

VANCOUVER AIRPORT AUTHORITY 2010 ANNUAL AND SUSTAINABILITY REPORT



Vancouver Airport Authority is a community-based, not-for-profit organization that manages Vancouver International Airport (YVR). Canada's second busiest airport, YVR served 16.8 million passengers in 2010, facilitated 293,877 takeoffs and landings and handled more than 228,000 tonnes of cargo. Sixty-seven airlines serve YVR, connecting people and businesses to 119 destinations worldwide. We are committed to creating an airport that British Columbia can be proud of: a premier global gateway, local economic generator and community contributor.

Welcoming the World

In 2010, Vancouver Airport Authority and its partner airlines and businesses rallied together behind a common goal: to deliver a gold-medal airport experience during the Vancouver 2010 Olympic and Paralympic Winter Games. Thanks to advance preparation, strong partnerships and detailed plans, YVR's people, processes and facilities delivered on this formidable challenge, providing a smooth, stress-free and fun travel experience to athletes, officials and other visitors travelling through the airport during the Games.

As an Official Supplier of the 2010 Winter Games, Vancouver Airport Authority had clear obligations to offer a smooth travel process, but our commitment extended well beyond a sponsorship contract. Not only did we conduct Olympic customer care training for more than 3,000 airport employees and volunteers, operate an in-terminal entertainment program and offer our visitors six dedicated Olympic Stores, we maximized the efficiency of YVR's terminal facilities and equipment to manage extra passengers and oversized baggage and established off-site check-in services at the Olympic Villages. YVR was a true partner in the Games.

The 2010 Winter Games touched every aspect of YVR's business, galvanizing a community of 23,600 employees. And we were immensely proud to be the first and last impression of the Games for many visitors to our province.

Our Accountability

The Airport Authority is committed to providing you, our stakeholders and customers, with comprehensive information about all aspects of our business, organized along four key pillars:

The **Economic** report includes financial statements and information on financial performance, customer care programs and facilities.

The **Environment** report provides the Airport Authority's environmental programs, performance targets and results.

The **Governance** report outlines Board and Executive leadership, information on our subsidiary companies and governance practices.

The **Social** report highlights employee programs and results, and the Airport Authority's community engagement practices.

Message from Mary Jordan Chair

As I near the end of my first year as Chair of Vancouver Airport Authority, I am pleased to look back on a successful 2010. It was a year built on the strong foundation of a Board and executive team dedicated to ensuring we delivered a stellar performance before, during and after the Vancouver 2010 Olympic and Paralympic Winter Games. I'd like to extend my sincere thanks to the entire team for their excellent work in creating an experience for athletes and visitors which made us all proud.



Nearly eighty years ago, the fledgling Sea Island Airport that would become Vancouver International Airport was opened by Premier Simon Fraser Tolmie. At that time, the airport's promoters declared that it would become 'Canada's western gateway of the air' and expounded that the as-yet unflown routes to the east would be the means of Canada's future prosperity. They also acknowledged that Vancouver and British Columbia had now entered the global arena. As the Airport Authority in 2010, our goals and aspirations for our airport have remained consistent with those who declared the airport officially open on July 22, 1931.

Our focus continues to be on growing the YVR gateway to ensure that the Airport Authority and our business partners and airlines remain a strong source of employment, economic prosperity and connectivity with friends and family around the globe. We also strive to be a meaningful and involved contributor to our larger community through our community investment programs.

In 2010, more than 23,000 people worked at YVR. That makes the airport a significant source of employment for the Metro Vancouver region. In fact, for our hometown of Richmond, six per cent of the employed work force has a job directly related to the airport. We take our role in maintaining routes and services to destinations around the world seriously, because we know that it has an economic impact on the people who live not only in the wider community but right next door.

Local jobs rely on the success of YVR, just as businesses in and around the airport depend on the direct air services that get their goods, employees and customers where they need to go in a timely fashion. We recognize, for example, that getting a business person from YVR to Beijing overnight so that business can be done the next day is important to successful companies here in British Columbia. The awarding of China's Approved Destination Status to Canada in 2010 is an opportunity to further improve YVR as a gateway to the Asia-Pacific region.

Frequent connections to destinations around the world are not only critical to business; the people who live in British Columbia come from all over the globe. The YVR gateway provides the ability to maintain personal ties and to connect with friends and family.

I am particularly proud of the fact that, in 2010, as a community-based organization, we contributed more than half a million dollars in the form of sponsorships and donations to causes that resonate within our own employee base and the community at large. Our focus areas this past year included First Nations art and culture, and communities and families—with an emphasis on sustainability and accessibility.

I hope you will join us in 2011 in celebrating eight decades of connecting the world to British Columbia. We hope to build on the successes of the past and continue to meet the aspirations of our customers and our communities.

Mary B. Jordan
Chair
Board of Directors

Message from Larry Berg President and Chief Executive Officer

In 2010, Vancouver International Airport was privileged to play a key role in hosting the biggest global event to be held in our community in recent history – the Vancouver 2010 Olympic and Paralympic Winter Games.

Providing the critical first impression and final memory of the Games was no small feat, and success meant relying on the people, processes and facilities that make YVR an award-winning airport. We took this responsibility seriously, and by every measure delivered a gold medal airport experience to the more than 1.3 million athletes, VIPs, passengers and airport visitors who travelled through YVR during the two month-long Games period.



Planning began long before the first plane-load of athletes touched down on our runways. As early as 2005, Airport Authority teams convened to map out every aspect of this event, accounting for factors as varied and challenging as Games-time airspace restrictions, customer care training for more than 3,000 within the airport community, oversized baggage handling and an influx of thousands of incremental passengers. Our efforts culminated in the busiest day in YVR's history – March 1, 2010, the day after the Olympic Games Closing Ceremonies – when some 36,800 passengers with more than 57,000 bags departed YVR smoothly and seamlessly.

Those who visited our airport during the Games would have witnessed a palpable energy in our terminals, supplied by a dedicated team of hundreds of Green Coat volunteers, Airport Authority employees, and airport partners working together to deliver a medal-worthy airport experience. In-terminal entertainment and the bustling operations of YVR's six dedicated Olympic Stores contributed to the unique sense of celebration.

The 2010 Winter Games also put our terminal facilities – the majority of which were completed by 2009 as part of our \$1.4-billion capital program – to the ultimate test. Although not built specifically for the Games, facilities including the Canada Line, the International Arrivals Public Greeting Area and the Domestic Terminal's expanded C-Pier were integral to delivering a great airport experience. Operations on departure day – March 1, 2010 – were supplemented by an auxiliary terminal built on Sea Island to accommodate additional passengers and baggage, as well as by YVR's successful off-site check-in program available at the Olympic Villages in Vancouver and Whistler.

Globally, YVR received accolades from visitors and media alike. Within our own organization, we have a team of employees dedicated to promoting a culture of customer care—and the world took notice. Equally as important, we built a strong team within the airport community of airline, concession and government agency partners that is a lasting legacy. I am extremely proud of the efforts of everyone involved.

Our focus on developing YVR as a premier North American gateway continued in 2010 with several key initiatives. In September, YVR and Vancouver played host to the 16th World Route Development Forum (Routes), marking the first time this air service development event has been held in the Americas. Routes brought together representatives from 250 air carriers, 600-plus airports and tourism delegations to plan and discuss new air services worldwide.

For the Airport Authority, the forum enabled us to show off our airport and promote Vancouver as a destination of choice. It also provided a platform to announce key programs to enhance international air service – specifically, a five-year incentive program that encourages carriers to add capacity without incurring additional airport fees. It is expected that this program, along with the B.C. provincial government’s commitment to eliminate the aviation fuel tax on international flights beginning in 2012, will add the equivalent of eight to 10 new international daily flights over the next five years.

The announcement of Canada’s Approved Destination Status (ADS) by China in August of 2010 further strengthened YVR as a gateway. ADS encourages Chinese travellers to visit Canada, as tour operators can now market their travel services in China. YVR already operates 52 daily non-stop flights to China and Hong Kong – the most connections to Asia of any North American airport – and we expect that number to grow as Vancouver becomes an increasingly desirable destination for business, trade and tourism, and airlines add capacity.

For Vancouver Airport Authority, 2010 was a pivotal year in which we built a global reputation for airport excellence, strengthened our leadership position as a gateway to Asia and saw our passenger numbers increase by 3.7% as the global economy began a slow recovery.

As we look ahead to 2011, when YVR will celebrate 80 years of connecting British Columbia to the world, the Airport Authority will continue to build an airport of which our customers and stakeholders can be proud.

Larry Berg
President and Chief Executive Officer
Vancouver Airport Authority

VANCOUVER AIRPORT AUTHORITY
2010 ECONOMIC REPORT



Our Business

Financial and Operating Highlights (2001-2010)

Year	Revenue (millions)	Operating Expenses (millions)	Ground Lease (millions)	Excess of Revenue over Expenses (millions)	Net Assets (millions)	Capital Expenditures for the Year (millions)	Passengers (millions)	Aircraft Runway Take-offs and Landings (thousands)	Cargo Handled (thousands of tonnes)
2010	368.7	280.8	33.2	56.0	1,028.8	71.2	16.8	255	228.4
2009	359.1	256.7	65.6	38.8	972.8	226.6	16.2	258	198.0
2008	373.8	236.3	65.6	81.8	934.0	233.1	17.9	278	211.3
2007	368.3	212.2	65.6	89.5	852.2	289.7	17.5	274	226.2
2006	363.8	190.2	65.7	107.8	762.3	315.9	16.9	271	222.7
2005	329.8	176.7	78.7	74.4	654.6	137.6	16.4	275	222.6
2004	276.9	158.5	73.9	44.5	580.2	123.0	15.7	270	230.0
2003	246.0	154.1	66.3	25.6	535.6	55.0	14.3	250	215.8
2002	248.5	142.7	66.3	39.5	510.0	44.7	14.9	258	234.9
2001	266.9	138.5	67.8	60.6	470.5	97.8	15.5	274	228.7

Financial Planning

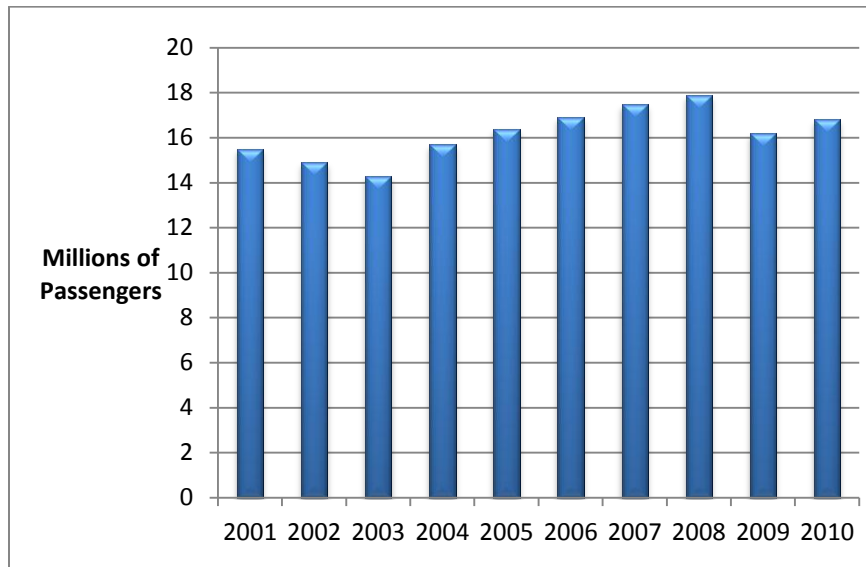
The soundness of the Airport Authority's financial planning is reflected in our consistently high credit ratings, which are among the best in the world. Both Standard & Poor's and Dominion Bond Rating Service confirmed the Airport Authority's ratings at AA and AA (Low), respectively, in 2010.

