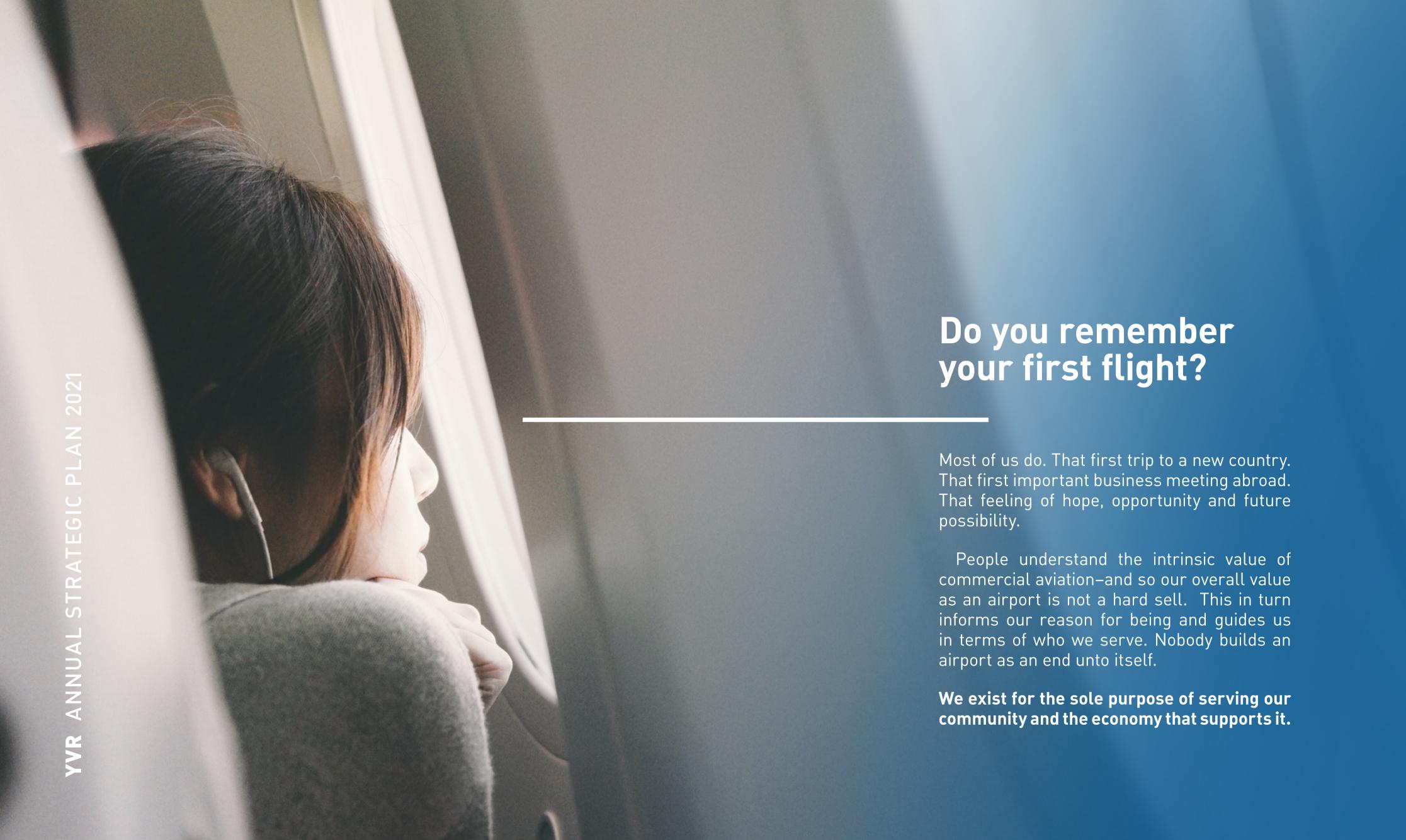
ANNUAL STRATEGIC PLAN 2021

Where We're Going & How We'll Get There



What's in this strategic plan?

