## **STRATEGIC PLAN 2022-2024**

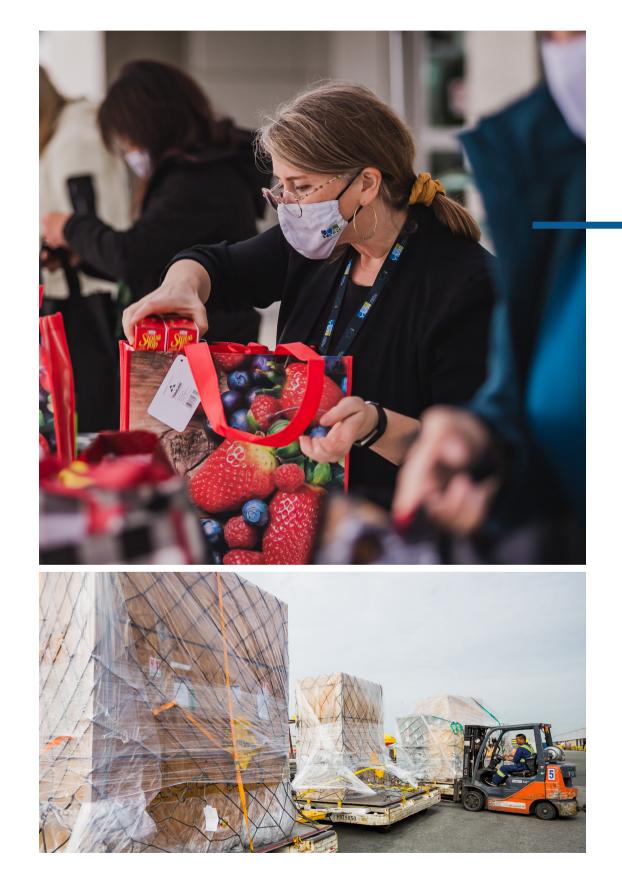


### What's in this strategic plan?

1. OUR PURPOSE
 2. OUR CONTEXT
 3. OUR 2022-2024 STRATEGIC PLAN



# STRATEGIC PLAN 2022-2024 YVR



#### OUR **PURPOSE**

#### **YVR EXISTS TO SERVE OUR COMMUNITY AND THE ECONOMY THAT SUPPORTS IT.**

YVR provides a platform that enables our community to connect and thrive. By connecting people and places, cargo and markets, we open BC to the world, supporting human connectivity and enabling the flow of ideas, experiences, knowledge, goods and investment. YVR provides a place of welcome, interaction and identity for our community.

For Musqueam people, the sense of connection to the land on which our airport is located is ancient and profound – Sea Island is te šx<sup>w</sup>amət ct (our home). We recognize our opportunity and responsibility to work in partnership with Musqueam on whose traditional territory YVR is situated.



As one of BC's most loved brands, our community has expectations of us that extend beyond being an airport. We are expected to be leaders and trailblazers for change and innovation, to be at the forefront of doing the right thing and doing it well. We are a showcase and enabler for BC business and economic development, a local marketplace for made-in-BC products and a driver of local businesses. We are an enabler of entrepreneurial spirit and a skills incubator for aviation and technology. We are a destination for our community - a place to work, eat, play, gather, learn and share.

#### OUR CONTEXT

#### WHERE WE FIND OURSELVES

It's now more than twenty months since a global pandemic was declared, and it is still not over. Despite the vaccine roll out in 2021, aviation's recovery has been slow, and new variants continue to emerge. In summer 2021, YVR passenger numbers were just 30 percent of summer 2019 and runway movements were at 50 percent of summer 2019. Cargo has been more resilient through the pandemic, with summer 2021 cargo tonnage at 83 percent of 2019 volumes.



#### THE NEXT NORMAL 2022-2024

Aviation remains one of the industries hardest hit by COVID-19. Our passenger volumes in 2020 and 2021 were the lowest experienced since the Airport Authority's inception in 1992. What we know for sure is that the pandemic will have lingering impacts on people, their perception of air travel, as well as demand for both business and leisure travel. The added complexities of changing vaccination, testing and quarantine requirements will continue to serve as deterrents to air travel demand. We anticipate all of this will result in continued demand volatility and shifts in air carriers' business models, which will also be affected by ongoing economic instability. Future passenger traffic will likely not resemble the same shape or volume as pre-pandemic.

We are a people-centred business, with around 500 direct employees and, pre-COVID-19, approximately 26,000 people employed by our airport business

partners. Our extended YVR team has ever-changing needs as we become more diverse, with different intergenerational needs, and with evolving expectations of how we work due to the pandemic and other societal shifts. We will need to adapt to meet the needs of our employees in the future, and re-think how we work together in support of our community. YVR must continue to be a place where talented people want to take the next step in their career because the work they do matters, they are able to build skills they need for the future within a culture that learns from the past and adapts for the future, and because of their sense of belonging to our organization.

