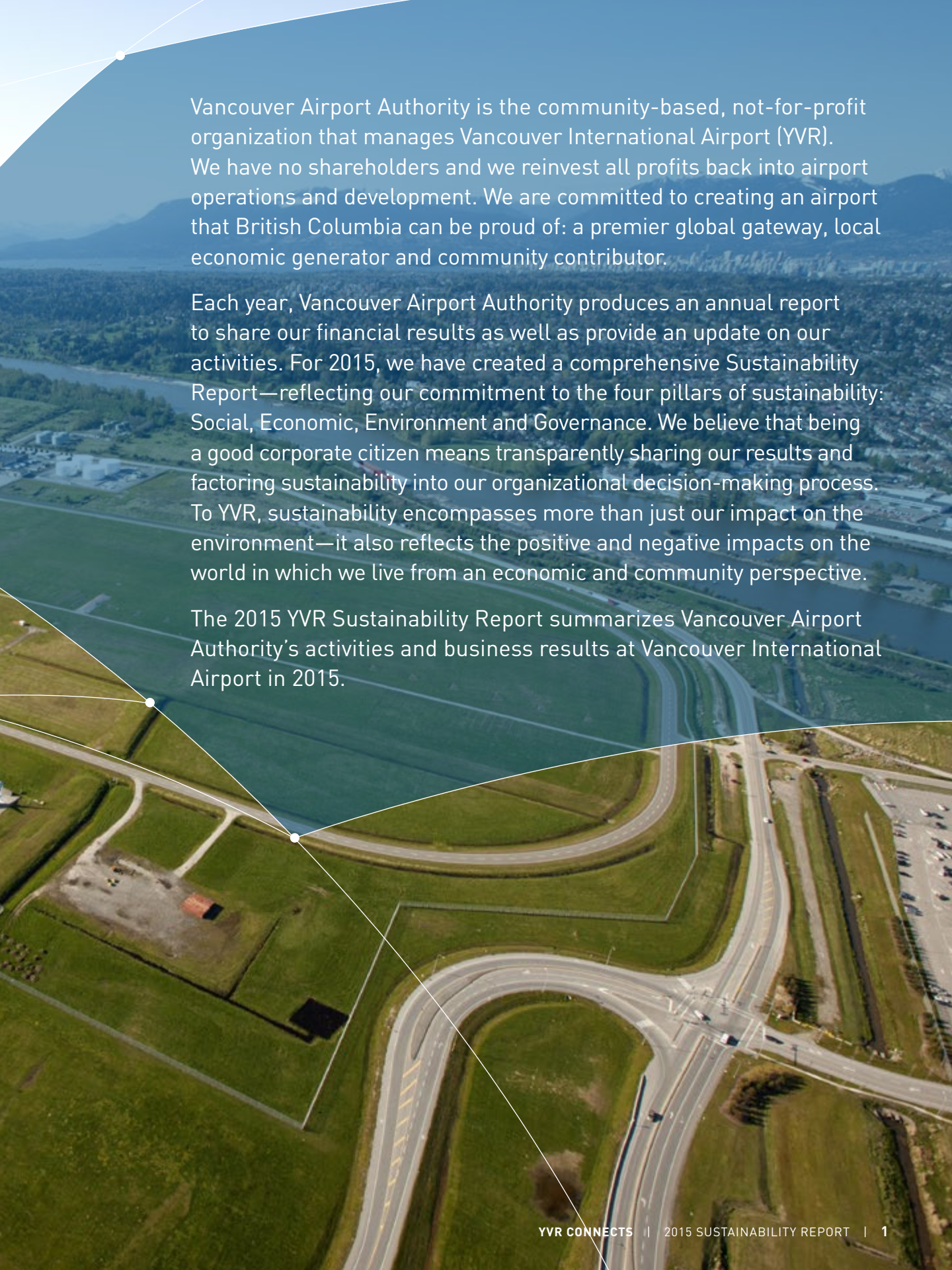


YVR CONNECTS

2015 SUSTAINABILITY REPORT







Vancouver Airport Authority is the community-based, not-for-profit organization that manages Vancouver International Airport (YVR). We have no shareholders and we reinvest all profits back into airport operations and development. We are committed to creating an airport that British Columbia can be proud of: a premier global gateway, local economic generator and community contributor.

Each year, Vancouver Airport Authority produces an annual report to share our financial results as well as provide an update on our activities. For 2015, we have created a comprehensive Sustainability Report—reflecting our commitment to the four pillars of sustainability: Social, Economic, Environment and Governance. We believe that being a good corporate citizen means transparently sharing our results and factoring sustainability into our organizational decision-making process. To YVR, sustainability encompasses more than just our impact on the environment—it also reflects the positive and negative impacts on the world in which we live from an economic and community perspective.

The 2015 YVR Sustainability Report summarizes Vancouver Airport Authority's activities and business results at Vancouver International Airport in 2015.



VALUES

Safety, Teamwork,
Accountability,
Innovation

VISION

A world-class,
sustainable gateway
between Asia and
the Americas

MISSION

Connecting
British Columbia
Proudly to
the World

2015 AWARDS



2015 Best Airport in North America and Best in the World in the size category of 10–20 million passengers. This just in: 2016 Best Airport in North America for the 7th consecutive year.



Canada's Best Health & Safety Culture Award and the Gold Award in the Transportation category



Health and Safety Achievement Recognition Award for Organizations with 51 to 500 Employees



Named one of BC's Top Employers—nine years in a row



Named one of BC's Most Loved Brands



Dream Employer of BC



World Airport Innovation of the Year—YVR's BORDERXPRESS™ kiosks



Best Outlet Centre—McArthurGlen Designer Outlet Vancouver Airport



Business in Vancouver and the Chartered Professional Accountants of BC recognized Glenn McCoy—YVR's Senior VP, Strategy and CFO—as the 2015 top CFO for Publicly Accountable Enterprises



The British Columbia Aviation Council gave Gerry Bruno—YVR's VP, Federal Government Affairs—the Robert S. Day Award in recognition of outstanding leadership for the promotion and development of aviation in BC



Peggy G. Hereford Award for Best Overall Marketing and Communications Accomplishments

1st place in Marketing Campaigns for Air France campaign
1st place in Community Education & Outreach for YVR's Autism Outreach Program

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OPLIGHT
TRINITY CELEBRATION
OPLIGHT
#TRINITYOPLIGHT

DAYTIME ENTERTAINMENT
at
SUNSET BEACH PARK
— Starting at 1:00 PM —

- FREE TEE TIME
- PARK & COMMUNITY PERFORMANCES
- SPECIAL PRIZES AND GADGETS

CHALLENGE THE BC PUTTERBOARD TEAM
— Starting at 1:00 PM —
IN A RACE TO BEAT THE WORLD RECORD!
SUNSET BEACH PARK, VANCOUVER, BC



MESSAGE FROM MARY JORDAN | CHAIR, BOARD OF DIRECTORS

On behalf of the Board of Directors, I would like to thank you for supporting YVR in 2015.

As a not-for-profit organization, YVR is committed to our community. In 2015, we channelled this commitment through our three-year Strategic Plan, focusing our actions on competitive and sustainable objectives with a goal of reaching 25 million passengers by 2020.

We aligned our operations under a renewed environmental plan, which sets ambitious emissions targets for 2020. To ensure we grow sustainably, we sought input from the community for YVR's new 20-year Master Plan at our summer festivals and speaking engagements. We also continued to give back, contributing over \$900,000 to support community initiatives such as Quest Food Exchange, the Nature Conservancy of Canada, Hub Cycling, Canucks Autism Network and many more.

At our core is an engaged and driven team, dedicated to safety, health and security. This team worked hard to deliver a remarkable airport experience—and it didn't go unnoticed. We once again made the BC's Top Employers list in recognition of our great workplace. And for the first time, Vancouver Airport Authority received the Best Health & Safety Culture award and the Gold award in the Transportation category of Canada's Safest Employers.

Vantage Airport Group, our subsidiary, has grown into a very successful company. We determined that it was time to sell our 50 per cent stake, in order for Vantage to continue to grow and for YVR to focus on our ambitious Strategic Plan. The sale closed in late 2015 and will allow Vantage to acquire the funding it needs to pursue future large-scale airport projects. YVR will continue to work with Vantage through a strategic partnership agreement that includes sharing of our employees' expertise, knowledge and leading-edge approach to innovation.

Thank you for contributing to our discussions, for choosing our airport and for being a part of YVR's vision. We strive to be a world-class connecting hub, one that links passengers and products from around the world to British Columbia. We could not do this without the support of our partners, communities and employees, all of whom provide the foundation for our ongoing success.

A handwritten signature in black ink, appearing to read 'Mary B. Jordan'. The signature is fluid and cursive, with a prominent loop at the end.

MARY B. JORDAN
Chair, Board of Directors
Vancouver Airport Authority



MESSAGE FROM CRAIG RICHMOND | PRESIDENT & CEO

When the curtain dropped at the A-B Connector's grand opening on January 13, unveiling Marianne Nicolson's beautiful river-themed art piece, it was clear that 2015 would be a superlative year.

As Canada's second busiest airport, YVR welcomed a record 20.3 million passengers in 2015. These passengers shopped in our stores, engaged with our employees—and voted for us, awarding YVR Best Airport in North America at the Skytrax Awards for an unprecedented sixth consecutive year.

Throughout 2015, we delivered remarkable customer experiences. The new McArthurGlen Designer Outlet Vancouver Airport opened in July and became McArthurGlen's most successful launch ever, with over 160,000 visitors on the first weekend. Our BORDERXPRESS™ kiosks received the CAPA Centre for Aviation's 2015 Best Airport Innovation in the World Award. And we continued work on facility improvements, including a new high-speed baggage system, improved aircraft gates and ongoing renovations to the original parts of our building.

Outside the terminal, we focused on building a safer, more efficient airport. In the summer, we began a multi-year construction program to build Runway End Safety Areas. We conducted repaving on a primary taxiway and installed more efficient LED runway lighting—

all during our 100 busiest days ever, when up to 75,000 passengers traveled through YVR each day. We also opened our new Airside Operations Building, which consolidates all airside operations and features award-winning design focused on sustainability.

The more than 23,000 people who work and volunteer at YVR continued to shine. Our world-renowned Green Coat volunteers helped passengers in 26 languages, while our employees and business partners delivered diverse events throughout the terminal and in our communities.

In early 2016, I was honoured to hear that BC Business once again announced YVR as one of the province's most loved brands. We have achieved this recognition because we believe everyone counts. Every passenger helps us reach our growth targets. Every employee delivers an exceptional experience. And every community member who chooses YVR supports an organization dedicated to providing social and economic benefits. This is how we go beyond, every day. We do it together—as BC's airport.

CRAIG RICHMOND


President & CEO

Vancouver Airport Authority

2015 HIGHLIGHTS

2015 demonstrated, once again, that YVR's ongoing success is a combination of vision, hard work and careful planning. All of our activities in 2015 stemmed from our Strategic Plan, which sets the fundamental direction of the organization and provides the basis for our comprehensive approach to planning. From improving infrastructure to opening new facilities, 2015's activities largely fell under one of four supporting objectives:



- 
- A large Boeing Dreamliner aircraft is shown on a tarmac. The aircraft is white with a blue and red maple leaf logo on the tail. The registration number C-GHPQ is visible on the fuselage. The aircraft is parked on the tarmac, and a ground support vehicle is positioned in front of it. The background shows an airport terminal and other aircraft. A blue overlay covers the top half of the image, containing a list of strategic goals.
- CREATE A CONNECTING HUB BETWEEN ASIA AND THE AMERICAS
 - BE A LEADER IN SUSTAINABILITY
 - DELIVER REMARKABLE CUSTOMER EXPERIENCES
 - BUILD ON OUR STRONG FOUNDATION

CREATING A CONNECTING HUB



IN 2015, WE CONTINUED WORK ON KEY INITIATIVES THAT WILL ENSURE WE REMAIN A WORLD-CLASS, SUSTAINABLE CONNECTING HUB.

VISA-FREE INITIATIVES

For more than 20 years, YVR has worked with its partners to progressively expand visa-free transit between Asia and the Americas, making new routes commercially viable while contributing to BC's economy. In 2015, the Government of Canada announced the addition of five Chinese cities—Xiamen, Fuzhou, Chengdu, Shenyang and Harbin—to the list of approved cities under the China Transit Program, which allows Chinese nationals to travel through YVR en route to the US without requiring a Canadian visa. We will continue to work towards expanding this program and other visa-free initiatives in 2016.

INTEGRATED MARKETING STRATEGY

In June, YVR introduced a new Integrated Marketing Strategy that seeks to combine the efforts of our Air Service Development, Government Relations, Marketing, Communications, Community Relations and other Airport Authority teams in pursuit of our goal of reaching 25 million passengers by 2020. Under the new strategy, we take a Team YVR approach—working closely with tourism bodies, business organizations, industry associations and government trade offices to leverage opportunities and strengthen relationships. We put this approach into action for several air service announcements in 2015 including Aeromexico’s introduction to the market, which aligned our partners’ support for the company’s new service.

CARGO

YVR works closely with businesses to provide markets with products while identifying opportunities for growth. We recently set up a new company, Vancouver Airport Property Management, to redevelop and manage our cargo and building facilities, while working with industry to meet their service and facility needs. And in 2015 we entered into a partnership with Shanghai-Pudong airport to study the perishable supply chain. This arrangement will help improve YVR’s cargo business and further share BC’s products with the world. In 2015, YVR handled over 271,000 metric tonnes of cargo—a 5.8 per cent increase over 2014.

THE PERISHABLE SUPPLY CHAIN

Did you know that YVR is a key export hub for BC goods? From YVR, BC businesses export local products including fresh fruit and seafood to key markets around the world. A local company we work with takes Matsutake mushrooms, brought in from Northern BC in the morning, and sends them off to Japan in the afternoon. Another company takes cherries fresh from BC farms and ships them to China—in less than 24 hours.



PERCEPTIVE AIRPORT

We made great progress towards becoming a perceptive airport in 2015. As the name implies, a perceptive airport anticipates customers' needs and wants by utilizing user-provided data throughout their entire airport experience. In 2015, we made ongoing investment to make it easier to connect to YVR's WiFi and always stay connected. Customers enjoy some of the fastest connection speeds provided by any airport for free.

In the fall of 2015, we launched our new YVR app. Featuring 3D maps of the airport and information on services and flight information, the app allows users to build a detailed itinerary for their journey through YVR, find retail coupons, play games, view 3D terminal maps and more.

2015 also marked the planning and building of YVR's website upgrade. Launched in March 2016, the new website includes real-time flight searches, enhanced accessibility features, improved terminal maps and a mobile-optimized design. YVR's new website is available fully translated in English, French and Chinese.

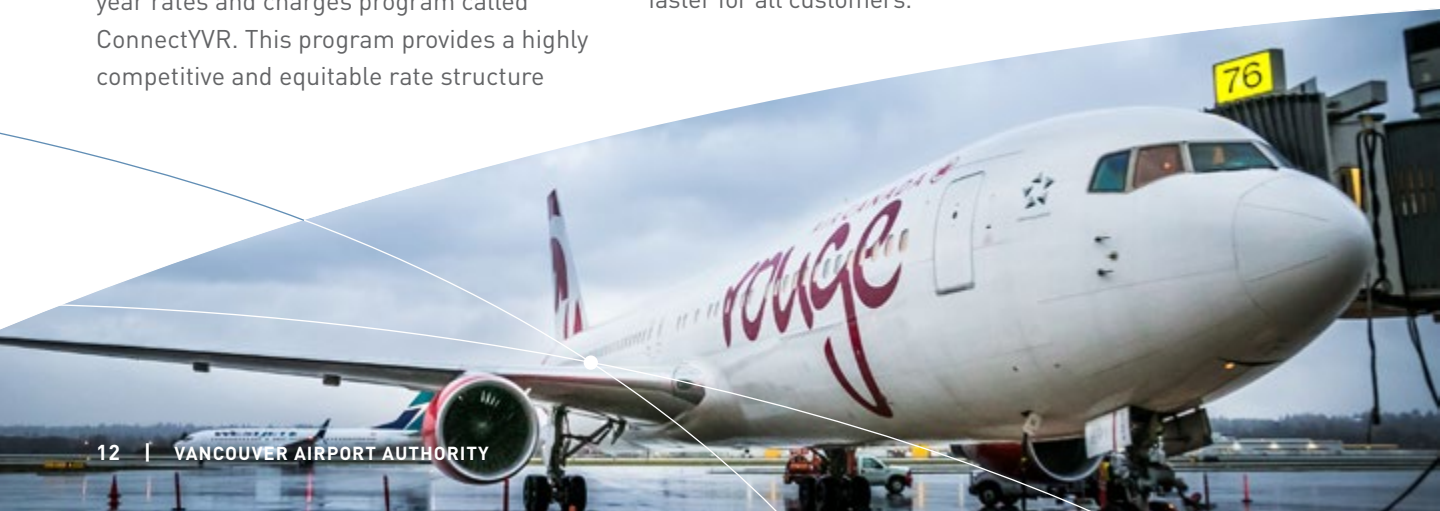
CONNECTYVR

To ensure YVR remains an airport of choice for our partners, we finalized a new five-year rates and charges program called ConnectYVR. This program provides a highly competitive and equitable rate structure

designed to incent airline growth and efficiency. The program includes rates lower than any other major airport in Canada and our competing US airports, further increasing our competitive advantage.

INTERNATIONAL TO DOMESTIC TRANSFER FACILITY

During 2015, work continued on the International to Domestic Transfer Process (ITD), which allows passengers to connect from international to domestic flights without retrieving their baggage. After conducting several trials and signing a memorandum of understanding with Canada Border Services Agency (CBSA) in 2014, Air Canada went into daily ITD operation with its London Heathrow flight. In early 2015, WestJet added its SNA (John Wayne Airport) to YVR flights and in the summer we added ITD-specific features including specialized software, a dedicated primary inspection area and automated baggage recall to the program. Future plans include adding a secure inspection area for ITD baggage and continued work with CBSA and our airline partners to add more flights, all designed to improve the experience for our passengers. We sincerely appreciate the support and openness to innovation found in our partners at CBSA as we work together to make connecting through YVR easier and faster for all customers.



BEING A LEADER IN SUSTAINABILITY

YVR HAS MAINTAINED A STRONG REPUTATION FOR SUSTAINABILITY AND IN 2015 WE FOCUSED ON FURTHER INTEGRATING SUSTAINABILITY INTO OUR BUSINESS DECISION-MAKING AND REPORTING.

ENVIRONMENTAL MANAGEMENT PLAN

In 2015, we launched our renewed Environmental Management Plan. The plan builds on YVR's Environmental, Health and Safety Management System, which aligns to criteria in the International Organization for Standardization (ISO) 14001 and safety standards in the Occupational Health & Safety Advisory Services (OHSAS) 18001. The Environmental Management Plan sets the path for our environmental activities and reporting, with strategic priorities and ambitious 2020 targets that aim to improve ecosystem health while reducing greenhouse gas emissions, waste and potable water consumption.

YVR'S MASTER PLAN

Vancouver Airport Authority updates its Master Plan, which is essentially a land-use plan, every ten years as part of our ground lease with the federal government. In 2015, we launched Phase 1 of planning and consultation for our new Master Plan, which outlines how YVR will meet the needs of stakeholders and communities in the future.

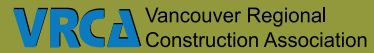
We launched an online platform to provide information on the engagement process and invited the community to share its perspective on the future. Our team travelled across BC to find out more about our shared vision for the airport, what the airport of the future could look like and what we need to do to get there. The consultation process will move to Phase 2 and 3 in 2016, with completion scheduled for 2017.



Learn more about how you can participate at yvr2057.ca.



AIRSIDE OPERATIONS BUILDING



In 2015, Graham Construction received the Gold Award of Excellence for YVR's new Airside Operations Building (AOB) at the Vancouver Regional Construction Association awards.

One look at the AOB and it's easy to see why. The building features an abundance of natural light, combined with natural materials and thoughtful design aimed at effectively supporting all of the activities taking place there. Consolidating all airside operations under one roof, the AOB includes plenty of sustainable features: from solar hot water and photovoltaic panels to a wind

turbine, geexchange field, energy efficient LED lighting and a rainwater collection system for non-potable uses. The building's sole wind turbine has been installed as a pilot to benchmark its ability to produce alternative energy sources. It produced a total of 4,300 kWh of electricity in 2015 and the solar photovoltaic system contributed 8,132 kWh.



DELIVERING REMARKABLE CUSTOMER EXPERIENCES

WE RECOGNIZE THAT OUR REPUTATION IS STRONGLY DEFINED BY REMARKABLE CUSTOMER EXPERIENCES. THESE EXPERIENCES HAPPEN EVERY SECOND OF EVERY DAY, AS CUSTOMERS TRANSIT THROUGH OUR AIRPORT AND ENJOY THE MANY SIGHTS AND SERVICES OF YVR.

YVR's award-winning sense of place is visible throughout the A-B Connector, with a design that celebrates BC's interior. Architectural features evoke imagery from BC's vineyards and orchards, fishing lodges and the Fraser River and Canyon.

Marianne Nicolson's The Rivers Monument is the artistic centrepiece. The work references the power and abundance of the Columbia and Fraser Rivers and the ancient stories they contain.



A-B CONNECTOR

We kicked off 2015 celebrating the grand opening of the A-B Connector, an upgrade of our 1968 Domestic Terminal Building and the first infrastructure project completed as part of YVR's 10-year gateway strategy that aims to keep the airport competitive and connected.

The A-B Connector features new gate capacity, an expedited baggage system, seismic upgrades and a wide range of new dining and shopping options. These include: Flight Stop, Marshall Rousso, Lick, Ice Currency Exchange, Green Bean Café, Carl's Jr., Vino Volo, Relay, Java U Café, Starbucks, Palomino Bar & Grill and YVR's third and largest Plaza Premium Lounge.

EXPEDITED TRANSFER FACILITIES

We made great progress in 2015 with the Expedited Transfer Facilities (ETF) project, which includes facility expansions to help minimize passenger transfer times. The building component expands sterile corridors, hold-rooms and baggage halls in the main terminal. The baggage component includes a new sorting system in the A-B Connector that went live in 2015, a new high-level control system and inbound baggage scanning. It also includes a high-speed baggage backbone,

which connects existing systems to further speed up the connecting process. This project will be substantially complete in 2016. A sincere thank you to all partners and stakeholders involved and impacted by this project and the extensive construction involved.

MCARTHURGLEN DESIGNER OUTLET VANCOUVER AIRPORT

Located just minutes from the airport on public transit, the McArthurGlen Designer Outlet Vancouver Airport is the result of a joint venture between YVR and McArthurGlen Group, Europe's leading developer of luxury outlet malls. This is BC's first luxury designer outlet and McArthurGlen's first outlet centre in North America. The Designer Outlet Centre opened to much fanfare (and more traffic than expected!) in July 2015, with over 160,000 shoppers on the first weekend—making it the most successful McArthurGlen opening in the world. The Outlet Centre features some of the world's most iconic brands—Armani, Calvin Klein, Coach, Ralph Lauren and more.

As a 50 per cent owner, YVR's stake in the Designer Outlet Centre fits into our business model to grow non-aeronautical revenue. The Outlet Centre is also an economic generator, providing 600 local jobs in Phase 1 and another 400 jobs expected for Phase 2.

SEI is a powerful, 12-metre long sculpture placed as a stunning focal point at the McArthurGlen Designer Outlet Vancouver Airport. Created by contemporary artist Michael Nicoll Yahgulanaas, SEI depicts a whale breaching and is meant to provoke diverse interpretations.



BORDERXPRESS™



Airport Innovation of the Year – YVR's BORDERXPRESS™ kiosks

In 2015, YVR's BORDERXPRESS™ kiosks received the prestigious Airport Innovation of the Year award at the 2015 CAPA Centre for Aviation Awards. The self-service kiosks automate the border clearance process, allowing passengers to clear Customs easily and securely. This greatly reduces airport queueing space and improves passenger wait times.

The kiosk-based solution has helped over 80 million people quickly clear the US and Canadian borders since 2013. In 2015, we sold 266 kiosks to airports in Canada, the United States and the Caribbean. We increased eligibility to now include a wider range of international passengers and enhanced our product offering to include facial recognition technology. We also launched BORDERXPRESS™ Global, a new product that can be configured to meet the immigration needs of virtually any government in the world.

AUTISM OUTREACH PROGRAM

In 2015, we invited families living with autism to participate in the YVR Accessibility Tour for its second year, in partnership with Canucks Autism Network, Air Transat and the Canadian Air Transport Security Authority. The tour was a big success and welcomed 106 participants who practiced arriving at the airport, checking in, going through passenger screening and boarding the aircraft.

We also partnered with Canucks Autism Network to develop a resource kit and video series to assist families and individuals living with autism. Available at all pre-security YVR Customer Care counters, these resource kits cover the check-in process, security screening, boarding and flying.



Best Community Education and Outreach Program

“Without this experience, our flight to Mexico at Christmas time could have ended in disaster. Thanks to the program and everyone involved, it made a new experience easier to deal with and opened up our world.”

– Mother of an Accessibility Tour participant



A man wearing a dark cap, glasses, and a high-visibility safety vest is leaning on a metal railing in an industrial setting. The background shows various pieces of machinery and equipment, including a large yellow structure with a mesh screen. The lighting is bright, typical of a factory environment.