Other than the Hong Kong International Airport which is rated AA+, the Airport Authority shares this second highest AA rating with three other airports: Los Angeles International Airport, Chicago's O'Hare International Airport and Oklahoma City's Will Rogers World Airport.

Our Customers

In 2010, YVR welcomed 16.8 million passengers, representing a 3.7 percent increase over the previous year, as the global economy began a modest recovery from the economic slowdown of 2009. Visit the [facts and statistics](#) page on our website for detailed passenger, cargo and aircraft take-off and landing numbers.

Vancouver International Airport Passengers (2001-2010)



Enhancements made in 2010 to YVR's customer care program, simplified passenger travel initiatives, facilities, shops and services all helped contribute to a positive customer experience at YVR in 2010.

CUSTOMER CARE

Providing the help and information our customers need is central to creating a positive travel experience. YVR's award-winning Green Coat volunteer program was augmented in 2010 to support the additional customer requirements of the 2010 Winter Games. More than 400 volunteers, up from 200 in 2009, were recruited and trained to provide support at pre- and post-security locations throughout the airport. Volunteers logged a total of 69,471 service hours in 2010. Additionally, students and Airport Authority employees assisted during the busy Games travel period with passenger and baggage handling.

To ensure YVR delivered a gold-medal airport experience during the 2010 Winter Games, Olympic Games-specific training was provided to 3,225 airport employees and volunteers. Entitled "Get Your Game Face On," this training equipped participants to effectively manage the needs of Olympic and non-Olympic travellers alike during the busy February and March period.

The Airport Authority identified the need to support its airline partners by offering an expanded in-terminal transportation service for Olympians and Paralympians; a fleet of golf carts and aircraft wheelchairs were purchased and utilized by the Airport Authority to efficiently move travellers through YVR.

Other Games-specific customer care initiatives included:

- Additional staffing at all baggage carousels for handling extra and oversized baggage
- Coordination of more than 1,000 VIP arrivals and departures by YVR's concierge team
- A robust language program, with 133 employees and volunteers providing service in 10 different languages, for a minimum of 16 hours per day. This program was

supplemented by YVR's Language Line service, which provides access to more than 170 languages at a total of 53 locations throughout the airport

SIMPLIFIED PASSENGER TRAVEL

The Airport Authority knows that our customers want to get through YVR quickly and easily. In addition to NEXUS and expedited pre-board screening lanes, programs such as off-site and on-site self-service check-in, cruise ship on-board check-in, U.S. Direct and Automated Border Clearance put passengers on the fast track.

In 2010, the Airport Authority and Canada Border Services Agency (CBSA) expanded the Automated Border Clearance program, which offers returning Canadian citizens and permanent residents use of a self-service kiosk to quickly and easily clear the border. Six additional kiosks were added to the Customs Hall, bringing the total number of kiosks to 12, and software upgrades ensured ease of use for returning travellers. Thanks to these improvements, more than 694,000 passengers used Automated Border Clearance in 2010 – an increase of 394 percent over 2009 usage.

Additionally, the Airport Authority worked with WestJet to eliminate its Domestic Terminal check-in lineups by introducing passenger self-bag tagging in August 2010. More than one million passengers printed and tagged their own bags in 2010.

Streamlining the travel process was equally important during the 2010 Winter Games. To successfully accommodate additional passengers and baggage, the Airport Authority utilized its proven off-airport check-in program at both the Vancouver and Whistler Olympic Villages. On March 1, our peak Olympic Games departure day, more than 1,500 athletes took advantage of off-site check-in.

A similar model was used with success at the Vancouver Convention Centre during the 2010 World Route Development Forum; remote check-in kiosks enabled conference attendees to check in before travelling to YVR for their flights.

FACILITIES

In advance of the 2010 Winter Games, the Airport Authority's \$1.4-billion capital construction program at YVR concluded in 2009 with the successful delivery of several key facilities, including the Canada Line, a five-gate expansion of the Domestic Terminal's C-Pier and upgrades to the International Arrivals Area. This commitment to capital investment helped ensure that the Airport Authority had the facilities in place to not only welcome the world for the 2010 Winter Games, but also to strengthen our position as a premier global gateway.

Olympic Games airport operations put our world-class facilities to the test. Airside, YVR's 25,000-plus square metres of runways, taxiways and apron were used to the fullest by our airline partners to accommodate the increase in aircraft traffic during the Games period. In the terminal, 65 gates and 160 shops and services were available to serve travellers' needs. Curbside, the Airport Authority and VANOC managed hundreds of Olympic buses conveying athletes, media, VIPs and other members of the Olympic Family from YVR to Vancouver and Whistler.

To accommodate additional passenger screening and oversized baggage on the pivotal March 1 departure day, the Airport Authority also made use of an auxiliary terminal built on Sea Island. This facility provided a welcome relief valve for handling the additional requirements of that busy day.

YVR's baggage systems were also put to the test during the 2010 Winter Games, with more than 56,700 pieces of outgoing baggage - including almost 9,000 pieces of oversized athlete equipment - handled on March 1, the Olympic Games departure day.

Baggage posed a significant operational challenge for the Airport Authority during the Games, as a Winter Olympics athlete typically travels with an average of six pieces of luggage, much of it oversized, such as skis and snowboards. To meet this challenge, a member of the Airport Authority's maintenance team designed a baggage cart to move large and irregularly-shaped baggage efficiently through the terminals. The Airport Authority worked with a Richmond-based manufacturer to produce 160 carts for use during Vancouver's Games. This homegrown Olympic innovation is leaving a lasting local and international legacy, as similar carts have been commissioned by the 2014 Winter Games organizing committee in Sochi, Russia.

SHOPS AND SERVICES

The Airport Authority's award-winning retail program continued to perform well in 2010, offering customers the best in airport shopping and dining.

Customers travelling before and during the 2010 Winter Olympic Games were invited to take home a piece of the Games from one of the six dedicated Olympic Stores and nine merchandise kiosks at YVR, featuring a broad selection of official licensed Olympic merchandise. The success of these stores contributed to a substantial increase over anticipated sales volumes.

Ten new shops and restaurants featuring celebrated local and international brands opened in 2010, including Brooks Brothers, PGA TOUR Shop, Lacoste, White Spot and Monk's Grill.

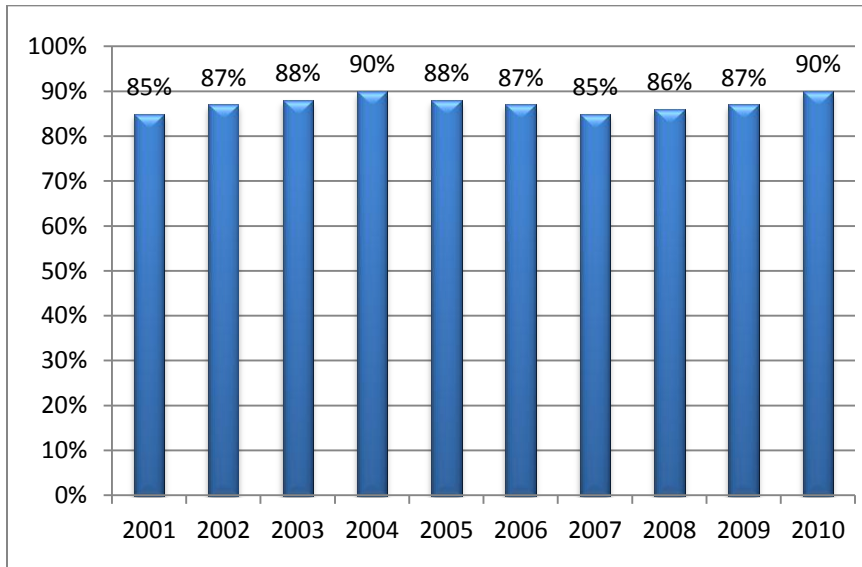


The Airport Authority's retail program earned the prestigious *Richard Griesbach Award of Excellence* for the Best Concession Program in North America by Airports Council International-North America (ACI-NA).

CUSTOMER FEEDBACK

Caring for our customers and providing an outstanding airport experience are central to our business philosophy and economic success. The Airport Authority uses quarterly customer satisfaction surveys conducted by an independent consulting firm to track customer service at YVR. Our continued commitment to improving customer care was recognized by passengers this past year with our best-ever customer satisfaction rating. In surveys of more than 2,900 passengers, YVR earned a 90 percent satisfaction rating.

Overall Customer Satisfaction Ratings (2001-2010)



37
THOUSAND

**NUMBER OF PASSENGERS WHO DEPARTED
YVR ON MARCH 1, 2010, THE BUSIEST DAY
IN YVR'S HISTORY.**

Our Destinations

B.C.

Anahim Lake
Bella Bella¹
Bella Coola
Campbell River
Castlegar
Comox
Cranbrook
Dawson Creek
Fort Nelson¹
Fort St. John
Ganges Harbour
Kamloops
Kelowna
Lyall Harbour
Maple Bay
Masset
Miner's Bay
Montague Harbour
Nanaimo
Nanaimo Harbour
Penticton
Port Hardy
Port Washington
Powell River
Prince George
Prince Rupert
Qualicum Beach
Quesnel
Sandspit
Sechelt
Silva Bay
Smithers
Telegraph Harbour
Terrace
Tofino
Trail
Victoria
Victoria Harbour
Williams Lake

CANADA

Calgary
Edmonton
Fort McMurray
Kitchener
London
Montreal
Ottawa
Regina
Saskatoon
Toronto
Whitehorse
Winnipeg
Yellowknife

U.S.A.