When we look to our next normal, how we do our work must change. All our decisions must consider the following four lenses: <u>digital</u>, <u>climate</u>, <u>reconciliation</u>, and <u>financial sustainability</u>.





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The pandemic marked an inflection point whereby digital alternatives and escalation of climate concerns caught up with and began to overtake air travel demand. Proven effectiveness of remote working and online business meetings will likely continue to undercut demand for business travel. At the same time, online shopping and e-commerce surged during COVID-19, elevating demand for the movement of goods and highlighting the vulnerability of supply chains. The pandemic has also accelerated the digitization of the supply chain, revolutionizing the air cargo business. The way that we strengthen our business going forward will be by leveraging digital technology to better understand our business using data and insights, through the use of Internet of Things (IoT) sensors and dashboards, analytics, artificial intelligence and machine learning that will help us gain efficiencies in our operations and enable us to make data-driven decisions.

Nevertheless, aviation remains a fossil fuel dependent industry. With heightened concerns about climate

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change, more people are now seeking greener alternatives to flying, impacting demand for air travel and perceptions of aviation. We view technology and climate as the biggest risks and greatest opportunities facing our business. Twenty months into the pandemic, we are convinced that we cannot assume a return to "normal". Rather, we need to ready ourselves for the "next normal", embracing the potential of **digital technology** and taking a lead on **climate**.

As we face this uncertain future, we also acknowledge the past. Our airport is located on land that is the traditional, ancestral and unceded territory of the Musqueam people. As an important part of our community, the destinies of Musqueam and YVR are inter-linked. Our friendship and sustainability agreement with Musqueam and our commitment to **reconciliation** provides our starting point for forging our common future. Going forward, we will continue to pursue opportunities to strengthen this relationship and evolve our friendship agreement to create meaningful partnerships.

To ensure we are able to meet our community's changing needs and deliver on our mandate, we must also be **financially sustainable**. Adaptiveness and the capacity to anticipate change are critical to our long-term resilience. Our future business model must be anticipatory, flexible and sustainable in the face of ongoing uncertainty. Our strategy must ensure that YVR not only remains relevant and competitive, but that we continue to provide a navigational beacon for our community and a trailblazer for other airports.

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In our 2021 Strategic Plan we recognized the changes in our industry and region as a result of COVID-19 and outlined what we needed to do to adjust to the challenges presented by operating an airport through a global pandemic. We took a one-year view with the intention of using the opportunity to test and adjust, building on the learnings gained to set the course for the longer term. Our 2022-2024 Strategic Plan is based on reconceptualizing and amplifying our role as a diversified hub that connects people, cargo, data, ideas, and community. As we continue to work on the six strategic workstreams established in our 2021 Strategic Plan, it is imperative that we consider the impacts and opportunities for leveraging our four lenses of **digital**, **climate**, **financial sustainability** and **reconciliation**.

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#### OUR 2022 - 2024 STRATEGIC PLAN

#### THE IMPORTANCE OF CONNECTEDNESS

Over the past 20 months, we have come to learn what it means to be socially distant, to live in a world under varying stages of lock-down, where self-isolation and quarantine have been the norm. The disconnectedness that we experienced, the ongoing threat of new strains and new waves, combined with the extreme weather events resulting from climate change and supply chain disruptions, have all underscored the necessity of connections (both physical and digital) of people, goods and information, as well as the importance of connectivity to us as people, for our mental health, our social fabric, our community and for the economy that supports it. Our next three years will be spent developing the right infrastructure, talent, and technology to take our diversified hub to the next level, enabling people to reconnect with their family, friends and business partners; linking the essential value chains that allow goods to get from one part of the world to another; using digital information to facilitate the movement of passengers and goods, and to connect businesses for future opportunities. We will not pursue this endeavor alone, but in partnership with government, our carriers, service providers, tenants, the business community, higher education, investors and developers. Our role as an airport is to provide the platform for our community to connect and thrive, all with our climate responsibility top of mind.



- STRENGTHENING THE CORE
- PURPOSE THROUGH PEOPLE
- FINANCIAL SUSTAINABILITY
- CLIMATE
- GATEWAY TO THE NEW ECONOMY

#### Staying Ahead of COVID

#### **OVERVIEW**

We anticipate COVID-19 and its effects will endure for several years, and that the return of passenger traffic will be bumpy, slow and unpredictable. To ensure we are equipped to deal with the challenges and uncertainties of the next normal, we must continue to re-evaluate our traditional orthodoxies around customer expectations, recognizing that what we previously accepted as truth may no longer apply in a post-COVID-19 world. Over this time our community's needs and preferences will continue to shift. More than ever, our passengers look to us to provide safe and reassuring, predictable, seamless, affordable and green services as they venture back

to our airport and begin to travel again. This has impacts across our business.