BUILDING ON OUR EXCEPTIONAL FOUNDATION

WE UNDERSTAND THAT OUR
REPUTATION AS A SAFE, RELIABLE
AIRPORT REQUIRES CONSTANT
UPKEEP AND OPEN COMMUNICATION.

INFRASTRUCTURE UPGRADES – DURING OUR 100 BUSIEST DAYS

In summer 2015, YVR experienced its 100 busiest days ever, welcoming up to 75,000 passengers on peak days! At the same time we undertook key infrastructure upgrades, which required a tremendous coordinated effort from our airside planning and operations employees, as well as our contractors and partners at NAV CANADA. YVR is grateful for the hard work of our partners and employees, whose tremendous efforts didn't go unnoticed, and thanks our neighbours for their patience during this busy time.

Runway End Safety Areas

Between May and the end of August 2015, YVR finished the first phase of one of the most challenging airfield improvement projects in recent years: the construction of Runway End Safety Areas (RESAs), which are specialized areas that protect passengers and reduce the severity of damage to an aircraft in the unlikely event of an overrun or undershoot.

Each night, a crew of more than 150 workers descended upon the airfield, working simultaneously at both ends of the South Runway before putting the runway back together for morning flight operations at 6:30am. The crew had to remove and replace over 400 lights, shift all navigational aids and repave the surface—all while an average of 40 dump truck loads of base material per hour were delivered to the runway's east end in preparation for its RESA completion in summer 2017.

By the end of the summer, YVR crews had successfully completed the RESA at the west end of the South Runway. We will continue

construction of RESAs on the South and Crosswind runways during the 2016 and 2017 summer seasons as planned. Public consultation on plans for the North Runway RESAs will begin in 2017.

Taxiway Delta Repairs

At the same time we were working on the RESAs, we identified problems with the pavement on one of YVR's most important airfield routes. The pavement showed signs of buckling and wear, due to constant use by increasingly larger and heavier aircraft and a very warm summer. Our well-trained team responded quickly, with engineers, airfield coordinators and construction crews all working together throughout the nights to restore the taxiway. Meanwhile, we notified our neighbours, thanking them for their patience while we repaired this vital link.

Slab Repairs

Between May and August, we undertook our annual apron replacement project, which saw up to 30 workers on site during the busiest days. We replaced 72 concrete panels and associated pavement structures on Taxiway K and two panels on Taxiway J. We also replaced concrete pads at gate 90 and 96.

Airfield Lighting

In addition to RESA construction and taxiway repaving, the YVR Team continued improving airfield lighting in the summer, installing 570 LED Centerline and Touchdown Zone (TDZ) light fixtures on the South Runway. These fixtures complement the 561 TDZ lights we installed on the North Runway in 2014, providing a consistent presentation to pilots on our parallel runways. Through their long-life capabilities, the LED lights will greatly reduce maintenance and save energy.



Canada's Best Health & Safety Culture – Canada's Safest Employers

RISK MANAGEMENT

The safety and security of our employees, customers and communities is paramount to our success. In order to be prepared to respond to possible threats, the Airport Authority continuously works on risk management and security upgrades.

Enterprise Risk Management System

Our comprehensive and sophisticated Enterprise Risk Management (ERM) system helps safeguard the achievement of strategic and business objectives by identifying and mitigating a broad range of risks including environmental, social, physical and business impact. In 2015, we further developed the ERM system, updating the risk register on a monthly basis to reflect changing issues and threats facing the airport and the organization. We developed a system of action plans to address particular issues and built and reviewed detailed risk scenarios and mitigation plans.

The Airport Authority's Business Continuity Planning (BCP) is a subset of the ERM system, focused on decreasing recovery time from disruptions that affect critical business functions. In 2015, we continued to develop the BCP, identifying areas to improve and build on.



Critical System Upgrade

In 2015, we focused on providing a reliable power supply to key machines and systems to address risks identified through our Enterprise Risk Management system. We installed Uninterruptible Power Supply Units to back-up communication systems, pre-board screening machines, primary inspection line machines and our Automated Passport Control kiosks. We also designed a number of upgrades to be completed in 2016, including waterproofing motor control panels on the baggage system, conducting sprinkler repairs and alterations to electrical and communication rooms, providing additional cooling in communication rooms to prevent over-heating and modifying electrical equipment to maintain safety standards.

FULL-SCALE EXERCISE

In 2015, YVR hosted a large-scale plane crash exercise to test our Emergency Response Plan as federally required every two years. More than 600 volunteers participated in the exercise and 30 agencies worked together to address the emergency scenario—doing everything from responding at the crash site to assessing impacts within the terminal and managing media. The exercise provided valuable training and identified areas for improvement. These areas included developing guidelines and information for front-line airport employees and better mitigating secondary impacts for passengers, friends and family involved in an aircraft crash event.



BUILDING OUR REPUTATION

As BC's primary airport, we are committed to engaging our stakeholders. A key focus in 2015 was interactive speaking engagements targeted at diverse audiences.

Speakers' Bureau

To engage BC's business community and identify opportunities for collaboration, we launched a speaking tour for our leadership team, which visited seven communities across the province and multiple locations in the Lower Mainland. The Speakers Bureau program shared YVR's vision and included a presentation on relevant initiatives such as transit without visa and bilateral agreements, while providing an opportunity to hear from our communities. Our success led to a

revamped program for 2016, which includes 32 speaking engagements with government, business and community stakeholders.

Annual Presentation to Greater Vancouver Board of Trade

In October, our President & CEO presented his vision of how YVR is building the airport of the future to almost 500 guests at our annual Greater Vancouver Board of Trade (GVBOT) event. This annual event is a tradition for YVR and GVBOT, whose relationship spans many decades. The presentation included a highly visual component and allowed audience members, who represented many of Vancouver's business interests, to engage with YVR.



OUR LEADERSHIP



AT THE CORE OF YVR'S SUCCESS IS A STRONG LEADERSHIP TEAM WHOSE VISION INSPIRES US TO DELIVER AN EXCEPTIONAL AIRPORT EXPERIENCE—EVERY DAY.

BOARD OF DIRECTORS

Our community-based Board of Directors sets our strategic vision, holds management accountable and ensures the Airport Authority meets its objectives. Nominating entities appoint nine of our Board Directors, while the Board appoints four Directors from the community at large and the President & CEO serves by virtue of the office. The Board follows the *Board of Directors' Governance Rules and Practice Manual*, available on yvr.ca, which includes terms of reference, guidelines and policies. The Board has four committees made up of Directors to assist with its work: Finance and Audit, Governance, Human Resources and Compensation, Planning and Development. We invite the community to review the Board's composition, compensation and governance practices in our Corporate Governance Report (See Appendix).

We would like to extend a sincere thank you to Grayden Hayward, Wilson Parasiuk and Peter Webster, who retired from the Board in May 2015. And a big welcome to our new Directors—Annalisa King, Ken Martin, Kush Panatch and Wayne Wright—who joined us in 2015!



BOARD OF DIRECTORS



MARY JORDAN
Chair, Director at Large



CRAIG RICHMOND
President & Chief Executive Officer
Vancouver Airport Authority



GEORGE CADMAN
Government of Canada



JOSEPH CARON
Director at Large



JOHN CURRIE
Chartered Professional
Accountants of
British Columbia



ANNA FUNG
Law Society of
British Columbia



KENNETH GOOSEN
Association of Professional
Engineers and Geoscientists of
British Columbia



HOWARD JAMPOLSKY
City of Richmond



ANNALISA KING
Director at Large



KENNETH MARTIN
The Greater Vancouver
Board of Trade



KUSH PANATCH
Government of Canada



GERRI SINCLAIR
Director at Large



TAMARA VROOMAN
City of Vancouver



WAYNE WRIGHT
Metro Vancouver (GVRD)

EXECUTIVE TEAM

Our Executive Team guides over 400 employees, whose daily mission is to operate the airport in a safe, efficient and reliable manner.



In 2015, Business in Vancouver and the Chartered Professional Accountants of BC recognized Glenn McCoy as CFO of the year for Publicly Accountable Enterprises.



CRAIG RICHMOND
President &
Chief Executive Officer



GLENN MCCOY
Senior Vice President,
Strategy and
Chief Financial Officer



MICHELE MAWHINNEY
Vice President, Human
Resources and Supply
Management



DON EHRENHOLZ
Vice President,
Engineering and
Environment



ARGIRO KOTSALIS
Vice President Legal,
General Counsel and
Corporate Secretary



STEVE HANKINSON
Vice President,
Operations and
Maintenance



ANNE MURRAY
Vice President, Marketing
and Communications



GERRY BRUNO
Vice President, Federal
Government Affairs



The British Columbia Aviation Council gave Gerry Bruno—YVR’s VP, Federal Government Affairs—the Robert S. Day Award in recognition of outstanding leadership for the promotion and development of aviation in BC.

YVR would like to extend a sincere thank you to Michael O’Brien and Tony Gugliotta, two long-standing members of our Executive Team who retired in 2015. We appreciate your extraordinary contribution and wish you both all the best in the future.

OUR BUSINESS

2015 WAS ANOTHER GREAT YEAR FOR YVR. **WE WELCOMED A RECORD 20.3 MILLION PASSENGERS**, A 4.9 PER CENT INCREASE OVER 2014. FOR THE FIRST TIME IN OUR HISTORY, THE TRANSBORDER (US) MARKET REACHED 5 MILLION PASSENGERS, INCREASING 8 PER CENT OVER 2014. WE HAD STRONG GROWTH FROM THE ASIA-PACIFIC, WITH OVER 3 MILLION PASSENGERS—7.4 PER CENT MORE THAN 2014—WHILE EUROPEAN VISITORS GREW 6.5 PER CENT. AND WE HANDLED 271,480 TONNES OF CARGO, A 5.7 PER CENT INCREASE AND THE HIGHEST VOLUME IN OVER A DECADE.





20 MILLION REASONS TO CELEBRATE



On December 22, 2015, YVR welcomed its 20 millionth passenger—a new record for one of Canada’s fastest-growing airports and a crucial milestone on our journey to serve 25 million passengers by 2020.

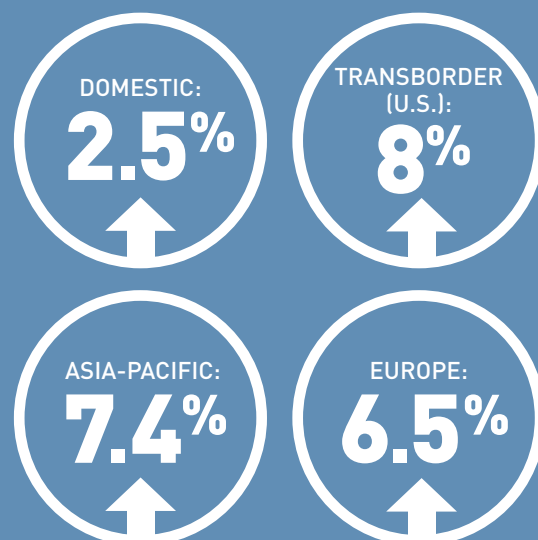
To celebrate this exciting occasion, we hosted a pop-up party and awarded one lucky traveller with a travel voucher for \$10,000 and 20 YVR gifts to celebrate his arrival as YVR’s 20 millionth passenger. It was an incredible moment for our winner, Charles, who was overjoyed.

Thank you to all of our passengers who flew through YVR in 2015, the employees and volunteers who worked tirelessly to make it all happen and the community we proudly represent. We’re looking forward to adding another million in 2016!





— PASSENGER GROWTH —



YVR's Airport Improvement Fee remains one of the lowest of the major airports in Canada and continues to provide one of the lowest fees for travel within BC and the Yukon.

FINANCIAL AND OPERATING HIGHLIGHTS (2005 – 2015)

| 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) |
|------|--------------------|-------------------------------|-------------------------|--|-----------------------|--|-----------------------|--|-------------------------------------|
| 2015 | 484.7 | 337.7 | 49.3 | 100.0 | 1,478.4 | 205.0 | 20.3 | 278 | 271.5 |
| 2014 | 464.9 | 320.4 | 46.6 | 101.7 | 1,377.8 | 277.6 | 19.4 | 273 | 256.9 |
| 2013 | 433.3 | 291.1 | 42.3 | 98.3 | 1,273.6 | 186.0 | 18.0 | 263 | 228.3 |
| 2012 | 403.6 | 280.2 | 39.1 | 84.9 | 1,162.8 | 106.0 | 17.6 | 261 | 227.9 |
| 2011 | 369.3 | 275.9 | 34.8 | 59.1 | 1,087.9 | 59.9 | 17.0 | 258 | 223.9 |
| 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 | 197.5 |
| 2008 | 373.8 | 236.3 | 65.6 | 81.8 | 934.0 | 233.1 | 17.9 | 279 | 211.7 |
| 2007 | 368.3 | 212.2 | 65.6 | 89.5 | 852.2 | 289.7 | 17.5 | 275 | 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 | 223.7 |

AIR SERVICES



AEROMEXICO



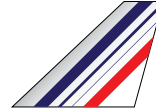
AIR CANADA /
AIR CANADA
EXPRESS



AIR CANADA
ROUGE



AIR CHINA



AIR FRANCE



AIR
NEW ZEALAND



AIR NORTH



AIR TRANSAT



ALASKA
AIRLINES



ALL NIPPON
AIRWAYS



AMERICAN
AIRLINES



BRITISH
AIRWAYS



CANADIAN
NORTH



CATHAY PACIFIC
AIRWAYS



CENTRAL
MOUNTAIN AIR



CHINA
AIRLINES



CHINA EASTERN
AIRLINES



CHINA SOUTHERN
AIRLINES



CONDOR



DELTA
AIR LINES



EDELWEISS AIR



EVA AIR



HARBOUR AIR



HAWKAIR



HELIJET
AIRWAYS



HORIZON AIR



ICELANDAIR



ISLAND
EXPRESS AIR



JAPAN
AIRLINES



KD AIR



KLM ROYAL DUTCH
AIRLINES



KOREAN AIR



LUFTHANSA
GERMAN AIRLINES



ORCA
AIRWAYS



PACIFIC COASTAL
AIRLINES



PHILIPPINE AIRLINES



QANTAS AIRWAYS



SALT SPRING AIR



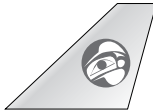
SEAIR SEAPLANES



SICHUAN AIRLINES



SUNWING AIRLINES



TOFINO AIR



UNITED AIRLINES



WEST COAST AIR



WESTJET AIRLINES/
WESTJET ENCORE



XIAMEN AIRLINES*

CARGO AIRLINES SERVING YVR



CARGOJET



CATHAY PACIFIC AIRWAYS



CHINA SOUTHERN AIRLINES



DHL



FEDEX



PUROLATOR



UPS

YVR would like to thank our airline partners, who delivered an exceptional year in 2015. Our existing partners provided a strong foundation for growth, maintaining and expanding their services. Our new partners made the decision to invest in our airport and our mission to connect BC proudly to the world. We look forward to working with our partners in 2016 and beyond as we continue to build a world-class, sustainable airport.

*Xiamen Airlines is pending approval as of the publication of this report.

NEW ROUTES AND SERVICES

2015 was an exciting year for new routes and services at YVR. Qantas returned to Vancouver with an extended seasonal schedule for the winter and summer months. On March 15, we welcomed Philippine Airlines' new service connecting Manila, Vancouver and New York. Air France followed on March 31 with new nonstop service between Vancouver and Paris—the most requested destination among Lower Mainland residents. On May 1, Air Canada

rouge launched its new daily route to Osaka, making YVR the only Canadian airport with service to this exciting destination. At the same time, Air Canada started twice daily service to Comox.

On June 26, we welcomed China Eastern's new Kunming to YVR service—making Vancouver the first North American link with this key gateway city and renowned tourism destination in China. And on December 9, we welcomed new airline Aeromexico's much anticipated direct daily service to Mexico City.



NEW SERVICE ANNOUNCEMENTS

During 2015, we welcomed a steady stream of new air service announcements for 2016. WestJet announced service to Orlando for January and new non-stop service to Gatwick. Air Canada announced service from Vancouver to Brisbane—the first from Brisbane to anywhere in Canada—starting in June and a summer service to Dublin. In the same month, we will welcome Air Canada’s daily flights to Chicago and San Diego and a twice-daily flight to San Jose in May. Air Transat announced weekly service to Rome, another first for YVR, starting in June. And British Airways announced service to Heathrow on an Airbus A380 starting in May, which marks the first time this aircraft will operate on a scheduled service out of YVR.

On October 18, All Nippon Airways delivered a big treat for YVR’s plane-spotting community: a Star Wars themed 787-9 Dreamliner, complete with R2D2 graphics. The special aircraft began its career flying at a fan appreciation event in Japan before taking off overseas to YVR for its first international flight. We had people lined up along the fence outside the airport to watch it land and even the Prime Minister managed a selfie with the fantastic aircraft.



OUR DESTINATIONS

Fifty-six airlines serve YVR, connecting people and businesses to more than 118 non-stop destinations worldwide.

YVR is the only airport in Canada with service from five mainland China carriers: China Southern, China Eastern, Air China, Sichuan Airlines and Xiamen Airlines*.



*Xiamen Airlines is pending approval as of the publication of this report.

BRITISH COLUMBIA, CANADA



COMMERCIAL ACTIVITIES

2015 marked another excellent year for YVR's commercial activities. Our Commercial Services team implemented a new streamlined leasing process for tenants. We also opened new stores, improved our transportation system and welcomed the community to the airport—to dine, shop and have fun.

RECORD DUTY FREE SALES

24%
INCREASE
OVER 2014

SHOPS, SERVICES AND RESTAURANTS

2015 saw the development of several new shops, restaurants and services at YVR. In January, we opened a number of services in the new A-B Connector: Carl's Jr., Green Bean Café, Lick, Marshall Rousso, Tumi, Flight Stop, Vino Volo and our third Plaza Premium Lounge, the largest at YVR.

The new Lattimer Gallery, featuring First Nations artwork and gifts, opened in our International Terminal as well as two Hudson travel essential stores and a Famous

Famiglia Pizzeria. We also revamped "Food on the Fly," a revised take on our popular YVR Carry On Food program.

The Duty Free program expanded in 2015 with the addition of several new luxury brands to the World Duty Free portfolio including Cartier, Ferragamo, Omega and Bvlgari stores and a walk-through World Duty Free Shop at Gate 52. Together, they contributed to a record year for Duty Free, with sales up 24 per cent over 2014.





YVR TAKE-OFF FRIDAYS

In 2015, YVR held its sixth annual YVR Take-Off Fridays, a free in-terminal summer festival that includes live entertainment, lunch specials, contests, product sampling and more. The program created considerable buzz in the community and had a large impact online. Concession sales were strong on event days, increasing 10.9 per cent over 2014.

YVR PAPER AIRPLANE CONTEST

During Take-Off Fridays, we hosted the third annual, mega-popular YVR Paper Airplane Contest. This much-anticipated event brought a large crowd of participants of all ages, who crafted unique airplanes and competed against each other for the top prizes. The competition provided a lot of fun for the community, while promoting our business partners who provided the prizes. We received positive media coverage from a range of print, online and broadcast providers, with over nine million campaign impressions.



SPARKS FLY

On October 1, YVR hosted Sparks Fly—a unique dating event that brought single people together at the airport and promoted YVR’s concessions. Featuring live entertainment and activities in YVR’s popular Public Observation Area, the event had 232 guests and generated strong interest among travellers. The event included a range of activities including a boarding pass matchmaking game, a live DJ with dancing and ice-breaker games.

LEASING AND DONATIONS

We have a strong leasing record and regularly donate supplies. Our office and storage leasing is currently at 95 per cent capacity and in 2015 we leased a total of 73,214 square metres of office, warehouse and retail space to our business partners—a large increase from 52,895 square metres in 2014. We donated five 2 to 5 tonne trucks full of supplies to Habitat for Humanity. This includes one truckload of Christmas trees and decorations, a load of food court chairs, a load of various furniture pieces and two loads of leftover construction materials (plywood, a dishwasher—and even a sink). For more information on our recycling and reuse, check out our Reducing Waste section on page 106.



PARKING

We made significant improvements to YVR's parking system in 2015. We installed new, energy-efficient lighting in the Parkade, paved a section to expand the jetSet parking lot and piloted a pay-by-phone technology in the Templeton South parking area. We also implemented a new environmentally friendly parking system that replaces paper tickets with reusable green-coloured tokens.

GROUND TRANSPORTATION

YVR's taxi program had a strong year with one million outbound taxi trips from the airport—a first for YVR and an impressive 7 per cent increase over 2014. During this busy time, we worked with our taxi partners to improve the Flat Fare program with redrawn boundaries, new zones and pricing adjustments—based on customer feedback and approved by the Passenger Transportation Board. We also introduced the first taxi mystery shopper program, which produced five winners for drivers who displayed great customer care.

To improve wayfinding, we installed new Sea Island signage throughout the airport's road system.





TENANT CUSTOMER SERVICE AWARDS

To ensure all of our customers receive a positive and seamless experience, we conduct a secret shopper program with our tenants year-round. In 2015, we rated all our concessions quarterly, totalling about 600 mystery shops for the year, and were thrilled that 94 front line employees achieved perfect scores—a huge improvement from 63 in 2014. We evaluated these employees on key customer service elements such as professionalism, friendliness and product knowledge.

PRICE AUDITS

We regularly check to make sure our concession tenants are charging fair prices. We conduct annual price audits of our branded food and beverage concessions and compare them to other branded locations in Greater Vancouver to ensure comparable pricing. We also conduct annual audits of our newsstand operators and compare prices of popular items such as water, soft drinks, juice, snacks and toiletries. We compare YVR newsstand prices to newsstand locations in hotels and business centres which provide convenience for the business community and travellers.



2015 AWARDS

COMPETITION

In 2014, the Competition Bureau of Canada commenced an investigation and inquiry into the number of in-flight catering licenses issued by the Vancouver Airport Authority, which carried on through 2015. The Vancouver Airport Authority continues to cooperate fully with the Competition Bureau in its investigation.

YVR STARS

The YVR Stars program encourages travellers, visitors and employees to nominate anyone who works or volunteers on Sea Island for providing exceptional customer care. In addition to promoting great customer service, the program inspires the YVR community to take pride in their work. In 2015, YVR Stars received 505 nominations, demonstrating that hard work and a positive attitude make a difference.



JACKIE EARLY – OUR JULY STAR

July's YVR Star was Jackie Early, a Marquise Customer Services Supervisor whose multiple YVR Star nominations got our attention! One customer told us how Jackie provided immediate attention in a medical emergency. And another noted how Jackie went above and beyond to reunite him with a lost parcel of precious souvenirs. A big thank you to Jackie and all our YVR Stars from 2015—your efforts make YVR a great airport for everyone.

“My team is truly my success. It is thanks to them that I can do a good job.” – Jackie Early



OUR CUSTOMERS



In 2015, over 13 million passengers voted YVR Best Airport in North America—for an historic six years in a row—and Best Airport in the World in the size category of 10-20 million passengers at the annual Skytrax awards. And in 2016 we broke a record again with our seventh straight Skytrax win for Best Airport in North America. These awards are, literally, a vote of confidence from our passengers, whose safety, comfort and satisfaction are our top priority.

725,846
CUSTOMER ENQUIRIES
ANSWERED IN 2015

Two overlapping speech bubbles, each containing a question mark, positioned below the text.

91%
CUSTOMER SATISFACTION RATING
THREE YEARS IN A ROW

470
GREEN COATS,
WORKING IN
27 **LANGUAGES**



YVR continued to provide exceptional customer care in 2015. Our friendly employees answered 699,864 enquiries at our information counters—a 19 per cent increase over 2014. And through our communications channels, we responded to 25,982¹ interactions, a 7.3 per cent increase over 2014.

An independent consulting firm conducts quarterly customer satisfaction surveys to track our performance. In 2015, customers gave YVR an average 4.3 satisfaction rating and 91 per cent said they were satisfied or very satisfied with their experience. This 91 per cent, consistent with 2014 and 2013, remains our highest customer satisfaction rating. These customers also gave us a higher score for the overall speed of security screening and the accessible facilities than 2014.

GREEN COAT VOLUNTEERS

For over 26 years, YVR's Green Coat volunteers have assisted travellers and visitors. They are located throughout the terminal and are always happy and available to help answer questions and ensure everyone has a great experience.

We're proud to announce that customers gave our Green Coat volunteers a new record score in 2015. This friendly team of 470 volunteers delivered 78,258 hours of service in 27 languages in 2015. They are core to our customer care efforts and we are thrilled to see them succeed.

¹Does not include enquiries through social media during daytime business hours.



OUR SUBSIDIARIES

VANTAGE AIRPORT GROUP

After a successful partnership of more than 21 years, Vancouver Airport Authority sold its remaining 50 per cent interest in Vantage Airport Group to the other shareholder, Gateway Airports LP, at the end of November 2015. The Airport Authority will focus resources on the aggressive targets in our new Strategic Plan, which aims to serve 25 million people by 2020 by creating a world-class sustainable hub. We remain committed to the ongoing relationship with Vantage and as such have entered into a long-term Strategic Partnership Agreement, under which we will continue to share leading-edge innovations and our approach to world-class operations, ideas and people.

VANCOUVER AIRPORT AUTHORITY (HONG KONG) LTD.