- 1. OUR PURPOSE
- 2. OUR CONTEXT
- 3. OUR 2021 PLAN





Our Purpose

By creating a sustainable, efficient and people-centered airport, YVR enables trade, tourism and knowledge exchange to flourish. We do this by providing top-quality aviation infrastructure, logistics, digital innovation and air transport facilities for passengers and cargo at the terminal and throughout our operations on Sea Island.

At the same time, we recognize that our activities impact different groups in different ways. We therefore strive to balance the contribution we make in providing optimal access for our community to connect to the wider world, against the negative effects of aviation on the quality of life of local residents as well as the negative climate impact of

air travel. Further, we recognize our opportunity and obligation to work in partnership with the Musqueam Nation on whose traditional lands YVR sits.

We gratefully pursue these efforts from a position of strength; YVR has a strong and long history of success. Recognized for innovation, growth and reflecting the very best of our region – in our terminal design, art, and especially in our people. At our core, we are a people business. People serving people to improve the access to – and growth of – our region. It is why our staff choose to work here.

Yet, our industry and region are changing, and we need to change with them.



OUR CONTEXT

Clearly these are unusual times.

The International Civil Aviation Organization (ICAO) recently reported that the full year 2020 passenger totals were only 40% their 2019 levels, and international passenger levels were much worse at just 26% of what was seen last year. Here at YVR our passenger volumes for the nine-month period of April to December were only 12% of what they were during the same period last year. Further, our revenue has declined by 63% over the same period. This has forced us to reduce our operating expenses by 30% and our capital expenditures by over 65%. Most countries have imposed travel restrictions at the national level and many local health authorities are adjusting mobility and safety protocols regularly in response to changes in COVID case numbers.

What we hoped in March might be a short-lived health emergency has turned out not to be so. The effects of the pandemic will be with us well into 2021, and perhaps beyond. And the pandemic has been so comprehensive and widespread many aspects of our lives will be permanently changed – including the

way we work and the way we travel. As we work to consider how to respond to these changes, we are reminded that pain points and trends that existed before the pandemic – such as the shift toward more digital and personalized services, and an increased emphasis on wellness and sustainability – have not gone away. In fact, their necessity has only been validated and the need to respond to them accelerated.

We had identified many of these trends here at YVR and had taken the initial steps to address them: our move to touchless kiosks, our work with partners to reduce waste and recycle, our work from home protocols, and electrifying our fleet and operations. However, the pandemic has called on us to fundamentally re-examine our assumptions for the future and our planned response to them. YVR does need to strengthen its operations and modify its business strategy in order to thrive in the future. The COVID context pushes us beyond considering these changes - to requiring them.



YVR TRAFFIC IN 2019APRIL - DECEMBER





2021 PLAN

Our Way Through

If the pandemic has taught us anything, it is this: the path to a post-pandemic world cannot go over, around, or alongside COVID-19: the only way forward is to go through. Therefore, our strategic and business plans must first address what it means to operate an airport during a global pandemic and then beyond. This requires us to change our traditional approach to planning – taking a one-year view (2021) to test and adjust and then based on those learnings, set the plan for the longer term (2022 to 2024).

At the same time, we must never waiver from our commitment to safety. Ensuring the safe running of our airport for everyone who works here, as well as safe surroundings for passengers and local residents, is not only essential, it is our license to operate.



STRENGTHENING THE CORE

PURPOSE THROUGH PEOPLE

FINANCIAL SUSTAINABILITY

CLIMATE

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OVERVIEW

What are the things we need to do to adjust to the challenges the pandemic brings? Which of these could be permanent? How do we test and iterate to determine which are 'pilots' and which are 'permanent'? Here, we need to take a test and learn approach. Picking a winner could prove to be 100% incorrect and expensive. Yet, we need to continue to adapt. Here are some of the strategic questions we are considering as we adjust and adapt to COVID.