COVID-19 provided the accelerator for the adoption of digital processes and automation, transforming the way we work and do business. Since the onset of the pandemic we have continued to advance our capabilities in this arena, through touchless passenger processes where possible, the YVR data hub, and the launch of our digital twin. We recognize that digital is not an option but, rather, a necessity for us to remain competitive, to better predict and manage ongoing volatility, and to deliver on customer expectations.



#### WHAT WE'LL DO

#### WORKING WITH GOVERNMENT AND PARTNERS **ON CHANGING COVID-19 MEASURES:**

As we recover through the ebbs and flows of the pandemic, we will continue to work closely with the various arms of government and our business partners to coordinate our efforts. The elevated complexity of travel during this time due to rapidly changing and often confusing requirements around vaccinations, testing and quarantine requires us to be at the forefront of those changes, to provide the leadership and clarity on their impacts, and to continue to provide safe and efficient processes for our passengers.

#### **MEASURING OUR SUCCESS**

#### **KPIs**

- Customer Satisfactio
- ✓ Data/digital satisfaction
- ✓ Airline Satisfaction

#### **BUILDING OPERATIONAL RESILIENCE & MINIMIZING DISRUPTION:**

In the time of COVID-19, while we must adapt to the changing measures, we also have the opportunity to significantly improve our operating efficiency and passenger experience in the process. We must anticipate and inform our operational plans so that we can be as safe and healthy as possible while providing minimum disruption to our operations and to our strategic goals. We will continue to adapt, test and learn how to meet the future needs of our passengers, and to build efficient and resilient operations. We will work with our business partners and agencies to improve our processing and implement supporting technologies to improve the predictability, efficiency and experience for our customers.

	IMPACT
🗸 Departure	If we are successful in our focus on imp
Punctuality	our operations and implementing our str goals, we expect that all customer-driven bu
<ul> <li>Baggage</li> <li>Connections</li> </ul>	performance, operational performance and eff metrics will improve.
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#### STRENGTHENING THE CORE

- PURPOSE THROUGH PEOPLE
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#### **Strengthening The Core**

#### **OVERVIEW**

The decline in traffic due to the pandemic has provided a catalyst for change, shifting our focus to improving the resilience of our existing infrastructure through asset management and maintenance. While there is still significant work to be done, we have made considerable inroads through our asset management program.

COVID-19 has also given us the space to reflect on where we can optimize our operational efficiency for the benefit of our passengers, partners and planet, while improving on our own business performance. We are starting from a position of strength: built for peak demand, our legacy infrastructure has extra capacity and unrealized potential on the airside, within the terminal and on the groundside. Critical to strengthening our core business is the ability to drive greater value from our existing infrastructure through more efficient operations and by repurposing our assets rather than building new. The optimization measures we introduce today will be critical to our future-readiness as traffic returns.

#### STRENGTHENING THE CORE

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# YVR STRATEGIC PLAN 2022-2024

#### WHAT WE'LL DO

#### **ASSET MANAGEMENT:**

We will continue to invest in maintaining and managing our infrastructure through our asset management program, setting service levels for each asset category consistent with strategic objectives and stakeholder expectations. We will take a lifecycle approach to both capital and maintenance expenditures, matching state of good repair investments to climate and financial sustainability drivers while ensuring regulatory compliance, maintaining safety, minimizing risk and maximizing opportunity. We will use data and digital applications to provide insights into asset condition and operating costs, to test resilience of critical systems (such as airfield lighting, HVAC, power supply) and to inform maintenance and investment decisions. In 2022, more than fifty-five percent of our capital budget will be allocated to ensuring our assets are in a state of good repair, ensuring that we continue to realize value from our investments, and that we achieve an optimal balance between costs, risks, level of service and sustainability. We expect a similar allocation in our 2023 and 2024 capital budgets, spending approximately \$200 million in capital each of the next three years.