Working with our Vancouver-based team, the Airport Authority's Asia office is located conveniently in Hong Kong's Central District and focuses on strengthening airline relationships and forging new partnerships in Asia. In 2015, the Asia office established joint-marketing initiatives with airlines and partnered with key agencies to promote BC-themed events in Beijing, Shanghai, Guangzhou and Hong Kong. This included a

street carnival with Yunnan Airport Authority and China Eastern to promote the exciting new Kunming to YVR service and signing Memorandums of Understanding with Shanghai Airport Authority and Shenzhen International Airport to strengthen cooperation.

YVR PROJECT MANAGEMENT

A wholly-owned subsidiary of Vancouver Airport Authority, YVR Project Management Ltd. (YVRPM) was established in 2005 to oversee major capital expansion projects at YVR and on Sea Island. YVRPM managed the construction of the first phase of the McArthurGlen Designer Outlet Vancouver Airport, which was completed in July 2015.

VANCOUVER AIRPORT PROPERTY MANAGEMENT LLP

Vancouver Airport Authority established Vancouver Airport Property Management LLP (VAPM) in 2014 to own and operate the multi-tenanted cargo and office facilities on Sea Island. The team of ten people are tasked with managing our facilities with renewed focus to develop and expand cargo business at YVR. We also created Vancouver Airport Property Holdings LLP (VAPH) as a second partnership in 2014. The Airport Authority owns 99.9 per cent of VAPH and 99.9 per cent of the partnership interest with VAPM.



SUPPLY MANAGEMENT

Every day, our employees act as sustainability coordinators—making decisions on big and small purchases that reflect our values. We work closely with suppliers to ensure they understand this and conform to our sustainability guidelines and policies.

SUSTAINABLE PURCHASING POLICY

In 2015, we developed a new *Sustainable Purchasing Policy* that will take effect in 2016. The goal of the policy is to embed sustainability in our purchasing decisions, ensuring meaningful consideration of environmental, social, economic and governance criteria when selecting suppliers, products and services. The new policy will ensure that our purchasing decisions drive innovation, improve workplaces and support our commitment to be accountable to the communities we serve.

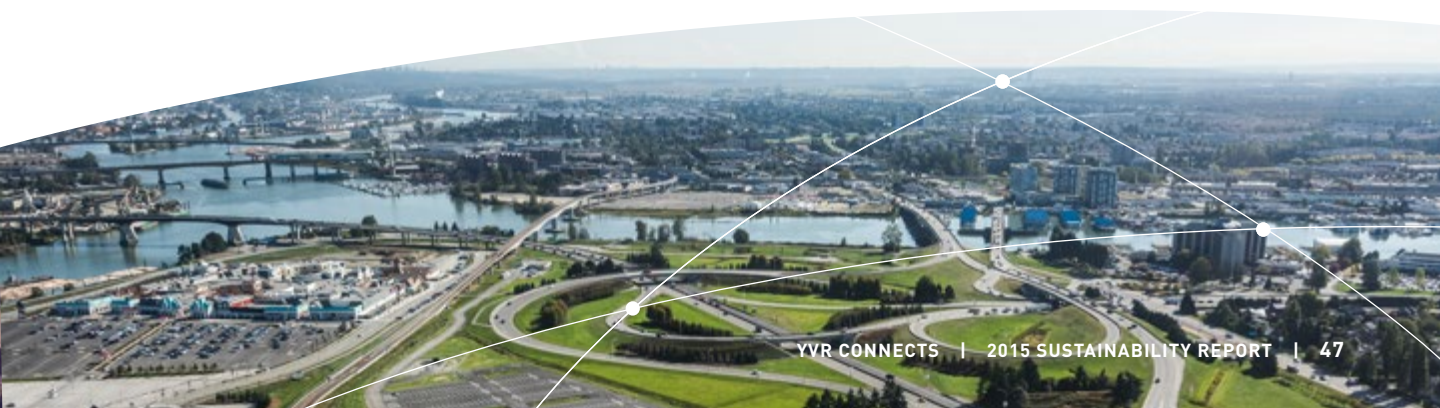
As part of this policy, sustainability criteria will be considered in all Requests for Proposals and tenders. Suppliers' responses will be weighed as part of evaluating supplier submissions. This will encourage innovation by recognizing and rewarding suppliers that demonstrate sustainability leadership within their organizations.

To support this policy, we also developed a Sustainability Leadership Questionnaire, which helps us better understand where our suppliers are showing environmental and social sustainability leadership.

SUPPLIER CODE OF CONDUCT

Developed in 2015, YVR's *Supplier Code of Conduct* identifies the minimum standards we expect of our suppliers and their subcontractors to promote safe and healthy workplaces, basic fair labour practices and environmental responsibility. These minimum workplace performance standards are based on the core labour conventions of the International Labour Organization. They include conventions focused on freely chosen employment, age of employment, non-discrimination and diversity, health and safety, employee treatment, freedom of association and collective bargaining, wages and benefits, hours of work, environmental responsibility and anti-corruption business practices.

More information on our 2015 purchasing activities including our sole source index is available in Part 3 of our 2015 Corporate Governance Report (see Appendix).



OUR FINANCES



Sustainability requires strong financial health, which is one of the Airport Authority's fundamental responsibilities. Our sound financial planning is reflected in our consistently high credit rating, which is 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 2015. Other than Hong Kong International Airport, which is rated at AAA, the Airport Authority's AA rating is the second-highest airport rating in the world. Los Angeles International Airport is the only other airport with a AA rating.

In December 2015, the Airport Authority announced the closure of a private placement of C\$200 million in Series F debentures due November 2045. The Airport Authority took advantage of historically low interest rates of 3.857 per cent, the lowest issued rate by a Canadian airport with a 30-year term. The proceeds from these debentures will be used to refinance the Airport Authority's aggregate principal amount for its Series E debentures.



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 \$128.3 million in 2015, an increase of \$2.7 million from \$125.6 million in 2014. In 2011, the Airport Authority introduced the Gateway Incentive Program (GIP), a five-year program that freezes total aeronautical charges at 2010 levels for individual airlines, regardless of actual landed weight and aircraft capacity. This reduces the marginal cost of an additional flight to zero for an airline participating in the GIP and provides an incentive to expand capacity at YVR. 2015 is the final year of the GIP. The annual increase in revenue resulted from a rate increase and net capacity growth for those carriers not participating in the GIP.
- **Non-aeronautical revenue:** This includes revenue from concessions, such as duty free and advertising, as well as car parking and terminal and land rents. Revenue from these sources amounted to \$219.5 million in 2015, an increase of \$9.5 million from \$210.0 million in 2014, due mainly to increased concessions and car parking revenue.

- **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 capital projects, the Airport Authority collects an Airport Improvement Fee (AIF). Total revenue earned in 2015 was \$136.9 million, an increase of \$7.6 million from \$129.3 million in 2014, due mainly to the 4.9 per cent growth in passenger traffic over 2014. YVR's AIF remains one of the lowest of the major airports in Canada and continues to provide one of the lowest fees for travel within BC and the Yukon.

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 2015, these costs increased to \$177.7 million, an increase of \$8.4 million from 2014. These increases were mainly due to materials, supplies and service costs for management consulting, marketing, terminal repair and maintenance, baggage sortation, customer care and cleaning, while salaries, wages and benefits costs increased based on the Collective Bargaining agreement as well as from an increase in the number of employees.

The Airport Authority also uses a portion of its revenue to pay rent to the federal government under the Ground Lease, which amounted to \$49.3 million in 2015, an increase of \$2.7 million from 2014. The increase in rent resulted from the increase of the Airport Authority's revenue upon which the rent payment is based. The Airport Authority also paid \$16.45 million to City of Richmond, and \$7 thousand to City of Vancouver, for payments in lieu of taxes.



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. In November 2015, the Airport Authority issued a new thirty year Series F \$200 million debenture (3.857%) to refinance the Series E \$200 million debenture (5.050%), which matured in November 2015. Consistent with the prior year, the Airport Authority had \$550.0 million in outstanding debt financing consisting of a series of three long-term debentures with fixed interest rates and varying maturity dates. Interest cost, which included interest payments, standby fees and service charges, amounted to \$31.5 million in 2015 and was consistent with 2014.

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 assets, as opposed to being recognized as the 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 2015 amounted to \$128.5 million, an increase of \$8.9 million from 2014 as a result of new facilities that came into operation.

The Airport Authority realized \$0.3 million in dividend revenue from Vancouver Airport Enterprises Limited as a result of interest on cash held by the subsidiary.

The Airport Authority earned \$4.0 million in partnership income from the rental of buildings owned by the Airport Authority.

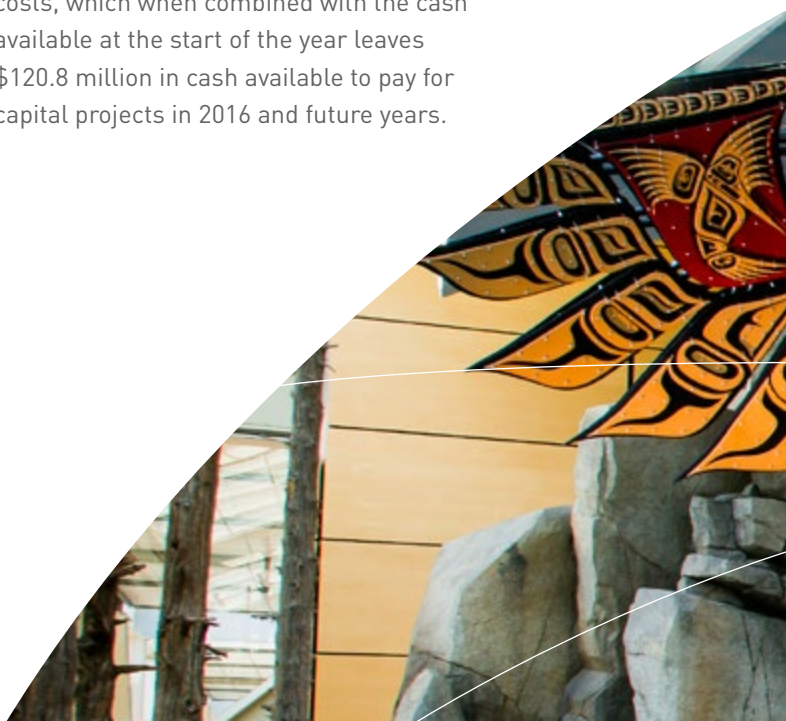
Total excess of revenue over expenses, which includes amortization, was \$100.0 million in 2015, a decrease of \$1.7 million from 2014. When amortization, a non-cash item, is removed, the Airport Authority generated \$225.7 million of net cash flow, prior to its investment in capital projects.

During 2015, the Airport Authority invested \$205.0 million in capital projects. The capital projects included the Expedited Transfer Facilities, baggage system upgrades, redevelopment of the Domestic Terminal's A-B Connector, Runway End Safety Areas and the Pier A Commuter Facility.

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

- Net cash flow (excluding AIF) of \$94.3 million.
- Net AIF in the amount of \$131.4 million.

These amounts in total were more than sufficient to pay for the 2015 capital project costs, which when combined with the cash available at the start of the year leaves \$120.8 million in cash available to pay for capital projects in 2016 and future years.



SALE OF VANTAGE

In late 2015, Vancouver Airport Authority, through its investment in Vancouver Airport Enterprises Ltd. (VAEL), sold its remaining 50 per cent equity interest in Vantage Airport Group for proceeds of \$38.5 million, subject to adjustment upon the occurrence of certain post-closing events. Immediately prior to the sale, VAEL also received from Vantage \$20.4 million in previously declared but unpaid ordinary course dividends. The Airport Authority recognized a gain on disposal of \$34.0 million on its Consolidated Financial Statements. Full details of the transaction are included in note 6 to the Consolidated Financial Statements. Net proceeds from the sale will be invested in Vancouver Airport Authority initiatives to support the achievement of Strategic Plan objectives.

FINANCIAL STATEMENTS

Vancouver Airport Authority's 2015 Consolidated and Non-consolidated Financial Statements are available at yvr.ca.



OUR COMMUNITY

AS BC'S AIRPORT, WE ARE COMMITTED TO SERVING OUR DIVERSE COMMUNITIES. WE ACCOMPLISH THIS THROUGH A COMMITMENT TO TRANSPARENCY, A WILLINGNESS TO ENGAGE AND AN OUTSTANDING TEAM THAT EMBODIES OUR CORPORATE VALUES: SAFETY, TEAMWORK, ACCOUNTABILITY AND INNOVATION.



YVR FLY WHEEL



- @YVRAIRPORT
- VANCOUVER INTERNATIONAL AIRPORT
- @YVRAIRPORT

YVR.CA

ECONOMIC GENERATOR

IN YOUR COMMUNITY

R CHALLENGE

OUR PEOPLE



Our engaged and driven employees are the core of our success. They take pride in their work, delivering exceptional experiences for our many customers—24/7. In 2015, this team grew to 450 employees, 325 of whom are members of the Public Service Alliance of Canada.

We appreciate our team's diversity and the unique skills each person brings. The average length of employee service—10.5 years—speaks to a healthy and engaging environment. In 2015, we maintained an average five year voluntary turnover rate of under 3 per cent. And because of our efforts in 2015 and prior years, we were once again selected as one of BC's Top Employers—for the ninth year in a row—and received the Dream Employers of BC award from the Greater Vancouver Board of Trade.



CAREER DEVELOPMENT

We are committed to supporting our employees. We maintain a target of 35 hours of training per employee during each year and exceeded this target in 2015, with an average of 51 hours.

Continuous Learning

Our Human Resources team manages a number of programs that support continuous learning and development.

In 2015, we offered over 100 courses through the *Corporate Learning and Development Program*, many of which were led by our employees—subject matter experts in their respective fields. This program is available to all employees and includes a mix of internal and external courses, aligned to desired learning outcomes.

Through our *Management and Leadership Development Program*, we provide guidance to help our leaders grow. As part of this five-year certificate program, we partnered with the University of British Columbia's Sauder School of Business in 2015 to develop and deliver a two-day *Creativity and Innovation* course,

which 88 per cent of our Managers attended. In addition, in the coming years all our Directors will have participated in Rotman's *Executive Leadership Development Program*.

We also provide access to a number of online courses including the *Harvard Manage Mentor*, a learning and performance support resource that combines the latest in thinking and proven practices from Harvard Business Publishing's world-class experts, as well as *LifeSpeak Health and Wellness*, which offers modules ranging from stress management and resilience to financial planning to relationship health. 2015 marked the first cohort of graduates from our new, two-year *Navigating Through Change* program. Throughout the program, Navigators build their change management and leadership skills while supporting key corporate change initiatives.

Our *Managing My Career* process assists employees in developing their custom career development plans. Through this process, we publish career success stories to inspire our employees.



myLearning is a one-stop learning resource library that contains all courses available for Airport Authority employees including instructor-led training, online or computer-based training and external training. It provides the opportunity to search and register for courses, view assigned training and complete course evaluations.

Performance Management

We provide tools and guidance to all managers in implementing the organization's performance management system for bargaining unit employees. These tools include individual performance objectives, development plans and performance reviews. Employees outline their objectives and development plans each year and then meet with their managers to obtain performance feedback and ideas for improvement throughout the year, culminating in a final review. In 2015, we received a 92 per cent completion rate of performance reviews for bargaining unit individuals and a 98 per cent completion rate for management.

Training Programs

Our HR team supports a number of training programs, including the Industry Training Authority Apprenticeship Program, external training for professional development and a Long-Term Education program where we offer up to \$20,000 of tuition reimbursement on the successful completion of education programs. We also provide up to 20 scholarships each year for our employees' children.

YVR has an active paid co-op student program that provides an exciting and valuable environment for training and career exploration. In 2015, we filled 35, four-month co-op terms with bright, young professionals. These individuals brought fresh new ideas and perspectives to YVR. Over the years, a number of students who started through co-op programs have moved on to become permanent members of the team.



Skilled Trades

To ensure we maintain a diversified team, we encourage our skilled trades employees to develop a second trade. In 2015, 48 per cent of our maintenance trade groups were dual-ticketed or in the process of becoming dual-ticketed. We also supported training for eight tradespersons who spent 23,663 hours working in their apprenticeship trade.

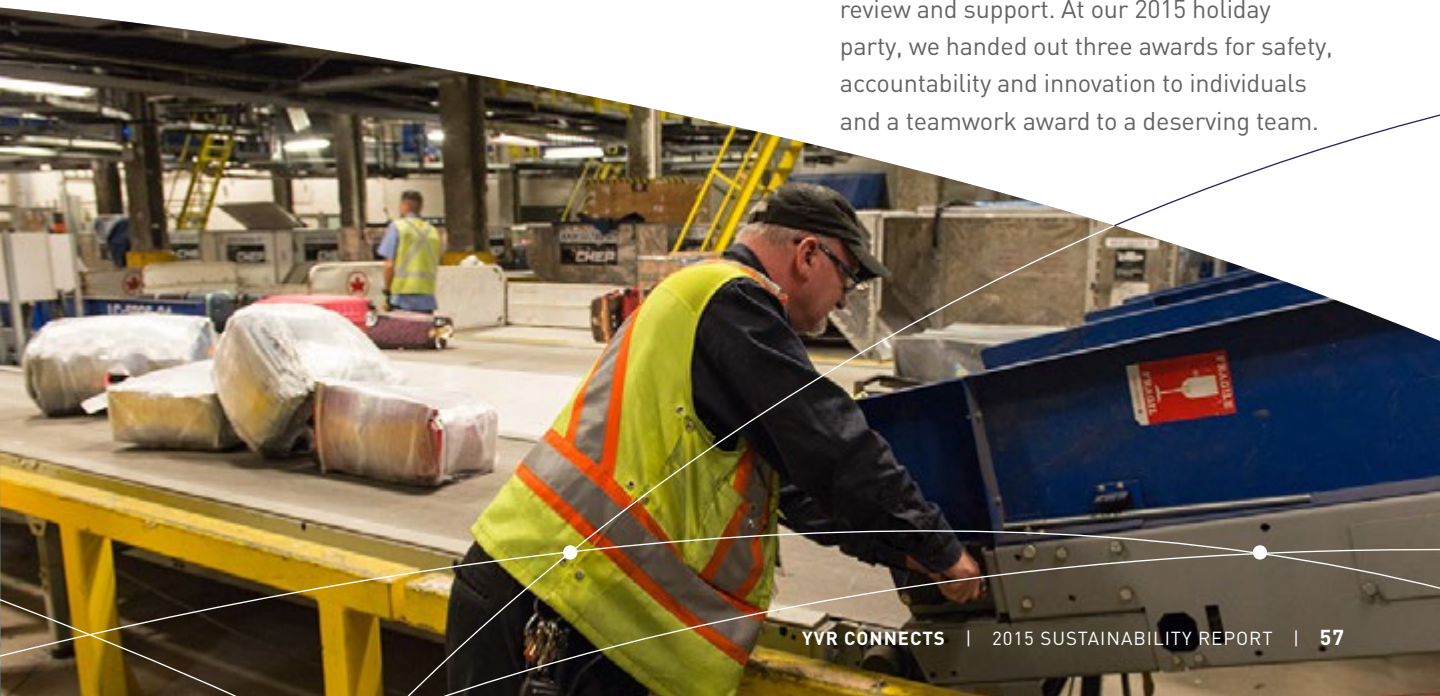
AIRPORT AUTHORITY EMPLOYEE TRAINING

In 2015, we invested in 21,490 training hours for Airport Authority staff, which amounted to an average of 51 training hours per person. Total training hours for men, as shown in the table below, were over twice that of women. This is mainly due to trade apprenticeships and airport-specific training for YVR's Maintenance and Airside Operations teams, which are largely male.

| | Total Training Hours | Average |
|-----------------|----------------------|-----------------|
| Women | 6,508 | 42 hrs/female |
| Men | 14,886 | 56 hrs/male |
| Bargaining Unit | 16,811 | 55 hrs/BU |
| Excluded | 4,584 | 40 hrs/excluded |
| Health & Safety | 2,752 | 7 hrs/employee |

RECOGNITION

In 2015, we continued to recognize employees in a meaningful and thoughtful way. *The Stellar Awards* reflect our core values and are the highest form of recognition YVR employees can receive. Presented annually to individuals for exceptional effort and performance, the award winners exemplify our corporate values and, through their actions and achievements, make outstanding contributions to the Airport Authority's success. The peer-nominated awards are reviewed by the previous year's award recipients and the recommendations are then given to the Executive Team for their review and support. At our 2015 holiday party, we handed out three awards for safety, accountability and innovation to individuals and a teamwork award to a deserving team.



The Bravo Awards recognize those who have gone above and beyond their regular scope of duties. These awards range from thank-you cards to gift certificates. In 2015, we gave 143 to exceptional employees.

The Long Service Awards celebrate the long-term commitment of employees who have worked for the Airport Authority for 5, 10, 15, 20, 25 and 30 years at an annual banquet with the Board of Directors and Executive Committee. In 2015, we presented 48 of these awards—including four for 30 years of service.



EMPLOYEE FEEDBACK

The Airport Authority values its employees and encourages feedback on how to improve. Employees provide feedback through our bi-annual employee survey, all-employee meetings and the Airport Authority's corporate intranet.

We held three rounds of all-employee meetings in 2015, where employees had an opportunity to learn about what's happening in the organization and provide immediate feedback

through dialogue and electronic voting. We held eight meetings per round, with 24 meetings in total plus three all manager meetings. We did this across multiple dates to accommodate our employees' shift schedules and filmed the meetings for those unable to attend. The average attendance was 81 per cent.

Every second year we conduct a comprehensive employee survey. The survey, conducted by a third party, measures the overall energy, engagement and enablement of YVR team members. The results of the 2014 survey were shared with management and employees and together they developed action plans to address any areas for improvement. These action plans were put into effect in 2015. The target for the 2016 survey is to maintain the high level of satisfaction with employees of 72 per cent.

Our corporate intranet, myYVR, is very popular among YVR employees. Having undergone an upgrade in 2015, myYVR provides access to a wealth of information. It includes a diverse set of tools for employees and includes career management tips, training courses and a very active blog detailing all the happenings around YVR. Our President & CEO even stars in a regular video blog called Airside Chat, where he covers topics that resonate with the YVR community.

WORKING WITH OUR UNION

Non-exempt employees of Vancouver Airport Authority are part of a bargaining unit with the Public Service Alliance of Canada Local 20221. Our current Collective Agreement is effective

from 2012–2016. The purpose of the Collective Agreement is to maintain harmonious and mutually beneficial relationships between the Authority and the Union and the employees and outline the terms of conditions of employment.

Compensation and Benefits

Vancouver Airport Authority respects the privacy of each employee. Within the Collective Agreement that is printed and made available to all team members, the Airport Authority publishes its compensation salary structure reflecting a broad range of positions. The 2015 salary structure has an annual salary range from an entry level Band 1 position at \$33,296 to the highest bargaining unit annual salary of \$103,158. The salary structure has eleven bands in it, each with 6 steps. Employees progress through the steps on an annual basis. The Collective Agreement allowed for a 2.25 per cent increase in 2015 to bargaining unit employees.

Union and management jointly developed the job evaluation system that ensures gender neutrality and internal equity. The Airport Authority provides employees with a competitive compensation and benefits package in relation to the Greater Vancouver regional job market.

The Collective Agreement benefits package includes an RRSP contribution program where the employee contributes six per cent and the Airport Authority contributes an additional 7 per cent. Additional employer paid benefits include medical, extended health, long term disability, sick leave, employee assistance for the employee and family members and life insurance. The Airport Authority pays 100 per cent of the premium cost of all benefits except long term disability. Employees pay 15 per cent of the premium cost for long term disability.

In 2015, the Airport Authority implemented a four-year pilot program for Shared Performance Pay program for bargaining unit employees. When the organization achieves specific financial targets, employees receive a shared incentive, between \$500 – \$1250



per employee. In 2015, eligible employees received a Shared Performance incentive of \$879 per person for exceeding the target.

Management and excluded employees also participate in an incentive program based on corporate and personal performance.

In 2015, Vancouver Airport Authority spent \$40.7 million on salaries and wages and \$7.1 million on benefits. In 2015 we added 21 new permanent roles to our existing base of employees. There were no layoffs in 2015.

Breakdown of YVR Employees for year ending December 31, 2015

| | Management and Excluded Non-bargaining Unit | Bargaining Unit | Total |
|--------------|--|-----------------|--------------|
| Full time | 115 | 290 | 405 |
| Part time | 1 | 5 | 6 |
| Term | 1.5 | 20 | 21.5 |
| Casual | 0 | 10 | 10 |
| Student | 8 | 0 | 8 |
| Total | 125.5 | 325 | 450.5 |

Grievances and Arbitration

In 2015, the Airport Authority participated in arbitration stemming from a 2012 grievance filed by the Union. The grievance and ensuing arbitration followed the process outlined in the Collective Agreement. An award was issued by the Arbitrator on June 15, 2015, denying the grievance. The Airport Authority participated in mediation with the Union and resolved seven grievances referred to arbitration in 2014. No grievances were referred to arbitration in 2015.

HEALTH AND SAFETY

HEALTH AND SAFETY ARE FOUNDATIONAL TO OUR TEAM. IN 2015, WE PROMOTED HEALTH INITIATIVES, CONDUCTED TRAINING EXERCISES— AND RECEIVED ZERO HEALTH AND SAFETY NON-COMPLIANCES.