Anchorage
Atlanta
Chicago
Dallas
Denver
Detroit
Honolulu
Houston
Kahului (Maui)
Kona (Hawaii)
Las Vegas
Lihue (Kauai)
Los Angeles
Memphis
Minneapolis
New York (JFK)
Newark
Palm Springs
Phoenix
Portland
Salt Lake City
San Diego
San Francisco
Seattle

MEXICO

Cancun
Huatulco^C
Ixtapa/Zihuatanejo
Manzanillo^C
Mazatlan^C
Mexico City
Puerto Vallarta
San José del Cabo

ASIA

China

Beijing
Hong Kong S.A.R.
Shanghai

Japan

Tokyo

South Korea

Seoul

Philippines

Manila

Taiwan

Taipei

EUROPE

France

Paris^c

Germany

Dusseldorf^c

Frankfurt

Munich^c

Italy

Rome^c

Netherlands

Amsterdam

Spain

Barcelona^c

Madrid^c

Switzerland

Zurich^c

United Kingdom

Glasgow, Scotland^c

London, England (Gatwick)^c

London, England (Heathrow)

Manchester, England^c

LATIN AMERICA

Costa Rica

Liberia^c

Cuba

Holguin^c

Santa Clara^c

Varadero

Dominican Republic

Puerto Plata^c

Punta Cana^c

Santo Domingo^c

Jamaica

Montego Bay

Panama

Panama City^c

OCEANIA

Australia

Sydney

New Zealand

Auckland

¹ *One stop en route*

^c *Charter service only; may have a stop en route*

Key Initiatives in 2010

To continue to expand YVR as a global gateway, the Airport Authority focused on several key initiatives in 2010.

2010 World Route Development Forum

In September 2010, Vancouver Airport Authority hosted the 2010 World Route Development Forum, the world's largest annual air transport event. Held in the Americas for the first time, World Routes offered us an ideal opportunity to showcase Vancouver as a compelling business and leisure destination and key gateway between North America and the Asia-Pacific region. More than 2,500 key air service development decision-makers convened in Vancouver to shape the future of airline routes and services.

The Province of British Columbia used Routes as a platform to announce its intention to introduce legislation in 2011 to eliminate the aviation fuel tax on all international flights, while the Airport Authority announced a five-year incentive program to encourage growth of YVR's international service by freezing landing and terminal fees at 2010 levels. In addition to the incentive program announcement, the Airport Authority also hosted thirteen airlines and met with an additional 45 airlines, to foster ongoing air service development opportunities.

China: Approved Destination Status

China is a key market for YVR and the province of British Columbia, and the Airport Authority continues to encourage travel between Asia and North America. In August 2010, Canada officially welcomed the first group of Chinese visitors travelling to Canada under the Approved Destination Status (ADS) program. This designation makes it easier for Canada to market tourism services to tour groups in China, and is expected to result in a 15 percent increase in Chinese visitors to B.C. in each of the next two years. To support continued travel to B.C., the Airport Authority also developed a consultant-led program to build relationships and work with the travel trade in China.

Economic Impact

Vancouver International Airport is an important economic generator for B.C. and enables local companies to compete globally. An economic impact assessment conducted in 2010 found that excluding Olympic Games impacts, 23,600 jobs were directly associated with the ongoing operations of YVR, most of which were permanent positions that paid above-average wages. In 2010, YVR contributed \$1.9 billion to the national economy and governments received \$600 million in taxes and other revenues from YVR. Major local employers told us that the connectivity YVR provides to international destinations allows them to compete and prosper in a global marketplace.

Financial Review

The Airport Authority earns revenue from three main sources:

- Aeronautical revenue – the Airport Authority collects landing and terminal fees to recover the operating and capital costs related to airline operations. This revenue amounted to \$122.8 million in 2010, an increase of \$0.5 million from \$122.3 million in 2009. There was a 3% landing fee rate increase in 2010, implemented to cover the costs of new de-icing equipment.
- Non-aeronautical revenue – this includes revenue from concessions, such as duty-free and car rentals, as well as car parking, contributions and terminal and land rents. Revenue from these sources increased to \$156.3 million in 2010, up from \$150.2 million in 2009, due mainly to the Olympic and Paralympic Winter Games concession revenue and the positive impact of the 3.7% growth in 2010 passenger traffic over 2009 on passenger-driven concession sales.
- Airport Improvement Fee (AIF) – the revenue earned from aeronautical and non-aeronautical sources is not sufficient to cover both the costs of operating the airport and the required capital projects. To fund these capital projects, the Airport Authority collects an AIF. Total revenue earned from the fee in 2010 was \$89.6 million, up 3.6% from \$86.5 million in 2009. The increase was due mainly to the 3.7% growth in 2010 passenger traffic over 2009.

Non-AIF revenue goes towards covering the costs of operating the airport, which include salaries, wages and benefits, materials, supplies and services, payments in lieu of taxes and insurance. In 2010, these costs increased to \$141.4 million from \$132.0 million in 2009. These increases were mainly due to the preparation for and operation of the Airport during the Olympic and Paralympic Winter Games, a full year of maintaining the new facilities that came into service in 2009, as well as hosting the World Route Development Forum.

The Airport Authority uses a portion of its non-AIF revenue to pay rent to the federal government, which, on a cash basis, amounted to \$38.8 million in 2010, down from \$51.6 million in 2009. The decrease in rent is due to the new ground rent formula which is based on a progressive scale of participation rent based on airport revenue.

The total cash needed to pay for capital projects can exceed the amount available after payment of operating costs, ground lease and interest costs. In these situations, debt financing is required. The Airport Authority takes a conservative approach to debt levels and strives to achieve a reasonable balance between debt and sources of revenue. Debt carries an annual interest payment, which in 2010 amounted to \$32.9 million, up from \$32.7 million in 2009.

As required under generally accepted accounting principles and in the statement of operations, the costs of capital projects are spread over the useful life of the projects, as opposed to being recognized as total cash paid for the projects in the current year. This spreading of cost over the useful life is reflected as amortization on the statement of operations, which is a non-cash charge. Total amortization in 2010 amounted to \$106.5 million.

The Airport Authority realized \$0.2 million in dividend revenue as a result of interest earned on cash held within YVR Airport Services.

The Airport Authority realized a \$1.1 million gain on fair value of long term investments as a result of the Airport Authority's sale of its floating rate note portfolio associated with the third party asset backed commercial paper restructuring.

Total excess of revenue over expenses, which includes amortization, was \$56.0 million in 2010, up from \$38.8 million in 2009. When amortization, a non-cash item, is removed, the Airport Authority generated \$162.5 million of net cash flow, prior to its investment in capital projects as described below.

During 2010, the Airport Authority invested \$71.2 million in capital projects. The capital projects included the South Airfield Low Visibility Upgrades, Link Hold Baggage Screening, South Guard House, Pier C Expansion, De-icing Pads and Equipment, and Transborder Pre-Security Baggage Check-In.

In order to pay for these capital projects, the following amounts were used:

- Net cash flow (excluding AIF) of \$68.7 million.
- Net AIF in the amount of \$86.0 million.

These amounts in total were sufficient to pay for the 2010 capital project costs. During 2010, the Airport Authority repaid \$83.5 million on its bank facility that had been used to fund prior years' capital expenditures.

Unaudited Non-Consolidated Financial Statements of Vancouver Airport Authority

Financial statements for Vancouver Airport Authority's operations at Vancouver International Airport are provided in the Unaudited Non-Consolidated Statements.

Audited Consolidated Financial Statements of Vancouver Airport Authority

Financial statements for all operations of Vancouver Airport Authority, including YVR Airport Services Ltd. and YVR Project Management Ltd., are provided in the Audited Consolidated Statements.

VANCOUVER AIRPORT AUTHORITY
2010 ENVIRONMENT REPORT



The Vancouver International Airport's [Environmental Management Plan](#) details accountabilities for environmental management initiatives within the Airport Authority; it also describes environmental policies and programs around key sustainability issues overseen by the Airport Authority's Environment Department.

Our current Environmental Management Plan spans a five-year time period from 2009 to 2013. The plan outlines six strategic priorities for the Airport Authority:

- Manage aircraft noise
- Reduce emissions
- Reduce energy
- Reduce waste
- Implement a communication, awareness, recognition and education program
- Continually improve environmental programs

This report will provide details on a number of initiatives that were implemented in 2010 to support these priorities.

Manage Aircraft Noise

The Airport Authority aims to minimize noise disturbance to the community caused by aircraft operations. Efforts include published Noise Abatement Procedures and a five-year Noise Management Plan that outlines specific initiatives aimed at improving the noise environment around the airport.

In 2010, the Airport Authority completed the final design and site selection for a three-walled enclosure for use by aircraft during engine testing to minimize noise impacts to the community. This facility is expected to be built and completed in 2011. Also in 2010, the Airport Authority monitored preferred departure and arrival routes by float planes operating from the river, which showed that 98 percent of flights followed preferred routes.

The Airport Authority received 1,230 noise complaints from 379 individuals in 2010, a 43 percent decrease from 2009. An annual survey of Metro Vancouver residents who were asked if they are bothered by aircraft noise in their home showed that 84 percent of residents were not annoyed by aircraft noise. This is consistent with results from the last several years of surveys. For more information, see [Noise Management](#) and [2010 results](#) on our website.

Reduce Emissions

The Airport Authority aims to reduce emissions by promoting alternative forms of transportation to and from Sea Island, working with our business partners to reduce emissions from vehicles and aircraft, improving airport infrastructure to allow for low-emission practices and by raising awareness of clean air practices.

THE CANADA LINE

As part of its commitment to sustainable transportation and connectivity, the Airport Authority invested \$300 million in the Sea Island segment of the Canada Line rapid transit system, which began operations in August 2009. The Canada Line serves approximately 100,000 riders every day. In 2010—its first full year of operation—approximately 16 percent of passengers and 16

percent of Sea Island employees used public transit via the Canada Line to get to YVR, up from 3 percent and 9 percent respectively, prior to Canada Line operations.

GREEN COMMUTER PROGRAM

The Airport Authority offers its employees a \$50 per month financial incentive to take transit, bicycle, walk, or carpool to work. The Green Commuter Program had 153 participants in 2010, reducing the amount of single-occupant vehicle trips by more than 914,624 kilometres. This represents more than 162,999 kilograms of carbon dioxide emissions.

TAXI INCENTIVES

The Airport Authority offers a significant annual discount on licensing fees to taxi operators with low emission vehicles. In 2010, 295 of the 525 taxis (56 percent) in the fleet serving YVR were hybrid-electric vehicles.

REDUCING FLEET VEHICLE SIZE

The Airport Authority continues to improve our fleet by replacing older, larger vehicles with appropriately sized fuel-efficient models. In 2010, seven new light-duty vehicles were introduced to the fleet: one hybrid-electric vehicle and six compact fuel-efficient cars.

BIODEISEL

YVR continues to use a 5 percent biodiesel blend for all diesel vehicles. Biodiesel is a non-toxic, biodegradable renewable resource, which produces lower net carbon dioxide emissions than petroleum diesel.

HYDROGEN TECHNOLOGY DEMONSTRATION

In 2010, the Airport Authority opened a hydrogen fueling station and acquired a hydrogen-powered pick-up truck. The station and truck are part of the Canadian Hydrogen Airport Project, which will continue in 2011.