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#### **AIRSIDE OPTIMIZATION:**

Utilization of our runways is currently dictated by individual carrier schedules, resulting in inefficient allocation of capacity, and line ups at runway ends particularly during peak periods. In 2019, this resulted in around 22 hours of cumulative aircraft delay and 41 tonnes of GHG emissions per day. In addition, the movement of aircraft on our aprons is not actively managed, resulting in inefficient transition of aircraft to and from terminal gates. Going forward, we will take a holistic approach to leveraging the potential of our existing airside infrastructure, implementing operational changes that will have benefits now and in the longer term, as traffic returns. We will achieve this through:

- Determining our gate capacity and refining our aircraft gate allocation strategy
- Planning and early initiation of apron and runway capacity management, enabling better utilization of our apron, taxiways and runway capacity, allowing us to get more planes in the air more efficiently
- Using digital platforms for improved data-sharing and collaboration with carriers and service providers and working with our partners to interlink data sources on a common platform to support improved decision-making

#### STRENGTHENING THE CORE

- **PURPOSE THROUGH PEOPLE**
- FINANCIAL SUSTAINABILITY

#### TERMINAL OPTIMIZATION:

We will make more efficient use of our terminal infrastructure, repurposing and re-configuring as required to flexibly support shifting aviation markets, accommodate changing demographics and regulations, match passenger and carrier expectations, and reduce our operational costs. We will work with carriers to better understand their business drivers and objectives so we can make informed, mutually beneficial decisions about how we use, allocate and invest in our terminal infrastructure.

We will continue to engage service providers (including CATSA, US-CBP and CBSA) to improve passenger

#### **MEASURING OUR SUCCESS**

#### **KPIs**

- ✓ Airline Satisfaction
- ✓ Greenhouse Gas
- ✓ Departure Punctuality

processing, reduce wait times, and leverage existing capacity and emerging technology. A key focus in 2022 will be determining the plan for accommodating all sectors: regional, international, hub and potential leisure carrier entrants. Recognizing that our threesector terminal is designed to serve pre-pandemic demand, we will explore options for how our existing terminal can be reconfigured to flexibly accommodate future needs through a terminal planning process to be initiated later in 2022.

		IMPACT
✓	Average Wait Times at Security Screening	We expect asset management to positively affect our airline satisfaction and greenhouse gas emissions KPIs beginning in 2022.
~	Customer Satisfaction	Airside and terminal optimization will require additional lead in time; therefore, we anticipate positive impacts to other KPIs beginning in 2023.

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#### **Purpose Through People**

#### **OVERVIEW**

People are core to our business and critical to our strategy – both our direct employees and the employees of our business partners on Sea Island. Operating a safe airport has always been integral to our organization and as we come out of this pandemic, we have a unique opportunity to reflect and redefine how we take the safety of our organization and airport to the next level. With a solid health and safety foundation, we are committed to working with our airport stakeholders and business partners towards our shared goal of a safer, more integrated and inclusive airport. This integrated airport safety strategy will be a prevention-focused approach with continual improvements to our processes and technology, influenced by best practice and driven by data, all to ensure the safety of our people and the travelling public.

Strategy implementation requires that the extended YVR team is engaged and equipped to deliver on our purpose. We continue to work on

aligning our values, behaviors and employee value proposition to create a workforce reflective of our diverse community; a working environment that supports multi-generational needs; and adapting to the changing expectations of how we work as a result of the pandemic. We strive for a culture in which everyone is seen, has a voice and is heard.

We also continue our Integrated Talent Strategy that attracts, develops, supports, rewards and enhances talent from across a broad spectrum of ages, cultures and orientations. Our future involves a new way of working that embraces agility principles to increase the speed, quality and employee empowerment to achieve outcomes. Our organization needs to be ready rather than reactive and prepared to meet current and new challenges that are coming our way. To do so, we need to embrace change and be committed to working together through uncertainty. STAYING AHEAD OF COVID
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#### WHAT WE'LL DO

We will equip our teams for the journey ahead through continued investment of time and resources in the following areas:

#### **OUR CULTURE:**

Our culture is 'how we show up', our observable behaviours. This is apparent in everything we do. We will continue to create a trusting environment where employees feel engaged and are recognized and rewarded with a clear employee value proposition. We will foster a learning mindset so that we are agile and flexible, enabling us to optimize productivity, increase the speed and quality of service delivery, and propel our customer-centric focus. This will be supported through coaching, talent development, learning programs, and by building a culture of continuous feedback.

We will evaluate the way we work (where and how), how decisions are made and enable opportunities for enhanced collaboration and cross-functional work. We will invest in our physical workspaces and employee tools to enable this new way of working, while building social interactions and support systems, all to ensure we find the best way to work for everyone.

We continually aim to build a strong culture of diversity, inclusion and belonging at the Airport Authority and across the YVR community of employers. We will continue to collaborate with our employees to provide

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meaningful programs in our journey towards true belonging for each and every one of our employees.

#### **TALENT STRATEGY:**

We will continually seek and develop talent. We will clearly define our employee value proposition so that we are an employer of choice for our employees and as we proactively seek out talent in the marketplace. We will work towards a living wage standard for all our direct service contractors and will exercise our influence to encourage our Sea Island business partners to do the same. We will build training solutions, evolve performance management that support a learning mindset, ensuring our employees are able to continuously improve and master resilience. We will deliver fair and equitable compensation and benefit programs that reward and recognize peoples' contribution. We will continue to support the engagement, health, and wellbeing of all employees through market leading programs.

