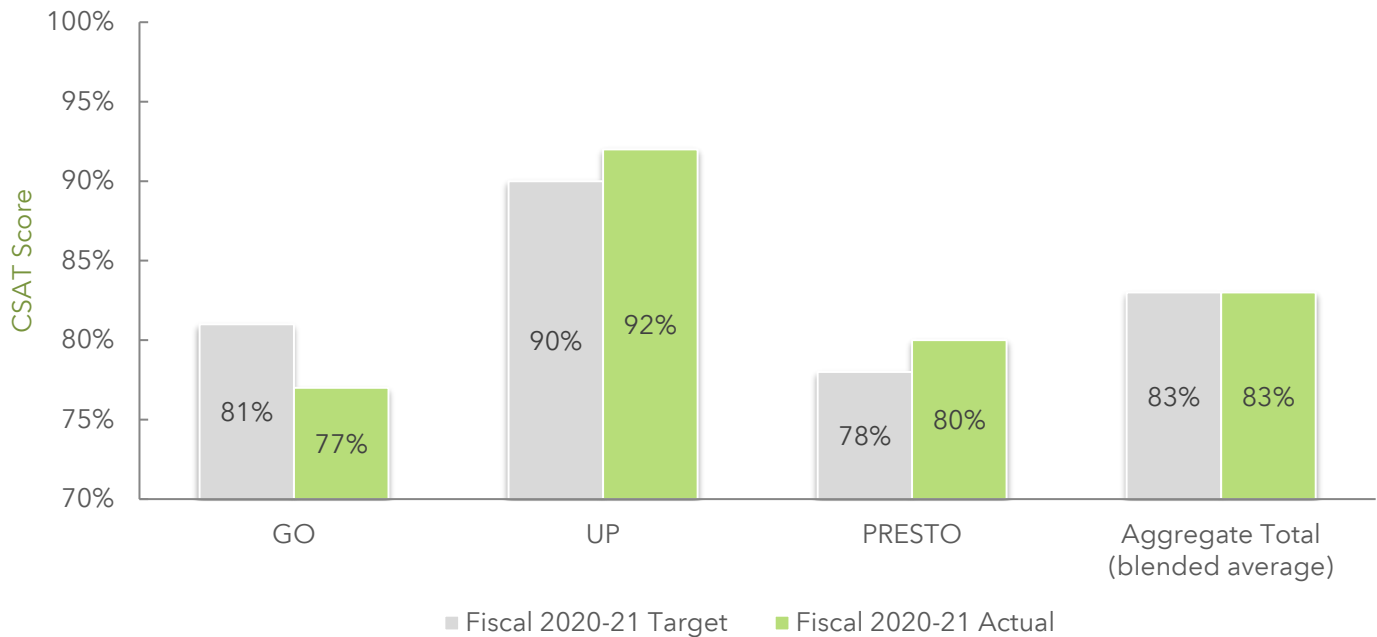
Customer satisfaction

The Customer Satisfaction (CSAT) annual aggregate score was 83% for Metrolinx's three brands (GO, UP, and PRESTO) which met the annual target of 83%.

The annual customer satisfaction score for GO of 77% fell short of target by four percentage points due to lower CSAT performance in August 2020. The CSAT score for August was 70% mainly due to COVID-19 related concerns as many of the safety measures were still being rolled out and customers were sensitive to perceptions of crowding and lack of physical distancing on-board. Since August, scores have consistently trended up and GO has served essential workers well. The uptick in score was led by improvements in customer perceptions of safety, communications and train service. One of the top drivers of satisfaction during COVID-19 is perception of personal health and safety, which achieved a score of 90% in March and is again the highest Metrolinx has seen since beginning to track this metric at the start of the pandemic.

UP Express CSAT exceeded expectations with a score of 92%, coming in at two points above target. PRESTO's CSAT annual score was 80%, exceeding the target of 78%. Key enhancements to the PRESTO customer experience during the fiscal year included: reduction of minimum card load on all remote channels from \$10 to 5 cents, full instant load capabilities on the PRESTO app, as well as faster and more streamlined PRESTO account registration.

Customer Satisfaction Scores (CSAT)



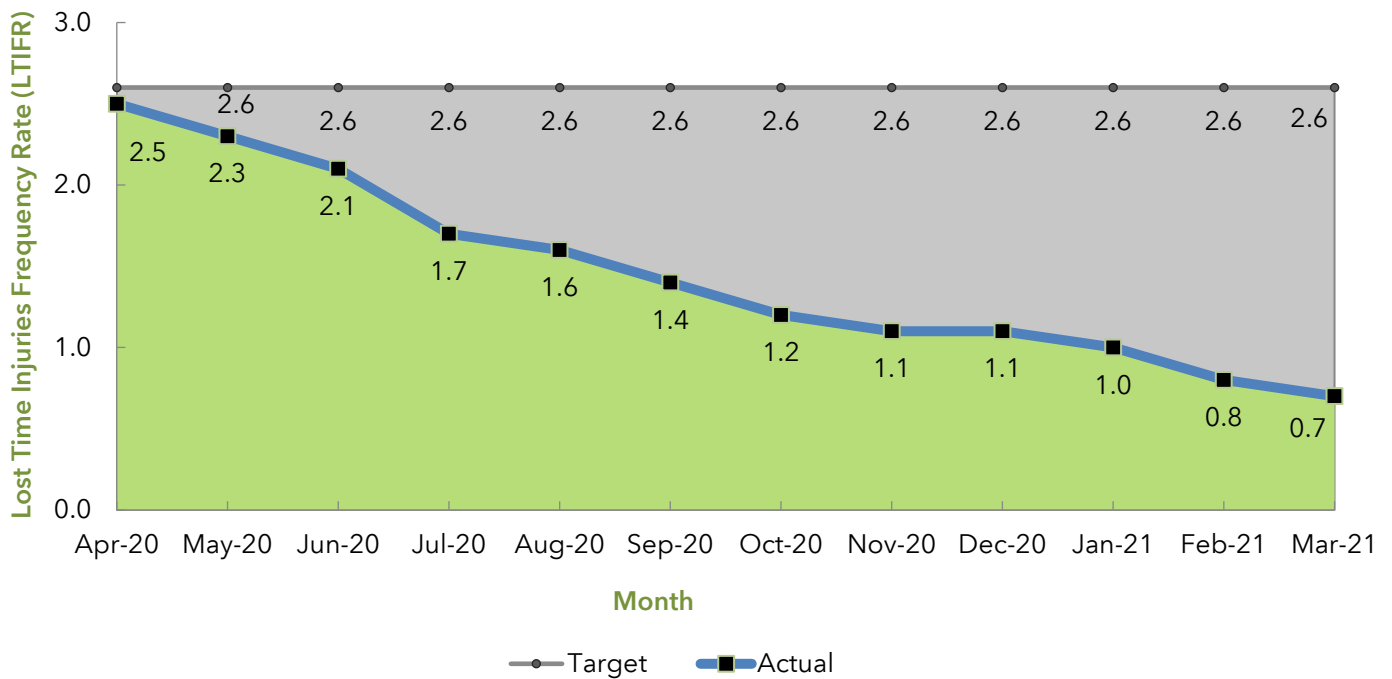
Safety - LTIFR

The Lost Time Injury Frequency Rate (LTIFR) is measured as the number of lost time injuries (loss of one full work day) per 100 Metrolinx employees (200,000 hours worked), reporting on a 12-month rolling average.

Metrolinx's employee LTIFR has been reduced by 76.7% compared to last year and ended the year at 0.7, which is significantly below the target of 2.6. The fiscal 2020-21 target was established to reduce LTIFR by 20% from 3.2, and was set based on an assessment of what is achievable based on past performance and trends.

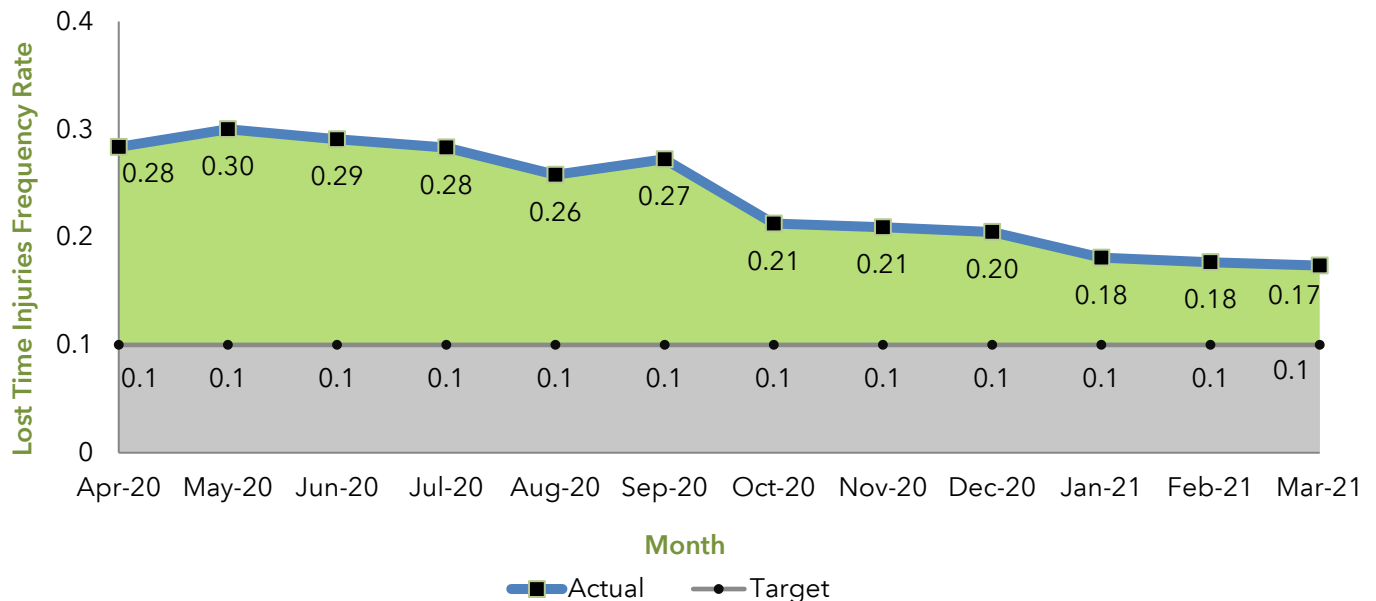
Since tracking for this metric began in 2017, there has been a steady decline in injuries due to increased investigation of safety incidents, which has led to proactive preventive measures and represents a growing indication of improvements in safety management and safety culture at Metrolinx.