In our partnership with Deloitte Consulting, they have identified key questions for us to consider as we do this:

• In the medium and long term, YVR may consider re-evaluating strategic priorities and planned investments. Are these correct, and do these align with a post COVID-19 world? Integrating robust

forecasting, analytics, and Voice of the Customer capabilities can enable ongoing analysis and input to make sure efforts are directly aligned with changes in passenger and employee behavior, and that they ramp back up appropriately.

- The post COVID-19 recovery will be challenging for airports but accepting changes to existing orthodoxies can make the recovery easier. Sometimes it is easiest to start with a simple question: What have we always accepted as truth that may no longer be the case in a post COVID-19 world? The answer can be YVR's guide to launching a successful recovery.
- Airports can take immediate action to prepare for the post-COVID-19 world but must challenge traditional orthodoxies on customer expectations.

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WHAT WE'LL DO

In the time of COVID, digital and data-enhanced technologies give airports an opportunity to not only respond to COVID, but to significantly improve our passenger experience and operating efficiency in the process. Success will require us to be both patient and opportunistic. This will require a strategic approach that is non-linear, agile, partnershipbased, and customer-centric.

Our first forays into COVID-testing, data-sharing and contactless processing are each showing promise. And we will need to continue to iterate and innovate as we also pay attention to investment

deficits in our core operations. In addition, our planned investments in digital innovations such as the Digital Twin will allow us to model multiple scenarios in order to literally see the impacts of returning passenger numbers while maintaining COVID protocols. These scenarios are a likely part of operating an airport with only portions of the population vaccinated. These types of targeted and timely digital investments will be key to ensuring our operations stay ahead of, and adapt to, the challenges of navigating through the pandemic while making key no-regret investments focused on changing passenger and customer needs.

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OVERVIEW

Building on YVR's history of leadership – a more focused attention in 2021 is needed on the core of our business. 2021 will be a key year to get our operational house in order. Our focus on building for growth has meant we have deferred maintenance and operational inefficiencies in many areas. With passenger and flight volumes down, now is the time to focus on these key areas. Whereby ensuring that when passenger volumes return, they do so with far greater efficiency in terms of passenger experience, departure punctuality, baggage connections and cargo.

In addition, our work to improve our operational efficiency will also need to contribute to our climate objectives through reducing our overall GHGs. Efficiency will be measured in terms of operating savings, improved safety, efficiency of staff resources, improved customer satisfaction and climate objectives.

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WHAT WE'LL DO

A focus on asset planning, asset management and optimization will be key to ensuring we strengthen our core assets, infrastructure and operations. As we move towards strengthening our asset management mindset, it is important for us to have a more holistic view, considering both the capital and maintenance expenditures to ensure that we have the right areas targeted for improvement and investment. We will place greater emphasis on maintaining our assets and infrastructure in a state of good repair, maximizing the value of assets, reducing enterprise risk, while continuing to ensure safety and regulatory compliance.

Operationally we will seek to be more efficient across all areas, using data and analytics to guide optimization with the objective of improving customer experience while reducing overall operational costs.

In addition, a focus on data and analytics applied to our assets, as well as investments in digital tools such as the Digital Twin will provide new ways to test the resilience of critical systems such as HVAC and power supply, to reduce the risk of failures, power outages, fire, flood and contamination as well as improve overall maintenance and efficiency.

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OVERVIEW

At our core we are a people business. And we need to develop our workforce to ensure that we have the right team, with the right skills and attributes, at the right time to deliver on our purpose.

One of the things employees say often about working at YVR is that they are drawn to our purpose. And, with so many companies talking about being 'purpose-driven', YVR has the advantage of actually being so. However, we need to do the work to ensure we are collectively clear regarding our purpose and then establish the structure, accountabilities, and leadership behaviours to ensure we are aligned to it.

As a people business, our culture of belonging is in our DNA, its values, beliefs and how work gets done – and it needs to align with our purpose. As

our customers and community evolve, so does our culture. We need to ensure our customers and community continue to inform the decisions we make and that we build a resilient, authentic, adaptable, and empathetic culture to embrace the short and long-term opportunities in our industry.