Our Diversity, Inclusion & Belonging Integrated Strategy, builds and learns from the past, adapts for the future, and focused on strategy of "At YVR we all Belong". Our approach integrates Community, Passengers, Employees and Supply Management, and supports working together to build a strong culture of Belonging, not only at the Airport Authority but with the YVR community of employers. PURPOSE THROUGH PEOPLE

#### **BUILT FOR PURPOSE:**

passenger experience and improve the efficiency of labour deployment. Our changing operating

#### **MEASURING OUR SUCCESS**

**KPIs** 

 Organizational Health index

#### We will further define and clarify roles to ensure current and future work requirements are addressed and to drive organizational accountability and flexibility. In 2022, we will in-source our customer experience program to create a more aligned brand experience, better showcase Musqueam in the

environment will require us to evolve how we work, including the creation of flexible, dynamic and crossfunctional teams. Enhanced availability of data and digital processes will enable us to leverage information and technology to inform decisions and will drive enhanced data literacy and analytical capabilities.

#### **IMPACT**

Outcomes will be measured via the McKinsey Organizational Health Index. This index goes deeper into providing a data-driven approach to correlating overall engagement, wellness and belonging, with the business performance. The initiatives under this stream will positively impact our performance, which is expected to be within the top quartile of the McKinsey Global benchmark database.

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#### **Financial Sustainability**

#### **OVERVIEW**

The three simple concepts of our business model have not, and will not change: do the right thing (follow our purpose), do it well (our commitment to operational excellence and quality), and do it sustainably (in a way that allows us to continue doing the right thing and doing it well, into the future). A key aspect of sustainability is the ability to generate sufficient income to meet both our current and future obligations. As we meet the ever-changing needs of our community, we will look for opportunities for our business and sources of income to evolve and diversify. This diversification will enable us to build the financial resilience we need, so that we are not overly dependent on one or two sources of income.

We expect to continue to see operating losses and to fund our operations with debt until we see meaningful recovery of traffic volumes or are able to generate income from other lines of business. This highlights the need for us to be innovative and to make smart investments in the near term, positioning us well for a lower-carbon, digital and efficient future, with new revenue streams to complement our core aviation business.

We will build back stronger, with a clearer understanding of the financial impact of our decisions so that every dollar we spend generates more revenue. We will further diversify our hub across different lines of business so that we emerge as a more financially resilient and sustainable organization. STAYING AHEAD OF COVID STRENGTHENING THE CORE PURPOSE THROUGH PEOPLE

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GATEWAY TO THE NEW ECONOM

#### WHAT WE'LL DO

#### **EFFICIENCY AND DIVERSIFICATION:**

We will improve our financial performance through managing our costs, while introducing operating efficiencies, and by adding new revenue streams to supplement and complement our core aviation business. We intend to improve our financial efficiency by 30 percent in the next three years. While we will support and grow the existing aviation markets, carriers, and the hub position we have forged to date, we will also enable burgeoning and new markets, such as cargo and leisure carriers, in response to our community's expectations and the needs of our economy. Prior to the pandemic, our passengerrelated business represented 88 percent of our total revenues; our opportunity is to strengthen the nonpassenger related business to a higher proportion than in the past. We will put our land assets into productive use, expanding our focus in cargo and logistics, and activating digital opportunities.

#### **PRIORITIZED INVESTMENTS:**

With limited resources, we must prioritize our spend to ensure that each investment generates value over the long term. As an airport, we procure a broad array of goods and services. In so doing, we have the opportunity to leverage our purchasing power in ways that focus on bringing value and financial resiliency while also promoting our climate, reconciliation, other social objectives and in support of our community and regional economy.

#### **RESILIENT BALANCE SHEET:**

As we recover and start generating positive operating cashflows, we must weigh the benefits of more investments against debt repayment, to ensure that we have a resilient balance sheet in the future. We will invest in such a way that the outcomes of our investments bring value, both financial and nonfinancial, to the organization, the community and the economy that supports it. PURPOSE THROUGH PEOPLE

FINANCIAL SUSTAINABILITY

#### **CLARITY AND ACCOUNTABILITY:**

Financial data, combined with operational data, will provide us with the insights we need to effect efficiency gains, resulting in improved throughput, decreased downtime, and improved use of existing resources. We continue to hone our financial data, processes and systems to support business decisions. Having a clear understanding and visibility to the income statement impact of different parts of our business and having accountability line up with these will be key to making

#### **MEASURING OUR SUCCESS**

**KPIs** 

✓ Earnings Before Inter and Amortization (EB

✓ Return on Invested Ca

smart business decisions and improving our financial performance in the future.