NEW GROUND POWER UNITS AND PRE-CONDITIONED AIR

Ground Power Units and Pre-Conditioned Air Supply allow aircraft engines to be fully shut down while parked at the airport. All of YVR's moveable gates are already equipped with ground power units. In 2010, four gates were upgraded to meet the needs of new, larger aircraft for increased power. In addition, the Airport Authority installed six pre-conditioned air units in partnership with Transport Canada's ecoFreight program. These new pre-conditioned air units offer our airline partners the potential to save more than 660,000 litres of fuel each year.

56
PERCENT

**IN 2010, 295 OF THE 525 TAXIS – 56 PERCENT –
OF THE FLEET SERVING YVR WERE
HYBRID-ELECTRIC VEHICLES.**

Reduce Energy

The Airport Authority promotes resource-efficient operations and identifies ways to reduce consumption of natural gas, diesel, gasoline, water and electricity at the airport. We have a long-term goal to improve electricity efficiency, which has resulted in cumulative savings of more than \$8 million dollars in electricity costs since 1999. In 2010, the Airport Authority increased electrical energy consumption per square metre by 1.6 percent, falling short of our target to decreased energy consumption by 2 percent, due to additional baggage, screening and lighting requirements for Olympic Games travel, as well as an overall increase in power to support airlines with ground power and pre-conditioned air units at the gates.

SMART HEATING AND COOLING

The Airport Authority has been continually improving its natural gas efficiency through the implementation of night set-backs, CO2 sensors, improved scheduling and system tune-ups. The careful management of our heating system enables the boilers to be turned off throughout the summer, using outside air for space heating.

SOLAR HOT WATER

The most notable reduction in natural gas has been the result of two solar hot water systems powering our terminal buildings since 2003. These systems help heat more than 1,500 gallons of hot tap water every hour, resulting in more than \$110,000 in energy savings each year.

LED TAXIWAYS

As the first North American airport to implement LED lighting on its taxiways in 2003, YVR has a long history of using this energy efficient technology. The Airport Authority continues to trial emerging applications of LEDs and other specialty illumination technologies.

LIGHT TIMERS

The Airport Authority implemented a pilot project in 2010 to program terminal lighting in accordance with passenger gate schedules. Only sections of the airport which are scheduled to be used are fully lit up. Airlines have the ability to turn the lights back on in case of last minute changes. The project was embraced by the airlines and other terminal users and continues to be a success.

OUT WITH THE OLD

The Air Services Building at the South Terminal was demolished in 2010. This resulted in energy savings of \$100,000 as the inefficient lighting and HVAC systems were eliminated.

Reduce Waste

The Airport Authority oversees a series of programs aimed to reduce waste and increase recycling by Airport Authority employees, airport tenants and passengers.

RECYCLING CONTAINERS

Thanks to the purchase of more than 450 combined waste and recycling containers between 2007 and 2010, wherever there is a garbage can at YVR, there is an opportunity to recycle. In 2010 the Airport Authority also invested in new food court recycling containers to ensure recycling is available throughout the airport. The new containers have brought our terminal waste diversion rate from 24 percent in 2006 up to 37 percent in 2010.

FOOD DONATION

Thanks to encouragement from the Airport Authority's new Green Team, several retail food and beverage providers at YVR began donating food to Quest Food Exchange. Quest distributes food to people in need in the community while helping us reduce waste at the airport. In the last five months of 2010, the YVR community donated more than 1,000 kilograms of food to Quest.

PAPER TOWEL RECYCLING STUDY

In 2010, the Airport Authority commissioned a waste audit which showed that 90 percent of YVR washroom waste is used paper towels. This recyclable paper will be diverted to recycling in 2011, further reducing terminal waste.

CONSTRUCTION MATERIAL REUSE AND RECYCLING

Reuse and recycling of construction debris at YVR has always been a source of pride for the Airport Authority. In 2010, the Airport Authority reused or recycled 84 percent of the 16,841,092 kilograms of construction waste generated. More than 12 million kilograms of concrete alone, generated from apron slab replacements and road demolition, was crushed and re-used as aggregate.

Communication, Awareness, Recognition and Education

The Environmental CARE program (Communication, Awareness, Recognition, and Education) is an invitation to the airport community, including employees, business partners and passengers, to help create a sustainable airport.

A NEW GREEN TEAM

In 2010, the Airport Authority formed a new inter-departmental committee to help improve environmental performance at YVR. The committee's early initiatives include promoting Quest Food Exchange to our retail partners and reducing paper use at the airport.

EMPLOYEE TRAINING

Many employees within the Airport Authority require training on topics such as Spill Response and Noise Management in order to effectively do their jobs. In 2010, new training modules were prepared and delivered to Airfield and Emergency Services and Airport Operations Officers.

ENVIRONMENTAL TIP OF THE MONTH

New for 2010, the Environment Department published monthly environmental tips for Airport Authority employees, delivered through bulletin boards and the company intranet. Tips for 2010 included how to bike to work, backyard composting, and energy conservation in the office.

ENVIRONMENT WEEK

The Airport Authority held its annual Environment Week public celebration again in 2010. This year's theme was "Bringing Environment Home" and included displays and presentations on ways to reduce the environmental impact of cooking, cleaning, heating and working at home.

FIRST ANNUAL CLEAR SKIES AWARDS

As a new way of recognizing outstanding environmental performance at YVR, the Airport Authority held the first annual Clear Skies Awards during Environment Week. The inaugural

awards were given to Purolator and to Cara Foods for pioneering efforts to reduce waste, emissions, and energy.

ENERGY METER LOANS

In order to encourage energy efficiency at home, the Environment Department purchased an Energy Meter that employees can borrow and take home with them. The Energy Meter reads how much energy an electronic device or appliance is using and converts the wattage into dollar values. Many employees have taken advantage of the loan program to look for ways to improve the energy efficiency of their homes.

Continuous Improvement of Environmental Management

While the Airport Authority's key environmental priorities are reductions in energy, emissions and waste, there is a lot more to managing the environmental impact of an airport. The Airport Authority strives for continual improvement in the following program areas:

CONTAMINATED SITES

Transport Canada is responsible for contaminated sites on Sea Island that existed prior to the 1992 transfer of YVR to the Airport Authority. In 2010, no new contaminated sites were identified.

ENVIRONMENTAL IMPACT ASSESSMENT AND SUSTAINABLE BUILDING DESIGN

The Airport Authority's Sustainable Design Guidelines are used to ensure all new facilities incorporate energy efficiency, water efficiency and environmental management into the building design. All airport facility permits are subject to an environmental review under the Airport Authority's Environmental Impact Assessment Program. In 2010, 100 percent of the 137 facility permit applications received were reviewed by the Environment Department, not only for environmental issues but also for archeological and historical impacts. Large projects and those that are environmentally sensitive are monitored regularly by Environment staff to ensure mitigation efforts are implemented as planned.

HAZARDOUS MATERIALS

The Airport Authority maintains a Hazardous Materials Management Program that aims to reduce and control the use of dangerous goods at YVR. In 2010, the Airport Authority responsibly disposed of 16,925 litres/kilograms of hazardous waste, down from 22,038 in 2009. With 1.3 billion liters of jet fuel passing through YVR each year, effectively preventing and responding to spills is vital. There was only one jet fuel spill over 100 litres in 2010; the fuel was completely contained on pavement and cleaned up before reaching water or soil.

WILDLIFE MANAGEMENT & NATURAL HABITAT

Our wildlife management program has four components: habitat management, monitoring, movement of birds through harassment techniques and, where there is a safety risk to aviation, killing of birds. In 2010, 615 birds were killed in 217 bird-strikes with aircraft. Bird strikes pose a significant safety risk to passengers. In order to prevent bird strikes, approximately 645,000 birds were moved away from aircraft operating areas using pyrotechnics, sirens, lights, propane cannons, and specially trained border collies. This represents a 21 percent decrease over 2009. While habitat management and harassment techniques are the primary tools used, killing occurs when the officer perceives wildlife behavior to be a safety risk. This may consist of an immediate risk to an approaching aircraft, or a potential or chronic risk that has increased to unacceptable levels. In 2010, 1,987 birds were killed by control officers.

WATER QUALITY

In 2010, 350 water samples were collected from surface water quality monitoring stations throughout Sea Island. Samples are tested to assess airport storm water, monitor total suspended solids and turbidity in runoff from construction sites and groundwater cooling system outfall, and to ensure the successful containment of de-icing fluid. Of the 215 samples collected to check de-icing fluid containment, three exceeded the Canadian Glycol Guideline limit of 100 parts per million. All three exceedances occurred in November and December 2010. Overall water sample results in 2010 were consistent with previous years, demonstrating that efforts to control construction site run-off have been effective.

2010 Environmental Performance Indicators

The Airport Authority is committed to operating YVR in a manner that minimizes its impact on the environment, both natural and urban. The following table summarizes environmental performance indicators and results for 2010.

Objective	Measure	2010 Target	2010 Results
REGULATORY COMPLIANCE <i>Comply with environmental legislation & regulations</i>	Number of violations of environmental regulations	0	0
GLYCOL EXCEEDANCES <i>Minimize pollution that results from airport-related activities</i>	Number of water samples exceeding Canadian Glycol Guideline of 100 parts per million of glycol	0	3
WASTE DIVERSION RATES: TERMINAL AND SATELLITE FACILITIES <i>Decrease the amount of solid waste sent for disposal</i>	Percentage of waste diverted from landfill from Airport Authority facilities and satellite locations	Greater than 32%	37%
WASTE DIVERSION RATES: CONSTRUCTION WASTE <i>Decrease the amount of solid waste sent for disposal</i>	Percentage of waste diverted from landfill from Airport Authority construction projects	Greater than 75%	84%
ENERGY: ELECTRICITY <i>Reduce energy consumption</i>	Percentage of year over year reduction of energy consumption/m ²	2% reduction	1.6% increase ¹
NOISE ANNOYANCE <i>Minimize aircraft noise disturbance on the community</i>	Percentage of community indicating they have not been annoyed by aircraft noise (as per Community Survey)	80%	84%

¹ Electrical energy consumption per square metre increased by 1.6 percent to additional baggage, screening and lighting requirements for Olympic Games travel, and an overall increase in power to support airlines with ground power and pre-conditioned air units at gates.

VANCOUVER AIRPORT AUTHORITY
2010 GOVERNANCE REPORT



Our Governance Process

The Airport Authority's comprehensive governance procedures are contained in the [Board of Directors' Governance Rules and Practices Manual](#), which is available on our website. The Manual includes:

- Administrative guidelines
- Terms of Reference for the Board, Board Chair, President & CEO and Directors
- Conflict of interest guidelines
- Performance evaluation process for the President & CEO and Board of Directors
- Director compensation
- Accountability and transparency practices
- Guidelines, Terms of Reference and membership for each of the Board's committees: Finance and Audit, Governance, Human Resources and Compensation and Planning and Development.

Board of Directors

Our Board has up to 15 Directors with nine appointed by eight nominating entities with key ties to the local community. Up to five additional Directors may be appointed by the Board from the community at large. The President and Chief Executive Officer also serves as a Director.