YVR's integrated *Safety, Security and Environment Policy* provides the framework for our health and safety management system. This system is structured on the Certificate of Recognition program and on the Occupational Health & Safety Advisory Services (OHSAS) 18001 standard. Our joint Occupational Safety and Health Committee—comprised equally of men and women and management and bargaining unit members from across departments—identifies and resolves safety and health issues and is a recommending body working to resolve issues through consensus. Health and safety is applicable across the organization, regardless of which office or location at the airport. Specific targets are set for health and wellness performance including no loss time, zero non-compliance, training and attendance.

On October 22, the Canadian Society of Safety Engineering BC/Yukon Region awarded YVR with the prestigious health

and safety achievement recognition award for organizations with 51 to 500 employees. This award recognizes the significant contributions we made in health and safety, community involvement, North American Occupational Safety and Health Week and joint labour and management activities.

CERTIFICATION OF RECOGNITION

In 2015, we successfully passed our recertification audit through WorkSafeBC's Certification of Recognition, which uses a process of document review, interviews and site observations. We received outstanding scores of 97 per cent for the health and safety management system audit and 98 per cent for the injury management audit. These high scores reflect our safe working conditions, which meet Canada Labour Standards and are aligned to the International Labour Organization (ILO).



CANADIAN AIRPORTS SAFETY WEEK

In August, YVR and 23 airports across Canada launched the first Canadian Airports Safety Week, an airport-led initiative to promote healthy and safe work practices among airport employees. During this week, we hosted themed days focused on hazard awareness, worker safety, security, airside vehicle operations and foreign object debris. We offered two airside safety open houses to our employees, providing information on emergency response equipment and procedures, and launched a Make Safety a Habit Poster campaign to reinforce our commitment to a safe and secure workplace.

NATIONAL DAY OF MOURNING CEREMONY

Every year, workers, families and employers come together to remember those who lost their lives to work-related incidents or

occupational disease. While there were no such losses at YVR, we stand together and participate in this event as a powerful reminder of the importance of safety—our top priority. On April 26, we held our ceremony for the Day of Mourning, an annual event that honours the memory of workers who have been killed, injured or suffered illness as a result of work-related incidents across the country. More than 200 people attended with moving speeches and reminders for safety permeating the day.

INDOOR AIR QUALITY

In accordance with our Environmental Air Quality Program, we have three industrial hygienists and a multitude of Indoor Air Quality (IAQ) monitoring equipment to keep air quality in check. This includes our CO2 sensors, which monitor and regulate building ventilation.

In 2015, our Health & Safety team conducted IAQ measurements in the terminal and at our new Airside Operations Building. They also conducted an outdoor air quality evaluation beside gates 39 to 41. In both instances, the air quality was within acceptable levels.



WELLNESS

Our incentive-based Wellness Program, now in its fourteenth year, continued promoting health through activities such as fitness classes, mental health courses, lunch-and-learn sessions, career development training and community involvement. And our employees continued to step up, with 95 per cent participating in the program through various events and functions.

In June 2015, over 90 Airport Authority employees participated in the Corporate Champions Vancouver competition, which sees participants from local companies compete in sporting events. We also continued to offer our LifeSpeak on Demand, a library of videos, action plans and webchats.

LOST-TIME INJURIES

We measure health and safety performance by tracking any at-work injuries that result in an employee missing work. In 2015, we had two lost-time injuries and 16 lost-time days. This did not meet our zero target, but was an improvement over 2014. We continue to strive for zero lost-time injuries.

WORK FROM HOME PILOT

In 2014, the Airport Authority and the Union launched a work from home pilot for approved roles. Individuals participating in the program are able to work from home one day per week depending on a set of agreed upon conditions.

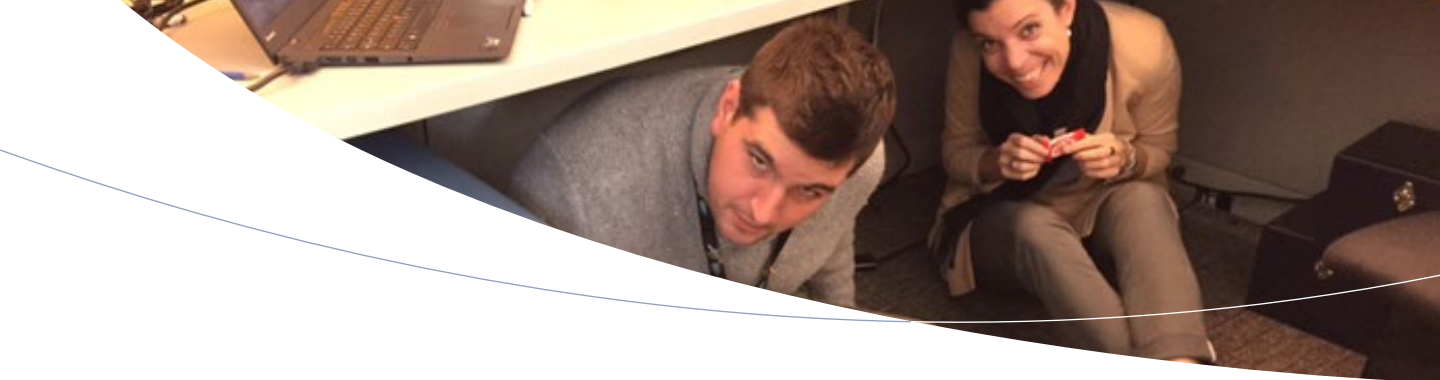
EMERGENCY RESPONSE PROCEDURES

To ensure we maintain the best safety standards, we have an Emergency Management Plan focused on three principles—prevent, prepare and practice—

integrated with a Crisis Communications Plan focused on delivering open, honest and timely information. In 2015, we tested and improved our plans through a large emergency exercise (see page 22), live scenario training, tabletop exercises and emergency simulation drills. We look at the physical impact to the facility and airfield as well as the social impact as we coordinate with local municipalities, hospitals and key stakeholders to prepare for large-scale emergencies. We involve the local community in our training and emergency preparedness, sharing information and learning from their programs. In 2015, we participated as an evaluator in the North Shore Joint Emergency drill with hundreds of stakeholders and participants across the three North Shore municipalities.

Tabletops and Live Exercises

Every year, we conduct a series of small to medium-scale exercises to test and discuss our expected emergency responses. During 2015, we participated in a Contagious Disease Tabletop exercise with the Public Health Agency of Canada, which brought representatives from the airport community together to discuss responses and strategies for dealing with a potential virus outbreak. We also hosted a live Active Shooter exercise with the Royal Canadian Mounted Police. Both exercises provided valuable training and helped YVR and our partners identify areas to improve. The Communications team also held three tabletops to further discuss responses to security and operational threats. The Crisis Communications Plan is evaluated and updated each year in response to ongoing training and to better meet the rapidly changing nature of traditional and online media.



The safety and security of our passengers and employees is our top priority. In 2015, we partnered with RCMP to develop and practice an active shooter response plan. Learning from the tragic events at Los Angeles International Airport in 2013, we worked with our partners at the RCMP and US Customs and Border Protection to meet with LAX, learn from their situation and develop and conduct a live, large-scale exercise. We will continue to train and exercise numerous scenarios to ensure a secure experience for all at YVR.

Earthquake Preparedness

YVR conducts annual safety drills to ensure employees are informed and prepared for emergencies. In 2015, our employees participated in the Great B.C. ShakeOut Earthquake drill. In addition to our trained Floor Wardens, we also trained select technical personnel to conduct rapid building damage assessments across Sea Island after an earthquake has occurred in order to establish residual risk and occupancy capabilities.

Marine Bridge Program

In 2015, YVR developed its Marine Bridge program, in conjunction with Port Metro Vancouver's Marine Highway initiative. These initiatives enable vessels to utilize a number of marine docks on Sea Island in the event that land access to and from Sea Island is no longer viable or available.



Incident Command Training

To ensure that YVR and our partners operate under the same emergency response principles when involved in major incidents, we delivered a YVR-customized Incident Command System (ICS) training program in 2015. The ICS program included YVR airside and operations employees, emergency responders, the Royal Canadian Mounted Police, the British Columbia Ambulance Service and Richmond Fire Rescue. Later in the year, we built on the ICS training by hosting another training program for YVR's Emergency Operations Centre employees, focusing on response protocols and etiquette in our Emergency Operations Centre.

PUBLIC EDUCATION CAMPAIGNS

While we constantly ensure that our employees adhere to strict safety requirements, we also understand that it is our role to educate the public about how they can help make our airport safer. In 2015, we worked with key partners to empower our communities to do their part.

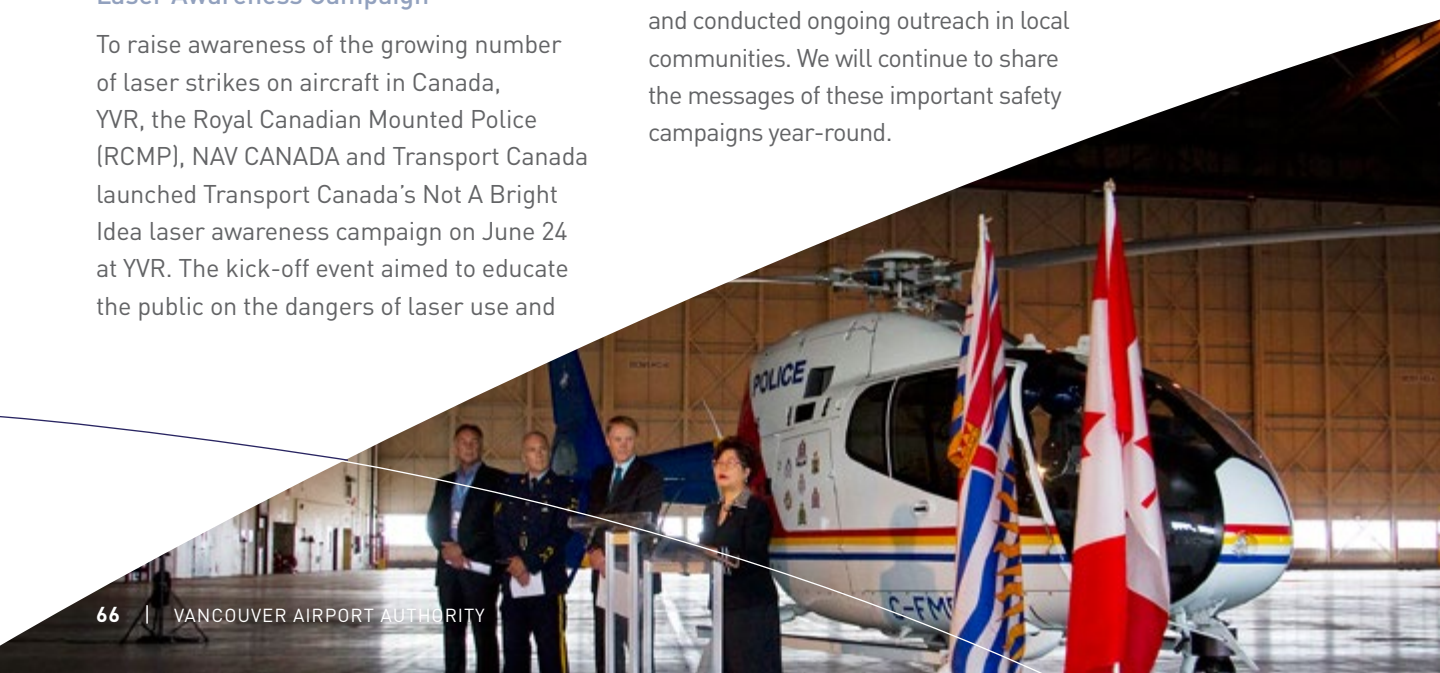
Laser Awareness Campaign

To raise awareness of the growing number of laser strikes on aircraft in Canada, YVR, the Royal Canadian Mounted Police (RCMP), NAV CANADA and Transport Canada launched Transport Canada's Not A Bright Idea laser awareness campaign on June 24 at YVR. The kick-off event aimed to educate the public on the dangers of laser use and


how to report incidents. It included a live demonstration, a personal account from a pilot who experienced a laser strike and speeches from YVR, Richmond RCMP and a representative from Transport Canada. The event received positive on-message coverage across print, broadcast and online media channels, reaching communities across the country. Beyond the event, we continued the communications side of this campaign with frequent reminders about the impact of lasers through our editorial channels and social media and handed out Not A Bright Idea materials at our community events throughout the summer.

Drone Campaign

To address the rising number of drone sightings near YVR and the increased sales of drones during the 2015 holiday season, we partnered with Transport Canada, NAV CANADA and RCMP to launch our No Drone Zone public education campaign. The campaign included a drone demonstration and speeches from key partners as well as ongoing communication efforts. After the event, we placed No Drone Zone signage at key areas across Sea Island and conducted ongoing outreach in local communities. We will continue to share the messages of these important safety campaigns year-round.



RESPECT AND EQUALITY



THE AIRPORT AUTHORITY STRIVES TO HAVE A VIBRANT AND DIVERSE WORKFORCE. WE COMPLY WITH THE *EMPLOYMENT EQUITY ACT* TO ENSURE FAIR EMPLOYMENT PRACTICES ACROSS OUR ORGANIZATION AND REGULARLY IDENTIFY AREAS FOR IMPROVEMENT THROUGH VOLUNTARY SURVEYS, WORKSHOPS, AUDITS AND INTERVIEWS. WE ALSO CONDUCT A NUMBER OF INITIATIVES THAT PROMOTE RESPECT AND EQUALITY.

EMPLOYMENT EQUITY

We aim to have a workforce that reflects the vibrancy and diversity of the communities we serve. As part of our commitment to employee equity, we identify occupational gaps in our workforce and set specific hiring targets for four designated groups including women, Aboriginal Peoples, persons with disabilities and members of visible minorities. We provide extensive training on diversity and respect in the workplace and we publicly report on our progress annually with quarterly internal updates between the VP Human Resources and CEO.

Each year, the Airport Authority evaluates our progress in achieving our employment equity goals. Targets are set based on the demographics of designated groups in the following recruitment areas: National, Provincial and Metro Vancouver using current labour market data. These statistics tell us where our representation levels meet, exceed or fall below representation levels for the community.

The following table is a summary of the Airport Authority's year-end 2014 representation levels compared to labour market availability. The figures indicate the difference in actual number of employees when comparing our representation by occupational groups to labour market availability. The shaded cells denote where we have gaps of more than one.



| Occupational Group | Women* | Aboriginal Peoples* | Persons with Disabilities** | Members of Visible Minorities* |
|----------------------------------|--------|---------------------|-----------------------------|--------------------------------|
| Senior Managers | 0 | 0 | -3 | -1 |
| Middle & Other Managers | 6 | -2 | | 4 |
| Professionals | -1 | -2 | 0 | 10 |
| Semi-Professionals & Technicians | 1 | -2 | -1 | -1 |
| Supervisors | -2 | 0 | 0 | 0 |
| Supervisors: Crafts & Trades | 1 | 0 | 0 | 2 |
| Admin & Sr. Clerical Personnel | 8 | 0 | -2 | -3 |
| Skilled Crafts & Trades Workers | -1 | -1 | -1 | 7 |
| Clerical Personnel | 4 | 0 | -1 | -2 |
| Semi-Skilled Manual Workers | 1 | 0 | -1 | 0 |
| Total | 17 | -7 | -9 | 16 |

* Source: 2011 National Household Survey

** Source: 2012 Canadian Survey on Disability



AIRPORT AUTHORITY DEMOGRAPHICS VS LABOUR MARKET DEMOGRAPHICS (2014*)

| Designated Group | Airport Authority | Labour Market** | Airport Authority Representation |
|---------------------------|-------------------|-----------------|----------------------------------|
| Women | 36.1% | 32.3% | +3.8% |
| Aboriginal Peoples | 1.0% | 2.8% | -1.8% |
| Persons with Disabilities | 2.1% | 4.4% | -2.3% |
| Visible Minorities | 27.5% | 23.8% | +3.7% |

* 2015 data was unavailable at the time of reporting

** Includes combined Metro Vancouver, Provincial and National employment data

The Canadian Human Rights Commission and an external consultancy firm assisted YVR in an audit in 2015 to ensure we are in compliance with the *Employment Equity Act*. The audit helped us identify potential barriers for occupational categories and recommendations are included in our 2015–2017 Employment Equity Plan. As outlined in the plan, we will continue to focus our efforts towards aligning to labour market availability for Aboriginal Peoples and persons with disabilities. One way we plan to do this is through targeted recruitment. In 2015, for instance, the Airport Authority attended two career fairs representing Aboriginal Peoples and persons with disabilities.

We also offered our co-op hiring managers Disability Awareness Training in 2015 through Abilities in Mind, a program of the BC Centre for Ability (an organization that has been providing services to persons with disabilities for over forty years). The training helped managers better understand how to engage with people with disabilities.

RESPECT IN THE WORKPLACE AND NON-DISCRIMINATION POLICY

Vancouver Airport Authority believes that every employee has the right to work in an atmosphere that promotes respect and consideration and that is free from personal harassment, bullying or discrimination. The Airport Authority affirms its obligations under the Canadian Human Rights Act, which prohibits discrimination in respect of employment and has included a No Discrimination provision in the Collective Agreement. The Respect in the Workplace Policy includes a complaint process that encourages employees to deal with interpersonal issues by first speaking to the other person involved. Vancouver Airport Authority also commits to investigating all complaints in an objective manner. If a complaint has merit, then decisive and suitable action is taken.



WOMEN IN MANAGEMENT

As of the end of December 2015, women accounted for 40 per cent of our management team—a 9 per cent increase over 2014. We continue to make great strides in this front and at the time of publication in 2016 half of the Officers of the Executive were women. In 2015, women accounted for 36 per cent of the Board, including the Chair of the Board, far exceeding the average of 19.5 per cent on Financial Post 500 Boards.

Since 2014, the Airport Authority has formally sponsored the Women in Management program—an initiative designed to promote and support advancement of women in our workforce. We hold bi-annual meetings for this program and have also sponsored Women's Coaching Circles since 2014. At present, the majority of women in management participate, with eight senior leaders sponsoring four coaching circles.

Young Women in Business

We hosted a development event in November in support of the Young Women in Business Simon Fraser University Chapter. The initiative targeted emerging female leaders through an event hosted at the airport and featured a welcome message from the Vice President of Human Resources, an overview of the hiring process, an airport tour and a panel discussion featuring a number of women in management.

EMPLOYMENT EQUITY AND DIVERSITY TEAM

Vancouver Airport Authority has an Employment Equity and Diversity Team to facilitate initiatives within the organization, review employment equity statistics and provide feedback on our efforts. In addition to the Union President and management representatives, employees from across the organization volunteer to join this working team. Employees from designated groups are encouraged to participate. The team holds scheduled meetings and sets the agenda for the year, developing activities and responding to issues as they arise. The team is primarily responsible for reflecting and enhancing the value of equity and diversity within the Airport Authority's culture. This team also sponsors our annual Diversity Awareness Month.

In October, we hosted a number of initiatives for Diversity Awareness Month. This included weekly trivia challenges that focused on each of the designated groups and our most attended lunch and learn session in 2015 with Heather Mackenzie, who shared her experience as a successful lawyer with a visual impairment. Alden E. Habacon, Director of Intercultural Understanding Strategy Development at the University of British Columbia, provided a training program on maximizing the benefits of diversity.



UNIVERSAL ACCESS

YVR is committed to providing a positive airport experience for everyone. We focus on minimizing obstacles for people with disabilities, seniors and anyone requiring extra help.

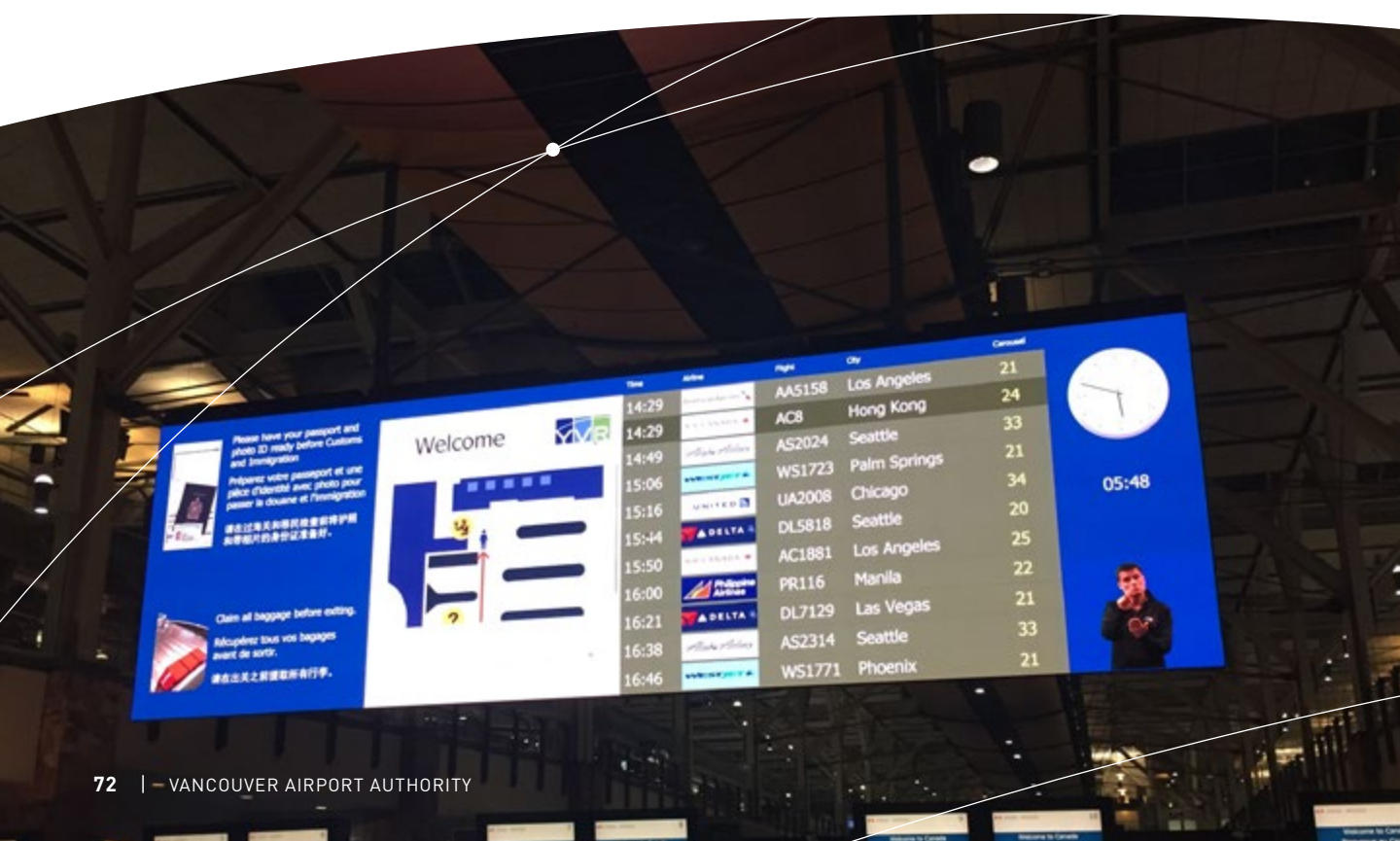
Training

In 2015, we held universal access working group meetings and continued to train Airport Authority employees through a Disability Awareness Training program. In 2015, 141 employees completed the Ramping Minds experiential training and 74 employees took our RespectAbility seminar. We also designed a new training program that, when complete in 2016, will be made available to Airport Authority teams and all partners on Sea Island.

We started a partnership with the BC Centre for Ability called *Removing Barriers to Equity*. This program provides support to transportation employers to improve representation of people with disabilities through training, partnerships and industry-tailored strategies.

Terminal Improvements

In 2015, we focused on identifying opportunities for terminal improvements. This included trialing a YVR courtesy shuttle, establishing new accessibility design criteria, developing a multi-year accessibility plan and completing a terminal-wide assessment and audit of our facilities and services. We also updated our washroom design, trialed new inclusive washroom signage in one of our facilities and created a working group to focus on future design requirements.



We undertook a number of actions to improve the passenger experience. To improve access to information, we introduced welcome sign language videos on our International Arrivals LED big board and we also added sign language at Customs.

To support people with vision loss, we installed high-contrast tiles for directional orientation. We also completed the design for a pet relief area after security in US departures for service dog users, which will go live in 2016.

World's Best Washroom Contest

After hearing that YVR came close to winning a Canada's Best Washroom Award in 2015, we set an ambitious goal: to construct the World's Best Washroom! To accomplish this, we launched a contest that asked for ideas on how we can improve our washrooms and had contestants submit these ideas to one of three categories—Innovation, Accessibility and Safety—through the hashtag #YVRwashroom. We received over 500 entries, all vying for a chance to win a \$1,000 travel voucher to fly anywhere from YVR.

The winning ideas:

Accessibility: *Adult change stations*

Innovation: *Dyson air blade hand dryers*

Safety: *Antimicrobial door handles*

YVR Accessibility Tour

See page 18 for information on YVR's Accessibility Tour.



THE
WORLD'S BEST
WASHROOM
AT YVR

EMPLOYEE AWARENESS

We offer regular training to our employees on preventing workplace discrimination. Our Respect in the Workplace initiative is required for all new employees and raises awareness regarding every employee's right to work in an atmosphere that promotes respect and consideration.