Doing these things will not solve our financial sustainability challenges in and of themselves, but they are necessary steps to ensure our collective financial foundation and understanding are robust and aligned with our strategy going forward.

	IMPACT
rest Depreciation SIDA)	By 2024, we expect to see a 30 percent improvement in our financial productivity and efficiency, evidenced by a stronger EBIDA and to see a larger proportion of our revenues come from new sources of business.
apital (ROIC)	As we leverage our assets and make smart investment decisions, we expect our Return on Invested Capital (ROIC) to meet industry norms of an average 6.7 percent and to exceed them in the medium to long-term.

CLIMATE

#### Climate

#### **OVERVIEW**

significant first step in our climate leadership role.

We recognize that the bulk of Sea Island emissions (more than 95 percent) are related to aircraft movements, traffic and non-Airport Authority buildings, and although they are beyond the immediate scope of our net-zero commitment, we are super-sizing our influence to enable the reductions of all emissions. While carbon-free flying is still in development, sustainable aviation fuel (SAF) offers an interim solution. Shifting short-haul flights to greener modes or electric propulsion are also promising

#### Climate change poses the single greatest existential threat to our industry, and ultimately our planet, if we stick with a "business as usual" approach. Given that it is carbon rather than flying that is the problem, we must find ways to decarbonize the essential service we provide to our community and the BC economy. In 2021, we announced our commitment to achieve net-zero carbon emissions by 2030, representing a

alternatives in the near to medium term. Although more than 25 percent of trips to and from Sea Island were by transit in 2019, there is still significant opportunity to reduce emissions from ground access. Meaningful climate progress will require us to engage in concerted upfront planning, dedicated action and partnering outside of the traditional purview of an airport authority.

In addition to doing as much as we can to reduce emissions, we must also ensure that we are prepared for the impacts of climate change - in particular, extreme weather conditions, such as heat-domes and atmospheric rivers that cause flooding. It is our shared obligation to protect against this existential risk and our customers and community will increasingly expect this of us. Protecting our planet is not only the right thing to do; it is also a viable and sustainable business opportunity for our airport and our partners.

#### CLIMATE

#### WHAT WE'LL DO

#### **ROADMAP TO NET-ZERO BY 2030:**

We expect to invest \$135 million over the next 10 years to meet our net-zero commitment as set out in our YVR Roadmap to Net-Zero by 2030. This plan is based around the following principles:

- eliminates emissions.
- net-zero being incremental.
- guide future decisions.

• We will reduce our emissions footprint first, then optimize with renewable fuels, and finally fully green through technology that removes/

• Assets that are being replaced at end-of-life will be replaced with a green version, with the cost of

• We will develop standards to support our net-zero commitment, institutionalize our behaviour and

• Each year, where practical and feasible, reductions from efficiency savings and asset replacements will achieve as close as possible to 'absolute zero'

carbon emissions before carbon removals are considered.

• Some carbon removals may be considered earlier in the plan, in order to secure access to the supply.

The plan sets four decarbonization pathways: greening our fleet; building energy conservation and electrification, replacement of fossil fuels with renewable alternatives; and closing the gap through carbon offsets in the near term. Around \$17 million is allocated to climate change mitigation in our 2022 Capital Budget (including improvements to mechanical system efficiency, HVAC controls, fleet electrification, terminal lighting efficiency, electrification of kitchens, energy monitoring, electric vehicle charging). We will review and adjust our Net-Zero roadmap annually, looking at the progress on initiatives, costs, implementation risks and challenges, new data and technological opportunities. The outcomes of this work will be evident in the declining Green House Gas Emissions reported each year.

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GATEWAY TO THE NEW ECONOMY

#### WORKING WITH OUR BUSINESS PARTNERS TO BECOME WORLD'S GREENEST AIRPORT:

Around 80 percent of total Sea Island greenhouse gas emissions are associated with the aircraft movements and airside activity, representing a significant opportunity to reduce our climate impacts. We will extend our net-zero ambitions across all parts of our business, turning this into our competitive advantage as we strive to become the world's greenest airport. We will work with our business partners in:

- Taking immediate steps to reduce emissions associated with aircraft movement, runway and airside delay, through the introduction of runway schedule management and apron management.
- Deploying data and digital tools to measure the climate impacts of airport operations, monitor emissions and identify routes to emissions reduction, beginning with the development of an airside emissions tracking and reporting tool in 2022.
- Continuing to invest in technologies (e.g. ground power units, pre-conditioned air, electrification of ground support equipment) to mitigate airside emissions impacts.