Director	Representative Capacity (Nominating Entity)	Term Expiry	Committee Memberships (see key below)
Mary Jordan	Chair, Director At Large	2013	b, c
Larry Berg	President and Chief Executive Officer	n/a	
George Cadman	Government of Canada	2011	a, c
Graham Clarke	Director At Large	2011	d
Peter Dhillon	City of Richmond	2011	a, d, e
Rhys Eyton	Institute of Chartered Accountants of British Columbia	2011	a, b
Bruna Giacomazzi ²	Director At Large	2010	d, e
Ruston Goepel	Director At Large	2013	b, d, e
Grayden Hayward	The Vancouver Board of Trade	2012	a, c
Carol Alter Kerfoot	The Law Society of British Columbia	2012	b, c
Philip Owen	City of Vancouver	2011	b, d
Wilson Parasiuk	Metro Vancouver (GVRD)	2011	a, d
John Watson	Association of Professional Engineers and Geoscientists of British Columbia	2011	a, d
Peter Webster	Government of Canada	2012	b, d, e

a Finance and Audit Committee
b Governance Committee
c Human Resources and Compensation Committee
d Planning and Development Committee
e 2010 Olympic and Paralympic Games Task Force

² Ms. Giacomazzi retired from the Board in May 2010.

The Executive Committee

The Airport Authority's senior executive team oversees the effective operation and management of Vancouver International Airport.

Larry Berg	President and Chief Executive Officer
Bob Cowan ³	Executive Vice President
Don Ehrenholz	Vice President, Airport Operations and Engineering
Tony Gugliotta	Senior Vice President, Marketing and Business Development
Paul Levy ⁴	Vice President, Planning, 2010 Olympic and Paralympic Winter Games
Glenn McCoy	Vice President, Finance and Chief Financial Officer
Michele Mawhinney	Vice President, Human Resources
Kevin Molloy	Vice President, Simplified Passenger Travel and Chief Information Officer
Anne Murray	Vice President, Community and Environmental Affairs
Michael O'Brien	Corporate Secretary and Vice President, Strategic Planning and Legal Services

Subsidiaries

YVR PROJECT MANAGEMENT

YVR Project Management (YVRPM) is a wholly owned subsidiary of Vancouver Airport Authority established in 2005 to oversee major expansion projects at YVR.

YVR AIRPORT SERVICES LTD.

YVR Airport Services Ltd. (YVRAS) markets the expertise, operating philosophies and leading-edge systems developed at YVR. [YVRAS](#) is jointly owned by Vancouver Airport Authority and Citi Infrastructure Investors (CII). YVRAS' portfolio consists of 19 airports in seven countries and its network of airports welcomed more than 35.5 million passengers in 2010.

Our Planning Process

The Airport Authority has a five-tiered planning process to guide airport operations and development in the short, medium and long terms. The Strategic Plan provides the fundamental direction—the Mission, Vision and Values—for the organization.

The Master Plan looks forward 20 years to ensure the best allocation of YVR resources. The Master Plan process includes a significant public consultation program and evaluates potential airside, terminal, and ground access and parking development options based on comprehensive sustainability criteria that are divided into four areas: Governance, Economic, Environmental and Social. The Airport Authority's most recent Master Plan and accompanying Land Use Plan, [YVR: Your Airport 2027 Master Plan](#) is available on our website.

³ Mr. Cowan retired from the Airport Authority in May 2010.

⁴ Mr. Levy left the Airport Authority in June 2010.

The Capital and Financial Plans determine the funding and timing of airport infrastructure developments. The annual Business Plan outlines the Airport Authority's objectives and initiatives for the coming year.

Corporate Governance Report

PART ONE – CORPORATE GOVERNANCE

I. Introduction

The Airport Authority's Board of Directors and management regard effective corporate governance as critical to the proper execution of its responsibilities. Corporate governance refers to the process of establishing structures, policies and procedures to ensure adequate stewardship of the business and affairs of the Airport Authority. This includes ensuring the financial viability of the business.

The Board's fundamental role is to ensure that the Airport Authority fulfills its objectives in a safe, efficient and reliable manner. Its responsibilities include oversight, review and approval of the Airport Authority's strategic plan, long-term financial plans and annual budgets. Maintaining the integrity of internal controls, assuring prudent plans are in place for Board renewal and management succession and making sure that there is a policy to enable effective communications with employees, business partners and the community are also critical Board functions.

II. Composition of the Board

Except for the President and Chief Executive Officer (CEO), all Directors are independent and have no direct or indirect material relationship with the company or its subsidiaries. Each is independent of management and free from any interest, business or other relationship that could, or could reasonably be perceived to, interfere materially with the Director's ability to exercise independent judgment and act with a view to the best interests of the Airport Authority. The Airport Authority's President and CEO is not independent by virtue of his position in management.

The Airport Authority's by-laws permit a maximum of 15 Directors. As described previously, nine Directors are appointed by Nominating Entities, up to five Directors are appointed by the Board from the community at large and, as noted above, one seat on the Board is held by the President and CEO of the Airport Authority.

The following organizations--Nominating Entities--appoint Directors:

- The Association of Professional Engineers and Geoscientists of British Columbia - One Director
- City of Richmond - One Director
- City of Vancouver - One Director
- Government of Canada – Two Directors
- Metro Vancouver – One Director
- The Institute of Chartered Accountants of British Columbia - One Director
- The Law Society of British Columbia - One Director
- The Vancouver Board of Trade – One Director

Collectively, the by-laws require that Directors must possess knowledge in relation to transportation, aviation, business, finance, law, government, the organization of workers and the interests of consumers. The Board maintains a Skills and Experience Matrix, which is reviewed annually, that identifies specific skill sets and expertise that the Board requires in order to support management in reviewing and approving strategy and evaluating risk and opportunities. The Matrix is used to help identify gaps in the Board's expertise and as a tool in recruiting Director candidates.

Directors normally serve a three-year term and are eligible for re-appointment.

The Board usually meets six times annually. Committees generally meet at least four times a year.

III. **Committees of the Board**

The Finance and Audit Committee ensures that the Airport Authority has a rigorous system of internal controls and financial reporting and is in compliance with applicable laws and regulations as they relate to financial disclosure.

The Governance Committee is responsible for ensuring that Board governance practices enhance corporate performance and meet accepted levels of transparency and accountability.

The Human Resources and Compensation Committee oversees human resources and compensation policies and ensures that there is a plan for the development and orderly succession of executive and other key employees.

The Planning and Development Committee assists the Board in fulfilling its responsibility for long-range planning including strategic, master and capital plans. It reviews the plans, scope, schedule and budget for major capital projects.

When circumstances require, the Board may also establish task forces. Task forces are created to deal with a specific issue and are constituted for a defined period of time.

The 2010 Olympic and Paralympic Games Task Force, constituted in 2008, disbanded in March 2010 after completing its mandate to review the Airport Authority's preparations, plans and execution of said plans for the 2010 Winter Olympic and Paralympic Games.

IV. **Code of Conduct for Directors**

All Directors of the Airport Authority are required to comply with Rules Concerning Conflicts of Interest. These require that Directors avoid involvement in situations of conflict of interest.

Every Director of the Airport Authority is required to file a disclosure statement upon becoming a Director. Thereafter, each Director must file an annual disclosure statement, which is reviewed by the Chair, the President and the Corporate Secretary and the Airport Authority's external auditors. In addition, any Director may review the statements upon request to the Corporate Secretary.

The Airport Authority's by-laws require that it report annually in writing on the Directors' compliance with its conflict of interest guidelines. The Airport Authority confirms that all Directors have complied in full with the Rules Concerning Conflicts of Interest.

PART TWO - EXECUTIVE AND BOARD COMPENSATION

I. Executive Compensation Philosophy

The objectives of the Airport Authority's executive compensation program are:

1. To remain competitive in the marketplace and attract and retain the caliber of executive required to ensure the Airport Authority remains a global leader; and
2. To motivate our executives to achieve business results and reinforce accountability to our customers and our community.

The key elements of our executive compensation program are base salary and incentive compensation. Incentive compensation is dependent on achieving the following corporate and individual performance objectives:

Incentive Measures

Non-Aeronautical Revenues: To increase non-aeronautical revenues.

Variable Operating Costs: To improve the Airport Authority's net operating margin which is defined as revenue (excluding airport improvement fees) less operating costs.

Customer Service: To improve the annual satisfaction score on the customer satisfaction survey. The survey is based on passenger evaluations and is conducted quarterly by an independent external firm.

Community Relations: To enhance the relationship with, and overall satisfaction levels from, our community. This is measured annually using survey results which rate the overall impression of the Vancouver Airport conducted by an independent external firm.

Return on Capital Assets: To earn a reasonable level of return on capital assets.

Excess Revenue over Expenses: To achieve a desired level of revenue and control over expenses to generate funds available for capital reinvestment or debt reduction.

Individual Objectives: Each executive has four stretch goals to achieve. The goals are established at the beginning of each year through consultation with the CEO.

Commencing in 2009, the executive incentive program also measures sustained performance over the longer term (3-years) based on two key financial measures listed above: Return on Capital Assets and Excess Revenue over Expenses.

Executive Compensation Peer Group

In determining executive pay levels, the Airport Authority is compared to autonomous privately held companies from a variety of industries across Canada. As an additional point of reference, comparisons are also made to private sector subsidiary organizations as well as other major domestic and international airports. Where applicable, a size adjustment is made to the compensation data for the Airport Authority's revenue in relation to the comparator firms' revenues.

Market Positioning

The Airport Authority targets compensation at the median of the peer group with the opportunity for pay to exceed median when individual and corporate performance exceeds expectations.

II. Executive Compensation Review Process

The Airport Authority's policy is for the Human Resources and Compensation Committee to retain an independent compensation consultant to provide market compensation data, which is one factor used to inform compensation decisions, as well as assistance with incentive plan design and information on trends in executive pay. The Committee then recommends to the Board the compensation of the CEO and the executive team after considering the market data, as well as individual and corporate performance.

In 2009, the Board established a compensation task force to conduct a comprehensive review of executive pay. To assist with this review, the Airport Authority retained the services of an independent compensation consultant, Towers Watson. Based on the results of this review, the Human Resources and Compensation Committee updated the compensation philosophy, developed a compensation framework, and modified the incentive program to align more closely with the Airport Authority's business strategy.

III. Executive Compensation

The salary range for the President is \$368,000 to \$552,000, with a midpoint of \$460,000. The President participates in a short-term incentive program that has a target opportunity of 55% of base salary and a maximum opportunity of 83% of base salary.

The salary range for Senior Vice Presidents is \$196,000 to \$294,000 with a midpoint of \$245,000. The salary range for the Vice Presidents is \$160,000 to \$240,000 with a midpoint of \$200,000. Vice Presidents participate in a short-term incentive program that has a target opportunity of 30% of base salary and a maximum opportunity of 45% of salary.