All Airport Authority employment postings are advertised on our careers page at yvr.ca, which includes a separate page on diversity. We also distribute job postings to a variety of outreach organizations including Spinal Cord Injury BC, Immigrant Services Society, the United Native Nations, Musqueam Band Employment Services, Western Institute of the Deaf, Women in Aviation and the Canadian Association of Professionals with Disabilities.

INDIGENOUS PEOPLES ENGAGEMENT

The Airport Authority is committed to bringing economic and social benefits to all people of British Columbia, including Indigenous Peoples.

In 2015, we began developing an Indigenous Peoples Engagement Strategy to assist YVR in creating thriving and productive relationships with Musqueam First Nations and other Indigenous Peoples. The strategy provides a framework for engagement and sets the foundation for a multi-year action plan. Through the strategy, we aim to increase collaborative planning, expand local and regional partnerships, deliver cultural training and much more. In 2016, we will engage and collaborate with Indigenous Peoples so that together we can finalize and begin implementing the action plan.



YVR Art Foundation

YVR Art Foundation is a non-profit, charitable organization founded in 1993 by Vancouver Airport Authority that fosters the development and enhancement of BC First Nations art and artists. The Airport Authority has an ongoing partnership agreement with the Foundation and in 2015 contributed \$100,000, countless volunteer hours and other in-kind support. A volunteer Board of Directors governs the Foundation, while an Executive Director oversees its operations with the support of a Program Coordinator who manages the Scholarships & Awards program. The Foundation provides scholarships, grants, awards and exhibition opportunities for BC First Nations artists and in 2015 expanded eligibility to include Yukon artists.

To date, the Foundation has awarded scholarships and awards to more than 80 artists. In 2015, the Foundation auctioned off 18 unique drums representing a diverse group of

artists, receiving almost \$36,000 to help support its art scholarship and grant programs. The Foundation provides a unique opportunity for scholarship recipients to exhibit their art at YVR; over 50 artists have exhibited at YVR, adding to our sense of place and educating passengers about BC's rich indigenous heritage.

YVR Art Book

Every day, thousands of travellers make their way through YVR and for many of them our terminal is their first glimpse of British Columbia. We strive to make a good impression and to do this we represent our province through an award-winning collection of art and striking architecture.

This is YVR's sense of place, the calming force that captivates passengers as they move through the airport—and the title of our new art book. Released in 2015, *Sense of Place* celebrates YVR's art and the artists who made it possible. Available for purchase at YVR and throughout the community, the book proudly displays one of the largest collections of First Nations Northwest Coast art on public display in the world.



AN ETHICAL WORKPLACE

A diverse group of approximately 15 employees are gathered in a modern office space, celebrating. They are dressed in business casual attire. Many are making 'V' hand gestures, and the air is filled with colorful streamers and confetti. The background shows a bright, open-plan office with large windows and wooden accents.

WE EXPECT OUR EMPLOYEES,
PARTNERS AND SUPPLIERS TO
BE HONEST AND TO CONDUCT
THEMSELVES IN ACCORDANCE WITH
THE HIGHEST STANDARDS.

SOCIAL POLICY

YVR is committed to being a socially responsible organization. This means articulating our philosophy in the areas of social, economic and environmental practices with the goal of increasing awareness about Corporate Social Responsibility (CSR) amongst our employees (domestically and internationally located), stakeholders, customers and communities. We want to be an organization that British Columbia can be proud of and an airport that is considered a leader of CSR practices in the international arena. In defining our Social Policy, we embrace the United Nations Global Compact and the ISO26000 standards. YVR is committed to measuring, auditing and sharing our performance on CSR practices. Our Social Policy and related programs are the direct responsibility of the Chief Executive Officer and the Executive Team. The Board of Directors oversees the conduct of the organization and ensures the CEO and the Executive Team are monitoring and enforcing compliance.

We have articulated our Social Policy commitments in seven areas:

1. Adherence to sound corporate activities – Business Ethics and Transparency
 - Comprehensive Enterprise Risk Management that reduces risk and sets specific action plans
 - Transparent and sound governance practices
 - Strong fiscal responsibilities
 - Public accountability
 - Political neutrality
 - Commitment to ethics through training and supporting policies
2. Respect for human beings
 - Uphold and promote Canadian Human Rights in all regards
 - Respect for diversity and individual human rights
 - Positive Indigenous Peoples engagement
 - Commitment against child labour
3. Consideration for our Supply chain
 - Pursue total compliance of Supplier Code of Conduct
 - Fair and open procurement processes
 - Sustainable Purchasing Policy
4. Positive employee relations
 - Fair treatment of employees with dignity and consideration
 - A diverse and equitable workforce
 - Fair labour practices as defined by the International Labour Organization
 - Safe and healthy work environment
 - Support for individual development and training
 - Effective Safety management system
 - Health and Wellness program which includes financial incentives
 - Respect for the employees' freedom to associate and participate in a union
5. Protection of the natural environment
 - Development and enactment of a strong Environmental Management Plan with set targets
 - Proactive engagement to mitigate impacts on the environment, specifically in the area of greenhouse gas emissions, water consumption and waste management
 - Commitment to being recognized as a leader of sustainability in the aviation industry
 - Green Commuter Program with financial incentives to encourage employees to support reductions in greenhouse gas emissions

6. Support for our Community
 - Strong commitment to transparent and effective public engagement
 - Responsive communications
 - Financial support for community initiatives including an employee matching donation program
 - Support through employment and economic opportunities
7. Communication
 - Commitment to open, honest and timely communication
 - Effective and responsive media relations and social media
 - Publicly available annual results and financial statements

Vancouver Airport Authority provides financial incentives to employees to support our Social Policy through the Green Commuter and Health and Wellness programs. The Green Commuter program awards employees who take public transit, bike, walk or carpool to work on a monthly basis up to \$50 per month. The Authority is committed to encouraging its employees to be healthy and, in addition to learning opportunities and training, provides a financial incentive program through a detailed system of points that awards people up to \$210 per year (awarded in Mountain Equipment Co-op or Hudson Bay Gift Cards) in pursuit of their health and social goals.

AIRPORT AUTHORITY CODE OF CONDUCT

The Airport Authority is committed to ethical practices throughout our organization and has both polices and an employee code of conduct to encourage and ensure ethical behaviour.

Our *Code of Conduct* outlines rules for the benefit of all YVR employees. The code includes information on the importance of following

safety procedures, reporting conflicts of interest and reporting discrimination. We regularly communicated and reinforced the contents of the Code to employees in 2015 and encouraged reporting. The Code of Conduct was used to discipline two employees in 2015 as a result of an ethics violation related to privacy. This ethics violation took place in 2014 and was discovered in 2015. Discipline included suspension. The discipline was not grieved.

CORPORATE POLICIES

As required under Canadian Aviation regulations (CARS), YVR implements an effective Safety Management System—a system of reporting information related to acts, deficiencies, hazards, or occurrences that threaten safety, security or the environment. Under our *Non-Punitive Reporting Policy*, we encourage employees to self-report on unintentional errors and safety hazards, as the root causes and lessons-learned can help improve safety for everyone.

YVR's internal *Whistleblower Policy* provides a framework to report any perceived wrongdoings. Overseen by management, the policy offers several options: reporting to superiors, reporting anonymously through our Safety Management System and calling a 24-hour hotline. YVR shares this policy with employees and select vendors. There were no complaints reported or filed under the *Whistleblower Policy* in 2015.

INTERNAL AUDITING

YVR's Internal Audit Department provides independent and objective assurance as to whether risks are being managed to acceptable levels. Reporting to the Board's Finance and Audit Committee, Internal Audit develops an annual risk-based audit plan that includes assurance on the effectiveness of the Enterprise Risk Management program, looking at post-project reviews and assisting in investigations of suspected fraudulent activities. Internal Audit also conducts continuous audits of core policies such as our expense reimbursement policy.

CONNECTING WITH COMMUNITIES



AS A COMMUNITY-BASED ORGANIZATION, OUR SUCCESS HINGES ON OUR CONNECTION TO THE PEOPLE WE SERVE. IN 2015 WE GREW OUR CONNECTIONS, STRENGTHENING RELATIONSHIPS AND FORGING NEW OPPORTUNITIES. WE ATTENDED 72 COMMUNITY EVENT DAYS ACROSS BC AND ENSURED THAT TIMELY INFORMATION ABOUT OUR ACTIVITIES REACHED THE RIGHT PEOPLE.

AIRPORT SOUTH



Airport South includes the South Terminal Building and the public Floatplane Facility on the Fraser River. It is a hub for small aircraft, float planes, helicopter operations, corporate charters, sport fishing camps and aerospace facilities.

YVR's South Terminal played a crucial role in the overall growth and sustainability of YVR in 2015, connecting passengers and communities across British Columbia to the world with float plane operators such as Harbour Air and regional carriers including Pacific Coastal Airlines. Pacific Coastal continues to offer service to 65+ destinations across B.C. and is YVR's third largest carrier based on total outbound seats and aircraft movement.

Passengers using the South Terminal pay a reduced AIF of \$5, receive free shuttle service to and from YVR's Main Terminal Building and enjoy the same level of superior customer care and passenger experience for which we are renowned. Airport South is home to our valued partners that operate private aircraft in general aviation and play a vital role in showcasing YVR to the world.

Our employees represent YVR at all times—at work and in the community. We encourage our employees to volunteer and in 2015 we provided opportunities to do so at a number of YVR-sponsored community events including the Pride Parade, Quest Hamper Drive, the Great Canadian Shoreline Cleanup and more.

Great Canadian Shoreline Cleanup

Our volunteers braved the rain to help out at the 2015 Great Canadian Shoreline Cleanup. In our fourth year as provincial sponsor, YVR led 305 volunteers to Sea Island's Iona Beach. Employees, families and caring neighbours put on their gloves and rain gear to clear the beach of debris. In total, our crew collected 700 kg of waste—100 kg more than in 2014.



Quest Food Exchange



In 2015, we continued to support Quest Food Exchange as the not-for-profit's official transportation sponsor. And for the fifth year, we led the annual airport-wide Christmas Hamper Food Drive, setting a new record with 667 donated hampers. Each hamper feeds a family and for every hamper donated YVR contributed a turkey to complete the holiday meal. Every person on Quest's waiting list received a holiday hamper.

Summer Festival Series

In 2015, we doubled our summer festival attendance over the previous year, attending 34 festivals in the Lower Mainland and in communities across BC including Kelowna, Kamloops and Prince George, for a total of 72 event days. At these festivals, we made new connections, learned about our communities and asked for input on how to build the airport of the future as part of our Master Plan community engagement.

YVR Aviators

YVR's team of community ambassadors—The Flight Crew—modelled the highly popular YVR Aviators at our many summer festivals. These YVR-branded glasses drew inspiration from the classic pilot look and proved very popular with our community members. Working with Fairware, a company that sources promotional and marketing merchandise that is ethical and sustainable, we created 7,900 pairs of these exceptionally cool glasses.

Explorer Tour



We built on the success of our new Explorer Tour, a formalized, year-round guided tour for YVR community groups showcasing our

award-winning art, accessible terminal features and architecture. We hosted 135 groups—a large increase from 89 in 2014—totalling 3,437 participants. We had 72 school groups and 63 community groups, which included ESL students, seniors, art groups, aviation clubs, scouts, girl guides, groups with special needs and more. Out of the 135 tours, 70 organizers completed our online survey: 99 per cent found the content age-useful and thought the tour guide was friendly, professional and engaging. Also, 97 per cent said they'd recommend the tour.



COMMUNITY INVESTMENT

In 2015, we donated \$928,279 to 76 organizations through our community investment budget and an additional \$84,777 to organizations through one-time funding sources of lost and found money at the airport. Major funding contributions included the YVR Art Foundation, Vancouver Fireworks Festival Society, Hope Air, Disabled Sailing Association, Richmond Cares Richmond Gives, Hub Cycling, Vancouver Aquarium Marine Science Centre, Talking Stick Festival, City of Richmond's Richmond Days of Summer Festival Series and Vancouver Adaptive Snow Sports. The employee-driven United Way campaign raised \$80,440—about 21 per cent more than 2014—and the Airport Authority contributed for a total of \$155,000.



COMMUNITY INVESTMENT HIGHLIGHTS

We strongly believe that every donation makes a difference and in 2015 we aimed to help a diverse range of organizations under our community investment pillars: Accessibility, Indigenous Peoples, Community and Environment. Here's a couple...

Disabled Sailing Association of BC

YVR donated \$5,000 to the Disabled Sailing Association of BC to sponsor a Martin 16 sailboat. The organization operates a fleet of eight specially-designed Martin 16 sailboats and conducts over 1,000 sailings on English Bay for people with physical disabilities each summer from the Jericho Sailing Centre.



Talking Stick Festival

YVR was thrilled to support the 2015 Talking Stick Festival through a \$15,000 investment that included a performance in our terminal. The Festival is the premier multidisciplinary Aboriginal contemporary performing arts festival in North America, providing a stage for mid-level and professional artists.

Vancouver PRIDE Society

In 2015, we were proud to sponsor Vancouver PRIDE Society, a non-profit organization that brings people together to celebrate and support the Lesbian, Gay, Bisexual, Transgender and Two-Spirit community. Through our \$15,000 donation, YVR participated in the PRIDE parade, with a fantastic float and an engaging event team at the festival.

Nature Conservancy of Canada

We are committed to protecting the environment and in 2013, 2014 and 2015 we donated a total of \$15,000 to the Nature Conservancy of Canada. The organization's Swishwash Island stewardship ensures that conservation of the island is maintained through control of invasive plant species and the juvenile Canada Geese population.



COMMUNITY ENGAGEMENT

As Canada's second busiest airport, YVR keeps up with safety and efficiency standards by constantly improving the airport. We recognize that sometimes planning and construction for these improvements can impact our local communities and therefore require ongoing consultation with affected groups. In order to improve our approach to community engagement, our Community Relations Manager participated in extensive training and accreditation for stakeholder engagement through the internationally recognized International Association of Public Participation (IAP2).

In 2015, we kicked off Phase 1 of community engagement for our new Master Plan through traditional media, face-to-face communication at events throughout British Columbia, more than 30 meetings with our stakeholders and business partners and an online survey, which received 2,630 completed responses. Our team connected directly with 35,000 people at community festivals, where YVR totalled about 2.5 million brand impressions. Key themes identified include increasing connections

both online and through travel destinations, balancing environmental protection with the need for growth and continuing to involve the community. Perhaps most telling, in our survey 88 per cent of respondents stated that YVR is somewhat or strongly tied to their vision of the future.

During summer 2015—our busiest summer ever—we undertook a number of construction projects at YVR that could impact our community. We notified neighbours of the unplanned repaving of a key taxiway at the end of summer, which meant our summer runway operations schedule was affected and construction occurred longer than originally planned. We communicated with the community throughout the process, providing details on how it affected operations.

We also engaged with key groups in 2014 about preferred options for Runway End Safety Areas (RESAs) on the south and crosswind runways. And in 2015 we ensured we communicated with the same group due to higher than expected dust levels from the ongoing construction of RESAs.

Sustainability is about more than just reducing our impact—it's also about maintaining positive relationships with our neighbours. Both the Environmental Advisory Committee (EAC) and the Aeronautical Noise Management Committee (ANMC) enable our community to give us direct feedback. Representatives in the committees are appointed by their stakeholder groups, which include community and environment groups, industry, government, Musqueam First Nation, airlines, NAV CANADA, Transport Canada and the Airport Authority. These committees allow the Airport Authority to stay actively engaged with our communities, ensuring open and honest communications.

Community Survey

We undertake a community survey each year as part of our public engagement strategy to monitor and measure our social impact and ascertain the effectiveness of our community based programs. In 2015, overall impressions of YVR were positive, with 79 per cent of Metro Vancouver residents giving the airport a rating of 4 out of 5 or higher—up 2 per cent from 2014 and just short of our 80 per cent target. When asked to comment on the first thing that comes to mind about YVR, respondents mentioned the positive travel experience and modern, new airport. Suggested improvements included more economical parking options, longer hours of operations for food and beverage options and faster security processing.

COMMUNITY ASSOCIATIONS

The Airport Authority is committed both to the local communities surrounding the Airport as well as the business organizations that benefit from its role as an economic hub and jobs creator. YVR has a long standing partnership with the Greater Vancouver Board of Trade as well as Richmond Chamber of Commerce, Canada China Business Council, Hong Kong Canada Business Association, BC India Business Network, Canada Korea Business Association, British Columbia Council for International Education, Surrey Board of Trade and numerous business and trade organizations throughout the province.



COMMUNICATIONS

YVR IS COMMITTED TO PROVIDING OPEN, HONEST AND TIMELY INFORMATION TO OUR MANY CUSTOMERS. THESE AUDIENCES INCLUDE TRAVELLERS, THE GENERAL PUBLIC, OVER 23,000 PEOPLE WHO WORK AND VOLUNTEER ON SEA ISLAND, BUSINESS PARTNERS, INDUSTRY ASSOCIATIONS, LOCAL COMMUNITIES, GOVERNMENT, INDIGENOUS PEOPLES, CHARITIES AND MEDIA.



Peggy G. Hereford Award for Best Overall Marketing and Communications Accomplishments

Best Marketing Campaign—Air France

SOCIAL MEDIA

We continued to see a trend of strong growth in social media. As a 24-hour operational business, social media allows us to communicate directly with our customers, partners and the community. In 2015, we grew our following across Twitter, Facebook and Instagram by over 30,000 people, totalling more than 100,000 followers.



Most followed airport in Canada on Twitter in 2015

Our Twitter account (@YVRAIRPORT) gained more than 8,500 followers, a 35 per cent increase over 2014, and held the top spot as the most followed airport in Canada at over 35,000 followers. Along with our increase in followers was a 60 per cent increase in our reach.

#YVR20Million

Our hashtag #YVR20Million trended not just in Vancouver but all over Canada as people shared their YVR travel adventure stories.

A top tweet

Our March 11 tweet announcing YVR's Skytrax win for Best Airport in North America reached more than 50,000 people and is one of our top retweets of all time.

Star power

Did you know that YVR is a very popular spot for celebrity sightings? In 2015, the most popular Twitter mention for YVR was attributed to Canadian Pop Star Kris Wu, with the hashtag #wuyifan receiving 5,001 mentions in March.



Our Facebook page gained over 16,000 followers, a 69 per cent increase over 2014. We focused our content heavily on our community programs and received strong engagement from our followers.

Our March 12 announcement of Air France's new service to YVR was one of our top Facebook posts for Likes in 2015, receiving over 1,200 Likes and a reach of over 26,000 people.



Our Instagram account continued to grow, with almost 5,000 new followers, a big increase from 2,000 in 2014. This platform has had great success sharing photos with our plane spotting community.

Our post of All Nippon Airway's special Star Wars-themed Dreamliner aircraft was one of our top—and coolest—posts of the year.





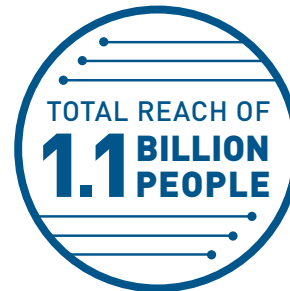
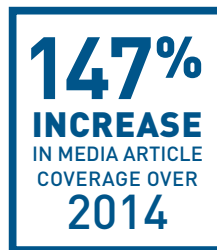
In 2015, we dipped our toe into Chinese social media and became the first North American airport with a Weibo account. We continue to promote YVR as the preferred connecting airport between Asia and the Americas and work closely with our tourism partners who are also on Weibo.

Our post of the grand opening of the McArthurGlen Designer Outlet Vancouver Airport received considerable attention on Weibo.

yvr.ca

Our online presence continued to strengthen in 2015. Our corporate website, yvr.ca, received over 25.5 million page views—a slight increase over 2014—and continues to be our anchor in the online world. The YVR blog recorded over 100,000 views, a slight dip over 2014.

MEDIA RELATIONS



An essential component of our communications efforts is providing timely updates to the public. YVR monitors and responds to media requests 24/7 and in 2015 we had over 600 media enquiries, with topics ranging from new airlines and routes to the impact of weather on our operations and the opening of new facilities.

YVR works with an external consultant to gauge print, online and broadcast media clips and results show that in 2015 we reached new records. There were 5,857 media items that contained YVR coverage in 2015—a 147 per cent increase over 2014, with a total reach of 1,161,800,955 people. Radio and TV outlets accounted for 65 per cent of our coverage.



HEADLINE HIGHLIGHTS

“YVR UNVEILS DOMESTIC TERMINAL EXPANSION” – Vancouver Province, January 14

“YVR TAKES ON MULTI-YEAR PROJECT TO MAKE RUNWAYS SAFER” – News 1130, April 1

“CHINA EASTERN OPENS UP CHINA TO CANADIANS” – Travel Press, June 25

“NEW YVR OUTLET MALL ATTRACTS RECORD VISITORS” – Global News, July 15

“YVR MARKS 20 MILLIONTH VISITOR ON THE BUSIEST DAY OF THE YEAR” – CKNW Vancouver December 22



OUR ENVIRONMENT

YVR STRIVES TO BE A LEADER IN ENVIRONMENTAL MANAGEMENT. OUR PRIMARY OBJECTIVE, STATED IN OUR *SAFETY, SECURITY AND ENVIRONMENTAL POLICY*, IS TO BUILD, OPERATE AND MAINTAIN A SAFE, SECURE AND ENVIRONMENTALLY SUSTAINABLE AIRPORT FOR EVERYONE. TO EFFECTIVELY MANAGE THE ENVIRONMENT, WE MAINTAIN ROBUST POLICIES AND PROCEDURES ALIGNED WITH OUR VALUES AND REGULATORY OBLIGATIONS. WE ACTIVELY IDENTIFY, SEEK OUT AND REPORT ISSUES AND HAZARDS, PROMOTING A CULTURE OF ACCOUNTABILITY. AND WE ALWAYS SEEK TO IMPROVE OUR PERFORMANCE—BECAUSE WE CARE ABOUT OUR ENVIRONMENT AND OUR PLACE IN IT.



INSTILLING EXCELLENCE

Environmental excellence starts with a well-trained and motivated team. Vancouver International Airport is based on Sea Island and the Airport Authority works hard to ensure we consider the welfare of the whole Island in all areas of Sustainability. At YVR, we offer training and education programs for new employees, annual spill management training for the Emergency Response Service Team, a multiday Spill Prevention Information Booth for Sea Island employees and recurrent training on our noise management program.

REWARDING PERFORMANCE

Each year, we recognize a Sea Island based company that demonstrates its enthusiasm and commitment to sustainability with our Clear Skies Award. In 2015, Harbour Air received this honour. The company demonstrated its environmental responsibility for seaplanes and aviation for over 30 years—and was the first airline in North America to achieve complete carbon neutrality in flight service and corporate operations.

INDUSTRY INVOLVEMENT

We constantly check our progress. We provide educational programs to our employees in environmental management, we have a data management system in place to credibly track performance and in 2015 we worked towards aligning our environmental and sustainability reporting with globally recognized benchmarks. In 2015, YVR regularly met with the Canadian Airport Council (CAC) and Airports Council International North America (ACI-NA) to discuss best practices and joined the Airports Council International World Environment Committee. YVR also hosted the annual CAC and ACI-NA Environmental Affairs conference and participated in their annual meetings.

AUDITS

To ensure YVR maintains high environmental standards, we regularly conduct internal and external audits. YVR had no penalties, fines or issues of non-compliance cited in 2015.

Using third-party environmental assessors, we conducted environmental audits on five Sea Island tenants, focusing on hazardous materials management, spill response and petroleum storage tank management. All audits resulted in minor recommendations for improvement and no tenants were in non-compliance.

ENVIRONMENTAL IMPACT ASSESSMENTS

YVR conducts environmental reviews of all proposed projects, in accordance with requirements of Section 67 of the *Canadian Environmental Assessment Act*. These reviews identify potential impacts, such as loss of sensitive habitats, and include an analysis of potential social impacts. We are pleased to share that in 2015 no projects were found to cause significant adverse environmental or social effects. YVR also undertakes regular archaeological assessments to ensure projects do not impact heritage values.