- Advocating, leading, investing and partnering in clean energy, sustainable aviation fuels, and green technologies that will reduce the impacts of climate change. In addition, as a signatory to the Clean Skies for Tomorrow Coalition to accelerate the transition to SAF, we are collaborating on advancing the production of SAF technologies to reach 10 percent of jet aviation fuel supply by 2030. Through our BioPort YVR research and advocacy program we are collaborating with industry to advance the supply of SAF in British Columbia.
- Positioning Sea Island as a platform for the zero-carbon economy by supporting green industry clusters, creating test beds and pilots for demonstrating zero carbon innovation, and partnering in opportunities to advance the decarbonization of aviation.
- Collaborating with new and existing tenants to design and develop facilities on Sea Island that meet our high environmental standards that are consistent with our Net Zero 2030 commitment.

#### CLIMATE

#### TRANSITION TO A SUSTAINABLE MULTI-MODAL HUB:

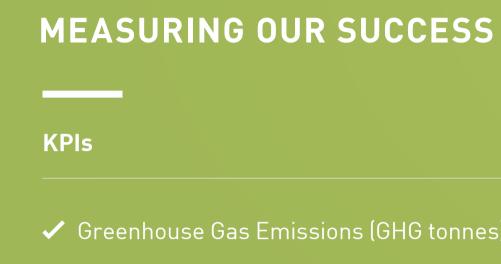
We will reconceptualize Sea Island as an integrated and sustainable multi-modal hub for the movement of passengers, cargo, employees and visitors. Working with government and business partners, we will explore green multi-modal travel alternatives for short haul travel. Around ten percent of Sea Island greenhouse gas emissions are associated with ground access: this represents a significant opportunity to drive emissions reductions. We will promote transit use for trips to and from Sea Island via a mix of incentives and demand management and develop the business case for an integrated Sea Island transit service. We will test and pilot new technologies including advanced air mobility applications for moving goods and people and promote the decarbonization of ground

transportation on Sea Island through increased transit mode share, electrification and by supporting active modes, including micro-mobility. These efforts will be ongoing over the next three years.

#### INVESTMENTS IN CLIMATE CHANGE **ADAPTATION MEASURES:**

As part of our capital program, we will continue to invest in measures to increase our climate resilience, including updating our dykes and drainage systems, enabling us to adapt to more frequent and intense rainfall events; improving our HVAC, heating and cooling systems ensuring we are ready for more extreme temperatures; and investments to support the low visibility capability of our airside, ensuring we remain resilient and operational in the event of fog and increased forest fires.

# CLIMATE



Although the emissions are not in our KPIs, w emissions tracking an and use this as the basi airside emissions for areas for action, and m investments and initiati We will continue to tra transportation taken by our passengers and employees travelling to Sea Island.

	IMPACT
issions (GHG tonnes)	On our path to net zero by 2030 commitment, we will set annual greenhouse gas emissions targets that will see reductions in airport emissions over the next nine years.
s of our business partners	
ve will develop an airside nd reporting tool in 2022 is to measure and monitor aircraft, identify priority	
ionitor the effectiveness of ives in reducing emissions. ack and record modes of	

- STAYING AHEAD OF COVID
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#### Gateway to the New Economy

#### **OVERVIEW**

Since our inception, we have forged a path in lock-step with our region's ambition for Vancouver to become the premier gateway between Asia and North America. While our role as a connecting hub will absolutely continue, the pandemic has shown the need to widen our focus to one where we are aligned to the future growth and needs of our community and regional economy.

There are a number of factors that uniquely position us to be a gateway for regional economic opportunity. We have excellent proximity to downtown Vancouver and the US border. We have under-utilized land assets that were previously protected for airfield expansion. Our terminal is the largest building in BC and has rapid transit connections to the rest of the region, with a myriad of activities associated with airport operations. We will build on our past gateway success, utilizing our infrastructure, land, expertise, influence and reputation for innovation, and the platform for testing and incubating new solutions and to create a market for made-in-BC solutions. We have a significant opportunity to work with partners to become our region's Gateway to the New Economy.

We recognize the potential of the highly accessible greenfield industrial land on Sea Island for freight and logistics facilities, new land development opportunities and the potential for creating economic clusters to help to drive the regional economy. By deferring the need for a third parallel runway we have the opportunity to put into active use 400 acres of undeveloped land on Sea Island that we do not need for airfield and terminal. This has the potential to generate an estimated \$1.5 billion in construction activity and will enable YVR to generate new non-aeronautical revenues while complementing our core aviation markets, meeting regional economic needs and creating a diverse, complete community on Sea Island. This will also enable us to strengthen, diversify and bolster our core airport business.