During 2009, executive salaries were frozen in light of industry conditions. In 2010, the average increase for executives was 2.5% in addition to adjustments to move some executive salaries closer to the salary range midpoint.

Executives also participate in post-retirement arrangements as reported in the Consolidated Financial Statements, Note 15.

IV. Directors' Remuneration

Each year, the Governance Committee obtains independent compensation advice to provide market compensation data on which Directors' remuneration decisions are based.

The President and CEO, who is an employee of the Airport Authority, is not remunerated for services as a Director.

The remuneration for non-management Directors is:

Annual Retainer	Chair	\$115,000
	Committee Chair	\$ 26,000
	Other Directors	\$ 20,000
Board and Committee meeting attendance fee		\$1,000
Other meeting fee		\$ 500

Subject to approval from the Governance Committee, Directors are reimbursed for all reasonable out-of-pocket expenses. Out of town travel expenses incurred to attend to the business of the Airport Authority must be pre-approved by the Chair in the case of Directors and by the Governance Committee Chair in the case of the Chair. Travel expenses for attendance at Board and Committee meetings are not reimbursed unless the Director resides outside the Metro Vancouver Regional District.

The total remuneration paid during 2010 to each Director was as follows:

M. Jordan ¹	\$106,352	G. Hayward	\$43,000
G. Cadman	\$45,500	C. Kerfoot	\$41,000
G. Clarke ¹	\$100,083	P. Owen	\$38,500
P. Dhillon	\$38,000	W. Parasiuk	\$38,000
R. Eyton	\$33,000	J. Watson	\$40,000
B. Giacomazzi ²	\$16,000	P. Webster	\$37,000
R. Goepel	\$36,000		

¹ Mr. Clarke and Ms. Jordan's fees reflect the fact that Mr. Clarke served as Chair of the Board until 9 June 2010 and Ms. Jordan assumed the role of Chair on 10 June 2010. Mr. Clarke remains on the Board as an at-large Director. Mr. Clarke's and Ms. Jordan's remuneration also includes fees earned as the Chair and a member of the YVRAS Board of Directors respectively. Mr. Clarke received \$32,500 and Ms. Jordan received \$14,769 for their work on the YVRAS Board; the remaining compensation was from the Airport Authority.

² Ms. Giacomazzi retired from the Board in May 2010.

In addition to the above remuneration, Directors were reimbursed for expenses totaling \$1,719 in 2010.

PART THREE - PURCHASING POLICIES

I. Conflict of Interest and Confidentiality

All Airport Authority employees and consultants must comply with the Airport Authority's Conflict of Interest Guidelines.

II. Environmental and Safety Considerations

The Airport Authority is committed to meeting or exceeding any laws or regulations concerning both environmental protection and workplace safety. During the purchasing process, suppliers are encouraged to offer, and the buyer will seek out, environmentally responsible products or services. Contractors and suppliers will be required to abide by all Airport Authority safety and environmental rules and regulations.

III. Insurance

No contractor shall commence work on the airport site until evidence of adequate insurance and WCB coverage is provided.

IV. Acquisition Methods

Best Value Purchasing

Best value purchasing is assessed in terms of legal and financial risks as well as timing of delivery, quality, pricing, life cycle costs including warranties, operating and maintenance costs, disposal and any other costs associated with ownership, function and use.

Competitive Submissions

In general, the procurement of goods, services and construction service contracts in excess of \$100,000 (in 2000 dollars, subject to an annual adjustment for inflation) will be awarded following a competitive process.

The Airport Authority will provide information to all proponents including:

- written competitive specifications;
- proposed terms and conditions;
- whether alternatives will or will not be considered;
- an indication of the evaluation criteria that will be used to assess the offers.

If a site visit or contractor meeting is required prior to submission closing time, the Airport Authority will ensure all proponents are invited. At the conclusion of the meeting, the Airport Authority will prepare and distribute minutes of the meeting, and issue in writing any required addenda to all contractors.

Submissions will be received in accordance with the instructions given by the Airport Authority. The Airport Authority reserves the right to accept or reject late or incomplete submissions. Following the submission closing time, submissions are opened by Purchasing and Contracting Services in the presence of a witness. All submissions are initialed, and date and time stamped at time of receipt and opening.

Exceptions

Exceptions to this policy may be made in the circumstances described below the list in Part Four. The persons with the appropriate signing authority will state in writing upon what grounds the exception is being made.

PART FOUR - REPORT ON SINGLE-SOURCE CONTRACTS IN EXCESS OF \$100,000

The table below reports contracts for the purchasing of goods and services in excess of \$122,100 (\$100,000 in 2000 dollars) awarded during 2010, which were not awarded on the basis of a competitive process. These contracts represent approximately 18% of the Airport Authority's expenses on materials, supplies, services and capital in 2010.

Contract Value	Contractor	Description of Contract	Reasons*
\$4,107,767	City Of Richmond	RCMP security services	1
\$3,449,300	Ledcor Construction Ltd.	South guardhouse upgrade	7
\$2,445,167	Marquise Facilities	Customer Care contract extension	7
\$2,156,072	Vestergaard Company Inc.	Purchase of two deicer trucks	7
\$1,342,847	BC Corps of Commissionaires	Shuttle bus drivers for parking lots	7
\$1,022,486	Vanderlande Industries Canada Inc.	Baggage System No. 6A Connection to Link HBS	4, 7
\$997,140	BC Corps of Commissionaires	Parking lot operators and cashiers	7
\$978,172	Jeff Campbell & Associates Inc.	De-icing pad LED signage	1
\$866,775	Vanbots Construction Inc.	Domestic Terminal post-Olympic fit-out level 3-4	7
\$814,057	Westguard Security	Security services	7
\$686,465	Marquise Facilities	Services related to the 2010 Winter Games	7
\$508,720	NAV Canada	Runway 26L glidepath relocation	1
\$446,336	Potters Canada	Line eradication, rubber removal, line marking	7
\$382,720	BC Ambulance Service	Medical assistance and stand-by	1
\$361,890	Aeronav	Mobile de-icing control tower	1
\$339,010	Securiguard Services Ltd.	2010 Winter Games supplemental security services	7
\$321,000	Vancouver Aquarium	Aquarium maintenance and servicing	1
\$312,156	Marquise Facilities	Customer service support for Automated Border Clearance kiosks	4, 7
\$300,000	InterVistas Consulting	Quarterly customer satisfaction surveys	4
\$248,384	Goodwin Industrial	Baggage system control upgrade	7
\$215,232	URS Canada Inc.	Detailed design work for ground run up facility	4
\$211,350	KPMG	Annual Audit	7

Contract Value	Contractor	Description of Contract	Reasons*
\$205,051	Hobart Ground Power	180 KVA Ground Power Units (GPU's)	7
\$200,640	Vanderlande Industries Canada	Baggage Master Plan concept design	7
\$200,000	InterVistas Consulting	Consulting services	7
\$200,000	Marquise Facilities	Customer Care student program for 2010 Winter Games	7
\$179,000	Stantec Architecture Ltd.	Transfer Baggage buffer	4
\$171,078	Aeroplan Canada Inc.	Aeroplan miles for YVR parking	1
\$168,387	Kasian Architecture	Link building Hold Baggage Screening construction management	4
\$165,000	Action K Services	Mechanical services	7
\$161,809	Vanderlande Industries Canada Inc.	Domestic Terminal baggage system equipment	7
\$158,810	Quantum Murray	Domestic Terminal asbestos abatement	4
\$144,450	Critter Rescue	Pest control services	7
\$142,687	Tennant Sales & Service	Cleaning equipment	7

**Reasons are explained below.*

Reasons for exceptions:

1. The goods or services are of a proprietary nature or there is only one qualified supplier;
2. The urgency of a safety, security or critical operating need so requires;
3. In compliance with a product or equipment standardization program;
4. When the supplier has satisfactorily performed previous related services that provided a cost saving to the Airport Authority;
5. The essential partnership of the transaction exists between a major third party (for example, airlines, hotels, cruise ship lines) and the supplier;
6. The value of the product or service does not warrant the cost and time required to invite competitive submissions;
7. The supplier has been awarded a contract for a similar product or service by the Airport Authority as the result of a competitive process within the previous five (5) years.

PART FIVE - GUIDELINES FOR CORPORATE GOVERNANCE

The Airport Authority chooses to report against National Policy 58-201 Corporate Governance Guidelines and the accompanying National Instrument 58-101 Disclosure of Corporate Governance Practices.

The following table demonstrates how Vancouver Airport Authority meets these Corporate Governance Guidelines.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>1. The Board of Directors Disclose:</p> <ul style="list-style-type: none"> ➤ Independent Directors and whether or not majority are independent. ➤ Directors who are not independent and explain. ➤ If Independent Directors hold regularly scheduled meeting at which members of management are not in attendance. ➤ If the Chair of the Board is an Independent Director, the identity of the Chair and his or her responsibilities. ➤ Disclose the attendance record of 	<ul style="list-style-type: none"> ➤ All Directors are independent with the exception of the President and CEO, who as an employee and executive officer of the Airport Authority is not independent. ➤ Independent Directors held an <i>in camera</i> session, without the presence of management, at every regular Board and Committee meeting in 2010, i.e., at five regular Board meetings and 21 Committee meetings. In addition, the Finance and Audit Committee, which consists entirely of independent directors, holds separate <i>in camera</i> sessions with the External Auditor and the Internal Auditor at each meeting they attend. ➤ Mary Jordan, the Chair, is an Independent Director. The Chair's Terms of Reference can be found at Tab 4 in the Board's Governance Rules and Practices Manual. ➤ The Chair's Terms of Reference are reviewed annually by the Governance Committee. ➤ Director attendance is reviewed annually by the Governance Committee. In 2010, there were 33 meetings of the full Board and

Vancouver Airport Authority Corporate Governance Disclosure		
Guideline		Disclosure
	Directors.	Board Committees. Including all of these meetings, the Board had an overall average attendance rate of 94 percent.
2.	Board Mandate ➤ Disclose the text of the Board's written mandate.	➤ The Administrative Guidelines and Terms of Reference for the Board of Directors can be found at Tabs 2 and 3 respectively in the Board's Governance Rules and Practices Manual .
3.	Position Descriptions Disclose: ➤ Whether the Board has developed written position descriptions for the Chair, and the Chair of each Board Committee. ➤ Whether the Board and CEO have developed a written position description for the CEO.	➤ The Terms of Reference for the Chair (Tab 4), Guidelines for Committees (Tab 15b) and Terms of Reference for each individual Committee (Tabs 15c to 15f) can be found in the Board's Governance Rules and Practices Manual . The Airport Authority thinks the latter two provide sufficient guidance to Committee Chairs. ➤ The Terms of Reference for the President and CEO can be found at Tab 5 in the Board's the Board's Governance Rules and Practices Manual .
4.	Orientation and Continuing Education Briefly describe: ➤ What measures the board takes to orient new Directors regarding the role of the Board, its committees and its Directors and the nature and operation of the corporation's business. ➤ What measures the Board takes to provide continuing education for its Directors and how the Board ensures its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.	➤ The orientation and continuing education programs are described in Tab 8 Director Development and Education Plan in the Board's the Board's Governance Rules and Practices Manual . ➤ An orientation checklist is prepared for each new Director and the completed list is circulated to the Governance Committee. The Education and Development program is reviewed annually by the Governance Committee.
5.	Ethical Business Conduct Disclose: ➤ Whether the Board has adopted a written code of conduct; how an	➤ The Code of Conduct for Directors and Rules Concerning Conflicts of Interest can be