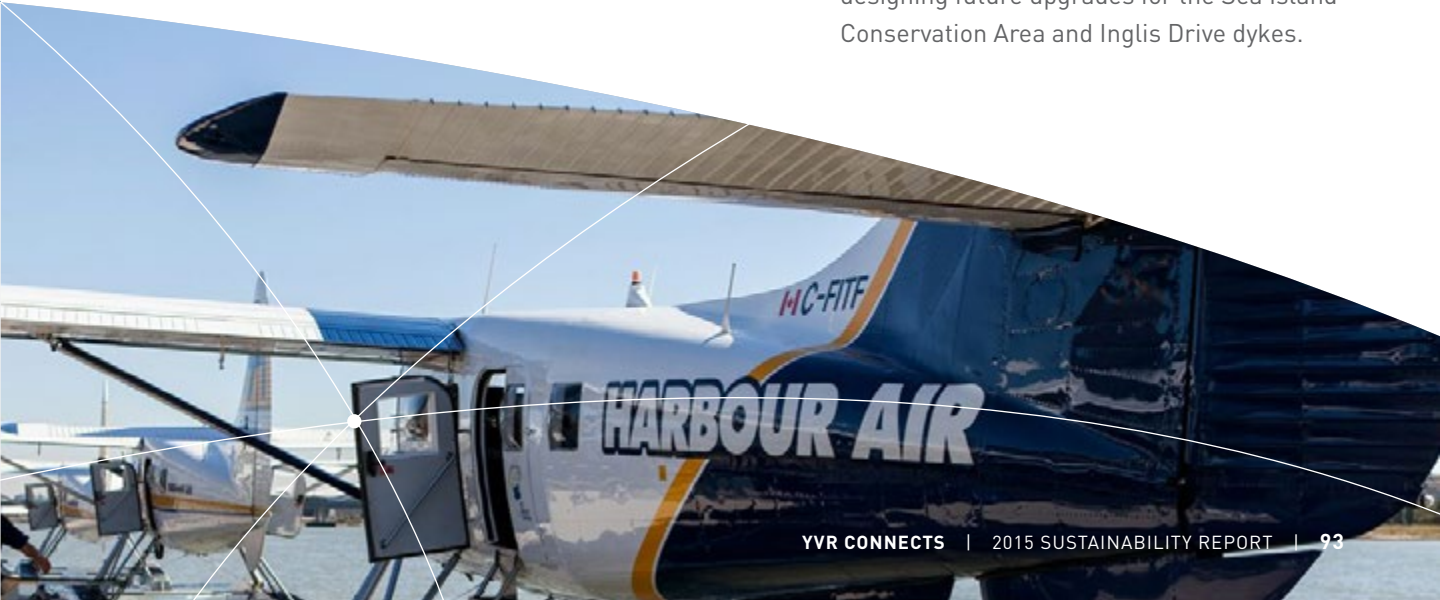
The Environment Department regularly monitors projects to ensure mitigation efforts are implemented and effective. Due to prolonged summer drought conditions in 2015, dust management of construction projects proved challenging.

CLIMATE CHANGE PLANNING

YVR takes a proactive stance on mitigating the effects of climate change. In 2015, we hosted internal meetings with subject-matter experts to identify and discuss potential risks to operations and infrastructure. We documented these risks and continued to implement actions to reduce these risks.

Dyke Upgrades

To safeguard against future flooding, we are currently implementing a multi-year program to further protect Sea Island by raising our dyke levels to 4.7m geodetic—a new height standard. We started this program in 2014, raising the Grauer Road Dyke in the north-east corner of Sea Island to the new height standard, and we continued to monitor this dyke in 2015. We will raise another section on South Dyke Road in 2016 and we have started designing future upgrades for the Sea Island Conservation Area and Inglis Drive dykes.



OUR ENVIRONMENT PLAN: YEAR 1

YVR'S 2015-2019 ENVIRONMENTAL MANAGEMENT PLAN PROVIDES THE FRAMEWORK FOR OUR ENVIRONMENTAL INITIATIVES. THE PLAN'S FOUR STRATEGIC PRIORITIES, OUTLINED BELOW, PRESENT AMBITIOUS GOALS AND 2020 TARGETS, BASED ON 2012 BASELINES. THESE STRATEGIC PRIORITIES DIRECT A WIDE RANGE OF INITIATIVES AND ACTIVITIES THAT DRIVE OUR ENVIRONMENTAL WORK THROUGHOUT THE YEAR.



REDUCE
GREENHOUSE
GAS EMISSIONS

TARGET

**REDUCE AIRPORT
AUTHORITY
EMISSIONS 33%
BY 2020**

TARGET

**REDUCE SEA
ISLAND
EMISSIONS
33% BY 2020**



REDUCE
WASTE

TARGET

**DIVERT 50% OF
YVR WASTE
FROM LANDFILL
BY 2020**



REDUCE
POTABLE WATER
CONSUMPTION

TARGET

**REDUCE SEA
ISLAND POTABLE
WATER
CONSUMPTION
30% BY 2020**

IMPROVE
ECOSYSTEM HEALTH



TARGET

**HAVE ZERO
STORM WATER
SAMPLES THAT
CONTAIN MORE
THAN 100MG/L
OF GLYCOL**

TARGET

**BECOME
SALMON-SAFE
CERTIFIED**

REDUCING EMISSIONS

The Airport Authority works with employees, business partners and communities to minimize vehicle, building and aircraft greenhouse gas (GHG) emissions. We do this by promoting alternative forms of transportation to and from Sea Island, improving airport infrastructure, reducing fossil fuel consumption and raising awareness of clean air practices. Additionally, we have included consideration of GHG emissions as key criteria when evaluating major projects.

In 2015, the Airport Authority is estimated to have produced 9,176 tonnes of greenhouse gas emissions, a 20 per cent decrease from levels recorded in our 2007 inventory. This is equivalent to a 32 per cent reduction in greenhouse gas emissions per passenger since the same time.

Every five years we hire external consultants to conduct a detailed emissions inventory of all sources of greenhouse gases at the airport. Using this methodology, Airport Authority-owned and controlled operations, which include heating sources, electrical consumption and vehicle operations (Scope 1 and 2), accounted for 8,172 tonnes in 2012. Emissions from other airport businesses, including aircraft taxiing, landing and take-offs (Scope 3) were estimated to be 307,678 tonnes in 2012.

In our Environmental Management Plan, we set an ambitious target to reduce Airport Authority emissions relative to Scope 1 and 2 by 33 per cent in 2020 from 2012 levels.

To track progress towards our target between these detailed emissions inventories, the Airport Authority estimates annual emissions using a methodology consistent with the BC Provincial Government's framework for reporting greenhouse gas emissions. Under this methodology, 2015 emissions were 9,176 tonnes of CO₂e which is a reduction of 4.79 per cent over 2014.

VANCOUVER AIRPORT AUTHORITY EMISSIONS

| | 2015 | 2014 | 2013 |
|---|--------------|--------------|--------------|
| Scope 1 emissions (tonnes of CO ₂ e) Fleet vehicles, plant operation, emergency power | 8,078 | 8,640 | 8,193 |
| Scope 2 emissions (tonnes of CO ₂ e) Purchased electricity | 1,098 | 998 | 1,354 |
| TOTAL | 9,176 | 9,638 | 9,547 |

IMPROVING FLEET EFFICIENCY

In accordance with YVR's new Fleet Management Plan, we undertook a comprehensive equipment review in 2015—optimizing safety and efficiency while implementing alternative energy options to reduce greenhouse gas emissions.

Fuel Consumption

YVR has used a 5 per cent blend of biodiesel for fleet vehicles since 2007. We expanded our fuel tracking system in 2015 to measure fuel consumption among our heavy-duty vehicles. With this new system in place, YVR can fully monitor consumption of light and heavy-duty vehicles, which will assist with future initiatives. In 2015, Vancouver Airport Authority purchased 166,515 litres of gasoline and 384,523 litres of biodiesel.

Eco-Driving Training Pilot Program

In 2015, we launched an eco-driving training pilot program with Natural Resources Canada and FleetCarma. This program provided online training for Airport Authority

employees and included monitoring of vehicles to track driving behaviour. We are very pleased with the results, which show that our employees are already practicing eco-driving behaviours and that additional emissions savings can be gained through the adoption of more electric vehicles.

IMPROVING GROUND ACCESS



Our existing initiatives continued to improve ground access in 2015. This included our 74 per cent hybrid taxi fleet, two electric

vehicle parking stalls in our Parkade, the ongoing use of the Canada Line, carpooling options, cycling infrastructure and our cellphone waiting lot. New initiatives included the installation of our environmentally friendly YVR token parking system and the purchase of six hybrid buses for delivery in 2016.



Canada Line

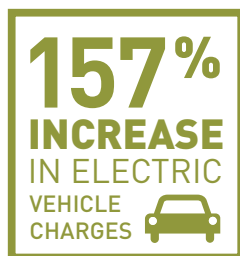
As part of our commitment to sustainable transportation, we invested \$300 million in the Sea Island portion of the Canada Line rapid transit system, which began operations in August 2009. Approximately 2.79 million passengers used the Canada Line to travel to and from YVR in 2015—an increase of 15 per cent from 2014 as reported in our Customer Satisfaction Survey. Travel between the three stations on Sea Island remains free of charge.

Electric Vehicle Charging Stations

In 2015, we purchased two new electric vehicles for YVR's Common-Use Vehicle Program and installed four charging stations for airport employees, two of which are at our Aylmer Road Complex. We also recorded 898 charges from our two public electric vehicle charging stations in Level 1 of our Parkade—an increase of 157 per cent in usage from 2014.

Green Commuter Program

In 2015, we conducted a Sea Island Commuter Survey and found that about 25 per cent of Sea Island employees commute to work using public transportation. We encourage Airport Authority employees to be a part of our Green Commuter Program, which offers a \$50 per month financial incentive to take public transit, bicycle, walk or carpool. In 2015, the program had 177 participants—40 per cent of Airport Authority employees—which is 3 per cent higher than 2014. The collective effort of Airport Authority employees reduced the amount of single-occupant vehicle trips to Sea Island by over 1,000,000 kilometres and reduced carbon emissions by approximately 190,000 kilograms.



Cycling Improvements

To improve our understanding of cyclist volumes, we installed automated counters in three locations on Sea Island in 2015; these counters show an increase of almost 6 per cent in cyclists using the Russ Baker Way pathway in 2015 over 2014. We also continued to invest in cycling infrastructure, installing wayfinding signs and bicycle racks.

Encouraging Cycling

2015 marked the seventh consecutive year of the Airport Authority's continued support for HUB, Metro Vancouver's largest cycling coalition, and participation in Bike to Work Week. We sponsored two one-day cycling commuter station events at Larry Berg Flight Path Park to provide free bike repairs, coffee, snacks, maps and prizes. A total of 88 cyclists visited these events. 22 Airport Authority employees participated in both spring and winter Bike to Work Weeks, travelling a total of 1,461 km and contributing 318 kg of carbon dioxide offsets.

During the lead up to spring's Bike to Work Week, a few intrepid YVR employees participated in the Share the Road Challenge to demonstrate the efficiency of green transportation. This challenge saw three participants safely race across Richmond and Vancouver using different forms of transportation. One person used public transit, one person drove and another—the winner—used his bike to get to the finish line in Downtown Vancouver.



Commuter Challenge

For 15 years, the Airport Authority has participated in the Commuter Challenge—a national, week-long event during Canadian Environment Week encouraging Canadians to leave their personal vehicles at home and use alternative, more sustainable modes of transportation. In 2015, 63 Airport Authority employees participated in the 2015 Commuter Challenge during Environment Week, travelling 8,500 kilometres and avoiding 942 kg of greenhouse gas emissions.

SUPPORTING OUR BUSINESS PARTNERS

Climate Smart



In 2015, the Airport Authority piloted a tenant engagement initiative where we invited six airport business partners to improve their environmental footprint and cut business costs through a partnership with Climate Smart, a social enterprise based in Vancouver specializing in greenhouse gas management and business engagement. This initiative included three training sessions focused on environmental performance inventories, reduction strategies and leveraging results. Many of the participating businesses have become Climate Smart-certified and will continue finding ways to reduce their environmental footprint.

Gate Infrastructure

In 2015, we upgraded five gates at YVR with Pre-Conditioned Air units, which maintain the temperature and air quality of parked aircrafts by bringing external, filtered air into the cabin. This technology is an eco-friendly alternative to traditional cabin air conditioning methods and helps to ensure the comfort of passengers and employees before takeoff.

Ground Service Equipment

YVR is part of a group of Canadian airports working with Transport Canada to reduce emissions from aircraft auxiliary power units and ground support equipment.

In 2015, we introduced a new ground handling license program, which includes requirements to convert equipment from carbon-based fuels to electrical. We are actively working on our electrical charging infrastructure to support this program and reach our goal of having 50 per cent of the ground handling fleet at YVR running on electrical power by 2020.



ENERGY CONSERVATION



We have a long-term goal to improve energy efficiency at YVR and in 2015 we developed a long-term energy plan, which aims to reduce energy consumption and invest in alternative energy solutions. Since 1999, we've seen a cumulative savings

of more than \$13 million in electrical and gas costs from energy-efficient initiatives.

New buildings, passenger growth and mild weather all contributed to natural gas and electricity use in 2015. As the table below illustrates, we reduced natural gas consumption by 7 per cent over 2014 and saw electrical consumption rise by 4 per cent—due to factors such as increased air conditioning during an unusually hot summer.

| | 2015 | 2014 | 2013 | 2012 |
|--|---------|---------|---------|---------|
| Natural Gas consumption (GJ) – terminal building | 121,303 | 130,956 | 124,897 | 115,695 |
| Electrical consumption (GWh) – terminal building | 97.05 | 93.30 | 91.02 | 91.48 |
| Natural Gas – heating efficiency per area (GJ/1000m ² /yr) | 310.02 | 325.37 | 285.99 | 315.94 |
| Natural Gas – heating efficiency per passenger (GJ/million passengers) | 0.0066 | 0.0069 | 0.0068 | 0.0060 |
| Electrical efficiency per area (GWh/1000m ² /yr) | 0.251 | 0.241 | 0.253 | 0.250 |
| Electrical per passenger (GWh/million passengers) | 0.48 | 0.48 | 0.51 | 0.52 |

In 2015, we saw savings from a range of initiatives. Our previous LED lighting retrofits continued to save energy, while our interconnected heating and cooling plants saved gas. Energy-efficient terminal features included temperature-regulating doorways, econo-mode baggage conveyor belts and motion-activated sensors for

walkways, escalators and lights. We integrated new energy analytics software into two new buildings to improve energy performance. We also undertook a review of our sustainable design guidelines, with plans to improve building efficiencies through new design standards.

Power Smart Programs

YVR continued to participate in BC Hydro's Power Smart Programs. We received the Power Smart Leadership Excellence designation at the 2014 Power Smart Excellence Awards and are working towards this bi-annual award for 2016. In addition, we continued to participate in BC Hydro's Energy Manager Program, which dedicates an existing employee to manage the implementation of energy-saving projects and improve existing operational and maintenance procedures.

Smart Lighting

In addition to using schedules and sensors to reduce lighting, we have shifted towards efficient LED technology over the last several years. Every year, LED lighting saves 1.3 GWh of electricity in the terminal, 77,000 kWh on Arthur Laing Bridge and 25,000 kWh for theatrical lighting of art installations.

Between 2014 and 2015, we converted our airfield lighting to LED technology, improving airfield safety and maintenance efficiency. We installed LED lights in the Parkade, implementing a new lighting control system with occupancy-based dimming and daylight harvesting—saving 666,000 kWh. Our baggage system is also undergoing a multi-phased lighting upgrade, including replacement of old fixtures to LED and installation of new controls.

Earth Hour

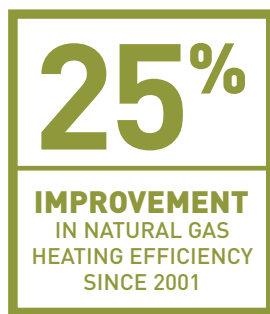
Since 2014, YVR has participated in Earth Hour—an annual worldwide event that raises awareness of electrical power consumption. On March 28, we switched off non-essential terminal lighting. The Fairmont Vancouver Airport turned off lighting at its check-in desk and corridors and even hosted a candlelit dinner for guests. And as a first-time participant, Air Canada dimmed the lights in its Maple Leaf Lounge.



Light Pollution and Reduction

The Airport Authority controls light levels to reduce impacts on surrounding communities. We use light shields to reduce glare and are working on a broader roll-out of LED lighting. In 2014, we started a multi-year project to improve high mast lighting on our main aircraft apron. The new technology allows for better lighting levels, lower power consumption, reduced glare and less light pollution. In 2015, we completed our evaluation of test trial LED fixtures and will install the selected technology in 2016.

Natural Gas Reduction



To reduce use of natural gas, we conduct initiatives that improve our Heating, Ventilation and Air-Conditioning (HVAC) systems. These initiatives decreased natural gas use by 7 per cent in 2015 over 2014—and have led to a 25 per cent improvement in natural gas space heating efficiency between 2001-2015.

In 2015, we implemented a new control strategy to get greater efficiency from our boiler plant. We expanded installation of kitchen hoods—first undertaken in 2014—to food operators across the terminal, minimizing kitchen exhaust fumes and thus natural gas consumed. And we continued to see the benefits of switching to a new low-energy air filtration HVAC system, with data showing that we are consuming three times less energy for terminal ventilation.



Renewable Energy

YVR has focused investment on renewable energy to reduce our greenhouse gas footprint, pilot technologies to offset additional electrical demand and increase resiliency through self-sufficient energy generation. In the future, we will work towards techniques to gather data for these energy systems.

Off-grid solar and wind

In addition to the wind and solar photovoltaic panels in use at the Airside Operations Building, YVR installed the first hybrid wind and photovoltaic panel lighting at a Canadian airport in 2009. This 1 kW, self-sustaining light system illuminates a pumping station through a wind turbine and solar photovoltaic panel, a pilot project that provides useful experience for future larger scale initiatives.

Solar Hot Water

In 2003, we installed 100 solar panels on the rooftop of the Domestic Terminal Building and in 2014 we installed the current 72 solar panels on the International Terminal Building. These panels power two solar hot water systems in our terminal buildings, which heat more than 1,500 gallons of hot tap water every hour—resulting in approximately \$80,000 of energy savings in 2015.



GeoExchange

YVR has GeoExchange systems at the Airside Operations Building and at our International Terminal Building. Like geothermal, GeoExchange involves using groundwater as a heating medium; however, it can also use this water for cooling. This is the case in our new Airside Operations Building, which has a heating and cooling GeoExchange system, whereas our International Terminal Building uses GeoExchange for cooling only.

In 2015, we started a multi-year research study to test the performance of our terminal HVAC system using low water temperatures and will use the results to evaluate compatibility with future renewable energy technologies.

Effluent Heat Recovery

Metro Vancouver owns and operates a wastewater treatment plant adjacent to YVR. In 2015, we conducted a joint study to assess the use of effluent heat in meeting heating and cooling loads. We will advance the results of this study in 2016.



REDUCING WASTE

Every year, we aim to keep more garbage out of landfills. In 2015, we recycled and composted 1.8 of 3.9 million kilograms of terminal building waste, totalling a 46 per cent diversion rate—10 per cent higher than 2014 and just 4 per cent from our 2020 target. We did this by working with our partners, promoting our waste reduction initiatives and constantly checking our progress.

46%

**WASTE DIVERSION
RATE IN 2015**

1.8
MILLION KG
RECYCLED AND
COMPOSTED IN 2015

REDUCING ORGANIC WASTE

2015 was a pivotal year for our organic waste program, as we focused on keeping in line with Metro Vancouver's ban on organic materials from landfill. We recycled 1.39 million kg of paper, cardboard, wood pallets, glass, plastic and metal and composted 441,306 kg. We did this by introducing composting in the terminal, modifying 21 food court bins to better accommodate patrons, recycling our light bulbs and engaging our Sea Island community with proactive communications.

OUTREACH

We strongly believe in educating our partners to improve waste reduction. In 2015, we provided food and beverage tenants with a starter kit that included a green compost bin, information and signage. Our waste reduction team conducted bi-weekly compost tours, where we visited tenants and identified opportunities to improve waste diversion.

Since 2011, YVR has helped to divert 3,629 kg of food and other items from landfill by placing them in Quest's not-for-profit markets. This has resulted in a reduction of 2,722 kg of greenhouse gases.

WASTE WARS

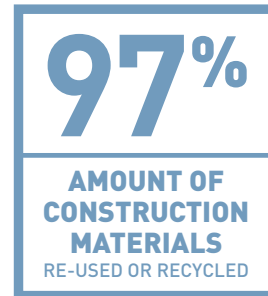
On July 13, YVR launched Waste Wars, a friendly and voluntary competition that taught our tenants about our waste diversion process and its links to the Metro Vancouver ban and YVR's waste reduction targets. Prior to the competition, YVR presented the program to tenants' senior management, provided competition information and supplied green compost bins. During the

competition, we conducted regular site inspections and check-ins. The program was a huge success, with a 100 per cent participation rate.

| | | |
|-----------------------------|-----------------------------|-----------------------------|
| 1ST PLACE | 2ND PLACE | 3RD PLACE |
| FORTUNE WOK | VINO VOLO | A&W |

CONSTRUCTION MATERIAL REUSE AND RECYCLING

We work with our partners to reuse and recycle construction waste materials from large capital projects. In 2015, a total of 97 per cent of construction waste materials—an increase of 4 per cent over 2014—were recycled or reused.



MATERIALS RECYCLED IN 2015

| | | |
|---|---|---|
| 1,256 KILOGRAMS OF BATTERIES | 67,111 KILOGRAMS OF COOKING OIL | 27,573 KILOGRAMS OF WOOD PALLETS |
| 23,658 KILOGRAMS OF METAL | 13,100 KILOGRAMS OF BROOM BRISTLES | 9,697 FLUORESCENT TUBES—THE LENGTH OF 120 CANADIAN FOOTBALL FIELDS |
| 665,715 KILOGRAMS OF PAPER AND CARDBOARD | 37,114 KILOGRAMS OF MISCELLANEOUS ITEMS | In 2015, Call-2-Recycle recognized the Airport Authority as a “Best Practices” collection site, recognizing our battery and cell phone recycling. |
| 702,432 KILOGRAMS OF PLASTIC AND METAL CONTAINERS | 8,759 KILOGRAMS OF E-WASTE | |

Trailer Reuse

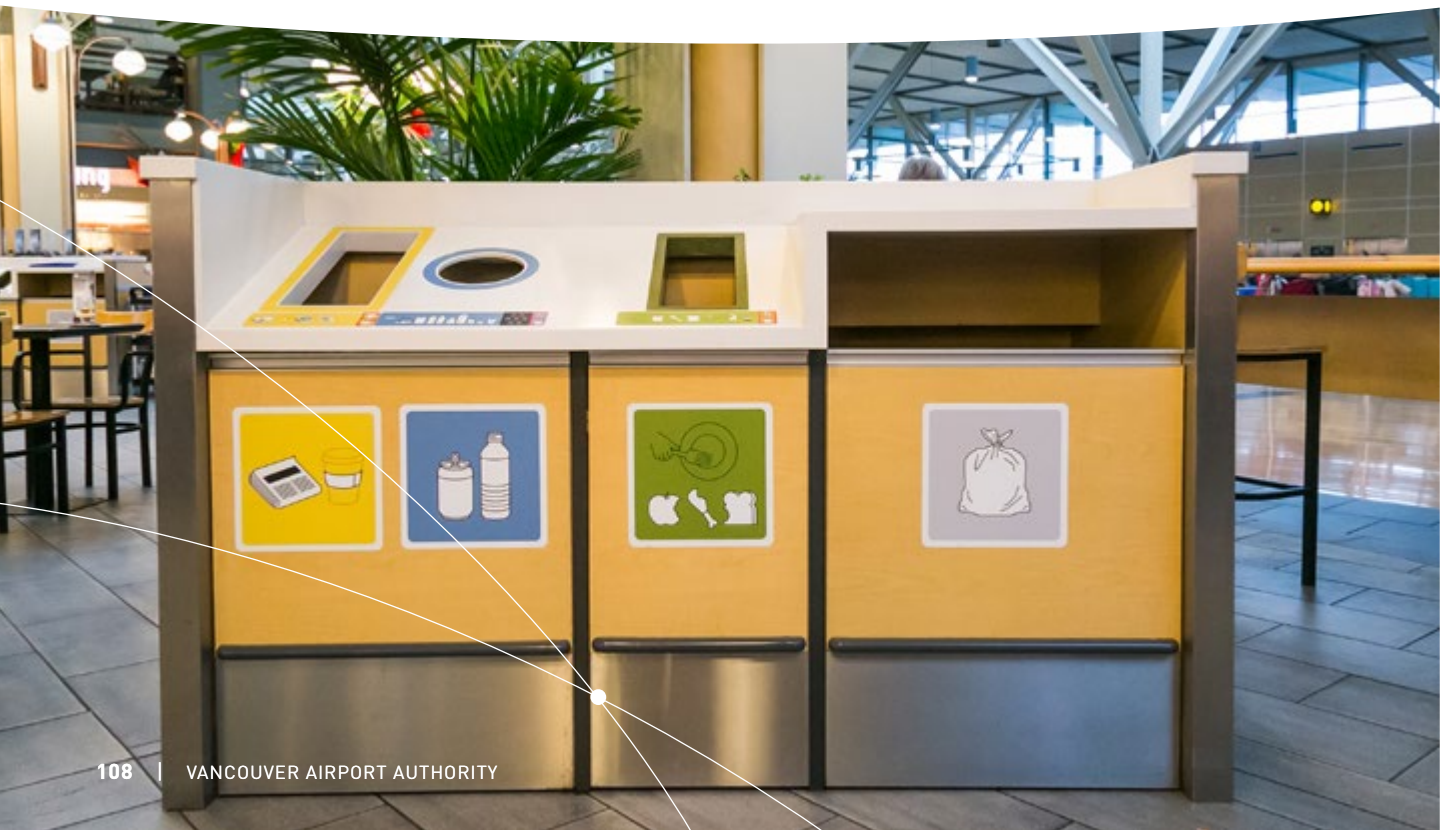
We always encourage our contractors to think creatively about how to recycle project materials and in 2015 our partner Seko Construction went to great lengths to demonstrate their dedication to sustainability. In addition to achieving a 73 per cent waste diversion rate during their demolition project, they also found a great use for several old project management trailers. These trailers were safely moved off Sea Island and are now used as temporary offices, school classrooms and a day care in nearby communities.

SIGN SHOP

YVR's Sign Shop reduced waste by repurposing and reusing materials. In 2015, the Sign Shop brought scrap materials to Emily Carr University of Art and donated boxes of material to local elementary schools. The Sign Shop also recycled the backing paper for our vinyl signs.