- GATEWAY TO THE NEW ECONOMY

#### WHAT WE'LL DO

#### SUPPORTING EMERGING AND NEW **AVIATION MARKETS:**

We will continue to explore and market new routes, and to forge partnership agreements with new carriers. Cargo volumes have remained resilient through the pandemic. Growth of cargo and logistics is a key component of hub diversification. In 2022, we will assess options for repurposing and rehabilitating our airside infrastructure (taxiways and aprons) for future air cargo expansion and associated landside freight and logistics development opportunities in Airport South and the Northlands. This will enable us to meet our cargo tonnage KPIs in future years, and support our financial resilience.

#### **DRIVING VALUE IN THE OFF-PEAK:**

The significant hub investments we made to accommodate peak demand have endowed us with under-utilized capacity during off-peak times. We will explore the potential for accommodating new and emerging markets, including leisure carriers, in these demand valleys. We will develop proofs of

concept for new markets, pilot and test initiatives in 2022, expanding our efforts in subsequent years based on early learnings and successes. We anticipate that leisure carrier passengers will contribute around \$9 million in EBIDA contribution in 2022, growing to \$ 34 million in 2024.

#### LAND DEVELOPMENT:

We will drive value from land assets to diversify our revenues and grow our core airport business while supporting regional economic development. We are working with Transport Canada to amend the YVR Land Use Plan, enabling us to unlock economic development opportunities on Sea Island that will benefit our community. We will review and plan for changes necessary to enable productive use of our land assets, and continue to advance the integrated and sustainable multi-modal hub concept to support travel to, from and around Sea Island via alternate modes. We anticipate that land development will generate around \$1 million in EBIDA contribution in 2022, growing to \$14 million in 2024.

- GATEWAY TO THE NEW ECONOMY

# PLAN 2022-2024 STRATEGIC YVR

#### **PROVIDING A PLATFORM FOR GROWTH INDUSTRIES:**

We will focus land development on growth industries that are integral to YVR's aviation business, align with excellence in airport operations, advance our climate goals and that benefit from proximity to the airport, including green aviation technology, the zero-carbon economy, clean-tech and bio-tech. Our newly established Innovation Hub @ YVR provides the opportunity to develop new digital offerings and position Sea Island as a platform for leveraging digital technology and skills development, providing space to test and trial innovations in our facilities, piloting new programs, and creating technology clusters. We will enable this through the creation of partnerships with industry, government and higher education that shift our role from that of landlord to enabler of the regional economy.

#### FREE TRADE ZONE CONCEPT:

We will continue to explore the potential for a Free Trade Zone (FTZ), providing for the tax-free production of manufactured goods for export, considering the value proposition for BC and the Canadian economy and engaging stakeholders in further discussions. In 2022, we will continue our policy work to influence FTZs.

#### **PARTNERS IN PROSPERITY:**

We will commit to a shared roadmap to recovery through cooperation with key stakeholders including carriers, the business community, tourism and hospitality sector, investors, developers and government. We will explore partnering opportunities with Musqueam Capital Corp, particularly on the land development front. We will assess the potential for collaboration with other airports including majors and regional aerodromes to leverage airports' collective buying power, lobby for change, advance best practices, develop new product lines and forge local aviation ecosystems.

- STAYING AHEAD OF COVID
- STRENGTHENING THE CORE
- PURPOSE THROUGH PEOPLE
- FINANCIAL SUSTAINABILITY
- CLIMATE
- GATEWAY TO THE NEW ECONOMY

#### **MEASURING OUR SUCCESS**

#### KPIs

- ✓ Passengers
- 🗸 Cargo
- ✓ Revenue
- Excess of Revenue over Expenses (EROE)
- Earnings Before Interest
   Depreciation and
   Amortization (EBIDA)
- Return on Invested
   Capital (ROIC)

#### IMPACT

Passenger and cargo volumes are expected to increase as a result of support for emerging and new aviation markets; through driving value in the off-peak and due to land development that enables cargo and logistics.

r We aim to bring 400 acres of development land to market over the next 10 years, at least doubling our current lease revenues. We will continue developing other revenue and partnership opportunities via the Innovation Hub @ YVR.

> All financial metrics will benefit from the success of the gateway to the new economy. As we further diversify our business, we will reduce the dependency of the income from our passengers and move to a more resilient financial position.

# VR STRATEGIC PLAN 2022-2024

#### Looking Beyond

As we look to our future and consider what our community needs and expects from us, we have a great opportunity to serve our community in even more ways than before. We will do so by expanding the functions we fulfil and by multiplying our impacts to the regional economy through reconciliation, innovation, collaboration, and by re-imagining how we use our infrastructure and land assets. We will amplify our influence so that we emerge from this pandemic as a greener, stronger, more diversified and sustainable business, ready to serve our community.