In return we need to support, reward, and develop our talent with financial, social and health-based programs to create a compelling value proposition as a great place to work. Diversity, inclusion and belonging are all pre-conditions of our success as a team to ensure we learn from one another as we go forward.

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WHAT WE'LL DO

The core of our business is people. We will collaborate with all employees to help define and understand the guiding path to our future.

The path will include 3 intersecting streams.

Built for Purpose: Enhance our ability to move quickly and flexibly to provide value to our customers and community by redesigning our organizational structure. This includes assessing our current and future work requirements, providing role clarity, updating our leadership behaviours and ensuring our success profiles are aligned to the work we need to deliver.

Talent Strategy: Create an integrated talent strategy that supports, develops, rewards and enhances our talent. Our programs have the sole purpose of

supporting our staff to connect engagement with business performance. This includes redesigning our performance management, compensation & incentive plans, training approach, belonging strategy and employee community engagement strategy.

Culture: Align our individual values, norms and behaviours to the new cultural traits to ensure cultural adaptability from hire to retire – achieved through the ability to rapidly learn and conform to organizational cultural norms through change. This will include identifying where we are today, and through interaction with key stakeholders, exploring the definitions of our cultural attributes. Once defined we will build programs and approaches that support us in embracing our new approach. This will help us update our value proposition to attract, retain and develop our talent.

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OVERVIEW

At the core of our business model are three simple concepts: do the right thing (follow our purpose), do it well (our commitment to operational excellence and quality), and do it sustainably (do it in a way that allows us to keep doing the right thing and doing it well in the future). There are many aspects of sustainability – but a key one is the ability to generate sufficient income to meet both our current and future obligations.

We start 2021 with the single biggest operating deficit and debt burden in the history of YVR.

While we work to achieve our other strategic goals in 2021, we must do so in a way that improves our profitability and financial resilience in the medium and longer term. Until we see significant volumes of traffic return, we will continue to see operating losses, requiring us to fund our operations with debt. When we emerge, it is imperative that we are more profitable. The amount of expense it takes to generate a dollar of revenue must decline to be less than what it was pre-COVID.

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WHAT WE'LL DO

Our revenue sources must be strengthened and diversified. The financial relationships with our major customers will be consolidated and aligned to the future, including re-designing our aeronautical rate structure. Through our work towards being the Gateway to the New Economy, we will look for opportunities to diversify into industries and sectors that are outside of aviation and less reliant on passenger traffic.

Our financial model will be revised to reflect our new and changing circumstances. It will provide a frame for us to better understand 'how we make money' and the relationship between costs and profits, which will allow us to better control and allocate our funds. Our preference for capital expenditures over operating dollars must be neutralized so that we make the right business decision for the long-term.

Monitoring of our corporate performance against indicators will help us ensure we are improving our efficiency over time. After all, what gets measured, usually gets done.

And integral to all of this is information. Redefining the process and the data we use to generate our annual budget, to monitor our performance and to evaluate our business decisions will simplify and make more transparent the information and business decisions we make.

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.

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OVERVIEW

It is a fact that aviation is energy-intensive and depends almost exclusively on fossil fuels. Emissions from flights stay in the atmosphere and will warm it for several centuries. While many sectors are beginning to reduce their carbon emissions, aviation's have continued to grow. And although emissions from flying have been reduced in the short term due to the pandemic and the fact fewer are flying in the past nine months, the International Air Transport Association (IATA) still expects emissions to triple over the next two decades as ridership takes off in Asia, cargo transport continues to grow, and mature markets like the US continue to expand.

While we have collectively been talking more about climate change as an industry, airlines are faced with the reality that practical, low and noemissions airplanes designed to carry hundreds of passengers long distances remain decades into the future. And while airlines have made great strides in reducing fuel use by purchasing the latest and most

fuel-efficient jets, and using software to further maximize fuel economy, they have not found a route to real emissions reductions.