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline	Disclosure
<p>interested party may obtain a copy; and how the Board monitors compliance with its code.</p> <p>➤ Any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.</p> <p>➤ Any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>found at Tab 7 in the Board's the Board's Governance Rules and Practices Manual.</p> <p>➤ The Finance and Audit Committee is charged with ensuring that the conflict of Interest guidelines are strongly maintained and reviews this matter annually.</p> <p>Each Director is required to file an annual disclosure statement; the statements are reviewed by the Chair, President and Corporate Secretary and available for review by any Director upon request to the Corporate Secretary.</p> <p>The by-laws require an annual statement on Directors' compliance with its conflict of interest guidelines. See Part One, Section IV of this report.</p> <p>➤ Should a Director engage in an activity which may be construed as a conflict, the Director must make full disclosure to the Chair who will rule on the conflict in writing. It would be a very rare occurrence for a Director or Executive to have a material interest in a transaction or agreement being considered by the Board; should this occur, the Director or executive will recuse him- or herself from the Board discussion and decision making.</p> <p>➤ The Chair has appointed the Corporate Secretary to serve as the Designated Officer for the administration of rules for Airport Authority employees concerning Conflict of Interest.</p> <p>➤ The Board adopted a formal Whistleblower Policy in 2004 and revised the policy in 2009; copies of the policy are available upon request to the Corporate Secretary. In addition to internal channels for reporting, the Whistleblower Policy includes an option to report via a third party hotline telephone number or website.</p>

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline	Disclosure
<p>7. Compensation Disclose:</p> <ul style="list-style-type: none"> ➤ The process by which the Board determines the compensation for Directors and officers. ➤ Whether or not the Board has a compensation committee composed entirely of Independent Directors. ➤ If the Board has a compensation committee, describe the responsibilities, powers and operation of the committee. ➤ If a compensation consultant or advisor has at any time since the beginning of the corporation's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or adviser and summarize the mandate for which they have been retained. 	<ul style="list-style-type: none"> ➤ See Part Two - Executive and Board Compensation of this report. ➤ The Human Resources and Compensation Committee is composed entirely of Independent Directors. ➤ The Human Resources and Compensation Committee's Terms of Reference can be found at Tab 15d in the Board's the Board's Governance Rules and Practices Manual. ➤ Towers Watson was engaged by the Human Resources and Compensation Committee to provide independent compensation advice with regard to the executive compensation plan. The mandate is summarized in Section III of this report.
<p>8. Other Board Committees</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board has standing committees other than audit, compensation and nominating committees and describe their function. 	<p>The Board also has a Planning and Development Committee. Its Terms of Reference can be found at Tab 15f in the Board's the Board's Governance Rules and Practices Manual.</p>

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline		Disclosure
9.	<p>Assessments</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution and describe the process used for the assessment. 	<ul style="list-style-type: none"> ➤ This is an annual process, which is set out in Tab 10 – The Board Evaluation Process in the Board’s Governance Rules and Practices Manual. ➤ The Board undertakes an overall review of Board and Committee effectiveness through the use of a questionnaire supplemented with interviews by a third party consultant engaged to conduct the annual review. ➤ The Board also completes an Individual Director Peer Evaluation Questionnaire annually; results are tabulated by a third party consultant and discussed with the individual Director and the Board Chair only.

VANCOUVER AIRPORT AUTHORITY
2010 SOCIAL REPORT



Our People

Our people are critical to our success. With 394 employees, of whom 297 are members of the Public Service Alliance of Canada (PSAC), the Airport Authority strives to create a workplace where employees truly enjoy and are fulfilled by their jobs. Through skills development, employee recognition and health and wellness, we endeavour to create an environment that supports and develops our employees.

The average age of an Airport Authority employee is 44.1, with an average length of service of 9.9 years. Our voluntary five-year average turn-over rate is 5.0 percent, with a consistently high average attendance rate of 96 percent. The Airport Authority's annual voluntary turn-over rate decreased from 2.9 percent to 2.6 percent in 2010.

Investing in Our People

One of the ways we maintain a highly skilled and efficient workforce is by investing in the development of our team members, listening to feedback and recognizing outstanding contributions.

2010 WINTER GAMES EMPLOYEE ENGAGEMENT

The 2010 Winter Games offered our team a once-in-a-lifetime chance to demonstrate its expertise and passion for YVR to a global audience. To supplement employees performing core functions including operations, maintenance and emergency response, more than 160 Airport Authority employees volunteered to be redeployed from their regular positions to work in the terminal during the Games. To ensure 24-7 coverage, all employees worked 12-hour shifts, and roles ranged from communication and terminal zone coordination to airside operations and oversized baggage handling. Altogether, Airport Authority employees logged 29,227 hours in Games-focused roles, contributing to a gold-medal airport experience. This voluntary redeployment fostered a strong sense of pride in the Airport Authority team, and provided an opportunity for employees to learn different aspects of the business. An energized and engaged workforce is one of the most valuable legacies of the 2010 Winter Games experience at YVR.

Airport Authority employees also enjoyed the benefits of hosting an Olympic Games in our own city with a series of engagement programs. Through the Airport Authority's sponsorship of the 2010 Winter Games, employees were rewarded for their efforts before and during the Games with access to ten spots in the Olympic Torch Relay, pairs of tickets to almost 500 Winter Games spectator events, and a number of events designed to engage and excite employees, including a one-year countdown breakfast and surprise appearances by Olympic and Paralympic athletes.

CAREER DEVELOPMENT

To enable a cross-functional and flexible team, Airport Authority skilled trade employees are encouraged to develop proficiency in a second trade. In 2010, approximately 59 percent of the Airport Authority's maintenance trades group were dual-ticketed or in the process of becoming dual-ticketed. The Airport Authority supported apprenticeship training for 14 tradespersons in 2010.

The Airport Authority maintains a target of 35 hours of training per employee on average during normal work hours each year. In 2010, we exceeded this target with an average of 42 hours of training and apprenticeship hours per employee. We also offer up to \$20,000 reimbursement on the successful completion of education programs outside of normal work hours.

In consultation with our employees and managers, the Airport Authority established a new three-year corporate training program in 2010. This program will introduce a new set of managers' tools and resources for effective team management, and a new departmental overview series, designed to educate employees about the operations and key objectives of other departments within the Airport Authority.

Other ways we facilitate employee training and education include management skills assessment and training, and on-the-job skills and knowledge development for all employees.

Airport Authority Employee Training (2006- 2010)

	2006	2007	2008	2009	2010
Total training and apprenticeship hours	18,065	21,698	22,985	16,695	16,462
Average training/apprenticeship hours per full-time equivalent position	48	58	55	40	42

COMMUNICATION

The Airport Authority gains feedback and supports career development of its employees through the CheckPoint performance review process. CheckPoint is the Airport Authority's review tool to look at performance, acknowledge accomplishments and provide employees with coaching and training for their individual development. In 2010, 90 percent of employees took part in a performance review.

All-employee meetings are also held three times per year and include updates from department managers and the executive committee on business results and objectives. Employees are invited to ask questions, provide feedback and share information with other employees and the management team.

RECOGNITION

The success of our employees is critical to the success of our organization. The Airport Authority strongly believes in rewarding employees who, through their actions and achievements, have made an outstanding contribution to our collective success.

The Airport Authority operates a broad range of award and recognition programs, including everything from peer-to-peer recognition of corporate values in action through the Totem Awards and recognition by managers through the Bravo Program, to the annual President's Award for Safety Excellence, which recognizes a department's proactive safety habits.

The Suggestions That Achieve Results (STAR) program recognizes employees for suggestions that generate revenue or result in savings or business improvements.

Health and Safety

The health and safety of our employees is one of the Airport Authority's top priorities. We adhere to the highest standards for employee health and safety, and we work hard to continually improve our strong safety culture. Health and safety initiatives include:

- Rigorous construction safety programs
- Disability management and return-to-work programs
- Annual Airport Authority-sponsored health tests and services, such as influenza vaccinations, hearing tests and noise and indoor air quality tests
- Employee and Family Assistance Program, offering confidential, personalized guidance and counselling

WELLNESS

The Airport Authority's Wellness Program, now in its ninth year, is an incentive-based program that promotes physical fitness, nutrition and wellness. Supporting various initiatives and health-related events for employees, the program is overseen by an employee-management Wellness Committee, and in 2010, saw a record participation rate of 92 percent.

SAFETY INITIATIVES

The Airport Authority recognizes that a key aspect of a safe workplace is empowering employees to identify hazards in our workplace, and to reduce the frequency and severity of injuries and health problems in our daily work. Our comprehensive safety initiatives extend beyond our employees to include tenants, contractors and major service providers, as well as travellers. These initiatives include:

- Submission of annual departmental safety goals and objectives
- A stringent contractor safety pre-qualification process and safety orientation for all contractors
- Ongoing public safety inspections
- Regular departmental safety inspections
- Employee-led training sessions on safe work practices
- A standardized root-cause analysis accident and incident investigation program
- A comprehensive computer-based safety training system for recurrent training
- Accurate and readily-accessible health and safety information for all employees

As a result, we had no health and safety non-compliances from either Human Resources and Skills Development Canada or WorkSafeBC in 2010.

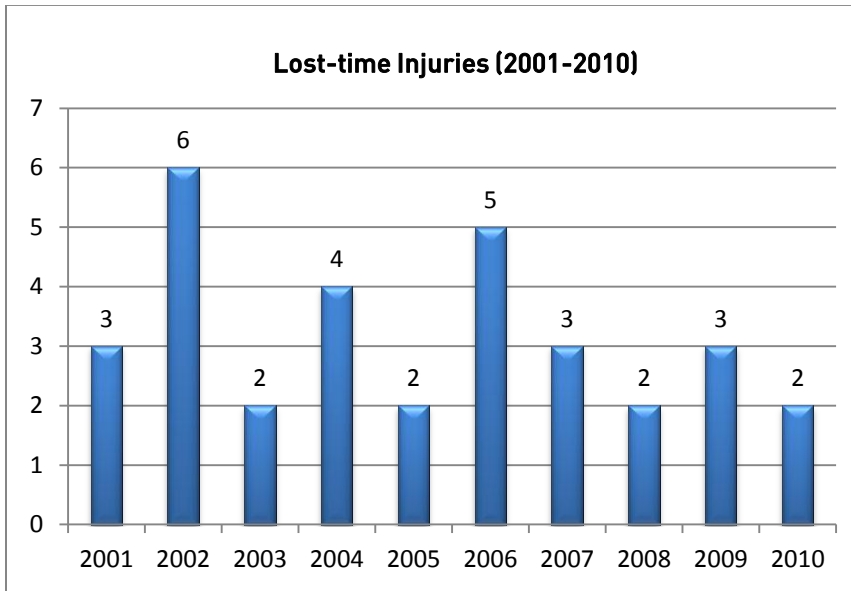
To continually improve our health and safety initiatives, the Airport Authority holds monthly meetings of employee, management and employer representatives. Committees include the Joint Occupational Safety and Health Committee (JOSH), comprised of employee and employer representatives working together to identify and resolve safety and health issues; and the Policy Occupational Safety and Health Committee, a senior-level joint committee which participates in the development of occupational health and safety policies and programs.