Employee LTIFR - 12 Month Rolling Average

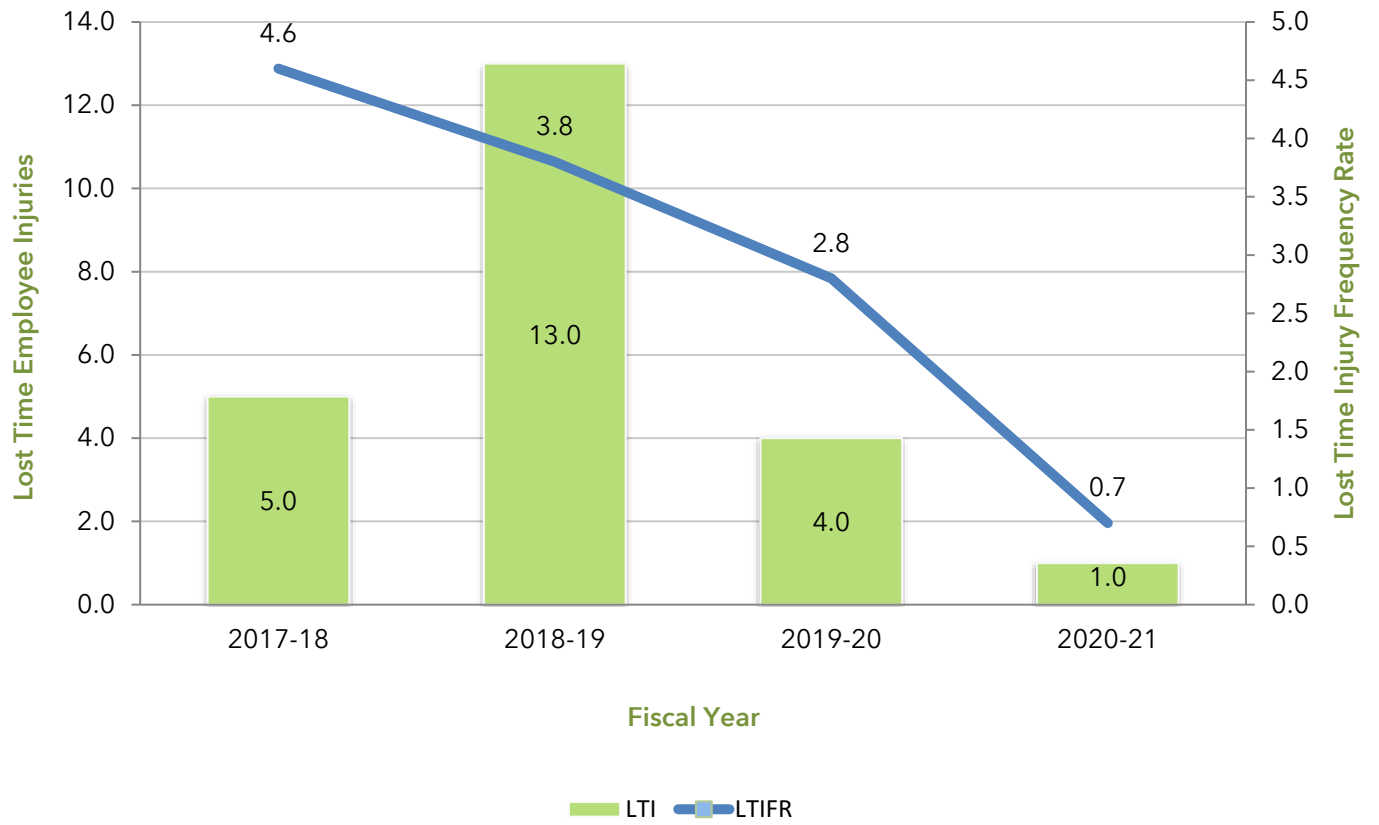


The Lost Time Injury Frequency Rate for contractors (LTIFR for Contractors) is measured as the number of lost time injuries (loss of one full work day) per 100 Metrolinx contract employees (200,000 hours worked), reporting on a 12-month rolling average. The current construction contractor 12-month rolling LTIFR is 0.17, which is a 39% decrease compared to last year. This is above the Metrolinx target of 0.10 but below the Ontario construction rate group average of 1.13 and Ontario General Contractors Association Members average of 0.36, which are comparable to Workplace Safety Insurance Board (WSIB) rates for yearly lost time injuries.

Contractor LTIFR- 12 Month Rolling Average



LTIFR and Lost Time Injuries



Audited Financial Statements

Metrolinx

Financial Statements
March 31, 2021

DRAFT



Independent auditor's report

To the Board of Directors of Metrolinx

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Metrolinx (the Organization) as at March 31, 2021 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains and losses for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting



a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 24, 2021

Metrolinx

Statement of Financial Position

As at March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$ (note 25)
Assets		
Current assets		
Cash and cash equivalents (note 5)	511,671	665,149
Investments	3,589	12,781
Accounts and other receivables (note 8)	319,652	261,479
Contributions receivable (note 9)	780,007	1,244,579
Spare parts and supplies	21,215	20,878
Prepaid expenses	45,345	20,561
	<u>1,681,479</u>	<u>2,225,427</u>
Contributions due from Province of Ontario - long-term (note 12)	3,114,629	1,770,983
Other assets (note 6)	76,144	40,704
Capital assets (note 7)	27,887,710	24,861,218
Deposits on land (note 10)	253,331	232,869
Advances on capital projects (note 10)	23,096	22,715
Long-term lease (note 11)	<u>25,918</u>	<u>26,245</u>
	<u>33,062,307</u>	<u>29,180,161</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	1,604,576	2,131,566
Presto Farecard E-Purse (note 5)	105,225	96,740
Derivatives (note 24)	-	6,029
	<u>1,709,801</u>	<u>2,234,335</u>
Long-term payable (note 12)	3,114,629	1,770,983
Deferred capital contributions (note 13)	24,484,501	21,460,662
Pension plan top-up benefits payable (note 15)	69,477	67,416
Other employee future benefits payable (note 16)	<u>163,342</u>	<u>156,678</u>
	<u>29,541,750</u>	<u>25,690,074</u>
Net Assets		
Invested in capital assets (note 18)	3,679,636	3,656,140
Invested in long-term lease (note 11)	25,918	26,245
Internally restricted (note 19)	26,332	26,332
Deficiency of net assets	<u>(211,329)</u>	<u>(212,601)</u>
	<u>3,520,557</u>	<u>3,496,116</u>
Accumulated remeasurement gains and losses	<u>-</u>	<u>(6,029)</u>
	<u>33,062,307</u>	<u>29,180,161</u>
Economic dependence (note 2)		
Commitments (note 20)		
Contingencies (note 21)		

Approved by the Board of Directors

Director

Director

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

Metrolinx

Statement of Operations For the year ended March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$ (note 25)
Revenues		
Operating	102,036	688,761
Third party construction revenue	76,049	-
Contribution from the Province of Ontario	961,560	590,394
Interest income	4,819	17,723
Amortization of deferred capital contributions (note 13)	868,350	803,312
	<u>2,012,814</u>	<u>2,100,190</u>
Expenses		
Supplies and services	184,458	128,635
Equipment maintenance	109,158	138,332
Facilities and track	161,149	145,414
Labour and benefits	379,607	352,201
Rail and bus operations	291,846	375,400
Third party construction expense	77,363	-
Amortization of capital assets	837,468	803,105
Amortization of long-term lease	327	327
(Gain) loss on disposal and write-down of capital assets	(10,870)	175,187
	<u>2,030,506</u>	<u>2,118,601</u>
Excess of expenses over revenues	<u>(17,692)</u>	<u>(18,411)</u>

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

Metrolinx

Statement of Changes in Net Assets

For the year ended March 31, 2021

(in thousands of dollars)

	2021				2020	
	Invested in capital assets \$ (note 18)	Invested in long- term lease \$ (note 11)	Internally restricted net assets \$ (note 19)	Deficiency \$	Total \$	Total \$
Balance - Beginning of year	3,656,140	26,245	26,332	(212,601)	3,496,116	3,299,915
Excess of expenses over revenues	-	-	-	(17,692)	(17,692)	(18,411)
Amortization - net of amortization to revenue	(1,707)	(327)	-	2,034	-	-
Assets contributed by the Province of Ontario (note 22(b))	571	-	-	-	571	2,330
Land acquisitions including deposits	41,562	-	-	-	41,562	212,282
Disposal of land	(16,930)	-	-	16,930	-	-
Balance - End of year	3,679,636	25,918	26,332	(211,329)	3,520,557	3,496,116

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

Metrolinx

Statement of Cash Flows

For the year ended March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$ (note 25)
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenues	(17,692)	(18,411)
Amortization of capital assets and long-term lease	837,795	803,432
(Gain) loss on disposal and write-down of capital assets	(10,870)	175,187
Amortization of deferred capital contributions	(868,350)	(803,312)
Employee future benefits - net of payments	8,724	9,505
	(50,393)	166,401
Change in non-cash working capital		
Investments	9,192	(12,781)
Accounts and other receivables	(58,173)	(46,264)
Spare parts and supplies	(337)	(5,206)
Prepaid expenses	(24,784)	(7,862)
Accounts payable and accrued liabilities	(588,735)	(82,719)
PRESTO Farecard E-Purse	8,485	13,378
Other assets	(35,440)	(40,704)
	(740,185)	(15,757)
Capital activities		
Purchase of capital assets	(2,251,937)	(2,740,832)
Proceeds from sale of capital assets	60,392	23,195
Deposits on land (note 18)	(253,331)	(232,869)
Advances on capital projects (note 10)	(23,096)	(22,715)
	(2,467,972)	(2,973,221)
Financing activities		
Grants received for purchase of land	41,562	212,283
Capital contributions	3,013,117	2,854,803
	3,054,679	3,067,086
Net change in cash, cash equivalents and restricted cash	(153,478)	78,108
Cash and cash equivalents - Beginning of year	665,149	587,041
Cash and cash equivalents - End of year	511,671	665,149
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	61,745	437,435
Change in long-term capital payable/contribution due from Province	1,343,646	183,639
Assets contributed by the Province of Ontario (note 22(b))	571	2,330
Non-cash financing activities		
Change in capital contributions receivable	464,572	(177,168)

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

Metrolinx

Statement of Remeasurement Gains and Losses For the year ended March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Balance, beginning of year	(6,029)	1,102
Unrealized gains (losses) attributable to Forward fuel purchase contracts (note 24)	1,581	(6,029)
Amounts reclassified to the statement of operations: Forward fuel purchase contracts (note 24)	4,448	(1,102)
Net remeasurement gains and (losses)	6,029	(7,131)
Balance, end of year	-	(6,029)

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

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

1 Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario (MTO). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006, which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA), to transform mobility and connect communities across the Greater Golden Horseshoe (GGH). Taking a regional approach, Metrolinx brings together the Province of Ontario (the Province), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a business unit of Metrolinx that operates an inter-regional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the cities of Toronto and Hamilton. GO Transit also serves the regions of Halton, Peel, York, Durham, Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson (UP) Express provides high quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. The UP Express began operations on June 6, 2015.

