

2023 Report on Forced and Child Labour in Supply Chains



Message and Attestation from Tamara Vrooman, President & CEO

The Vancouver Airport Authority (the "**Airport Authority**") operates Vancouver International Airport ("**YVR**") in service of our community and the economy that supports it. As we strive to be a world class, sustainable hub airport, we are guided by our core values of safety, teamwork, accountability, and innovation. We work to connect B.C. to new ideas, experiences, goods, and investment to support a healthy and sustainable economy. We want to ensure that such connections are made in a socially responsible manner, upholding and promoting Canadian human rights and values in our corporate practices.

We have zero tolerance for forced labour or child labour in any part of our operations or supply chain. At the local community level, we actively engage and collaborate with community partners, government agencies and airlines to ensure the safety of all passengers and to prevent human trafficking, which leads to forced labour and child labour. We also support various regional organizations which support those at risk for forced labour and child labour, or may experience loss of income from any measures taken to eliminate the use of forced labour or child labour, through both corporate and employee donations, and employee volunteering activities.

At the supply chain level, we seek to do business with like-minded organizations who are committed to socially responsible practices, including the prevention or mitigation of the risk of forced and child labour within the purchasing process. We do this by requiring all our vendors to commit to a code of conduct, assessing our vendors on environmental, social and economic criteria in the evaluation of bids and considering local sourcing opportunities in our procurement processes.

The following inaugural report sets out the steps that we took in the prior fiscal year to ensure that forced labour and child labour have no place at YVR. This report is for the financial year of January 1, 2023 to December 31, 2023. Looking forward we will continue to improve our practices, ensuring that YVR will continue to be a conscientious and responsible driver of the economy.

This report is hereby submitted to the Minister of Public Safety on behalf of the Airport Authority. In accordance with the requirements of *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"), and in particular section 11 thereof, I attest that this report was approved by the Airport Authority's Board of Directors on March 26, 2024, and that I have reviewed the information contained in the report for the Airport Authority. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Tamara Vrooman, President & CEO

March 27, 2024

I have the authority to bind the Vancouver Airport Authority.

Section 11(3)(A) Structure, Activities and Supply Chains

This report is the first report of the Airport Authority under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

OVERVIEW OF ACTIVITIES & GOVERNANCE

The Airport Authority is a non-share capital corporation formed in 1990 under Part II of the *Canada Corporations Act*, and continued in 2013 under the *Not-for-profit Corporations Act*. It operates Vancouver International Airport (YVR) pursuant to a ground lease from the Government of Canada of a significant portion of sq̓saθən (Sea Island, translation of "Sloping into the water, sunken shore") at the mouth of the Fraser River, in Richmond, British Columbia, Canada. This land is the traditional, unceded, and ancestral land of the Musqueam people.

As Canada's second busiest airport, YVR is served by over 50 airlines and connects passengers and cargo to more than 115 non-stop destinations worldwide. YVR proudly holds the unprecedented record for being voted Best Airport in North America for 12 consecutive years (2010–2021). In 2023, approximately 24.9 million passengers and 319,000 tonnes in cargo travelled through the airport, supporting the Airport Authority's mission of connecting British Columbia proudly to the world. The Airport Authority is responsible for the construction, operation and maintenance of YVR's facilities and surrounding areas, including its terminal, airside assets (e.g., runways and taxiways) and groundside roads.

In addition, the Airport Authority has three wholly-owned subsidiaries located on Sea Island, British Columbia, which are not reporting entities subject to the Act: Vancouver Airport Enterprises Ltd., which provides capital project management and consulting services, Vancouver Airport Enterprises (Templeton) Ltd., which holds an investment in the partnership which has developed a retail designer outlet center on Sea Island, and Vancouver Airport Properties Ltd., which manages the entities which hold leasehold interests and operates tenanted buildings on Sea Island. Further information is set out in the Airport Authority's consolidated financial statements, which are published annually on the [YVR website](#). These subsidiaries are all operated by Airport Authority employees and are subject to the same policies, procedures and practices. Furthermore, all purchasing, compliance and supply chain activities for these subsidiaries are conducted by the Airport Authority.