Therefore, the purchase of carbon offsets has formed the basis of most of our industry's response to climate change in the near term. The International Civil Aviation Organization (ICAO) has proposed a plan that would halt net carbon emissions growth at pre-pandemic 2020 levels. It is to take effect in 2021 and be complete by 2027. However, the validity of the use of offsets as well as their price and place of origin has called into question the use of offsets as a strategy altogether. For example, the European Union has decided that it will not allow them to be used to meet its greenhouse gas reduction targets for the year 2030 as a result. Further, individual countries are beginning to place carbon taxes on jet fuel-and in some places, even on airline tickets-in an attempt to meet their own Paris Accord climate targets.

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WHAT WE'LL DO

It is against this challenging backdrop that there is an opportunity for YVR. The difficulties in reducing emissions in the air are not as challenging on the ground. Therefore, airports must play an outsized and immediate role in reducing greenhouse gas emissions as a contribution to the overall performance of our industry and also to ensure our infrastructure investments are ready for the sustainable aircraft and operations of the future.

This will require us to accelerate our ambition to eliminate carbon emissions by 20 years: to be netzero in 2030 vs 2050.

YVR has been a leader for many years in the areas of environmental stewardship and sustainability-including our commitment to environmental stewardship of the land, water and ecosystem in and around Sea Island that are affected by our operations as an airport. More recently we have achieved significant improvements to reduce the amount of waste we produce, increase the amounts diverted from the landfill, and in reducing our water use and consumption. We now will focus additionally on reducing the direct emissions from both our operations and energy consumption through reducing energy use and displacing remaining fossil fuel use with renewable fuels.

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OVERVIEW

Our history as an airport can be seen within the context of three broad phases: from inception in 1931 to 1992 (operated by government), from 1992 (transfer from government to the new airport authority) to 2020, and 2020 and beyond (post COVID). Just as new thinking and structures in 1992 laid the groundwork for decades of future success, the pandemic has created the requirement to think similarly now. YVR had much success as the 'Gateway to Asia Pacific' that led to our strategy to focus on Asian routes and growth and the build-out of our current terminal and facilities. Our success was built on the premise that the community YVR serves was also looking to build stronger investment, economic, educational, family and social ties with Asia – and YVR became a key partner to facilitate this.

While our role as a connecting hub for Asia to the Americas will continue, the pandemic has shown the need to move beyond this as a sole focus to one where we are aligned to the future growth and needs of our community and economy. There are major shifts at play in our economy – many of which had the seeds sown pre-COVID – but now COVID has accelerated this change and given us an opportunity/ requirement to ensure YVR keeps pace with it. This is our opportunity to build on our success as a gateway in the past and align it to the next wave of growth in our region. Thus, our focus will be to become our region's Gateway to the New Economy.

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WHAT WE'LL DO

By 2022, we will have more clarity about the future in which YVR will operate. And we will have strengthened the foundation of our operations, our organization and our finances to allow us to pursue our next phase of growth. But the work to better connect our strategy to the needs of the New Economy of our region needs to start now, in 2021 to ensure we are positioned to implement these opportunities starting in 2022.

The initiatives we test in 2021 will be measured against community (aligned with regional benefit), financial (diversified revenue and improved profitability), and climate (reduced GHGs).



2022-2024

The Next Normal

Taking an entire year to test and learn is a changed approach of our airport. As a business that requires large capital investments designed to generate long term value, we are used to thinking in decades not months. However, the pandemic and its effect on the aviation industry presents a once-in-a-generation opportunity. The opportunity to truly re-examine every aspect of our business to ensure it is designed to thrive in the future. It forces us to take a few steps back, in order to take a giant leap forward.

If we are successful by the end of 2021 we will have improved the foundation of our business: from the way we operate our facilities, to the way we include our customers' perspectives in our decisions – from the way we budget, to the way we work. In each and every part of our business, the six strategic areas of focus in 2021 will lay the groundwork for our success in 2022 and beyond.