PRESTO is a business unit that operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems.

2 Economic dependence

Metrolinx currently generates revenues primarily from the provision of transportation services provided by GO Transit, UP Express and PRESTO card services.

In addition, Metrolinx receives government grants:

- from all three levels of government to support its investment in capital infrastructure to be used in the delivery of current and future transportation services; and
- yearly operating subsidy from the Province of Ontario to further support the delivery of transportation services.

The ability of Metrolinx to continue to offer and grow its services and meet its obligations is dependent on the ongoing grants it receives as outlined above.

Metrolinx

Notes to Financial Statements March 31, 2021

(in thousands of dollars)

COVID-19 impact

The rapid spread of the COVID-19 coronavirus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. Metrolinx's operations rely, to a certain extent, on free movement of goods, services, people and capital within Ontario, which has been significantly restricted as a result of the COVID-19 pandemic. COVID-19 significantly impacted the economy and Metrolinx's operations in fiscal 2020-21. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how long disruptions are likely to continue. The extent of such impact will depend on future developments, which are uncertain and evolving, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19, as well as the timing of the full re-opening of the economy in Ontario. Such further developments could have a material adverse effect on Metrolinx's operations, financial condition, results of operations and cash flows.

As a Crown agency of the Government of Ontario, Metrolinx receives subsidy funding every year from the Province to cover for the shortfall between operating revenues and expenses, and capital funding for infrastructure renewal and expansion. With the physical distancing restrictions in place as a result of the COVID-19 pandemic, ridership levels have decreased significantly which, consequently, has resulted in significant reductions in operating revenues and cash flows in fiscal 2021.

3 Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) for government, including not-for-profit organizations, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

Financial instruments reported on the statement of financial position of Metrolinx are measured as follows:

Cash and cash equivalents	amortized cost
Investments	amortized cost
Accounts and other receivables	amortized cost
Contributions receivable	amortized cost
Contributions due from Province of Ontario - long-term	amortized cost
Derivatives	fair value
Accounts payable and accrued liabilities	amortized cost
PRESTO Fare Card E-Purse	amortized cost
Long-term payable	amortized cost

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

The fair value of Metrolinx's cash and cash equivalents, investments, accounts and other receivables, contributions receivable, accounts payable and accrued liabilities and PRESTO Fare Card E-Purse approximate their carrying values due to the short-term nature of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

From time to time, Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Investments

Investments include highly liquid short-term investments with maturities of more than three months but not exceeding a year at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement (AFP) contract for design, build, finance, maintain and operate will contain a portion of the capital design and construction costs that will be paid on substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5 - 40 years
Leasehold improvements	lease life
Locomotives and other railway rolling stock	20 - 30 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5 - 10 years
Grade separations	50 years
Other (including furniture and equipment)	3 - 12 years

Work-in-progress comprises direct construction and development costs. No amortization is recorded until the assets are in service.

Long-term lease

Long-term lease represents the pre-payment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, which is the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System (OMERS) Pension Plan. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Operating revenues

Operating revenues comprise fare revenues from transit operations, including bus and rail services and non-fare revenues from various services including partnership, parking, advertising, farecard sales, commercial space rent and other ancillary services. Revenue is recognized from commuter services when the transportation service is provided. Other revenues are recognized when the related services are provided.

Third party construction revenue

Third party construction revenue comprises of revenues from third party reimbursements of capital assets ultimately owned by third parties. Revenue is recognized when a transaction or event has occurred and Metrolinx expects to obtain future economic benefits.

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants, are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets other than land. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Contributions received for the acquisition of land, including deposits for land, are recognized as direct increases in net assets.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Liability for contaminated sites

Metrolinx assesses all land holdings to determine if contamination, as defined under the standard and regulatory requirements, is present on lands not being used in providing transit and other related services. While contamination may be present, the resultant liability also depends on the existing and future disturbances to the land. A complete inventory of all land holdings was developed and assessed under the standard. The cost of remediation is calculated based on the best available information and is reviewed and revised on an ongoing basis.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, liabilities for contaminated sites, pension plan top-up benefits payable and other employee future benefits payable.

4 Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and other organizations under common control of the Province of Ontario.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing or as a result of AFP contractual agreements.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption. There are no outstanding diesel purchase contracts as at March 31, 2021.

5 PRESTO Farecard E-Purse balances

The balance of funds held on PRESTO Farecard E-Purse in the amount of \$105,225 (2020 - \$96,740) has been included in cash and cash equivalents. The E-Purse balance is held on behalf of the Farecard owner and, therefore, a liability is recorded on the statement of financial position.

6 Other assets

Included in other assets is an amount of \$66,144 (2020 - \$40,704) relating to enhanced quality warranties for a period of 30 years. As at March 31, 2021, the underlying assets that the warranties relate to have not been put into service.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

7 Capital assets

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	2,855,008	-	2,855,008	2,581,723
Buildings	2,331,716	734,135	1,597,581	1,467,264
Leasehold improvements	109,094	56,511	52,583	57,565
Locomotives and other railway rolling stock	3,581,563	1,267,017	2,314,546	2,289,975
Improvements to railway right-of-way plant	1,587,001	900,446	686,555	697,846
Grade separations, track work and installations	4,212,994	1,097,956	3,115,038	3,047,087
Work-in-progress	13,974,453	-	13,974,453	11,771,165
Buses	514,473	234,010	280,463	278,528
Parking lots	1,039,204	407,482	631,722	524,909
Computer equipment and software	2,166,380	1,166,875	999,505	983,716
Other	1,713,909	333,653	1,380,256	1,161,440
	34,085,795	6,198,085	27,887,710	24,861,218

Work-in-progress includes the following:

	2021 \$	2020 \$
Rail corridor expansion	1,755,757	1,326,905
Union Station	605,958	627,981
Rail fleet	151,263	173,856
PRESTO system	102,703	81,017
Light Rail Transit and Bus Rapid Transit	9,183,964	7,824,317
Subways	452,293	69,743
Other	1,722,515	1,667,346
	13,974,453	11,771,165

Work-in-progress relates to projects that are expected to come into service in one to nine years.

Hamilton Light Rail Transit (LRT) project

On December 16, 2019, the Government of Ontario announced the cancellation of the Hamilton LRT project. As a result, management revisited the costs incurred and capitalized and recorded a charge during the year ended March 31, 2020 of \$94 million for the write-off of costs related to certain professional services and an additional charge of \$22 million to record certain liabilities as at March 31, 2020, mainly related to breakage fees and other amounts owing to property owners arising from the cancellation of the project, of which \$10.6 million is still outstanding as at March 31, 2021.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

Subsequently, in May 2021, the Federal and Provincial governments announced they would each contribute \$1.7 billion to the Hamilton LRT project. The City of Hamilton will need to formalize their contribution to the ongoing operation and maintenance of LRT.

Subway projects

Regulations under the Metrolinx Act, 2006 were passed in July 2019 to formalize the Province taking control of the planning, design, construction and operation of certain subway projects from the City of Toronto (the City) and the Toronto Transit Commission (TTC). As a result, these subway projects became the sole responsibility of Metrolinx. In September 2019, the subway contracts were transferred from the TTC to Metrolinx which provided Metrolinx with the ability to procure and manage the design and development activities.

In February 2020, the City and the Province signed a preliminary agreement (Ontario-Toronto Transit Partnership) that noted, amongst other items, that the Province will undertake a financial review and reconciliation exercise with the City, related to the investments made by the TTC to fund the planning, design and engineering work for these subway projects. Subject to the outcome of the exercise, the Province commits to reimburse the City for reasonable costs incurred for these projects.

The Province and the City are currently working to finalize the partnership through a governance structure and agreements framework that will codify roles and responsibilities of the respective parties regarding the delivery of the rapid transit projects, capital funding contributions, operations and maintenance requirements and other governance parameters. In addition, the aforementioned financial review and reconciliation exercise between the Province and the City is not yet completed. Accordingly, Metrolinx has not recognized any amounts in the financial statements for the year ended March 31, 2021 pertaining to amounts incurred by the TTC prior to September 1, 2019.

8 Accounts and other receivables

Accounts and other receivables are comprised of the following:

	2021 \$	2020 \$
Recoverable Harmonized sales tax	60,428	144,161
Third party reimbursements	129,425	-
Other receivables	55,012	42,531
	<hr/>	<hr/>
	244,865	186,692
Sunk project costs recoverable from City of Toronto	74,787	74,787
	<hr/>	<hr/>
	319,652	261,479

Included in accounts and other receivables is \$74,787 (2020 - \$74,787) related to the design of the Light Rail Transit (LRT) Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2016 and does not include costs related to any contract amendments or cancellations with third party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from work-in-progress to non-interest bearing accounts receivable. The receivable is expected to be settled in connection with the negotiations related to the subway upload transaction with the City (note 7).