Regular review of health and safety programs helps the Airport Authority identify key areas of improvement along with strong health and safety performance areas. Hazardous materials, chemical handling and storage, confined spaces, first aid, and hazard warning signage were some of the programs reviewed in 2010.

LOST-TIME INJURIES

One of the ways we measure health and safety performance is by tracking any injuries that occurred on the job that resulted in an employee missing work. There were only two lost-time injuries in 2010, which resulted in nine lost-time days at the Airport Authority. Our target for each of these indicators is zero.

Airport Authority Health and Safety Key Performance Indicators (2000-2010)



Vancouver Airport Authority was recognized for the fifth consecutive year as one of B.C.'s top-ranking employers in the annual survey by Mediacorp Canada.

Respect and Equality

WORKFORCE DIVERSITY

The Airport Authority wants a workforce that reflects the vibrancy and diversity of the communities we serve. We comply with the Employment Equity Act and take measures to ensure fair employment practices across our organization.

The Airport Authority reports its workforce demographics to the federal government, showing how each of the designated groups is represented within various occupational classifications. Demographic data are taken from a survey supplied to each employee to complete voluntarily in confidence. As such, numbers are based upon employees' self-identification as a member of a designated group.

Numbers are reported in June of each year for the previous year; therefore, the most recent statistics available are from 2009.

Airport Authority Demographics vs. Labour Market Demographics (2008-2009)

Designated Group	Airport Authority		Metro Vancouver/National Labour Market*	Underrepresented Groups	
	2008	2009		2008	2009
Women	32.6%	33.1%	30.8%	-	-
Aboriginal Peoples	0.7%	0.9%	1.7%	-0.8%	-0.8%
Persons with Disabilities	1.2%	1.2%	4.3%	-3.1%	-3.1%
Members of Visible Minorities	25.7%	25.8%	28.9%	-3.3%	-3.1%

*Information on women, aboriginal peoples and members of visible minorities in the labour market based on Metro Vancouver data collected through the 2006 census. Information on persons with disabilities in the labour market based on national data collected through the 2006 Participation Limitation Survey (PALS).

EMPLOYMENT EQUITY

Composed of employees from various departments, the Employment Equity Committee works closely with Human Resources on initiatives to raise awareness of diversity issues and extend opportunities in a fair and inclusive manner. The committee met three times in 2010. Airport Authority representatives attended various workshops to gain insights and best practices with respect to employment equity, including:

- *Duty to Accommodate* workshop presented by Human Resources and Skills Development Canada's (HRSDC) Racism-Free Workplace Strategy
- *Work for All – Employer Diversity Dialogue Event* presented by the Immigrant Services Society of BC and HRSDC's Racism-Free Workplace Strategy
- *Racism Free and Diversity Aware!* Workshop presented on-site by HRSDC's Racism-Free Workplace Strategy

On an ongoing basis, the Airport Authority addresses the issue of workplace diversity by distributing all Airport Authority employment postings to a variety of outreach organizations in our community, including the B.C. Paraplegic Foundation, Immigrant Services Society, the United Native Nations, Western Institute of the Deaf, Women in Aviation and the Canadian Association of Professionals with Disabilities. We also partner with the Aboriginal Inclusion Network and the Greater Vancouver Business Leadership Network (GVBLN) to promote employment opportunities with the Airport Authority.

THE ACCESSIBLE AIRPORT

The Airport Authority is a world leader in creating accessible air terminal facilities. We have a facilities design policy that specifies the highest applicable building code requirements with respect to access for people with disabilities, and we utilize an independent access consultant to review all new construction and retail projects. Features of our accessible airport include:

- Low-pile carpets, high-contrast pathways and specially designed unisex washrooms
- Visual paging, TTY/TTD (Telecommunications Device for the Deaf), closed captioning decoders and visual fire alarm strobes
- Tactile maps and distinct and consistent floor treatments to identify locations within the terminals

Community Investment

Our community investment program is guided by three focus areas: family and communities, First Nations culture, and employee-driven giving. An online application system accessible via www.yvr.ca provides a central portal for requests. Driven by guidelines and criteria, the Airport Authority provides support in the form of donations, sponsorships and gifts-in-kind. The Airport Authority targets approximately one percent of excess revenue over expenses for community investment contributions, including in-kind donations.

In 2010, the Airport Authority provided \$510,000 to 56 charities or community organizations through our community investment program, and contributed an estimated \$25,000 of in-kind donations to 21 organizations.

Major funding contributions in 2010 included the annual YVR Golf for Kids tournament and auction, BC Creative Achievements Awards for First Nations Art, Celebration of Light fireworks festival and an employee-driven United Way campaign. The 2010 employee-driven United Way campaign raised more than \$70,832 which was matched by the Airport Authority for a total of \$141,664.

Given the broad scope of the community and families category, the Airport Authority elected to narrow the focus of its giving in 2010 on groups that support accessibility and the environment. Initiatives supported in 2010 included Quest Outreach Society, Fraser River Discovery Centre, Nature Conservancy of Canada, Vancouver Adaptive Snow Sports, Richmond Centre for Disability, and Rogers Santa Claus Parade in aid of the Greater Vancouver Food Bank.

Additionally, coin collection kiosks in the post-security areas of the Domestic and International Terminals encourage passengers to donate loose change to charity. Almost \$15,000 was collected in 2010 for distribution to local charities.



2,000 METRO VANCOUVER ELEMENTARY STUDENTS FROM 50 DIFFERENT SCHOOLS PARTICIPATED IN YVR'S *THE FUTURE LANDS* HERE EDUCATIONAL TOUR PROGRAM.

Connecting With Our Communities

YVR'S SCHOOL PROGRAM - THE FUTURE LANDS HERE

Demand for the successful 2009 *The Future Lands Here* outreach to local elementary schools encouraged the Airport Authority to again offer this free program for 10 weeks in the fall of 2010. More than 2,000 Grade 4-6 students from 50 Metro Vancouver schools experienced an interactive, guided tour of YVR with a focus on safe air travel, airport operations and YVR's role in the 2010 Winter Games. The program was fully subscribed in 2010, and received an average approval rating of more than 85 percent.

BC COMMUNITY SHOWCASE

Throughout 2010, airport travellers and employees enjoyed promotional videos from 15 British Columbia communities, displayed on screens throughout the terminals. These videos were the result of a 2009 Olympic Games program, through which the Airport Authority donated \$10,000 to each community to create videos showcasing their unique region to a global audience at YVR. Participating communities included Campbell River, Castlegar, Cranbrook, Fort St. John, Kamloops, Kelowna, Nanaimo, Penticton, Port Hardy, Prince George, Prince Rupert, Terrace, Tofino, Victoria and Williams Lake.

COMMUNICATIONS

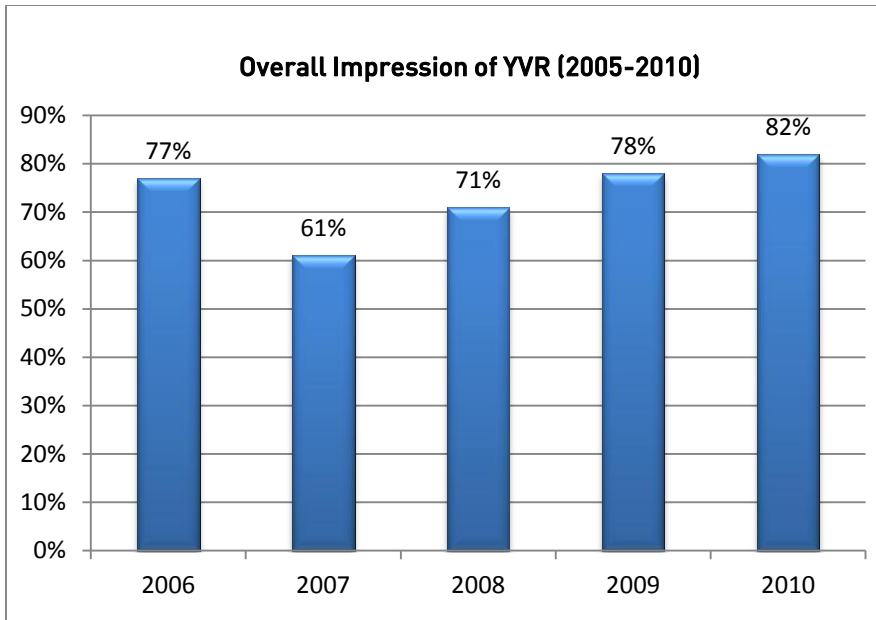
The Airport Authority is committed to providing open, honest and timely communications to our stakeholders. We keep business partners and the community informed about airport operations using a number of communications tools, including:

- www.yvr.ca, YVR's website with 11,000 visitors per day
- Yvrconnections.com, the Airport Authority's community-focused blog
- The Airport Authority's [Twitter](#) account, @yvrairport, with more than 3,000 followers
- [YVR Air Mail](#), a monthly electronic newsletter distributed to more than 6,000 subscribers
- Presentations to municipal councils and community groups
- Timely and accessible media relations
- The Airport Authority's Annual Public Meeting

COMMUNITY SURVEY

As part of our public consultation activities, each year we undertake a community survey, conducted and compiled by an external consultant. The survey explores overall impressions of the Airport Authority and the impact YVR has on the community, and seeks recommendations for improving services and communications.

In 2010, overall impressions of YVR were very positive, with approximately 82 percent of Metro Vancouver residents giving the airport a rating of 4 out of 5 or higher, up from 78 percent in 2009.



Employees in the Community

The Airport Authority's president, vice presidents and members of our management team lend their time and expertise to a wide range of boards and councils, serving the community and advocating for change to benefit the industry, region and province. Additionally, many employees volunteer their time and talents to local community organizations.

In 2010, Airport Authority representatives served on more than three dozen boards, councils and committees, including Airports Council International; B.C. Aviation Council, Greater Vancouver Economic Council; International Air Transport Association; Richmond Chamber of Commerce; Tourism B.C.; The International Air Cargo Association; Vancouver Board of Trade; and Volunteer Richmond.