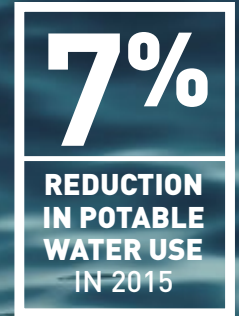
WASTE AUDITS

YVR regularly conducts waste audits to identify opportunities for improvement. In 2015, we engaged an external consultant to audit the waste stream of select restaurants. Each restaurant received a report and key findings showed that the restaurants were integrating our organics program satisfactorily into their everyday business.



REDUCING POTABLE WATER CONSUMPTION

In 2015, YVR increased its passenger count while keeping water use in check. In fact, thanks to new and existing initiatives, YVR and our Sea Island tenants consumed 1,146,517 cubic metres of water, down from 1,178,229 cubic metres in 2014. On a passenger level, that means we've been able to lower per passenger consumption from 0.061 m³/passenger in 2014 to 0.056m³/passenger in 2015.



Throughout the years, we have implemented a wide range of water conservation initiatives. We retrofitted toilets and faucets in our terminal building, installed ultraviolet technology to clean kitchen operations and recently installed a rainwater harvesting system at our Airside Operations Building. These initiatives helped reduce our water use and set a strong foundation for future initiatives.

DROUGHT MANAGEMENT

Last summer, YVR undertook several key initiatives in response to severe, region-wide drought conditions. We receive our water supply from Metro Vancouver's regional reservoir, which supplies water to our terminals and other buildings on Sea Island through our distribution system. To comply with Metro Vancouver's Level 3 (of a four-stage system) water restriction in summer 2015, we shut off all decorative water features and restricted irrigation of our landscaped areas to hand-watering large trees and drip irrigating our living wall. We proactively communicated with our partners about water use restrictions.

FUTURE PLANS

Looking ahead, we will explore new opportunities to reduce our potable water consumption. We have committed to reduce potable water consumption 30 per cent by 2020 and are developing a comprehensive water conservation management plan that seeks to find ways of reducing water use.



IMPROVING ECOSYSTEM HEALTH

YVR strives to protect the ecosystem and reduce our impact on the natural environment. In 2015, we improved air and water quality, focused on minimizing wildlife hazards and continued to reduce our impact on the natural habitat.

0
**WATER
SAMPLES**
EXCEEDING CANADIAN
GLYCOL GUIDELINES
IN 2015

REMEDIATION

Wherever possible, we work to reverse environmental damage. YVR has identified prior contamination areas and manages risk by prioritizing areas for remediation. In 2015, we did not have any contaminated sites requiring full remediation. We did, however, ship contaminated soil from two construction sites to approved soil treatment facilities. We also conducted an environmental site assessment on an airport parcel under consideration for development and we regularly use our development review processes to ensure environmental compliance.

NATURAL HABITAT MANAGEMENT

Through our Natural Habitat Management Program, we strive to protect important ecosystem values and functions while proactively managing wildlife hazards. Our key challenge is to balance the safety of airport operations and wildlife control with environmental protection.

Contributions to Conservation

We constantly seek to restore the natural habitat and we work with our neighbouring communities to minimize any impacts to existing wildlife. There are currently no known International Union for Conservation of Nature (IUCN) Red-Listed species with critical habitat on airport land.

YVR coordinates and sponsors the annual Great Canadian Shoreline Cleanup in cooperation with the Vancouver Aquarium on Sea Island at Iona Beach. And as part of the habitat compensation project related to the North Runway construction, YVR supports the Delta Farmland & Wildlife Trust to plant winter cover crops south of the airport to feed migrating waterfowl.



Salmon-Safe Certification

To ensure we meet the highest standards for water quality, we are working towards a Salmon-Safe certification. In 2015, we worked with Salmon-Safe to conduct a preliminary assessment of the airport property and reviewed our policies and stormwater management procedures. We will continue to work towards this certification in 2016, ensuring that wild Pacific salmon can thrive in the Fraser River.

Invasive Species and Pest Management

In 2015, we focused our efforts on invasive species by controlling the spread of Japanese knotweed and Giant Hogweed on Sea Island. We updated our mapping of these plants in 2015 and continued to treat affected areas.



Wildlife Management

YVR is located on a migratory bird path and as a result we have a responsibility to ensure safe aircraft operations while conserving wildlife. We use limited pesticides to reduce bird-attracting insects and are looking at alternative treatments for the future. The YVR Wildlife Team patrols the airfield year-round, using lethal and non-lethal methods—trained border collies, pyrotechnics, raptors, eagles, hovercrafts, lasers and stock whips—to scare away and disperse hazardous wildlife.

Flight, our young border collie, has progressed through a full season of training on the airfield and the foreshore of Sea Island. She will be ready for active duty in October 2016, when she will assume her role of keeping the airfield clear of birds.

Hercules, our Bald Eagle, has improved his proficiency in chasing Snow Geese from the western foreshore. He sometimes works with our wildlife boat, moving the geese away from the airfield.

Goliath, our Harris Hawk, helps move hazardous birds off the airfield. He has flushed many of the ducks away from the airfield, leaving him with few birds to chase.



During 2015, we moved a record 1,098,079 birds away from aircraft operating areas using active control techniques and we safely captured and released 149 raptors through our Raptor Trap & Translocation Program. This program is a leader in collecting re-sighting data on translocated raptors, providing YVR with a better understanding of risk profiles.

In 2015, there were 206 bird strike incidents in which 297 birds were struck by aircraft, a slight increase from 2014. To maintain safe aircraft operations, the Airport Authority uses lethal control when necessary and in 2015 killed 212 birds, a decrease from 301 in 2014.



HAZARDOUS MATERIALS MANAGEMENT

We employ a lifecycle approach to hazardous and controlled products, from carefully selecting green and less harmful products at the outset, managing the storage, transportation, use and cleanup of the products while onsite, then ensuring the proper disposal of products offsite. Through the Hazardous Materials Management Program, we educate and train employees on these key elements and make efforts to inspect and audit our facilities and operations to minimize risks associated with hazardous products use. We research product options and provide the technical expertise to assess less harmful products for people and the environment. We audit the number and quantities of controlled products and look at locations and work activities to assess how best to eliminate or substitute materials. YVR also disposes of hazardous materials following applicable Federal and Provincial regulations.

Spill Response

Our Spill Response Plan provides clear guidance on preventing and mitigating releases of hazardous substances and ensuring their effective cleanup. In 2015, we recorded 106 spills: of these spills, 97 per cent were considered small, meaning less than 100 litres—a 3 per cent improvement over 2014. We had three material spills over 100 litres in 2015, including one hydraulic oil spill and two sewage spills. We also had one larger spill at a construction site when 6,600 litres of sewage were released. Response, cleanup and management of this spill were handled very well, resulting in no release into the natural environment.

WATER MANAGEMENT

Our Water Quality Program aims to prevent pollution from entering surface waters. We do not release water into the environment; instead, we send all waste water to a sewage treatment facility. We have a robust monitoring system, we strategically use oil-water separators and de-icing pads and we continually educate the Sea Island community about water quality.

In 2015, we measured water quality on a regular basis. This included weekly monitoring, site-specific sampling whenever a risk to water quality was expected and standard snow sampling when de-icing pads were open. We took 588 water samples, checking 239 for de-icing fluid contamination. None of the samples exceeded 100 mg/L of glycol, which meets our 2020 Environmental Management Plan target of zero. We also participated in a national, Transport Canada-hosted meeting with other airports and airlines on glycol management best practices.

AIR QUALITY

YVR has a commitment to reduce air pollution and tracks its air quality through continuous ambient air quality monitoring. We also report data to the National Pollutant Release Inventory (NPRI).

In 2015, we continued to participate voluntarily in the Lower Fraser Valley Air Quality Monitoring Network. As part of this network, Metro Vancouver operates a continuous air quality monitoring station located at YVR east of the south runway, near the community of Burkeville. Data collected from this station is displayed on a live stream through Metro Vancouver's website.

We also submitted a report to the NPRI in 2015 for the 2014 emissions period and found that we had the same substances below the reporting thresholds as reported in 2013—Carbon Monoxide, Sulphur Dioxide, Oxides of Nitrogen and Volatile Organic Compounds. We also had the same substances slightly above reporting thresholds—asbestos disposal from the demolition of older structures and particulate matter from boilers, emergency generators and dust. However, the 2014 asbestos levels and particulate matter were below 2013 levels, demonstrating that our initiatives are continuing to have a positive effect even in the face of increasing passenger volumes. YVR also voluntarily retires older non-road diesel equipment to reduce emissions to the environment.

YVR Air Pollutants

| Annual Averages | 2014 | 2013 | 2012 |
|---|------|------|------|
| Nitrogen Dioxide (NO ₂) (ppb) | 15 | 14 | 14 |
| Carbon Monoxide (CO) (ppb) | 239 | 244 | 239 |
| Sulphur Dioxide (SO ₂) (ppb) | 0.6 | 0.7 | 0.8 |
| Fine Particulate Matter (PM _{2.5}) (µg/m ³) | 6.4 | 6.3 | 4.2 |
| Fine Particulate Matter (PM ₁₀) (µg/m ³) | 11 | 11 | 11.1 |
| Ozone (O ₃) (ppb) | 17 | 16 | 18 |

MANAGING AIRCRAFT NOISE

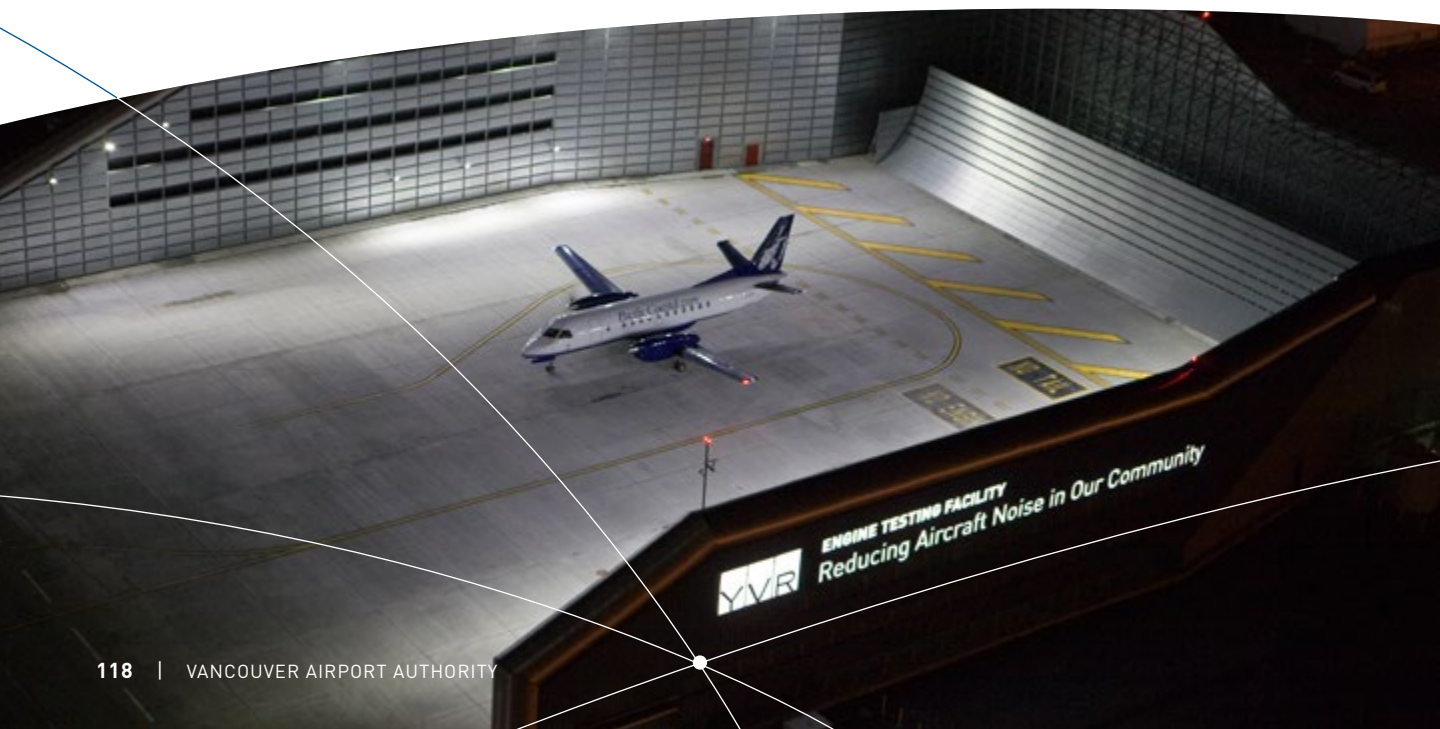
YVR strives to be a good neighbour and has a comprehensive approach to mitigating the impacts from aircraft noise. Our Aeronautical Noise Management Program seeks to minimize the level of disturbance to those living in the vicinity of the airport, while recognizing the need for 24-hour airport operations.

YVR's Aeronautical Noise Management Program has come a long way, starting with a noise monitoring system in 1988 to a modern-day, multi-faceted program that meets the challenges of a growing airport. Our program includes a wide range of initiatives, from increased engagement with community representatives through our Aeronautical Noise Management Committee (ANMC), to our support of international efforts to develop noise mitigation standards. We are constantly improving the program and encourage the community to reach us through yvr.ca for more information.

YVR currently uses the Aircraft Noise & Operations Monitoring System to monitor aircraft operations and noise levels at 20 permanent locations throughout Metro Vancouver. The data collected helps us understand the impact of aircraft noise in communities, perform trend analysis, investigate noise concerns and select winners for the annual YVR Fly Quiet Awards.

YOUR FEEDBACK

Our 2015 community survey of Metro Vancouver residents shows that 85 per cent of respondents reported not being annoyed by aircraft noise, down slightly from 86 per cent in 2014. We received 1,667 noise concerns in 2015—a 5 per cent decrease from 2014—and one individual submitted 61 per cent of total concerns, due to our increased use of the North Runway because of construction and repairs. The number of individuals who registered a complaint increased from 278 in 2014 to 298 in 2015.



GROUND RUN-UP ENCLOSURE

2015 marked the fourth full year of operations for our Ground Run-Up Enclosure (GRE), a noise reduction structure that primarily serves business jets and propeller aircraft on the south side of the airport. In 2015, the GRE accommodated 981 run-ups, accounting for almost 40 per cent of the total run-ups performed on the south side of the airport. In 2015, we received 30 noise complaints from 23 individuals regarding run-up noise. Six of these concerns could not be associated with run-up events for the date and time specified. In 2015, YVR engaged a third-party noise specialist to undertake a run-up study to assess mitigation opportunities for run-ups outside the GRE. The review concluded that current procedures provide the best possible noise reduction. The final report contained three possible ideas for consideration; however, the report did not recommend that these ideas were warranted at this time.

FLY QUIET AWARDS

2015 marked the 10th year of the YVR Fly Quiet Awards. This annual award acknowledges airlines that demonstrate good noise management practices, with winners selected based on having the lowest average measured noise levels and being in good standing with the YVR Noise Abatement Procedures. YVR selects winners based on three classes—wide body, narrow body and propeller. The 2015 winners were:

Central Mountain Air (propeller)

Air Canada Jazz (narrow body)

Japan Airlines (wide-body)



APPENDIX

CORPORATE GOVERNANCE REPORT

PART ONE—CORPORATE GOVERNANCE

I. Introduction

YVR's community-based Board of Directors provides stewardship for the Airport Authority and seeks to foster the long-term success of the airport. The Board's fundamental role is to ensure that the Airport Authority fulfills its role in a safe, efficient and reliable manner. Our Board reviews and approves the Strategic Plan, long-term financial plans and annual budgets. It also selects the CEO, oversees senior management succession, identifies risks, maintains the integrity of internal controls, monitors health and safety management systems and ensures we have a comprehensive public communications policy. Our Board has adopted a *Governance Rules and Practices Manual*, available at yvr.ca, to assist Directors in meeting their obligations.

II. Composition of the Board

Except for the President & CEO, all our Directors are independent. They have no direct or indirect material relationship with the Airport Authority or its subsidiaries and are independent of management. Our Directors are free from any interest, business or other relationship that could, or could reasonably be perceived to, interfere with a Director's ability to exercise independent judgment and act with a view to the best interests of the Airport Authority.

Nominating Entities

Our Board currently has 14 Directors: nine appointed by Nominating Entities, four appointed by the Board from the community at large and one seat held by the President & CEO of the Airport Authority. Nominating entities include:

- Association of Professional Engineers and Geoscientists of British Columbia – 1 Director
- Chartered Professional Accountants of British Columbia – 1 Director
- City of Richmond – 1 Director
- City of Vancouver – 1 Director
- Government of Canada – 2 Directors
- Metro Vancouver – 1 Director
- Law Society of British Columbia – 1 Director
- The Greater Vancouver Board of Trade – 1 Director

Each Nominating Entity has its own appointment process. The Entity may not appoint a person in its employment or providing services on a full-time basis under contract; in addition, persons holding or nominated for an elected office are ineligible.

Engagement with Nominating Entities and Stakeholders

The Board ensures that the Airport Authority pro-actively engages with the Nominating Entities and other stakeholders. To foster positive outreach with the Nominating Entities, Nominated Directors are charged with establishing an annual communications plan with their Nominating Entity. The process is set out in Tab 13 "Communications Plan with Nominating Entity" of the Board's *Governance Rules and Practices Manual* and

is reviewed annually by the Governance Committee. This formal process is supplemented with numerous informal communications.

The Governance Committee’s mandate also includes a duty to review stakeholder relations; this includes an annual review of the Airport Authority’s communications policy, relationship with federal and local governments, and relations with our neighbouring communities and business partners. Examples of how we account to the community can be found in Section 2.2 of Tab 12 “Accountability and Transparency” of the Board’s *Governance Rules and Practices Manual*. Numerous examples of community engagement can be found throughout the body of the Sustainability Report.

Board Skills and Experience Matrix

The Board strives to ensure that it collectively has the skills and experience needed to maintain the health of the organization and guide its long term success. Our Board Skills and Experience Matrix allows us to see where there may be gaps—to assist both our Nominating Entities in making their appointments and the Board when making appointments from the community at large.

The first part of the Matrix, reproduced below, lists what we call the “Essentials.” All Directors are expected to have the 10 included skills and as a whole we seek a diverse board reflective of the communities we serve.

Board Skills and Experience Matrix: Essentials

| | |
|-------------------------------------|---|
| Integrity and Accountability | <ul style="list-style-type: none"> • Demonstrated integrity and high ethical standards both in personal and professional dealings. • Willing to act on, and remain accountable for, decisions made in the boardroom. |
| Conflict of Interest | <ul style="list-style-type: none"> • No real or perceived conflicts that are not easily satisfied through disclosure or exclusion from particular issues. This is verified annually. |
| Time Availability | <ul style="list-style-type: none"> • Ability to devote the required time for preparation before, and participation at, board and committee meetings. |
| Financial Literacy | <ul style="list-style-type: none"> • Competent in understanding financial matters and statements. • Familiar with current accounting processes used to evaluate a corporation’s financial performance. |
| Strategic Insight | <ul style="list-style-type: none"> • Capable of contributing to Board work on identifying key trends, assessing risks and opportunities. • Skilled in providing insight and suggestions in making strategic decisions, including encouraging innovation, and focusing the Airport Authority’s strategic vision. |
| Board Experience | <ul style="list-style-type: none"> • Service on the board of a large corporation, preferably with experience as committee chair. • Experience with other types of Boards (e.g.: community and not-for-profit) or as CEO reporting to a Board. |
| Leadership | <ul style="list-style-type: none"> • Ability, shown by prior actions, of taking into consideration all stakeholders as part of making sound business decisions. • An understanding of current best practices in corporate management in complex, rapidly evolving business environments. |
| Informed Judgment | <ul style="list-style-type: none"> • Ability to communicate wise, thoughtful counsel on a broad range of issues helpfully. |

| | |
|-----------------------------------|---|
| Mature Confidence | <ul style="list-style-type: none"> • Ability to facilitate superior Board and team performance by demonstrating respect for others. • Places a premium value on collective achievement over individual performance. |
| High Performance Standards | <ul style="list-style-type: none"> • High standards for self and others reflected in a record of achievement. |
| Diversity | <ul style="list-style-type: none"> • The Board should be reflective of the community we serve in terms of the categories identified in the <i>Employment Equity Act</i> and age. • Consider Directors resident in BC communities from outside the Lower Mainland. |

The second part of the Matrix lists desired skills and experience. We look for Directors with these specific skill sets, which ensure they can analyze issues effectively and make sound decisions.

Board Skills and Experience Matrix: Desired Skills and Experience

| | |
|--|--|
| Transportation Industry Experience | <ul style="list-style-type: none"> • Senior executive, in particular: international airports; aviation; airline; development, manufacturing and maintenance of aircraft; cargo and logistics; and other modes of international passenger and cargo movement. |
| Senior Executive Experience | <ul style="list-style-type: none"> • Chief Executive Officer, Chief Operating Officer, Executive Vice President or Senior Vice President of a large corporation. |
| Financial Experience | <ul style="list-style-type: none"> • Chief Financial Officer or senior financial executive of large corporation. • Senior Audit Partner with one of the major Canadian audit firms. • Corporate finance leadership, including investment banking, mergers and acquisitions, and other complex financial transactions. |
| Retail Experience | <ul style="list-style-type: none"> • Senior executive, in particular: direct to consumer sales; shopping centre design development and management. |
| Land or Project Development Experience | <ul style="list-style-type: none"> • Senior executive, large capital projects from inception to completion. • Complex engineering, multi-sourced financing projects; including public, government and environmental approval processes. |
| “New Economy” Experience | <ul style="list-style-type: none"> • Senior leader, information technology, social media, e-commerce, digital universe; and their application in for-profit businesses. |
| International Experience | <ul style="list-style-type: none"> • Considerable work outside Canada. • Extensive relevant contacts. • Strong credibility with the Canadian government as a senior international business person. |
| Government Relations and Community Service | <ul style="list-style-type: none"> • Extensive work with, or within, government: knows policy and legislation development; credibility and connections within: a) political and civil service sectors and b) community organizations. • Experience serving within and leading charitable organizations. |
| Customer Service Experience | <ul style="list-style-type: none"> • Senior executive from an industry where meeting individual customer needs is critical to the organization’s success; in particular, travel, hospitality, theme park, and cruise industries. |
| Compensation & Human Resources Experience | <ul style="list-style-type: none"> • Senior human resource executive in a large corporation: knows executive compensation, performance management systems, succession planning and development. • Senior partner in recognized compensation or human resource consultancy. |

| | |
|--|---|
| Legal Experience | <ul style="list-style-type: none"> • Senior Partner of a law firm with a broad range of clients and transactions; preferably a leadership role within the firm or senior legal executive in a large corporation. |
| Tourism Marketing | <ul style="list-style-type: none"> • Senior executive with experience in tourism marketing; in particular, experience in Asian and other international markets. |
| Corporate Responsibility Experience | <ul style="list-style-type: none"> • Senior executive responsible for health and safety in a large manufacturing or industrial company. • Large corporation involvement in environment, sustainability, community and communications. • Public issue management. |

Gender and Diversity

Our Board believes that its composition should reflect the rich diversity of the communities we serve. In addition to the skill sets and experience identified in the Board Matrix, the Board considers gender, age and ethnicity when considering candidates to fill at-large vacancies. We also ask our Nominating Entities to take into account diversity considerations along with the gaps in skills and experience identified through our matrix review when appointing a Director.

Currently, over a third of our Board members are women, ahead of the Canadian average of just under 20 per cent. Two members (14 per cent) of our Board are visible minorities, which is ahead of the Canadian average of just over 7 per cent.¹

The Board believes that the Airport Authority workforce, including the Executive Team, should also reflect the diversity found in our community. At the end of 2015, we had three women Vice Presidents. At the time of publication of this report, a fourth woman Vice President joined the team. Further information on employment equity and women in management can be found in the Respect and Equality Section of this Sustainability Report on page 67.

Term Limits

Our Directors are appointed to a three-year term and are eligible for re-appointment for two additional terms for a total of nine years. To balance the need for renewal and continuity, there is a limited exception allowing a Director to serve for one additional year if more than two Directors retire in a given year.

III. Committees of the Board

Our 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 related to financial disclosure. This Committee also plays a lead role in identifying major business risks and reviewing the Airport Authority's Enterprise Risk Management system.

Our Governance Committee is responsible for ensuring that our Board's governance practices enhance corporate performance and remain transparent and accountable. It also develops a long-term plan for the composition of the Board and annually reviews the Airport Authority's stakeholder relationship activities. The Governance Committee reviews and approves the organization's Sustainability Report.

¹ Per the Canadian Board Diversity Council's 2015 Annual Report Card.

Our 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 executives and other key employees.

Our Planning and Development Committee assists the Board in meeting its responsibility for long-range planning including strategic, master and capital plans. It reviews the scope, schedule and budget for major capital projects. It also plays a lead role in identifying strategic risks and opportunities.

In addition, the Board periodically establishes Task Forces to undertake specific assignments.

IV. Ethics and Code of Conduct for Directors

Our Directors are expected to carry out their duties honestly, with integrity and in good faith. They are expected to demonstrate the highest ethical standards and to be accountable for their decisions. Directors are required to comply with all applicable rules concerning conflicts of interest, which can be found in the *Governance Rules and Practices Manual* at yvr.ca.

