





I. Message from the Chair

From the start, 2020 proved to be a year of rare challenges throwing obstacle after obstacle at our St. John's International Airport Authority (SJIAA). The year started with Snowmageddon and moved to the COVID-19 pandemic. While the pandemic-induced crisis facing our global industry is far from over, we believe strategic planning, collaborative work and external financial assistance are needed to fuel our path to recovery.

Our unprecedented reduction in passengers and flights brought parallel and staggering financial losses – 2020 saw a 61% (\$30 million) decrease in annual revenue and our first year ever running a deficit. The recovery of the industry and a return to pre-pandemic passenger levels will only happen with the combined efforts of our Board, employees, partners and stakeholders.

We are appreciative of the support from the Federal Government. Transport Canada provided partial rent relief in 2020 and full rent relief in 2021. This relief offsets our anticipated total borrowing by only 2%, as rent relief is tied to revenue and is only truly beneficial when airport operations return to normal.

The Canada Emergency Wage Subsidy (CEWS) was an essential lifeline for us and for many other organizations. This estimated \$3.5 million offsets payroll costs by only 18%. As an airport that has invested \$350 million dollars into improving and expanding the airport infrastructure to enable the growth and prosperity of our province, essentially without government support or subsidy, SJIAA has amassed significant debt that requires sustained passenger traffic in order to finance. Since the beginning of the pandemic SJIAA continues to borrow to maintain airport operations. Without reasonable passenger traffic, SJIAA will require further financial assistance from the Federal Government to support airport liquidity.

This revenue downturn forced us to cut costs, find efficiencies, and adjust operations without compromising employee or passenger safety. We responded with epic budget cuts in every department, the elimination of discretionary spending for the foreseeable future, a reluctant 17 per cent workforce reduction, temporary terminal closures, and the indefinite postponement of our Airport Terminal Building West Expansion.

Throughout this past year our Board, Governance, Development, Finance and Audit Committees continued to be very active. Updates were made to various governance policies and new materials were created as needed. Director activities also included the participation in a Board and Committee evaluation process that will address improvement areas over the coming year. The Governance Committee completed a review of the Code of Conduct and Business Ethics, incorporating the Board, employees and vendors, and had our Senior Leadership Team research and develop a reporting mechanism for code breaches.

The Board has fostered pandemic recovery efforts with the creation of a new Air Service Recovery Committee comprised of a number of Board and Management members. This volunteer committee is focused on air service recovery and growth by working with government and industry partners. In advocacy, we have begun to lay the groundwork and have met with government officials on the state of our industry and have outlined what is needed for substantial recovery and growth. It is evident from the Premier's Advisory Committee on Tourism (PACT) report and other parallel work and consultations that the future of air service is critical to the rebound of our provincial economy. SJIAA, the province's premier gateway, handles the majority of all travel in our province, is prepared to work directly with the Premier and an Air Service Strategy Group. This Group would represent all sectors and regions within our province and would action our provincial government efforts and fiscal supports to regain and grow vital air service to our province.

I want to thank our Board of Directors and Senior Leadership Team for their steadfast guidance throughout this volatile time. Together, they have dedicated great contributions for the betterment of the Airport. And of course, I want to thank our loyal employees, who continue to show unwavering dedication on a daily basis. In the face of a global pandemic that has devastated the aviation industry,

the SJIAA team shows tremendous resilience and commitment while serving our community. Our Airport Authority is in great hands.

Thomas Dillis

Tom Williams Chair, Board of Directors

II. Message from the CEO

Throughout this past year our organization has faced unparalleled challenges. 2020 was a devastating year for the aviation sector. For our Airport Authority, it started with one of the worst snowstorms in our province's history, complete with a state of emergency, and quickly moved into a full lockdown as our province was forced to navigate a global pandemic.

Although our annual passenger traffic decreased by 75% in 2020 and inflicted devastating economic impacts on our Airport Authority, YYT responded by remaining open for travel to enable safe passage of cargo and essential passengers, essential services, MedEvac, rotational and offshore workers, and flight diversions. Still today, a year into the COVID-19 global pandemic, our passenger traffic remains at a 50-year low, and recovery is projected to take at least five years. This is a devastating reality for an island reliant on air travel. During the pandemic we hit a low of ten daily flights (arrivals and departures) servicing eight destinations – a stark contrast from our typical 80 daily flights to and from more than 24 destinations. For the first time in our Airport's history, we also saw the loss of our direct flight to Toronto.