9 Contributions receivable

Contributions receivable are comprised of the following:

	2021 \$	2020 \$
Contributions due from Province of Ontario	664,637	1,131,106
Contributions due from Municipalities (note 12)	100,144	95,460
Contributions due from Government of Canada	12,863	18,013
Contributions due from other organizations	2,363	-
	<u>780,007</u>	<u>1,244,579</u>

10 Deposits on land and advances on capital projects

Metrolinx has entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the TTC. The MOAs outline the projects, expected costs and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility Alternate Financing procurement.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for deposits on land totalling \$252,431 (2020 - \$231,969) and other project costs totalling \$23,096 (2020 - \$22,715) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

As at March 31, 2021, Metrolinx has expended approximately \$10,606,982 (2020 - \$9,182,954) in relation to these projects, including the following amounts that have been advanced for costs expected to be incurred to June 30, 2021 and deposits related to future perpetual easements.

Metrolinx

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$
York Region TTC	272,159 3,368	251,316 3,368
Other land deposits	275,527 900	254,684 900
	<u>276,427</u>	<u>255,584</u>

11 Long-term lease

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold - Union Station	32,704	6,786	25,918	26,245

12 Long-term payable and contributions due from Province of Ontario - long-term

During the year ended March 31, 2015, Metrolinx and Infrastructure Ontario had entered into an Alternate Financing Procurement (AFP) contract with Plenary Infrastructure for the design, build, finance and maintenance of its Whitby Facility (formerly known as the East Rail Maintenance Facility). The AFP contract with Plenary Infrastructure is for 30 years at a total amount of \$921,794. This amount also includes lifecycle payments over the term of the contract amounting to \$76.6 million.

During the year ended March 31, 2016, Metrolinx and Infrastructure Ontario entered into an Alternate Financing Procurement (AFP) contract with Crosslinx Transit Solutions for the design, build, finance and maintenance of its Eglinton Crosstown Light Rail Transit Line. The AFP contract with Crosslinx Transit Solutions is for 30 years at a total amount of \$9,103,676.

During the year ended March 31, 2019, Metrolinx and Infrastructure Ontario entered into an AFP contract with Mosaic Transit Partners General Partnership for the design, build, finance and maintenance of its Finch West Light Rail Transit Line. The AFP contract with Mosaic Transit Partners General Partnership is for a period of 35 years at a total amount of \$2,479,323. In addition, a number of other AFP contracts were entered into during the same year, which include: Cooksville, #401/409 Tunnel, Kipling Bus Terminal, Rutherford Station grade separation and the Stouffville Station projects.

During the year ended March 31, 2020, Metrolinx and Infrastructure Ontario entered into an AFP contract with Mobilinx Hurontario General Partnership for the design, build, finance and maintenance of its Hurontario Light Rail Transit Line. The AFP contract with Mobilinx Hurontario General Partnership is for a period of 35 years at a total amount of \$4,599,026. As well, an AFP contract for Davenport Diamond Grade Separation project commenced during the same year.

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(in thousands of dollars)

Costs incurred on these contracts as at March 31, 2021 are as follows and are included in work-in-progress.

	ECLRT \$	Whitby \$	Cooksville \$	#401/409 Tunnel \$	Kipling Bus Terminal \$	Rutherford Station, grade separation \$	Stouffville Station \$	Davenport Diamond Grade Separation \$	Finch West LRT \$	Hurontario LRT \$	2021 \$	2020 \$
Cost incurred to date	4,946,403	518,570	133,139	126,834	73,096	184,937	201,561	63,334	970,518	458,852	7,677,244	5,072,687
Less: Amount paid or amount payable within 1 year	3,419,525	330,439	133,139	126,834	73,096	184,937	100,478	63,334	130,250	583	4,562,615	3,301,704
Long-term payable	1,526,878	188,131	-	-	-	-	101,083	-	840,268	458,269	3,114,629	1,770,983

A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

13 Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2021 \$	2020 \$
Balance - Beginning of year	21,460,662	19,083,563
Contributions received or receivable in the period for capital acquisitions		
Province of Ontario	3,862,673	3,170,183
Municipalities	20,342	5,946
Government of Canada	-	4,282
Other organizations	9,174	-
Amortization of deferred capital contributions	(868,350)	(803,312)
Balance - End of year	24,484,501	21,460,662

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of \$30,949 (2020 - \$60,783) and the cumulative amount is \$1,416,742 (2020 - \$1,385,793). The Province will work with its municipal partners to address the funding shortfalls.

The City of Toronto has agreed to contribute \$95,460 related to grade separation and utility relocation work performed by Metrolinx on the Georgetown South (GTS) corridor. An Agreement in Principle signed in January 2018 between the Province and the City of Toronto allows Metrolinx to recover eligible costs that it incurred on behalf of the City. The receivable is expected to be settled in connection with the negotiations related to the subway transaction with the City (note 7). Accordingly, the receivable has been classified as a short-term asset as at March 31, 2021.

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(in thousands of dollars)

14 Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS multi-employer defined benefit Pension Plan. The amount expensed in pension contributions for the year ended March 31, 2021 is \$42,286 (2020 - \$37,397).

15 Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the provincial plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as at March 31, 2019. The pension expense recognized during the year is \$4,160 (2020 - \$4,353).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Information about Metrolinx's pension plan top-up is as follows:

	2021 \$	2020 \$
Accrued benefit obligation	74,800	77,916
Fair value of plan assets	(4,048)	(4,682)
Funded status - plan deficit	70,752	73,234
Unamortized net actuarial loss	(1,275)	(5,818)
Accrued benefit liability	69,477	67,416

Details of the accrued benefit obligation are as follows:

	2021 \$	2020 \$
Accrued benefit obligation - Beginning of year	77,916	74,443
Current service cost	664	611
Interest cost on accrued benefit obligation	1,853	1,990
Benefit payments	(2,746)	(2,672)
Actuarial (loss) gain on accrued benefit obligation	(2,887)	3,544
Accrued benefit obligation - End of year	74,800	77,916

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Details of the pension expense are as follows:

	2021 \$	2020 \$
Current service cost	664	611
Interest cost on accrued benefit obligation	1,853	1,990
Actual return on plan assets	(11)	(8)
Expected return versus actual return on plan assets	11	8
Amortization of actuarial loss	1,643	1,752
	<u>4,160</u>	<u>4,353</u>

Plan assets by asset category are as follows:

	2021 %	2020 %
Cash invested	5	13
Cash on deposit with Canada Revenue Agency	95	87
	<u>100</u>	<u>100</u>

Other information about Metrolinx's benefit plan is as follows:

	2021 \$	2020 \$
Employer contributions	2,100	4,540
Benefits	2,746	2,672

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2021	2020
Discount rate	2.4%	2.7%
Rate of compensation increase	2.5%	2.5%
Inflation per annum	2%	2%
Expected average remaining service life	4 years	4 years

16 Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board (WSIB) liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full-time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as at March 31, 2021. The post-retirement non-pension benefits recognized during the year were \$9,862 (2020 - \$13,135).

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The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred. Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2021 \$	2020 \$
Accrued benefit obligation	142,874	143,917
Funded status - plan deficit	142,874	143,917
Unamortized net actuarial gain (loss)	20,468	12,761
Accrued benefit liability	163,342	156,678

Details of the accrued benefit obligation are as follows:

	2021 \$	2020 \$
Accrued benefit obligation - Beginning of year	143,917	156,884
Current service cost	4,662	6,165
Interest cost on accrued benefit obligation	3,642	4,514
Benefit payments	(3,199)	(3,442)
Actuarial gain on accrued benefit obligation	(6,148)	(20,204)
Accrued benefit obligation - End of year	142,874	143,917

Details on the post-retirement non-pension benefits expense are as follows:

	2021 \$	2020 \$
Current service cost	4,662	6,165
Interest cost on accrued benefit obligation	3,642	4,514
Amortization of actuarial loss	1,558	2,456
	9,862	13,135

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The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

	2021	2020
Discount rate for post-retirement non-pension benefit	2.7%	2.5%
Discount rate for WSIB liabilities	2.4%	2.3%
Discount rate for retiree severance benefits	2%	1.9%
Expected average remaining service life for post-retirement non-pension benefit	16 years	15 years
Expected average remaining service life for WSIB liabilities	10.5 years	9 years
Expected average remaining service life for retiree severance benefits	5 years	2 years
Rate of compensation increase	2.75%	2.75%
Inflation per annum	2%	2%
Initial Weighted Average Health Care Trend Rate	4.24%	4.24%
Ultimate Weighted Average Health Care Trend Rate	3.02%	3.02%
Dental care benefits increase	2.75%	2.75%

17 Liabilities for Contaminated Sites

Metrolinx reports environmental liabilities related to the management and remediation of contaminated sites where it is obligated or likely obligated to incur such costs. A contaminated sites liability of \$3,600 (2020 - \$nil) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted.

18 Net assets invested in capital assets

	2021 \$	2020 \$
Capital assets	27,887,710	24,861,218
Deposits on land	253,331	232,869
Advances on capital projects	23,096	22,715
Less: Deferred capital contributions used to purchase capital assets	(24,484,501)	(21,460,662)
	<u>3,679,636</u>	<u>3,656,140</u>

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(in thousands of dollars)

19 Internally restricted net assets

The internally restricted net assets are as follows:

	2021 \$	2020 \$
MCOR	21,051	21,051
Employment obligation	889	889
Self-insured retention	2,013	2,013
Stabilization	2,379	2,379
	<u>26,332</u>	<u>26,332</u>

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The employment obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The self-insured retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

20 Commitments

The minimum operating lease payments for property in each of the next five years and thereafter are as follows:

	\$
2022	44,203
2023	38,776
2024	35,766
2025	31,512
2026	28,953
2027 and thereafter	<u>539,192</u>
	<u>718,402</u>

A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company (CN), Canadian Pacific Railway Company (CP), Bombardier Inc., PNR Rail Works Inc. (PNR), Toronto Terminals Railway Ltd. (TTR) and by a number of minor service agreements. Metrolinx has entered into the following major agreements with payments of approximately \$385,000 per year:

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- Master Operating Agreement with CN terminating on December 31, 2021;
- Commuter Agreement with CP terminating on December 31, 2024;
- Equipment Maintenance contract with Bombardier terminating on December 31, 2024;
- Rail Crew contract with Bombardier terminating on May 31, 2023;
- Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2021;
- Rail Corridor Management Service Agreement with TTR terminating on June 30, 2021.

Metrolinx has also committed approximately \$17,875,000 for various capital asset additions/projects.