Every Director is required to file a disclosure statement at the start of his or her appointment. After that, each Director must file an annual disclosure statement, which is reviewed by the Chair, the President & CEO, the Corporate Secretary and our external auditors. In addition, any Director may review the statements upon request to the Corporate Secretary.

Our by-laws require that we report annually in writing on the Directors' compliance with these conflict of interest guidelines. The Airport Authority confirms that, in general, all Directors complied in full with the rules concerning conflicts of interest in 2015. We investigated one instance of a potential perceived conflict of interest, which was reported late, and determined that no actual conflict had occurred.

PART TWO—EXECUTIVE AND BOARD COMPENSATION

I. Executive Compensation Philosophy and Incentive Measures

As the Airport Authority sets out on an ambitious Strategic Plan, it is paramount that YVR remain an economic generator, a jobs creator and a sustainable and fiscally responsible airport for British Columbia. The overarching goal embedded in our Strategic Plan is to welcome 25 million passengers by 2020. The plan also steers YVR to be a leader in sustainability, incorporating sustainability considerations into the framework of all decision making. The Airport Authority's fundamental responsibility to the communities it serves, to remain well-positioned and financially stable, underpins the entire plan.

To ensure YVR remains a global leader and an economic generator for the region, the Airport Authority has a comprehensive executive compensation program in place. This enables us to remain competitive in the marketplace, attract and retain the calibre of executive required and motivate executives to achieve business results, support the strategic vision and reinforce accountability to our customers and communities. The key elements of the executive compensation program are base salary and incentive compensation, with short-term (1 year) measures that include individual performance objectives and long-term (3 year) measures.

Incentive Measures

The targets in the Strategic Plan inform the incentive measures that are core to YVR's executive compensation program. Starting in 2014, the long-term incentive measures in the executive compensation program are based on sustained performance in passenger growth, sustainability and to ensure a sound financial management/interest coverage ratio. The long-term incentive measures are based on a rolling cycle. Every three years the measures are adjusted to reflect changes in the industry and economy.

The Airport Authority promotes sustainable growth of the airport and intends to be recognized as a leader in sustainability. The long-term incentive plan incorporates this aspirational goal of sustainability leadership as compared to both other international airports and local community organizations. This leadership position will be measured by an independent external firm. The long-term incentive plan also includes sustainability measures for reductions in greenhouse gas emissions, water usage and airport waste.

The short-term measures focus on increasing net operating margin, enhancing customer satisfaction and our reputation within the community and decreasing our operating costs per enplaned passenger. The results are determined based on audited financial information and through surveys conducted by third party firms.

In addition, the Human Resources and Compensation Committee reviews the individual objectives set annually for the CEO. The CEO reviews the individual objectives set annually for each Vice President. Performance on these objectives is part of the short-term incentive award calculation.

II. Executive Compensation, Peer Group and Market Positioning

The salary range for the President & CEO is \$360,000 to \$540,000, with a midpoint of \$450,000. The salary range for Senior Vice Presidents is \$196,000 to \$294,000, with a midpoint of \$245,000. For Vice Presidents the salary range is \$168,000 to \$252,000, with a midpoint of \$210,000.

As noted above, all executives participate in short-term incentive plans. The short-term plan for the President & CEO has a target opportunity of 50 per cent of base salary and a maximum opportunity of 75 per cent of base salary. The short-term incentive plan for Vice Presidents has a target opportunity of 30 per cent of base salary and a maximum opportunity of 45 per cent of base salary.

Under the executives' long-term incentive plan, they have a target opportunity of 45 per cent of base salary and a maximum opportunity of 90 per cent of base salary for the President & CEO and Senior Vice President. The long-term incentive program for Vice Presidents has a target opportunity of 30 per cent of base salary and a maximum opportunity of 60 per cent of base salary.

Under both the short and long-term incentive programs, actual performance results measured against the various metrics determine the magnitude of the payouts. If performance objectives are not met, no incentives would be paid.

In 2015, the average base salary increase for executives was 3.2 per cent, along with other adjustments to increase salaries for certain executives to reflect development in their role and progress further within the salary range. In addition to the programs described above, the executives participate in standard health, retirement and prerequisite programs.

Executive Compensation Peer Group

To determine executive pay levels, the Airport Authority is compared to three peer groups:

1. Canadian airport authorities and for reference purposes international airports of comparable size in the US, Europe and Australia;
2. Canadian organizations in industries where skillsets for executive-level jobs are similar including transportation, utilities, communications, engineering, construction and commercial real estate industries; and
3. Canadian organizations with similar ownership including privately held or subsidiary organizations from a wide range of industries.

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 exceed expectations.

III. Executive Compensation Review Process

The Human Resources and Compensation Committee retains an independent compensation consultant to provide market compensation data, assistance with incentive plan design and information on trends in executive pay. The Committee recommends to the Board the compensation of the CEO and the executive team only after considering market data, recommendations from the CEO on compensation for positions reporting to the CEO and individual and corporate performance objectives.

In 2014, the Human Resources and Compensation Committee retained the services of an independent compensation consultant, Mercer, to review and assess the executive pay arrangements including the appropriateness of the philosophy, peer groups and market positioning of executive pay levels and the alignment of the incentive programs to the strategic direction of the Airport Authority. Based on the review, new long-term incentive measures were introduced in 2014 to better align the compensation with the Airport Authority's Strategic Plan.

IV. Directors' Remuneration

Directors' compensation is reviewed by our Governance Committee every two years with the assistance of an independent compensation consultant. The consultant provides market compensation data and advice on industry best practices. The 2015 Board retainer and meeting fee structure was approved by the Board in late 2013 and was in effect for both 2014 and 2015. The Governance Committee conducted a review in late 2015 to consider Directors' compensation for 2016 and 2017. Our Governance Committee recommended, and the Board approved, no increase to the Directors' retainer, the additional annual retainer paid to Committee Chairs, or Directors' meeting fees because it found our current rates are comparable to, and competitive with, the prevailing market.

Our Board approved an increase in the Chair's retainer from \$135,000 to \$175,000, which came into effect on January 1, 2016. Our Chair did not receive an increase in compensation for the years 2014 and 2015. The President & CEO receives no additional compensation for services as a Director.

In making its recommendation to the Board, our Governance Committee is guided by the compensation principles set out below.

Compensation Principles:

1. Compensation paid to Directors will neither unduly reward, nor unduly penalize, an individual for choosing to serve on the Airport Authority Board rather than on any other Board of Directors.
2. Every two years, the Board will review market data and set compensation at a level generally consistent with the mid-range of that being paid to Directors of BC corporations of similar size and responsibility and Canadian Airport Authorities (the Comparable Corporations—defined below).
3. To reflect both the inherent responsibilities and the variable time commitments, each Director will be paid through a combination of an annual retainer and fees for each meeting attended.
4. To reflect the additional time and responsibility of serving as Chair of a Committee or Task Force, these Directors will receive additional compensation in the form of an additional annual retainer.
5. To reflect the extra legal responsibilities and time commitments entailed in the role, the Chair of the Audit Committee's additional annual retainer will be 125 per cent of the additional annual retainer.
6. The Board Chair will be paid an annual retainer, calculated as 275 per cent of the average total annual compensation of the other Directors.
7. The Comparable Corporations that formed the basis for the 2013 and 2015 reviews are:
 - A. Airport Authorities of Toronto, Montreal and Calgary;
 - B. British Columbia's major government transportation companies and;
 - C. Twenty corporations in British Columbia with assets greater than \$1 billion, whose shares are publicly traded.
8. The Board will be guided by, but not bound by, the following calculation:

(a + b + c) divided by 3 = mid-range of Comparable Corporations

a = average of the average annual total compensation paid to Boards in group A;

b = average of the average annual total compensation paid to Boards in group B;

c = average of the average annual total cash compensation (stock options and other compensation are excluded) paid to Boards at the 50th percentile in group C.

The remuneration for non-management Directors in 2015 is set out in the table below.

| | | |
|---|--|-----------|
| Annual Retainer | <i>Chair</i> | \$135,000 |
| | <i>Directors</i> | \$30,000 |
| Additional Retainer for | <i>Chair Finance and Audit Committee</i> | \$8,000 |
| Committee Chairs | <i>Chair other Board Committees</i> | \$6,500 |
| Board and Committee meeting attendance fee | | \$1,400 |
| Other meetings fee | | \$ 700 |

Directors are also reimbursed for all reasonable out-of-pocket expenses, which are reviewed by the Chair and the Corporate Secretary. The Chair's expenses are reviewed by the Governance Committee Chair. We do not reimburse Directors for travel expenses to attend Board and Committee meetings unless the Director resides outside the Metro Vancouver Regional District.

The total remuneration paid during 2015 to each Director was as follows:

| | | | |
|----------------------------|------------------|--------------------------|----------|
| M. Jordan ² | \$135,000 | A. King ⁴ | \$35,400 |
| G. Cadman | \$68,000 | K. Martin ⁴ | \$33,300 |
| J. Caron | \$59,400 | K. Panatch ⁴ | \$47,800 |
| J. Currie | \$63,200 | W. Parasiuk ⁴ | \$19,200 |
| A. Fung | \$57,300 | G. Sinclair | \$62,400 |
| K. Goosen | \$65,900 | T. Vrooman | \$51,000 |
| G. Hayward ⁴ | \$24,800 | P. Webster ⁴ | \$24,100 |
| H. Jampolsky | \$57,300 | W. Wright ⁴ | \$36,800 |
| TOTAL | \$840,900 | | |
| AVERAGE³ | \$47,060 | | |

In addition to the above remuneration, Directors were reimbursed for expenses totalling \$6,278 in 2015.

PART THREE—PURCHASING

In 2015, we developed a new sustainable purchasing policy which will come into effect in 2016. The goal of the policy is to embed sustainability in our purchasing decisions and ensure meaningful consideration of environmental, social, economic and governance criteria when selecting suppliers, products and services. Our purchasing decisions will drive innovation, improve workplace and environmental outcomes and support our commitment to be accountable to the communities that we serve. More information on our purchasing policy can be found on page 47 of our 2015 Sustainability Report.

Report on Single-Source Contracts

In general, the Airport Authority's procurement of goods and services will be awarded following a competitive process. Exceptions to this policy may be made in the circumstances described in the list below. The persons with the appropriate signing authority will state in writing upon what grounds the exception is being made.

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;

¹ Our Chair receives an annual retainer only for work on the Airport Authority Board and does not receive any additional meeting fees. During the year, our Chair also received remuneration in the amount of \$25,000 from Vantage Airport Group for serving on its Board of Directors.

² Excludes the salary for the Chair of the Board of Directors.

³ Grayden Hayward, Wilson Parasiuk and Peter Webster retired from the Board in May 2015. Annalisa King, Ken Martin, Kush Panatch and Wayne Wright joined the Board in 2015.

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; and
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 years.

In keeping with our policy of being transparent, we publish the list of goods and services costing more than \$132,704 (\$100,000 in 2000 dollars) which were not awarded on the basis of a competitive process during 2015. The table below reports \$54,237,881 in single source contracts, representing 22.1% of the total goods and services purchased in 2015.

| Aggregate Contract Value | Contractor | Description | Multiple Year Agreement | Reasons* |
|--------------------------|--------------------------------------|-----------------------|-------------------------|----------|
| \$6,767,604 | Jacob Bros. Construction Inc. | Construction Services | N | 2, 7 |
| \$6,410,577 | Concord Security Corporation | Parking Operations | N | 7 |
| \$3,944,960 | MacAulay Trucking Ltd. | Snow Removal Services | Y | 7 |
| \$2,484,366 | Hatch Mott McDonald | Construction Services | N | 2, 7 |
| \$2,372,326 | PCL Constructors Westcoast Inc. | Construction Services | N | 4 |
| \$2,341,127 | Optosecurity Inc. | Construction Services | Y | 1 |
| \$1,754,248 | Vanderlande Industries Canada | Construction Services | N | 3 |
| \$1,739,015 | Keefer Rock Advisors Ltd. | Consulting Services | Y | 4 |
| \$1,603,310 | Mainroad Contracting Ltd. | Snow Removal Services | Y | 7 |
| \$1,333,470 | Brent Kelly Farms Inc. | Snow Removal Services | Y | 7 |
| \$1,135,000 | Fred Welsh Ltd. | Construction Services | N | 7 |
| \$1,128,000 | Stantec Architecture Ltd. | Consulting Services | N | 3 |
| \$1,007,684 | Airport Wildlife Management Inc. | Wildlife Services | Y | 3 |
| \$924,672 | Francl Architecture | Consulting Services | N | 7 |
| \$897,508 | Intervistas Consulting | Consulting Services | N | 4 |
| \$866,554 | WDFG Vancouver LP | Construction Services | N | 3 |
| \$815,776 | Pacific Safety Consulting Group Inc. | Consulting Services | Y | 3 |
| \$809,080 | Tier 1 Ltd. | Snow Removal Services | Y | 7 |
| \$777,108 | Securiguard Services Ltd. | AVOP Services | Y | 3 |
| \$770,719 | Glidepath Systems Limited | Equipment | N | 4 |
| \$744,075 | Studio One Architecture Inc. | Consulting Services | N | 3 |
| \$726,910 | QinetiQ Limited | IT Services | Y | 1 |
| \$707,460 | Heritage Office | Office Furniture | N | 3 |
| \$647,050 | Team Eagle Ltd. | Equipment Purchase | N | 3 |

| Aggregate Contract Value | Contractor | Description | Multiple Year Agreement | Reasons* |
|--------------------------|---|-----------------------|-------------------------|----------|
| \$570,559 | Hella KGaA Hueck & Co. | Airfield Lighting | N | 1 |
| \$481,221 | Tyco Integrated Fire & Security Canada, Inc. | Fire Alarm Upgrade | N | 1 |
| \$466,060 | Ledcor Construction Limited | Construction Services | N | 4 |
| \$368,165 | Cummins Western Canada | Equipment Rental | N | 2 |
| \$339,711 | IBM Canada Ltd. | IT Services | N | 1 |
| \$339,335 | Levelton Consulting Ltd. | Consulting Services | N | 4 |
| \$306,862 | Long View Systems Corporation | IT Services | N | 1 |
| \$302,400 | Cummins Western Canada | Equipment Rental | N | 2 |
| \$293,672 | Armtec Limited Partnership | Construction Services | N | 3 |
| \$286,000 | Kerr Wood Leidel and Associates | Consulting Services | N | 4 |
| \$284,000 | Finning (Canada) | Equipment Rental | N | 4 |
| \$276,731 | Associated Engineering (BC) Ltd. | Consulting Services | N | 4 |
| \$270,000 | Kasian Architecture Interior Design and Planning Ltd. | Consulting Services | N | 4 |
| \$245,000 | Emily Goes Commercial | Consulting Services | N | 3 |
| \$239,430 | Landrum & Brown Incorporated | Consulting Services | N | 5 |
| \$231,227 | Oracle Canada ULC | IT Services | N | 1 |
| \$216,057 | Babcock Airports | IT Services | N | 1 |
| \$216,000 | Hill & Knowlton | Consulting Services | N | 4 |
| \$188,555 | BC Hardwood Floor Co. Ltd. | Construction Services | N | 4 |
| \$184,085 | CDm2 Lightworks Corp. | Lighting Equipment | N | 4 |
| \$172,980 | Brock Solutions | IT Services | N | 1 |
| \$168,073 | Bruel & Kjaer EMS Inc. | IT Services | N | 1 |
| \$143,750 | Long View Systems Corporation | IT Services | N | 4 |
| \$137,089 | Metro Compactor West Inc. | Compactor Equipment | N | 3 |
| \$134,413 | Oracle Canada ULC | IT Services | N | 1 |

PART FOUR—GUIDELINES FOR CORPORATE GOVERNANCE

Although we are not a listed company, we choose to report against National Policy 58-201, Corporate Governance Guidelines, and the accompanying National Instrument 58-101, Disclosure of Corporate Governance Practices.

Vancouver Airport Authority Corporate Governance Disclosure

| Guideline | Disclosure |
|---|---|
| <p>1. The Board of Directors</p> <p>Disclose: Independent Directors and whether or not majority are independent.</p> <ul style="list-style-type: none"> - 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 Directors. | <ul style="list-style-type: none"> - All Directors are independent with the exception of the President & CEO, who is an employee and executive officer of the Airport Authority. - Independent Directors held an <i>in camera</i> session, without the presence of management, at every regular Board and Committee meeting in 2015; i.e., at 11 regular Board meetings and 18 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 <i>Governance Rules and Practices Manual</i> at yvr.ca. - The Governance Committee reviews the Chair's Terms of Reference annually. - The Governance Committee reviews Director attendance annually. In 2015, there were 31 meetings of the full Board and Board Committees as well as the Annual Public Meeting and Board Retreats. Including all of these meetings, the Board had an overall average attendance rate of 92 per cent. |
| <p>2. Board Mandate</p> <ul style="list-style-type: none"> - Disclose the text of the Board's written mandate. | <ul style="list-style-type: none"> - 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 <i>Governance Rules and Practices Manual</i>. |

Vancouver Airport Authority Corporate Governance Disclosure

Guideline

Disclosure

3. Position Descriptions

- 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 latter two effectively guide the Committee Chairs.
 - The Terms of Reference for the President and CEO can be found at Tab 5 in the Board's *Governance Rules and Practices Manual*.
-

4. Orientation and Continuing Education

- 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 *Governance Rules and Practices Manual*.
 - The Orientation program includes an Aviation 101 course for all new Directors including an introduction to the industry, presentations from each Vice President and an overview of key issues facing the Airport Authority in the near to medium term. The orientation program also includes a briefing on the Airport Authority's executive compensation program. 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.
 - In terms of ongoing development, the Board receives periodic sessions with either outside or internal experts on topics of importance to the industry. Directors are also informed of external seminars.
-

Vancouver Airport Authority Corporate Governance Disclosure

Guideline

Disclosure

5. Ethical Business Conduct

- Whether the Board has adopted a written code of conduct; how an interested party may obtain a copy; and how the Board monitors compliance with its code.
- 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.
- The Code of Conduct for Directors and Rules Concerning Conflicts of Interest can be found at Tab 7 in the Board's *Governance Rules and Practices Manual*.
- The Finance and Audit Committee is charged with ensuring that the conflict of interest guidelines are strongly maintained and reviews this matter annually.
- 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.
- The by-laws require an annual statement on Directors' compliance with its conflict of interest guidelines. See Part One, Section IV of this report.
- 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 not receive written material and will recuse him or herself from the Board discussion and decision making.

Vancouver Airport Authority Corporate Governance Disclosure

| Guideline | Disclosure |
|---|---|
| <ul style="list-style-type: none">- Any other steps the Board takes to encourage and promote a culture of ethical business conduct. | <ul style="list-style-type: none">- 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. The Conflict of Interest policy and form is circulated annually to all budget holders, all members of the Supply Management Department and other key employees.- 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 confidence telephone line or website.- Periodic reminders of the Whistleblower Policy are distributed to employees and to third party vendors. |
| 6. Nomination of Directors <ul style="list-style-type: none">- The process by which the Board identifies new candidates.- Whether or not the Board has a nominating committee composed entirely of Independent Directors. | <ul style="list-style-type: none">- The Board may appoint up to five Directors from the Community at large. The Governance Committee, which is composed entirely of Independent Directors, acts as the Nominating Committee and is responsible for the recruitment and recommendation of candidates to the Board for its consideration to fill at-large positions. |

Vancouver Airport Authority Corporate Governance Disclosure

| Guideline | Disclosure |
|--|--|
| <ul style="list-style-type: none"> - If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. | <ul style="list-style-type: none"> - The Governance Committee annually reviews a Director Composition Matrix to ensure that the matrix continues to be aligned with the strategic direction of the business. It then reviews the skills, knowledge and attributes of current Directors—as well as their length of tenure—in order to identify current and upcoming gaps. As part of this review it also considers diversity—including gender, visible minorities and age. - The Governance Committee may engage assistance from an external consultant to help with this process. - For Director positions appointed by Nominating Entities, the Chair reviews the Board Matrix with the Entity and discusses the skills and experience currently required by the Board and requests that the Entity keep this in mind in making its appointment. - The Governance Committee’s Terms of Reference can be found at Tab 15d in the Board’s <i>Governance Rules and Practices Manual</i>. |
| 7. Compensation | |
| <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. - 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 in the Board’s <i>Governance Rules and Practices Manual</i>. - The Human Resources and Compensation Committee engaged Mercer to provide independent compensation advice with regard to the executive compensation plan. The mandate is summarized in Section III of this report. |

Vancouver Airport Authority Corporate Governance Disclosure

Guideline

Disclosure

8. Other Board Committees

- | | |
|---|---|
| <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. | <ul style="list-style-type: none">- The Board also has a Planning and Development Committee. Its Terms of Reference can be found in the Board's <i>Governance Rules and Practices Manual</i>. |
|---|---|

9. Assessments

- | | |
|--|--|
| <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 to review Board, Committee and individual Director effectiveness, which is set out in Tab 10—The Board Evaluation Process in the Board's <i>Governance Rules and Practices Manual</i>.- In 2015, the Board did not undertake an evaluation process because it conducted a competitive public process for a governance advisor and also saw significant turnover on the Board. WATSON, Inc. was selected as the new advisor. Working with the advisor, the Governance Committee refreshed the annual Board and Individual Director Evaluation process and evaluations will take place in 2016.- In the new process, the Board undertakes an overall review of Board and Committee effectiveness through the use of a preliminary written survey followed by a one-on-one interview conducted by the third party consultant. Directors receive a comprehensive interview guide to assist with their interview preparation. In 2016, members of the Executive Team, excluding the Corporate Secretary, will take part in the evaluation process for the first time by completing a written survey.- The Board will also continue to complete an Individual Director Peer Evaluation annually; results are tabulated by the third party consultant and discussed with the individual Director and the Board Chair only. |
|--|--|
-

10. Director Term Limits and Other Mechanisms of Board Renewal

- Disclose whether or not the Board has adopted Term Limits for the Directors on its board or other mechanism of board renewal and, if so, include a description of those Director term limits or other mechanisms of board renewal.
- The Airport Authority has adopted term limits. As set out in Section 1.4 of the corporate by-laws, Directors may serve a maximum of nine years, three terms of three years each. The by-law includes a provision that allows it to appoint a Director for an additional 10th year in circumstances where the turnover on the Board in a given year would be greater than two.

11. Policies Regarding the Representation of Women on the Board

- Disclose whether the Board has adopted a written policy relating to the identification and nomination of women Directors.
- The Board has not adopted a formal written policy with regard to the identification and nomination of women Directors. The Board, however, in filling at-large vacancies takes steps to identify and recruit women. Three of the four at large positions appointed by the Board are currently occupied by women. The Board actively urges the Nominating Entities to consider diversity and gender balance when they are identifying candidates to fill the positions on the Board that they appoint.
- The Board's work plan for 2016 includes the development of a Board Diversity Policy.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

- Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board.
- The Governance Committee, which acts as the Nominating Committee, specifically instructs third party search firms to identify women candidates, where possible, who have the skill sets and experience required at a given time. It has successfully recruited women candidates with experience in finance, the airline industry, and the new economy/technology sector. As noted above, we also encourage our Nominating Entities to consider women candidates along with other candidates who reflect the diversity of our community.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

- Disclose whether and, if so, how the corporation considers the level of representation of women in executive officer positions when making executive officer appointments.
- The Airport Authority has a policy that says we will strive to create a workplace that reflects the diversity of the community we serve and this includes a commitment to diversity and inclusion in its management team. We support the *Employment Equity Act* and take measures to ensure fair employment practices across our organization. We are an equal opportunity employer and encourage applications from women, visible minorities, aboriginal peoples and persons with disabilities.

14. Board's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- Disclose whether the corporation has adopted a target (percentage or range by a set date) regarding women on the corporation's board.
- The Board has not yet adopted a formal target regarding the percentage of women on the board. As nine of the 14 Directors are appointed by outside Nominating Entities it would likely be difficult to achieve a target. However, as noted above, the Board's 2016 workplan includes development of formal Board Diversity Policy.
- Disclose whether the corporation has adopted a target regarding women in executive officer positions of the corporation.
- The Airport Authority has not adopted a formal target regarding women in executive officer positions but strives to exceed the average for Metro Vancouver. We have actively recruited into management positions below the executive ranks, which is a pool from which future corporate officers may be drawn. As of the end of December 2015, women accounted for 40 per cent of the Airport Authority's management team.
- In 2015, the Airport Authority conducted two workshops that focused on ways to advance women in leadership roles, including a discussion on how to overcome barriers and realize opportunities.

Vancouver Airport Authority Corporate Governance Disclosure

Guideline

Disclosure

15. Number of Women on the Board and in Executive Officer Positions

- Disclose the number and proportion (in percentage terms) of Directors on the board who are women.
- Disclose the number and proportion (in percentage terms) of executive officers, including all major subsidiaries of the corporation, who are women.
- In 2015, there were five women, including the Chair, on the Board. This represents 36 per cent of the Board which has a total of 14 Directors. It exceeds the average of 19.5 per cent on Financial Post 500 Boards.
- At the end of December 2015, there were three women Vice Presidents, which constituted 43 per cent of the seven officers of the company. This exceeds the 27 per cent average for women senior managers in Metro Vancouver. As of the publication date of this report, there are four women Vice Presidents, constituting 50 per cent of the eight officers of the company.