The Airport Authority is governed by a [Board of Directors](#), which oversees the business conduct and activities of the Executive Management Team. Nine members of the Board are nominated by certain nominating entities, four Directors are appointed by the Board from the community at large, and the President & CEO of the Airport Authority is also a member of the Board. The nominating entities include, among others, the Chartered Professional Accountants of British Columbia, Law Society of British Columbia, Metro Vancouver and the City of Richmond.

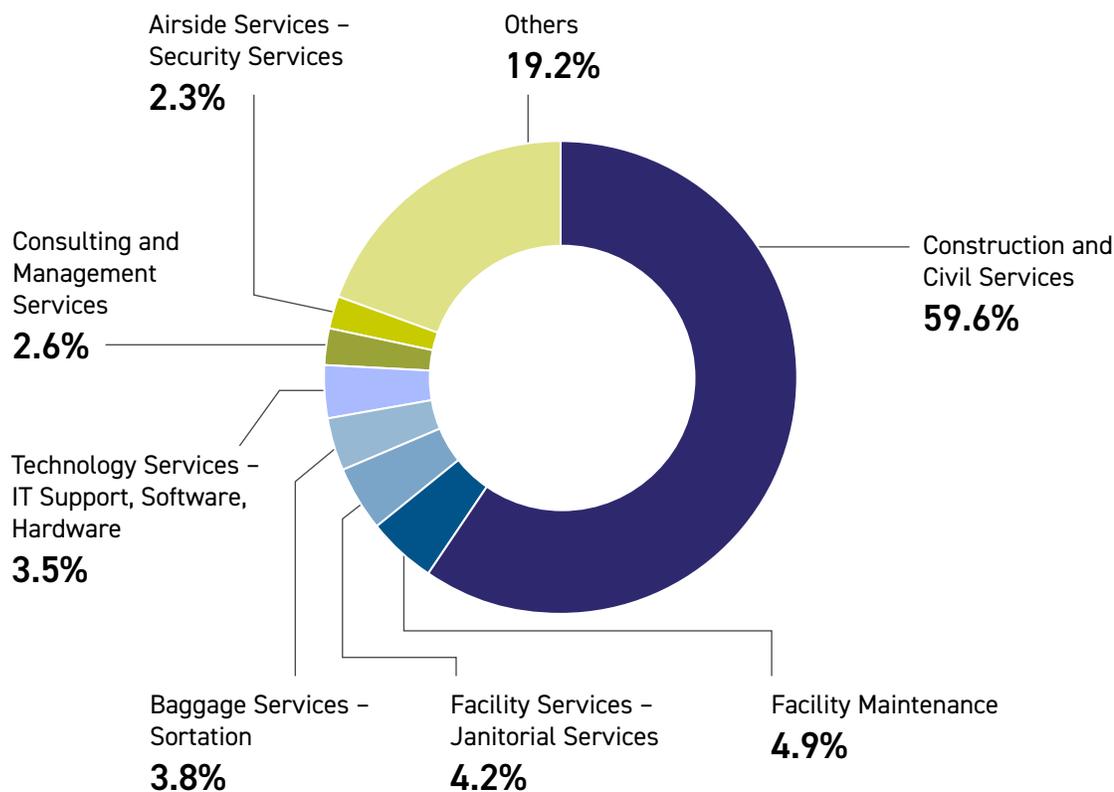
ORGANIZATIONAL STRUCTURE

As of December 31, 2023, the Airport Authority had 908 employees (total headcount) in Canada. The Airport Authority does not have any employees outside of Canada. Appendix 1 to this report sets out an overview of the Airport Authority's organizational structure. Each business unit, consisting of [unionized](#) and non-unionized personnel, generally has a reporting structure consisting of non-managerial staff, Managers, Directors, up to a Vice-President or Executive Management Team member, ultimately reporting into the President & CEO.