The remaining annual capital and/or service payments relating to AFP contracts in nominal dollars, as at March 31, 2021 are as follows:

	Contract amount \$	Amount disbursed \$	Outstanding obligation \$	Outstanding obligations to be disbursed by March 31					
				2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 and thereafter \$
Eglinton	9,241,036	3,305,101	5,935,935	599,191	1,830,102	106,091	107,262	110,406	3,182,883
Plenary	921,794	360,500	561,294	17,509	17,643	17,809	17,980	18,454	471,899
Cooksville	131,240	129,531	1,709	1,709	-	-	-	-	-
#401/409 Tunnel	120,940	2,563	118,377	118,377	-	-	-	-	-
Kipling Bus Terminal	71,841	65,036	6,805	6,805	-	-	-	-	-
Rutherford Station	240,352	45,598	194,754	194,754	-	-	-	-	-
Stouffville Station	255,080	52,617	202,463	46,123	156,340	-	-	-	-
Davenport		641	174,655	63,327	94,991	-	-	-	-
Diamond	175,296					16,337	-	-	-
Finch	2,479,864	106,376	2,373,488	213,141	78,503	988,219	31,971	32,283	1,029,371
Hurontario	4,599,675	573	4,599,102	367,590	466,277	312,300	699,091	63,613	2,690,231
Total	18,237,118	4,068,536	14,168,582	1,628,526	2,643,856	1,440,756	856,304	224,756	7,374,384

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. Metrolinx has contractual rights because of agreements entered into with various transit agencies for the use of the PRESTO fare system. The agreements allow for a commission fee paid to Metrolinx based on the percentage of revenue collected via PRESTO. The terms of the agreements vary in length for periods between 9 and 15 years.

As at March 31, 2021, Metrolinx had outstanding letters of credit totalling \$53 (2020 - \$28).

21 Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

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(in thousands of dollars)

22 Related party disclosures and transactions and balances

Metrolinx receives government grants from the Province to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support the delivery of transportation services. Balances due from/to the Province are separately disclosed on the statement of financial position.

In addition, Metrolinx had the following transactions with related parties during the year for the provision of services provided by these organizations.

- a) Infrastructure Ontario \$85,967 (2020 - \$55,632) for AFP procurement and Transaction advisory services, Ministry of Transportation \$14,639 (2020 - \$nil) for project services, Ontario Northland Transportation Commission \$3,589 (2020 - \$8,590) for bus refurbishment services and Humber River Regional Hospital \$2,584 (2020 - \$nil) for easements. As at March 31, 2021, accounts payable and accrued liabilities included \$49,237 (2020 - \$22,090) owing to Infrastructure Ontario and \$9,995 (2020 - \$nil) owing to Ministry of Transportation.
- b) The Ministry of Transportation transferred four parcels of land to Metrolinx during the year. The transfer was made at the fair value of the assets that amounted to \$571. The Ministry owes \$225 (2020 - \$225) for two parcels of land procured from Metrolinx in prior years.

The transactions above are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

23 Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

- a) Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisers and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.
- b) Indemnity has been provided to all directors and/or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the

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(in thousands of dollars)

period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been recorded with respect to these agreements.

24 Diesel fuel forward contracts

As at March 31, 2021, Metrolinx has not entered into any future contracts for diesel fuel. As at March 31, 2020, there were three future contracts for 53.4 million litres of diesel fuel at prices ranging from \$0.485 to \$0.704 per litre, which matured in fiscal 2020-2021.

25 Adjustments to prior periods

Capital asset write-offs in the amount of \$189,597 were included in supplies and services in the prior year statement of operations. During the current year, these write-offs have been included in (gain) loss on disposal and write-down of capital assets in the statement of operations. The prior year comparative figures in the statement of operations have been reclassified to conform to the current year's presentation. In addition, the write-offs were presented as a reduction to the purchase of capital assets in the prior year's statement of cash flows. The prior year comparative figures in the statement of cash flows were revised to present the capital asset write-offs as a non-cash adjustment within operating activities.

Appendices

Appendix A. 2020-21 Strategic Objectives and Status Chart

Our four strategic priorities continue to guide our work: Everyone Safe, Engaged People, Trusted Business Partner and Satisfied Customers. For the 2020-21 financial year we focused our efforts on 17 strategic objectives, reflecting key areas of our business that we wanted to build on and strengthen. The following status report provides an overview of our performance in these areas.

Everyone Safe	
Strategic Objective (SO)	Status at end of FY2020-21 and commentary on results
SO 1. Reduce Lost Time Injury Frequency Rate (LTIFR) by 20% from 3.2 to 2.6 per 200,000 hours worked.	Metrolinx achieved a Lost Time Injury Frequency Rate (LTIFR) of 0.7, which is significantly below the target of 2.6. This is 76.7% lower compared to the same period last year and represents an overall reduction of 85% from 4.8 since January 2017. These results are an indication of Metrolinx's increased vigilance and investigation of safety incidents and the actions taken/outputs delivered.
SO 1b. Set a construction Safety LTIFR of 0.1 per 200,000 hours worked.	Contractor LTIFR was 0.17, reflecting a 39% decrease compared to last year. This is above the target of 0.10 but below the Ontario construction rate group average of 1.13 and Ontario General Contractors Association Members average of 0.36.
SO 2. Maintain Train Operating Rule Violations at 0.9 or better per million train kilometres. Achieve external operator Train Rule Violations on our Network of 1.3 or better.	Our Train Operating Rule Violations (TORVs) target was not achieved. We achieved 1.6 vs. 0.9 target. External TORV was on target. We achieved our goal of 1.3.
SO 3. Risk assessments 100% completed for level crossings and immediate mitigations fully implemented.	Level crossing risk assessments and immediate actions are 100% complete. By the end of Q2 in 2020-21, risk assessments were completed at all 136 public grade crossing and all 31 private grade crossings locations. This was the first time Metrolinx has risk-assessed all grade crossings. A series of weekly workshops was facilitated for the review of completed grade crossing risk assessment reports.

Engaged Employees	
Strategic Objective	Status at end of FY2020-21
SO 4. Engage our people and improve our engagement score to 78%.	<p>We continued to track employee engagement while identifying opportunities to improve the workplace by conducting two check-in surveys (June and October) and an annual survey in February, the results of which were:</p> <p><i>Annual Employee Engagement Survey -February 2021 - 82% - Metrolinx Overall</i></p> <p><i>- Pulse Employee Engagement Survey - October 2020 - 81% - Metrolinx Overall</i></p> <p><i>Pulse Employee Engagement Survey - June 2020 - 84% - Metrolinx Overall</i></p> <p>Throughout 2020-21 Metrolinx focused on engagement, safety and communication. We also conducted successful enterprise-wide communication campaigns and offered new opportunities to engage including the Employee Connect pilot, a virtual employee networking event, and improvements to the Metrolinx Ideas at Work platform, an online forum for sharing and collaborating on innovative ideas.</p>
SO 5. Improve gender balance for senior managers to 43% and 35% across Metrolinx. Execute an employee Cultural Census and implement a diversity & inclusion plan.	<p>At the end of the fiscal year we met the target achieving 35% women employees across Metrolinx.</p> <p>For women as percentage of senior managers and above, we are at 39.8%, which is below our target of 43%</p> <p>With the continuation of the hiring pause resulting from the pandemic and given current recruitment trends, it became clear that there was a risk to achieving this objective. That said, we remained committed to doing our best and developed action plans to minimize the impact, some of which included developing programs to support the attraction and retention of women in male dominated environments; delivering a Diversity & Inclusion Dates of Significance program; developing the ability to draft job postings that use gender neutral language; supporting Employee Resource Groups for women; reviewing hiring practices; developing a sponsorship</p>

	<p>program; analysing cultural census data; and developing awareness and training programs that support an inclusive workplace.</p> <p>Cultural Census</p> <p>The Annual Cultural Census survey was rolled out in October 2020. Post-implementation work is moving forward on ways to expand reach and grow participation.</p>
SO 6. Competent and confident people who are satisfied with their training & development and information, tools & resources at 70%.	<p>We achieved a score of 66%, which is below our target of 70%.</p> <p>Within the year, we launched a web-based version of Metrolinx University so individuals can access it anywhere, on any device. We increased our number of learning courses from 68 to 134, automated and implemented external learning forms and successfully transitioned all learning offerings to virtual platforms.</p> <p>We also made advancements in communication and marketing of learning opportunities through internal channels.</p>
Trusted Business Partner	
Strategic Objective	Status at end of FY2020-21
SO 7. Deliver our capital infrastructure program to a budget in line with the capital plan and within 5% of the Q1 fiscal budget.	<p>The Capital Projects Group was close to target at a 6% variance compared to the Q1 fiscal budget. At the end of the fiscal year, we were within 8% of the Q1 fiscal budget, landing outside of meeting the target set in the strategic objective. These results are a significant improvement from previous years. Actions are ongoing to continue advancing maturity in terms of forecasting accuracy and overall cost management practices.</p>
SO 8. Deliver the 25 critical milestones for capital infrastructure program to schedule.	We delivered 18 of the 25 milestones.
SO 9. PRESTO to implement a "profit and loss" account and deliver a COVID adjusted net operating requirement target of \$108.2M.	<p>PRESTO implemented a profit and loss account and achieved a net operating requirement of \$98.1M, 9% favourable for the 2020-21 fiscal year against target.</p> <p>Key actions included: implementing PRESTO modernization and digital transformation (i.e. Open Payments credit card and mobile wallet pilot launch on UP Express, and E-Tickets launch</p>