2020 passenger traffic decreased by 75%

Despite the recent and immense challenges, we are proud to acknowledge what has been accomplished by the Airport Authority's committed and talented employees over the past year, always with uncompromised safety.

- In January, SJIAA was named as one of Atlantic Canada's Top Employers for 2020 – an honor that speaks volumes about our organization's workplace excellence.
- With Snowmageddon's record-breaking snowfall amounts at our Airport - our operations proved no



challenge was too big to conquer. Our dedicated crews of Heavy Equipment Operators and our Heavy Equipment Mechanics worked around the clock to clear 1.12 million square meters of asphalt to ensure that military, emergency, and MedEvac flights could safely land. Despite a five day state of emergency declared by the City of St John's that prevented air travel, our airport was open for business within 40 hours after the start of the storm, facilitating military troop flights that were required for snowstorm recovery.

- In March, Airports Council International (ACI) announced that St. John's International Airport earned the 2019 Airport Service Quality Customer Experience Award for Most Improved Airport in North America.
- · In June, the SJIAA staff seamlessly moved our Annual Public Meeting to a virtual one for the first time in the Airport's history.
- In September, we celebrated the launch of PAL Airlines' new flight from St. John's to Moncton - a sign of growth amidst the pandemic and we commend our partners for seizing such opportunities.
- In November, SJIAA received an Airport Health accreditation from Airports Council International, a milestone in re-building passenger confidence in our Airport's ability to provide top-notch health and safety standards through a pandemic.
- In December we conducted our bi-annual Employee Safety Culture Survey and scored 76% in employee safety culture, an impressive score in our industry.

This pandemic has keenly re-focused our organization's efforts and strategic path forward. As a result, under the supervision of our Board of Directors, we have refined our strategic business plan and corporate Risk Register through a COVID lens for our organization's recovery and growth. The ability for all levels of our organization to step up in a coordinated response is something I am extremely proud of. Over this past year we've seen our employees, our Board and our fellow airports come together like never before - working hard and diligently to navigate ever-changing operations and ongoing air service development efforts. I am confident in each and every team member and their commitment to safety and excellence. Although recovery will take time, our Authority is ready and energized for what's next.

Peter Avery CEO



III. Who we are

St. John's International Airport Authority (SJIAA) is a private, not-for-profit, non-share capital corporation that exists to provide a safe and efficient transportation facility at Newfoundland and Labrador's premier transportation gateway.

We generate our own revenue, raise our own capital, pay municipal taxes, and pay rent to the Federal Government on an annual basis to operate the Airport on behalf of the community we serve. We are committed to offering an exceptional airport experience for our passengers and enhancing the economic and social well-being of our community.

Our Mission:

Proudly enabling prosperity and growth

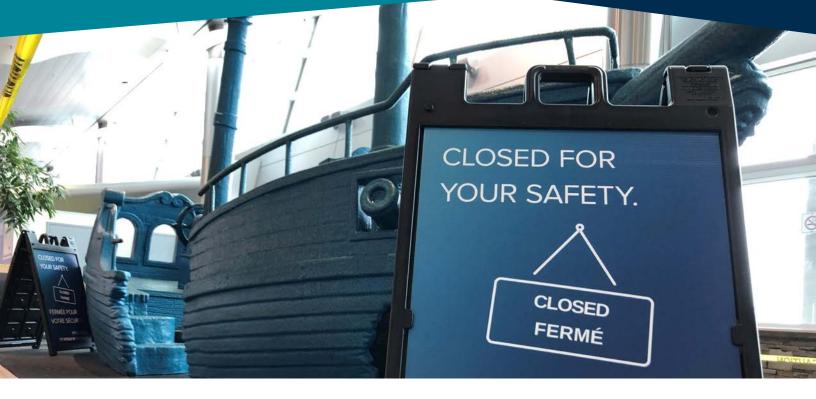


Photo of Senior Leadership Team

Top Row (L-R): Peter Avery, Chief Executive Officer; Lisa Bragg, Director, Business Development & Marketing; Todd Brophy, Manager, Emergency Response & Planning; Connie Duffett, Manager, Human Resources; Laura Gough, Chief Financial Officer; Lynn Holwell, Executive Assistant

Bottom Row (L-R): Scott Kelly, Director, Human Resources; Scott Mercer, Director, Infrastructure & Planning; Wayne Morris, Manager, Airside Services; Philip O'Connell, Manager, Safety, Security & Environment; Kirk White, Director, Operations; Frank Wyse, Director, Information & Communications Technology





IV. Pandemic Response

The Pandemic has affected all aspects of our Airport and Airport community. 2020 reverted to traffic levels not seen since the 1970's. Our Senior Leadership Team revised and re-shaped both our Strategic Plan and Risk Register to respond to the ever-changing situation.