SUPPLY CHAIN

The Airport Authority’s financial reporting year was January 1, 2023 to December 31, 2023. In 2023, the Airport Authority spent approximately \$409.9 million total, with about \$171.7 million for goods and services and \$238.2 million for capital. Further, approximately 96% of the Airport Authority’s total spend was with Canadian suppliers, with approximately 69% of that total being suppliers from British Columbia (including 63% from the Metro Vancouver area).

The Airport Authority sources goods and services from over 1,600 suppliers. The figure below sets out the top supplier categories by spend:



Most of the relevant supply chain risk identification and compliance activities take place across the Operations, Airport Development & Asset Optimization, Innovation & Information, Legal & Supply Management, and People & Brand teams in the organization.

Section 11(1) Steps Taken to Prevent and Reduce Risks and Section 11(3)(B) Policies and Due Diligence Processes

CODES & POLICIES

The Airport Authority has zero tolerance for forced or child labour (and its related activities such as human trafficking) in any part of our operations or supply chain. The following codes and policies support this commitment:

- [Social Policy](#) – This policy sets out the Airport Authority's commitment to being a socially responsible organization, and is based on the United Nations Global Compact and the ISO26000 standards, which include commitments to fair labour practices as defined by the International Labour Organization (ILO);
- [Sustainable Purchasing Policy](#) – This policy aims to embed sustainability in the Airport Authority's purchasing decisions and ensure meaningful consideration of environmental, social and economic criteria, including the protection of human rights throughout the supply chain;
- [Supplier Code of Conduct](#) – Based on the core conventions of the ILO, this code sets out the minimum standards for suppliers and their subcontractors to promote safe and healthy workplaces, basic fair labour practices and environmental responsibility. This includes ensuring employees are freely choosing employment and meet minimum age requirements; and
- [Code of Ethics](#) – The Code of Ethics acts as an umbrella policy for key issues like ethics, business judgment and general conduct. All employees are required to complete the internal annual Code of Ethics training and make a declaration to confirm compliance. The Code of Ethics also provides a channel for employees to report on any breaches of the Code of Ethics, including violations of law.

The Airport Authority requires all employees to complete annual training on its internal Code of Ethics and Anti-Corruption Policy, supporting a rigorous enterprise risk management program that monitors the organization's exposure and controls against risks. It also actively engages with its supplier community to underline its commitments to these policies and codes through supplier information sessions.

LIVING WAGE

YVR was the first airport in Canada to become a certified [Living Wage Employer](#). Different than minimum wage, a living wage ensures a household, defined as two adults and two children, can meet basic expenses, as determined by Living Wage for Families BC. It includes costs like rent, groceries, extended health care and two weeks' savings for each adult.

As detailed in its [Living Wage Policy](#), all Airport Authority employees are paid at or higher than the living wage (which includes salary and benefits) for the Metro Vancouver region. The Airport Authority has strived to ensure that personnel working for the airport's direct service providers, such as janitorial, building maintenance, landscaping, and traffic management contractors who are on-site at Sea Island are being paid a living wage, representing approximately an additional 1,600 employees across Sea Island. The Airport Authority includes the living wage requirement in its relevant contracts in accordance with its Living Wage Policy, and required attestations with respect to compliance from its subject contractors in the past fiscal year.

RECONCILIATION & INDIGENOUS PEOPLES

On June 21, 2017, the Airport Authority and Musqueam signed [The Musqueam Indian Band – YVR Airport Sustainability & Friendship Agreement](#). The first of its kind, this 30-year agreement recognizes Musqueam and YVR's commitment to develop a collaborative working relationship and achieve a sustainable and mutually beneficial future. The agreement commits to benefits including education, employment and contracting opportunities, and revenue sharing, and the Airport Authority provides preference to suppliers who demonstrate the capacity to meaningfully support the achievement of these benefits. In its procurement processes, the Airport Authority strives to incorporate evaluation criteria that reflect the importance of these commitments. The Sustainability & Friendship Agreement sets a strong precedent for how YVR honours its relationship with Indigenous peoples and how it works together with its partners to manage the airport for the benefit of everyone.