	on Durham Region Transit and Hamilton Street Railway) to better serve customers.
SO 10. Transit Oriented Communities to implement a "profit and loss" account and deliver a COVID adjusted net operating requirement target of \$33.5M.	<p>Metrolinx surpassed the net operating requirement target of \$33.5M. This is largely due to sale of assets at Cooksville GO, Goreway Dr. and Oshawa GO totalling \$12.2M.</p> <p>TOC has implemented a profit and loss account and achieved a net operating surplus of \$48.1M at year-end.</p>
SO 11. Operations to implement a "profit and loss" account and deliver a COVID adjusted net operating requirement target of \$715.4M.	Operations has implemented a profit and loss account and achieved a net operating requirement of \$711.9M at year-end.
SO 12. Metrolinx overall to implement a "profit and loss" account and deliver a COVID adjusted net operating requirement target of \$1,150.5M.	Metrolinx has implemented an overall profit and loss account and has achieved a net operating requirement of \$961.6M at year end, delivering approximately 16% favorable against an operating requirement target of \$1,150.5M
Satisfied Customer	
Strategic Objective	Status at end of FY2020-21
SO 13. Build our reputation with customers and residents to 63% and improve our positive impressions with stakeholders to 65%.	<p>Metrolinx achieved a positive impression score of 61% among community residents. Over two-thirds identified as supporters or advocates of transit expansion, and their preferred mode for community engagement is through Metrolinx or project websites followed by virtual open houses and town halls.</p> <p>For stakeholders, Metrolinx achieved a positive impression score of 59%, a 6-point increase from 2019-20. Stakeholder partners continued to emphasize the importance of early and consistent consultations, as well as two-way engagement.</p>
SO 14. Deliver GO Rail Station Access action plans and implement 60% of funded scope for existing stations.	A detailed and comprehensive station tracker was completed in February and action plans for access were developed. We achieved 53% of funded scope items in Early Station Improvements and Early Works to increase access for alternative transportation modes at existing stations, with completion of infrastructure at Cooksville and Kipling (parking for 72 bikes and 568 cars, 19 pick-up-drop-off spaces, 24 transit bays). The 2019 Rail Passenger Survey shows that capital investment into access infrastructure is needed now as people find new ways to get to GO other than driving alone. The 2016 Station Access Plan will

	be updated in 2021 with new access requirements.
SO 15. Rebuild ridership to 40% of 2019-20 levels in the month of March 2021, and increase PRESTO adoption to 80%.	<p>Year over year ridership decreased by 69.5 million or 91.1% from 76.3 million in 2019-20 to 6.8 million in 2020-21. In response to the declining average ridership trend, GO rail services were reduced by approximately 25% in March 2021 relative to the already reduced service operating in March 2020.</p> <p>PRESTO adoption reached 86.1% by fiscal year end, exceeding its 80% target.</p>
SO 16. Deliver On-Time Performance of moving annual average of 95% for GO Rail, 86% for GO Bus, 97% for UP, and payment equipment availability of 99.5% for PRESTO.	<p>OTP was exceeded for the year across all services, with a blended YTD average of 98.7% (as of February 2021):</p> <p>GO bus: 98.8% GO rail: 97.5% UP Express: 99.1%</p> <p>PRESTO payment equipment maintained and/or exceeded target month over month; at fiscal year-end, availability of readers across the PRESTO landscape was 99.79%.</p>
SO 17. Deliver Customer Satisfaction of 81% for GO, 90% for UP and 78% for PRESTO, to give an aggregate average of 83%.	<p>CSAT for GO was 77%, coming in below our anticipated target.</p> <p>We achieved 92% for UP exceeding our target of 90%</p> <p>PRESTO CSAT ended the year at 80%, exceeding the target of 78%.</p> <p>Across all brands, we achieved out target of an aggregate average of 83%</p>

Appendix B. Metrolinx GRI Report

Metrolinx is committed to monitoring and reporting on its performance as a trusted and transparent organization. This commitment includes publicly reporting on its performance in achieving the goals articulated in the five-year Sustainability Plan.

The following report has been developed in accordance with the Global Reporting Initiative (GRI) framework. The GRI framework is the most widely-adopted sustainability reporting framework globally. GRI is also a United Nations-sanctioned framework that enables entities to manage and report on their environmental, social and governance (ESG) impacts, mitigating risk, building trust and publicizing successful initiatives.

For the third time in its history, Metrolinx has published its sustainability performance, using the GRI framework in the 2020-2021 Annual Report, to provide greater transparency to our stakeholders in how we operate as a provincial agency. This is also the second consecutive year that Metrolinx has attained third-party limited assurance on our Scope 1 and Scope 2 greenhouse gas (GHG) emissions and our total criteria air contaminant (CAC) emissions by PricewaterhouseCoopers LLP (PwC). The benefits of obtaining limited assurance on GHG and CAC emissions include improving internal processes, identifying opportunities for emissions reductions and cost savings, and improving the reliability of data. The results of PwC's limited assurance engagement are documented in an assurance statement, which follows this introduction. This GRI report also demonstrates how the sustainability aspects we are reporting on are aligned with the United Nations Sustainable Development Goals (UN SDGs).



Independent practitioner's limited assurance report on selected information presented in the Metrolinx's Sustainability Report 2020-2021 (included as Appendix B within the Annual Report 2020-2021)

To the Board of Directors and Management of Metrolinx

We have undertaken a limited assurance engagement of selected key performance indicators (the "KPIs" or the "subject matter") prepared for the period April 1, 2019 to March 31, 2020 and presented in the Metrolinx's Sustainability Report for the year ended March 31, 2021 (the "Report"), which is included as Appendix B within the Metrolinx's Annual Report 2020-2021.

Selected subject matter

Our limited assurance engagement was performed on the following indicators which were prepared for the reporting period April 1, 2019 to March 31, 2020:

Selected Key Performance Indicators	Value	Global Reporting Initiative (GRI) table reference*
Direct (Scope 1) GHG emissions	281,370 tCO ₂ e	GRI 305-1 - Page XX
Energy Indirect (Scope 2) GHG emissions	4,622 tCO ₂ e	GRI 305-2 - Page XX
Criteria Air Contaminants (CAC) emissions	2,218,794 Kg	GRI 305-7 - Page XX

The organizational boundaries and the applicable criteria for the determination of these metrics have been disclosed in the Metrolinx's Sustainability Report 2020-2021 as indicated in the table.

Management's responsibility

Management is responsible for preparation of the subject matter in accordance with the following criteria as disclosed in the Report (the "applicable criteria"):

- Global Reporting Initiative Standards (GRI);
- The methodology outlined in the GHG Protocol: A Corporate Accounting and Reporting Standard Revised Edition;
- Management's internally developed criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation of the selected subject matter that is free from material misstatement.



Inherent Uncertainty

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for the determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected subject matter based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standards on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the selected subject matter is not fairly stated, in all material respects.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement in preparing the selected subject matter in accordance with the criteria are likely to arise.

Our limited assurance procedures included, but were not limited to the following:

- Through inquiries, obtained an understanding of Metrolinx's control environment and information systems relevant to the KPIs quantification and reporting. Our procedures did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Analytical reviews and trend analysis of reported data for selected KPIs;
- Evaluated whether Metrolinx's methods for developing estimates are appropriate and consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Metrolinx's estimates.
- Tested a limited sample of items back to the underlying records for selected KPIs;
- Reviewed the selected subject matter disclosure in the Report to ensure consistency with the evidence obtained.

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 and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**Our independence and quality control**

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

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

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Metrolinx's key performance indicators, prepared in accordance with the applicable criteria for the reporting period ended March 31, 2020, are not fairly stated, in all material respects.

Purpose of statement and restriction of use of our report

The selected subject matter has been prepared to assist Metrolinx management and the Board of Directors with reporting on the selected key performance indicators in accordance with the criteria. As a result, the selected subject matter may not be suitable for another purpose. Our report is intended solely for the use of Metrolinx. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

[To be signed PricewaterhouseCoopers LLP]

Chartered Professional Accountants

Vancouver, British Columbia

[Date]

Global Reporting Initiative report

Disclosure		Disclosure Response	Related United Nations SDGs
General Disclosures			
102-1	Name of the Organization	Metrolinx	N/A
102-2	Activities, Brands, Products and Services	<p>Metrolinx Overview: http://www.metrolinx.com/en/aboutus/metrolinxoverview/metrolinx_overview.aspx</p> <p>2041 Regional Transportation Plan: http://www.metrolinx.com/en/regionalplanning/rtp/</p> <p>Project Map: https://maps.metrolinx.com/projectmap/</p> <p>Customer Charter: http://www.metrolinx.com/en/aboutus/customercharter/overview.aspx</p>	<ul style="list-style-type: none"> • Goal 9: Industry, Innovation and Infrastructure • Goal 11: Sustainable Cities and Communities
102-3	Location of Headquarters	Toronto, Ontario	N/A
102-4	Location of Operations	Metrolinx operates in Ontario, Canada.	N/A
102-5	Ownership and Legal Form	<p>Metrolinx, an agency of the Government of Ontario established under the Metrolinx Act, 2006 (the "Act"), was created to improve the coordination and integration of regional transit in the Greater Toronto and Hamilton Area (GTHA). The organization's mission is to champion, develop and implement an integrated transit network for our region that enhances prosperity, sustainability and quality of life.</p> <p>In December 2018, the Act was amended to focus the agency on regional transit delivery and service excellence. These amendments also expanded Metrolinx's regional transportation area to the Greater Golden Horseshoe (GGH), modified the scope and the development, review, amendment and approval process for the Regional Transportation Plan (RTP), and further clarified the agency's objects, duties and accountabilities.</p>	N/A
102-6	Markets Served	Transit and Operations Map: https://www.gotransit.com/en/trip-planning/system-and-route-map	<ul style="list-style-type: none"> • Goal 11: Sustainable Cities and Communities
102-7	Scale of the Organization	Refer to Financial Highlights section (page 9)	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth

Disclosure		Disclosure Response	Related United Nations SDGs
102-8	Information on Employees and Other Workers	<p>There are a total of 4,509 active employees (excluding students, co-op and interns) working across 100 locations as of February 28, 2021.</p> <ul style="list-style-type: none"> Total number of employees by employment contract (gender and region): Permanent: Female (F): 1,520, Male (M): 2,864; Temporary: F: 46, M: 79. Total number of employees by employment type, by gender; Full time: F: 1,415, M: 2,822; Part time: F: 151 M: 121 <p>Data was extracted from the Human Resources System of Records.</p>	<ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth
102-9	Supply Chain	<p>In September 2013, the Metrolinx Board of Directors adopted an approach for Community Benefits which recognized that its major infrastructure investments should include, where possible, equitable hiring practices, training, apprenticeships, local supplier and social procurement opportunities Through our flagship Community Benefits program, Metrolinx Community Benefits requirements are implemented through our constructors along the LRT corridors, beginning with the Eglinton Crosstown LRT project and continuing with the Finch West and Hurontario LRT projects.</p>	<ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 12: Responsible Consumption and Production
102-10	Significant Changes to the Organization and its Supply Chain	<p>No changes to report in 2019-2020.</p>	<ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 10: Reduced Inequalities Goal 12: Responsible Consumption and Production
102-11	Precautionary Principle or Approach	<p>Metrolinx is regulated by the Federal and Provincial government and the enabling legislation is the Metrolinx Act, 2006. The Enterprise Risk Management (ERM) Office has launched guidelines, processes and tools to help Metrolinx and its business units identify risks to achieving its strategic objectives. Metrolinx maintains a full ERM Policy and framework to ensure robust processes for risk identification, mitigation, monitoring and reporting at all levels up to and including Senior Management and the Board. The ERM Policy is based on the COSO ERM Integrated Framework 2017 and ISO 31000. An ISO 14001 Environmental Management System to frame operational and construction processes. Metrolinx is in compliance with the Enterprise Risk Management Directive of the Ontario Public Sector, April 2020.</p>	<ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 10: Reduced Inequalities Goal 12: Responsible Consumption and Production