Adjustments were adopted by both the Airport Authority and our stakeholders to protect the passenger experience which included:

- · masks required in the Airport Terminal Building
- enhanced cleaning regimens and high efficacy cleaning equipment
- · additional hand sanitization stations
- terminal access restricted to passengers and employees
- temperature screening protocols at security
- the Airport's footprint in the Arrivals area was changed to accommodate mandatory provincial health screening

The Airport continues to respond to changing traveler restrictions.

Financially, the Airport's unprecedented losses precipitated 20 per cent (\$4 million) in cost reductions throughout the organization. This was achieved through a variety of initiatives including:

 a reluctant 17 per cent workforce reduction including bargaining unit and management positions

- · indefinite postponement of the Airport's West Expansion project
- winter closures (Runway 02/20 and Delta and Foxtrot taxiways)
- temporary extended closures (Gates 10, 11, 12; select parking lots and roadways; and sections of the terminal building to preserve climate control and cleaning costs)
- discretionary spending freeze

Safety Advisories were issued to respond to changes in alert levels and/or guidelines to the ongoing safety of our employees and Airport community. As a result of COVID-19, employees who could work from home were informed to do so, and those deemed essential employees had appropriate measures put in place to continue to do their jobs safely. For those working from home, the Information Technology department coordinated all necessary requirements to ensure employees could work efficiently and securely.







V. Strategic Plan

In 2019, the Airport Authority executed a new, three-year Strategic Business Plan for the 2020-22 period. This updated Plan reflects changes in the operating environment and recognizes the role of the Airport Authority as a community leader and facilitator for the economic growth of the region.

The 2020-2022 Strategic Plan was adopted before the onset of the COVID-19 pandemic and was amended in 2020 to reflect the effects of the pandemic. The COVID-19 pandemic has had significant and long lasting impacts on our aviation industry and the long-term impacts remain uncertain. As a result, while the exact targets and initiatives of the strategic plan may change, the Airport Authority will continue to be guided by these strategic goals.

1. Exceptional Passenger Experience

In order to measure passenger satisfaction levels at our Airport, we participate in an Airport Service Quality (ASQ) Index survey. This global research tool provides quantitative feedback on all aspects of the Airport experience and benchmark data from airports worldwide. Due to COVID-19, our participation in ASQ discontinued in April, but we maintained a positive passenger satisfaction rating of 89 per cent for the first quarter of 2020. We will resume participation in the ASQ program when passenger traffic warrants it.

The ASQ survey feedback is invaluable. We continuously make improvements wherever feasible and our efforts were not unnoticed. In March of 2020, our Airport was the proud recipient of Airports Council



International's award for Most improved Airport in North America in 2019. This award resulted from the significant increase in passenger satisfaction ratings due to our Improvement and Expansion Program.

The St. John's International Airport Authority is pleased to announce that its commitment to health and safety has been recognized by Airports Council International and the St. John's International Airport is now accredited in its Airport Health Accreditation program. ACI's Airport Health Accreditation program is designed to reassure the traveling public that airport facilities remain safe and that



TO OUR VALUED **AIRPORT EMPLOYEES** AND PARTNERS.







KEEP SAFE.

precautions are being taken to limit health risks during the travel process. Numerous procedures are in place to ensure the health and safety of everyone who travels through the Airport, some of which include:

- mandatory masks inside the terminal building for passengers and employees
- terminal building access is limited to passengers and employees
- extra hand-sanitizing stations deployed throughout the terminal building
- increase in frequency and efficiency of cleaning and sanitizing protocols
- a new electrostatic sanitization sprayer was

purchased and is designed to apply disinfectant to surfaces including large and hard-to-reach areas (the battery-powered backpack sprayer has a 2.25 gallon tank that can cover 23,000 square feet of surface area)

- plexi-glass installed to protect Airport employees and passengers at the Visitor Information Centre (VIC) and at health screening stations
- safe work plans for concessions
- installation of barriers and signage and public announcements to support physical distancing
- greeters are requested to wait outside
- non-essential gathering spaces are closed





PAL Airlines' launch to Moncton, NB

2. Strategic Business & Air Service Development

All areas of the Airport Authority's business have been impacted by the pandemic. Our diversified concession offerings have been impacted by the decrease in passenger traffic resulting in fluid operations. Many temporarily closed, but we are pleased that our concessions continue to serve our passengers and employees.