DUE DILIGENCE PROCESS

For all new suppliers providing goods and services with a dollar value over \$100,000, all or part of the following due diligence is undertaken prior to awarding or executing a contract:

- Confirmation of compliance with the Airport Authority's policies, including the Supplier Code of Conduct;
- Review of credit reports and/or audited financial statements for the last three years;
- Review of insurance coverage at time of commencing a contract and throughout the contract term;
- WorkSafeBC compliance and coverage at time of commencing a contract and throughout the contract term;
- Reference checks;
- Review of litigation history and court records checks; and
- Corporate registry check to ensure the supplier is registered to conduct business in British Columbia.

Further, except for specific circumstances justifying sole or single sourcing, the Airport Authority selects its suppliers following a competitive procurement process. As part of such process, the evaluation of suppliers for award of bids includes scoring in the social, community and environment category and governance category, which may address the following criteria related to forced labour or child labour in the supply chain, depending on the type of good or service being provided:

- Commitment and track record on the environment and community that aligns with the Airport Authority's objectives;
- Relevant social accreditations or certifications;
- Demonstrated social responsibility and participation in their community;
- Local presence, local employment and wealth generation;
- Commitment to health and well-being of its employees;
- Commitment to ongoing training and growth of its employees;
- Support of local apprenticeship opportunities;
- Provision of new opportunities for, and building the capacity of, the local supplier community;
- Understanding of the Airport Authority's role in the community;
- Consideration of supply chain risks;
- Commitment to compliance with the Supplier Code of Conduct or any other social or community requirements set out by the Airport Authority;
- Demonstrated ethical behaviour and reputation; and
- Identification of how negative social impacts to be minimized or positive impacts to be created.

Typically, the scoring of the social, community and environment category will be weighted between 10–30% of the overall evaluation, depending on the type of good or service. The governance category is a go/no-go threshold which the supplier must clear to proceed in the evaluation.

In addition, all Airport Authority contractors and suppliers are required to comply with the Airport Authority's [Supplier Code of Conduct](#) pursuant to the Airport Authority's policies and contracts.

Section 11(3)(C) Forced Labour and Child Labour Risks

As part of early market research prior to undertaking a procurement process, the Supply Management Team may identify certain goods which are known to carry a higher risk of forced labour or child labour, such as electronics, food items, textiles, coffee or garments. For example, for the purchase of coffee and garments, the Supply Management Team and relevant business units have identified and evaluated local suppliers or distributors to reduce such risks. Although the Airport Authority understands that no country is free of forced labour and child labour risks, the Airport Authority seeks to reduce such risks by focusing on supply from Canadian vendors and striving to evaluate sources of goods for those vendors. The Supply Management Team is also currently in the process of considering appropriate online environmental, social and governance (ESG) reporting or rating tools to identify such risks more consistently, and to undertake a risk assessment.

The Airport Authority intends to continue to identify purchases which carry higher risks and focus on evaluating the social and community factors in the purchasing process, such as looking for specific types of certifications, originating and documented sources and vendor activity to reduce such risks. The Airport Authority also intends to explore a more formal system or risk assessment to identify high-risk purchases prior to developing its procurement strategy for such purchases.

The Airport Authority is not aware of any incident of forced labour or child labour relating to its supply chain.

Section 11(3)(D) and (E) Remediation Measures and Remediation of Loss of Income

The Airport Authority is committed to supporting regional organizations that support vulnerable populations, including those at risk of forced labour and child labour, as well as those who may experience loss of income from any measures taken to eliminate the use of forced labour or child labour, through its community investment program. Organizations supported by the Airport Authority through corporate and employee donations and employee volunteering in 2023 include:

- [Covenant House](#): Provides housing, meals and support to youth experiencing homelessness in Vancouver.
- [Quest Outreach Society](#): Works to disrupt the cycle of poverty in Vancouver's Lower Mainland region through access to healthy and affordable food that is sourced sustainably.
- [Greater Vancouver Food Bank](#): Provides assistance through direct food distribution as well as food support to 141 community agencies such as housing agencies, women and children's shelters, transition houses and after-school programs.
- [Dan's Legacy](#): Provides support for youth aged 15–25 that are struggling with abuse or addiction issues.
- [Take a Hike Foundation](#): Supports youth mental health with clinical counselling and outdoor experiential learning.
- [The Ballantyne Project](#): Supports underserved Indigenous youth in remote communities.
- [Stanley Park Ecology Society](#): Supports a program that provides curriculum based, in-park fieldtrips for approximately 300 school-aged youth from equity-deserving classes.
- [Raincoast Conservation Foundation](#): Provides place-based education programs designed for Indigenous and underserved youth from around coastal BC.