Disclosure		Disclosure Response	Related United Nations SDGs
102-12	External Initiatives	<p>During the 2019-2020 Transportation Procurement Initiative (TPI) achieved milestones with TTC and OC Transpo. TTC placed its 4th order of 20 more Minibuses for their Wheel Trans Vehicles, bringing their total purchase to 148. OC Transpo completed a 3rd order of conventional buses, overall marking the largest bus purchase of 274 through TPI from one transit system.</p> <p>TPI released the 7th 12-metre conventional transit joint procurement with 18 participating transit partners offering the choice of clean diesel, compressed natural gas and hybrid electric bus options. The TPI 2019-2020 Annual Report can be found here: http://www.metrolinx.com/en/projectsandprograms/tpi/tpi_report.aspx</p> <p>For further information on external initiatives refer to section: Report on Non-Financial Activities (page 11)</p>	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities • Goal 12: Responsible Consumption and Production
102-13	Membership of Associations	<p>American Public Transit Association (APTA)</p> <p>Association of Certified Fraud Examiners (ACFE)</p> <p>Association of Train Operating Companies (ATOC)</p> <p>C.D. Howe Institute</p> <p>Canadian Council for Public-Private Partnerships (CCPPP)</p> <p>Canadian Marketing Association (CMA)</p> <p>Canadian Urban Transit Association (CUTA)</p> <p>Chartered Professional Accountants (CPA) Canada</p> <p>Construction Users Roundtable (CURT)</p> <p>Gartner Canada</p> <p>Government Audit Group Canada (Association of IIA)</p> <p>Information Security Forum (ISF)</p> <p>Information Systems Audit and Control Association (ISACA)</p> <p>Institute of Corporate Directors (ICD)</p> <p>Institute of Internal Auditors (IIA)</p> <p>International Association of Chiefs of Police (IACP)</p> <p>Law Society of Ontario (LSO)</p> <p>Ontario Association Chiefs of Police (OACP)</p> <p>Ontario Chamber of Commerce (OCC)</p> <p>Ontario Construction User Council (OCUC)</p> <p>Ontario Public Transit Association (OPTA)</p> <p>Rail Safety Standards Board (RSSB)</p> <p>Railway Association of Canada (RAC)</p> <p>Toronto Region Board of Trade (TRBOT)</p> <p>Tourism Toronto</p> <p>Transportation Association of Canada (TAC/ATC)</p>	<ul style="list-style-type: none"> • Goal 17: Partnership for the Goals

Disclosure		Disclosure Response	Related United Nations SDGs
102-14	Statement from Senior Decision-Maker	Refer to Report section: Message from the CEO (page 5).	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 11: Sustainable Cities and Communities
102-16	Values, Principles, Standards and Norms of Behaviour	Metrolinx Overview: http://www.metrolinx.com/en/aboutus/metrolinxoverview/metrolinx_overview.aspx	<ul style="list-style-type: none"> • Goal 11: Sustainable Cities and Communities • Goal 12: Responsible Consumption and Production • Goal 16: Peace, Justice and Strong Institutions
102-18	Governance Structure	Board of Directors: http://www.metrolinx.com/en/aboutus/board/board_of_directors_bios.aspx	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure
102-40	List of Stakeholder Groups	Main stakeholder and partner categories: Metrolinx employees, federal or provincial government, First Nation or Métis government, municipal government, suppliers or vendors, local transit systems, Indigenous organizations, industry or professional associations, customers, non-government organizations, and academics.	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 16: Peace, Justice and Strong Institutions
102-41	Collective Bargaining Agreements	Percentage of total employees covered by collective bargaining agreements: 47% in 2 unions: Amalgamated Transit Union Local 1587 and International Association of Machinists & Aerospace Workers Local 235.	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 10: Reduced Inequalities • Goal 12: Responsible Consumption and Production
102-42	Identifying and Selecting Stakeholders	Metrolinx stakeholders are diverse and dependent on the division engaging and the topic being engaged upon. Broadly speaking, all Metrolinx stakeholders are identified based on their location within the Metrolinx mandate area as per latest legislative requirements.	<ul style="list-style-type: none"> • Goal 17: Partnerships for the Goals

Disclosure		Disclosure Response	Related United Nations SDGs
102-43	Approach to Stakeholder Engagement	<p>Engagement with elected and non-elected stakeholders/partners consists of but is not limited to engagement in the form of community meetings, regional collaboration forums, speaking engagements, elected official briefings, municipal meetings, Council presentations, public town hall meetings, door-to-door neighbourhood engagement, material distribution, content partnerships, e-newsletters and digital engagement. The frequency of engagement depends on the forum, topic, and stakeholder, and in some cases is defined in a Terms of Reference document.</p> <p>Engagement with Indigenous Nations, organizations, businesses and urban Indigenous community partners consists of, but is not limited to, sharing project materials, technical documents, providing opportunities to participate in environmental assessments, holding information sharing meetings, building meaningful relationships, soliciting feedback on corporate strategies and plans, participating in community events, door-to-door and neighbourhood engagements. The frequency of engagement depends on the needs of each Nation, or urban Indigenous organization/neighbourhood, and in some cases is defined in a relationship agreement.</p>	<ul style="list-style-type: none"> • Goal 17: Partnerships for the Goals
102-44	Key Topics and Concerns Raised	Stakeholder engagement/partner is primarily focused on existing operations, initiatives, service, current construction, and future projects within the Metrolinx. Key topics and concerns are addressed through meeting summaries, reports, briefing notes, action items, and key performance indicators. Elected and non-elected officials in municipalities and transit systems are key stakeholder groups.	<ul style="list-style-type: none"> • Goal 17: Partnerships for the Goals
102-45	Entities Included in Consolidated Financial Statements	For the Financial Statements – Related Party Disclosures and Transactions and Balances please consult Metrolinx Annual Report 2020-2021 (Financial Statement section, page 51)	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 17: Partnerships for the Goals
102-46	Defining Report Content and Topic Boundaries	In September 2019, Metrolinx conducted a materiality survey to identify the social, environmental and economic topics most material to our internal and external stakeholders. These key topics became a focus for Metrolinx's sustainability objectives over the last year and were updated at Metrolinx Regional Reference Panels hosted in June 2019 and March 2020. Material topics were also informed and updated through an internal advisory committee that met five times between September 2019 and October 2020.	<ul style="list-style-type: none"> • Goal 17: Partnerships for the Goals

Disclosure		Disclosure Response	Related United Nations SDGs
102-47	List of Material Topics	<p>Issues of highest material importance to internal and external stakeholders:</p> <ul style="list-style-type: none"> • Using triple-bottom line in planning and design • Building sustainable and resilient infrastructure adapted to climate change impacts • Building transit-oriented communities • Reducing GHG emissions through alternative fuels and renewable energy • Connecting key destinations through transit • Ensuring transit is affordable, accessible and reliable • Establishing a sustainable procurement policy 	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities • Goal 11: Sustainable Cities and Communities • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 14: Life Below Water • Goal 15: Life on Land • Goal 16: Peace, Justice and Strong Institutions • Goal 17: Partnerships for the Goals
102-48	Restatements of Information	No material restatements provided.	N/A
102-49	Changes in Reporting	There have not been any significant changes in material topics or topic boundaries since the previous Metrolinx Annual Report 2019-2020.	N/A
102-50	Reporting Period	The Metrolinx 2020-2021 Annual Report details information and data from fiscal years 2019 (FY2019) and 2020 (FY2020), which ran from April 1, 2020- March 31, 2021.	N/A
102-51	Date of Most Recent Report	Prior to this report, the most recent Annual Report followed the GRI framework covering activities leading up to March 31, 2020.	N/A
102-52	Reporting Cycle	We issue our GRI Report on an annual basis.	N/A
102-53	Contact Point for Questions Regarding the Report	For feedback, questions or additional information about this report please contact us at 416-874-5900.	N/A
102-54	Claims of Reporting in accordance with GRI	This report has been prepared in accordance with the GRI Standards: Core option.	N/A
102-55	GRI Content Index	This table serves as our GRI Content Index, with the inclusion of corresponding United Nations Sustainable Development Goals. Please see this website for reference: https://www.un.org/sustainabledevelopment/	N/A
102-56	External Assurance	This GRI Index is self-declared. External assurance has been obtained for energy consumption and greenhouse gas emissions for FY 2019-20. The external assurance letter is on pages 86-88.	N/A

Disclosure		Disclosure Response	Related United Nations SDGs
Specific Disclosures			
ECONOMIC PERFORMANCE			
103-1	Explanation of the material topic and its boundary	Securing government funding and reporting on direct economic performance of Metrolinx are top material concerns to both Metrolinx internal and external stakeholders. As a government agency, government funding has direct impact on Metrolinx's operations.	<ul style="list-style-type: none"> • Goal 9: Industry, Innovation and Infrastructure • Goal 11: Sustainable Cities and Communities • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals
103-2	The management approach and its components	Details of economic performance are disclosed in the Financial Statements of this Annual Report. Metrolinx management is responsible for the preparation and fair presentation of financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals
103-3	Evaluation of the management approach	Refer to report section: Independent Auditor's Report (page 52)	N/A
201-1	Direct economic value generated and distributed	Refer to report section: Statement of Cash flows (page 58)	N/A
201-4	Financial assistance received from government	Refer to report section: Government Funding (page 34)	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals

Disclosure		Disclosure Response	Related United Nations SDGs
INDIRECT ECONOMIC IMPACTS			
103-1	Explanation of the material topic and its boundary	<p>Stakeholders/partners have identified that "ensuring transit is affordable" is a material issue. To try and achieve affordability in the region, Metrolinx operates the Transit Procurement Initiative. This program delivers customer service, efficiencies and value for money, allowing municipalities to maximize transit dollars and serve customers and taxpayers.</p> <p>TPI has supported 18 transit systems with Investing in Canada Infrastructure Program funding for buses and transit-related technology purchases, with an approximate value of \$63 million in transit investment dollars. The overall program savings/cost avoidance is \$33.8 million.</p>	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals
103-2	The management approach and its components	<p>The Governance Agreement (GA) is the agreement between Metrolinx and participating municipalities outlining the principles of facilitating joint procurements, roles and responsibilities. Each project establishes its own steering committee with representatives from participating transit systems. This structure fosters a strong link between TPI's project team and the steering committee on delivering strategic based procurement decision making. The 2019-2024 GA incorporates a few changes to reflect updated processes and the maturity of the program.</p> <p>http://www.metrolinx.com/en/projectsandprograms/tpi/tpi.aspx</p>	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals
103-3	Evaluation of the management approach	<p>The new five-year TPI Governance Agreement is effective since April 1, 2019.</p> <p>Up to 30 by-law resolutions have been approved by Councils under the new agreement. The overall client satisfaction rate of TPI is 93.5%.</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals
203-2	Significant indirect economic impacts	<p>Transit Procurement Initiative:</p> <p>http://www.metrolinx.com/en/projectsandprograms/tpi/tpi.aspx</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 17: Partnerships for the Goals

ENVIRONMENTAL MANAGEMENT			
103-1	Explanation of the material topic and its boundary	<p>Reduction for greenhouse gas emissions and air pollutant are top material issues to both Metrolinx and stakeholders/partners. From an operational perspective, Metrolinx has measured, calculated and reported on greenhouse gas emissions and criteria air contaminant emissions, in both absolute and intensity.</p> <p>Emissions are calculated for the period of April 1, 2019 to March 31, 2020.</p> <p>The main sources included are diesel fuel combustion from UP Express locomotives, GO rail locomotives and GO buses, and electricity and natural gas used at Metrolinx facilities and stations for power and heating.</p> <p>Fuel consumption for UP and GO rail is based off fuel invoices, consumption for GO bus is based off operational data and energy used at stations and facilities is based off utility invoices.</p> <p>The following metrics for FY 2019-2020 are the most recent third-party verified data points:</p> <ul style="list-style-type: none"> • Scope 1 (GRI 305-1) • Scope 2 (GRI 305-2) • CAC (GRI 305-7) 	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
103-2	The management approach and its components	<p>Sustainability and Innovation: http://www.metrolinx.com/en/aboutus/sustainability/default.aspx</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
103-3	Evaluation of the management approach	<p>The Metrolinx Sustainability Strategy (2015-2020) outlines a reduction in energy use and emissions. Metrolinx has achieved the following targets:</p> <ul style="list-style-type: none"> • 15% reduction in fuel consumption per revenue seat km (FY 2012-13) • 15% reduction in mobile GHG emissions per revenue seat km (FY 2012-13) • 20% reduction in total CAC emissions per revenue seat km (FY 2012-13) 	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land

302-1	Energy consumption within the organization	<p>Total operational energy use (some exclusions apply) within the organization for FY 2019-20: 4,211,879 GJ</p> <p>Breakdown of total operational energy use:</p> <p>Diesel for GO Rail: 2,146,690 GJ</p> <p>Diesel for GO Bus: 926,572 GJ</p> <p>Diesel for UP Express: 112,668 GJ</p> <p>Diesel for Non-Revenue Vehicles: 11,548 GJ</p> <p>Gasoline for Non-Revenue Vehicles: 21,046 GJ</p> <p>Natural Gas for Stations, Facilities & Corridors: 446,213 GJ</p> <p>Electricity for Stations, Facilities & Corridors: 547,143 GJ</p> <p>Source of conversion factor: Canada Energy Regulator - Energy conversion tables (modified 2016-05-02)</p> <p>Exclusions: energy consumed during non-revenue fleet travelling, certain equipment energy use, construction, real estate and office energy use data are currently incomplete therefore are not included in this calculation. Future reporting will aim to improve data completeness.</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
302-3	Energy intensity	<p>Internal energy consumption is normalized by million revenue-seat kilometres for fleets and normalized by the square foot for stations, facilities and corridors. Ratios presented below are for FY 2019-20:</p> <p>Total facilities, stations and corridor energy intensity: 0.02305 GJ/sq. ft</p> <p>Total fleet energy intensity: 239 GJ/MRSK</p> <p>GO Rail energy intensity: 207 GJ/MRSK</p> <p>GO Bus energy intensity: 337 GJ/MRSK</p> <p>UP Express energy intensity: 529 GJ/MRSK</p> <p>Source of conversion factor: Canada Energy Regulator - Energy conversion tables (modified 2016-05-02)</p> <p>Exclusions: energy consumed during non-revenue fleet travelling, certain equipment energy use, construction, real estate and office energy use data are currently incomplete; therefore are not included in this calculation. Future reporting will aim to improve data completeness.</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land

305-1	Direct (Scope 1) GHG emissions	<p>FY 2019-20 Emissions. Gross direct Scope 1 emissions: 281,371 tCO₂e.</p> <ul style="list-style-type: none"> • Base year for the calculation: Fiscal April 1, 2012 - March 31, 2013 • The rationale for choosing it: First year with full data sets • Significant changes in emissions calculation and boundaries: None in the period • Year over year variation: Increase in absolute Scope 1 emissions is due to increase in service in GO Train, GO Bus, new stations, and operation of UP Express • Standards, methodologies, assumptions, and/or calculation tools used: Emissions are calculated following the methodology outlined in the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard • Consolidation approach for emissions: Operational control • For additional details on the sources, please refer to 103-1 • Source of emission factors: The GHG emission factors are obtained from the National Inventory Report, and CAC emission factors are obtained from RailCan or the GHGenius Database. For stations and maintenance facilities, GHG emissions from purchased electricity and natural gas consumption were calculated using emission factors from the National Inventory Report • Source of Global warming potential (GWP): IPCC AR5 Chapter 8, page 22 	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
305-2	Energy indirect (Scope 2) GHG emissions	<p>Emission reported for FY 2019-20, based on emissions from electricity generation in Ontario. Gross indirect Scope 2 emissions: 4,622 tCO₂e.</p> <ul style="list-style-type: none"> • Base year for the calculation: Fiscal year April 1, 2012 - March 31, 2013 • Significant changes in emissions calculation and boundaries: None in the period • Year over year variation: The increase in Scope 2 emissions is mainly due to the increase in Ontario emissions factor • Refer to 305-1 for information on gases included, rationale for choosing base year, emission factor and GWP sources, as well as methodology used. 	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land

305-4	GHG emissions intensity	<p>Scope 1 emission is normalized by 1 million revenue-seat kilometres for fleets. Ratios presented below are for FY 2019-20:</p> <p>Total revenue fleets (scope 1) GHG emission intensity: 20 tonnes CO₂e/MRSK</p> <p>GO Rail GHG emissions intensity: 16 tonnes CO₂e/MRSK</p> <p>GO Bus GHG emissions intensity: 24 tonnes CO₂e/MRSK</p> <p>UP Express GHG emissions intensity: 41 tonnes CO₂e/MRSK</p> <p>Source of conversion factor: Canada Energy Regulator - Energy conversion tables (modified 2016-05-02)</p> <p>Exclusions: energy consumed during non-revenue fleet travelling, certain equipment energy use, construction, real estate and office energy use data are currently incomplete; therefore are not included in this calculation. Future reporting will aim to improve data completeness.</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<p>Total CAC emission reported for FY 2019-20 as: 2,218,794 kg</p> <ul style="list-style-type: none"> • NOx = 1,584,667 kg • SOx = 57,712 kg • VOC = 10,714 kg • PM10 = 35,075 kg • CO = 476,093 kg • HC = 54,076 kg • Gases included in CAC calculations are VOC, CO, NOx, SOx and PM10. POP and HAP are not materially relevant to Metrolinx operations. • Refer to 305-1 for information on gases included, rationale for choosing base year, emission factor and GWP sources, as well as methodology used. Emission Factors sourced from GHGenius. 	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 15: Life on Land
307-1	Non-compliance with environmental laws and regulations	<p>Total number of significant spill incidents in 2020 calendar year: 12</p> <p>All reported to the Ministry of Environment, Conservation and Parks and often to local municipalities. Any spills to pavement were remediated.</p>	<ul style="list-style-type: none"> • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action • Goal 14: Life Below Water • Goal 15: Life on Land

SOCIAL MANAGEMENT			
103-1	Explanation of the material topic and its boundary	Metrolinx recognizes that major transit infrastructure investments should also provide benefits for the communities in which it works, and we are committed to providing employment, apprenticeship, and local supplier opportunities for local residents and businesses where our projects are under construction.	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities • Goal 11: Sustainability Cities and Communities • Goal 12: Responsible Consumption and Production
103-2	The management approach and its components	The Crosstown will be delivered through an Alternative Financing and Procurement mechanism. A Request for Proposals has been issued and two qualified consortia are expected to bid on the project. Delivery of the community benefits program will ultimately be included as part of the final contract between Metrolinx, its procurement agent Infrastructure Ontario and the winning bidder ("ProjectCo") (jointly, the "Parties").	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 10: Reduced Inequalities • Goal 11: Sustainability Cities and Communities • Goal 12: Responsible Consumption and Production
413-1	Operations with local community engagement, impact assessments, and development programs	<p>The Eglinton Crosstown Community Benefits Agreement commits 10% of all trade & craft working hours for apprentices, including, those who are from historically disadvantaged communities and equity-seeking groups. The project continues to support local business & Social Enterprises spending.</p> <p>As of December 31, 2020, the project supported Social Enterprise spending by \$805,489.72, and supported local businesses by \$7,972,148.67. 394 people in total were hired through community benefits employment.</p>	<ul style="list-style-type: none"> • Goal 8: Decent Work and Economic Growth • Goal 10: Reduced Inequalities • Goal 11: Sustainability Cities and Communities • Goal 12: Responsible Consumption and Production