The Airport Authority also partnered with community organizations on key initiatives, including:

- [Pacific Autism Family Network](#): YVR and PAFN partnered together to create an inclusive and accessible coffee bar, [Paper Planes Café](#), to provide meaningful employment opportunities at the airport for individuals across the neurodiverse community.
- [Native Education College](#): YVR and Native Education College (NEC) signed a [Memorandum of Understanding](#) to collaborate on joint initiatives for Indigenous learners, including scholarship programs and networking opportunities.

The Airport Authority intends to explore a more formal system to assess impacts or track remediation measures, including potentially implementing reporting or auditing tools with respect to remediation of the effects of forced labour or child labour, and the loss of income from remediation.

Section 11(3)(F) Training

In 2023, the Airport Authority [partnered](#) with [#NotInMyCity](#) to provide an e-learning course for all employees on the effects and signs of human trafficking. All Airport Authority employees and Green Coat volunteers were required to complete the “Mobilizing Communities to Disrupt Sexual Exploitation and Sex Trafficking in Canada” course by December 2023. This mandatory 30-minute course covered human trafficking related to both forced labour and child labour. Developed by #NotInMyCity, a non-profit that is raising awareness and taking collective action to prevent and end human trafficking and sexual exploitation, the course includes written materials and a quiz in the training. There are plans to further roll-out this training to all Airport Authority services providers and partners in 2024. This will help to enhance awareness around the risk of human trafficking across the airport community.

As a hub that connects British Columbia to the world, YVR knows that it has an additional responsibility to collaborate with the government agencies operating on site to ensure the safety of all travellers passing through the airport. The Airport Authority liaises with the Canadian Border Services Agency (CBSA), Canadian Air Transport Security Authority (CATSA), US Customs and Border Protection (US CBP) and RCMP on security topics, including human trafficking in relation to forced labour and child labour. NotInMyCity decals have been posted on the mirrors of public washrooms throughout the terminal to increase awareness amongst the travelling public as well as connecting with potential victims.

Further, in July 2023, the Legal and Supply Management teams presented to the Airport Authority’s Directors on the new requirements under the Act, including background information on the prevalence of child labour and forced labour in supply chains. This presentation was also communicated to the entire Supply Management Team.

Section 11(3)(G) Assessing Effectiveness

The Airport Authority has included an assessment of the social, community and environment category in evaluation of all its competitive Request for Proposals processes and required all contractors to comply with the Supplier Code of Conduct in order to reduce the risk of forced labour and child labour in its supply chain. Furthermore, in 2023, the Airport Authority required all subject contractors to attest to its compliance with the Airport Authority’s Living Wage Policy, which indirectly reduces the risk of forced labour or child labour. The Airport Authority is currently exploring potential assessment tools to create a more formal system to assess its effectiveness in preventing and reducing risk of forced labour and child labour in its activities and supply chains, such as audits or attestations.

Appendix 1

ORGANIZATIONAL CHART

- Communications
- Strategic Customer Relationship
- Indigenous Relations
- Air Service Development
- Government Relations

- Innovative Travel Solutions
- Corporate Systems & BI
- Infrastructure and Airport Applications

- Guest Experience
- Passenger Programs
- Parking and Ground Transportation
- Retail Experience and Commercial Management Services
- Marketing, Partnerships and Advertising

- Financial Partnering & Analysis
- Enterprise Risk & Sustainability
- Finance & Controller
- Corporate Finance
- Internal Audit