Attracting new and expanding air service to our region is a core business function for our Airport. Due to the global pandemic, maintaining our existing routes has been a challenge due to the decrease in demand. St. John's International Airport experienced a variety of disappointing airline losses in 2020 which included:

- Air Canada's overall schedule was drastically reduced
- WestJet's year round Orlando and seasonal Tampa routes were halted and direct service to Toronto was suspended in November
- long-time operator, EVAS Airlines had provided intra-provincial service for many years but ceased commercial operations as of April
- Porter Airlines did not return as planned in April
- SunWing curtailed its seasonal schedule at the start of the pandemic
- all other sun charters did not return

Despite the disappointing losses, there were some positive developments. PAL Airlines launched yearround service to Moncton in September that operated five times a week. It now operates three times a week with a direct one-stop in Deer Lake.

The first A220 landed at St. John's International Airport in October and was an Air Canada flight. It is 75 per cent quieter than other aircraft, has a cruising speed of 828km/hr and has a passenger capacity of 137 seats. We anticipate this aircraft to be a great fit with our markets. Shown below is the Airport's water cannon salute for this flight.



The focus on maintaining, re-gaining and expanding routes is critical and the recovery process will take years with the potential for increased ticket prices and fewer flight choices.



3. Culture of Teamwork & Engagement

The Airport Authority recognizes the value of a strong culture of engagement for employee satisfaction and organizational effectiveness. A culture of engagement is one where communication channels and dialogue are open; there is a sense of community in the workplace; employees feel their work is meaningful, and all parties are committed to a shared and valued vision.

St. John's International Airport Authority was awarded Atlantic Canada's Top Employers Award 2020. This recognizes employers in Canada's four Atlantic Provinces as industry leaders offering exceptional places to work. Candidates are evaluated based on eight key aspects: physical workplace; work and social atmosphere; health, financial and family benefits; vacation and time off; employee communications; performance management; training and skills development; and community involvement.

The Airport Authority's new Performance Management and Career Development Program was advanced in 2020 with plans for a full organization role-out in 2021. The Airport Authority continues to collaborate within the organization through various inter-departmental committees, including Employee Engagement, Occupational Health and Safety and the active Labour Management Committee. These committees ensure

2020

regular, open dialogue between union and management to address and resolve a variety of workplace concerns.

In addition, the Human Resources department initiated Wellness Wednesdays. Communication

shared with employees focusing on various health and wellness topics. Organization-wide Coffee Talks were held that focused on topics ranging from the pandemic

Our employees also recognized Anti-Bullying (Pink Shirt) Day in February. This is a day where people wear

to how to build resilience during these uncertain times.

pink to symbolize a stand against bullying. This initiative complements our ongoing efforts in support of diversity and inclusion and is consistent with employee training and organizational policies designed to foster a respectful

workplace.

We enjoy working with our partners whenever possible and the Royal Newfoundland Constabulary's first-ever police support dog, Stella, made several visits to the Airport Authority. Stella has a way of naturally evoking smiles and lifting spirits. This is one of many initiatives in support of employee mental health.

In December, the Airport Authority's employees helped fill the Christmas Kettle by donating \$1,500 to the Salvation Army's Annual Christmas Kettle Campaign.





4. Enhanced Partnerships & Collaboration

Connecting with our community partners and stakeholders remains a priority. Independent surveys have consistently recognized the Airport Authority as having one of the highest brand ratings in both the province and Atlantic Canada.

the premier air transportation gateway to Newfoundland and Labrador, our Airport plays a significant role in the economic and social well-being of our province. The Airport Authority is committed to finding opportunities to collaborate and establish partnerships to maintain and increase air service; enhance the passenger experience; showcase our province's unique identity and culture; and establish a sense of pride within the community for the facilities and services offered.

Partnerships and advocacy play a key role in our Airport's future. The Airport Authority is represented on a number of boards including Destination St. John's and the Atlantic Canada Airport Association and is a member of the Hospitality Newfoundland and Labrador Air Access Action Plan Working Group. The Airport Authority is committed to the creation of a province wide air access strategy for the recovery and growth of our industry while contributing to the economy of our province.







5. Operational Excellence

St. John's International Airport Authority continues to improve its processes and systems in order to deliver safe, efficient, and effective services at the Airport. The Airport Authority's Senior Leadership Team guided by the Safety Manager updated its Risk Register in This proactive process strategically thinks through anticipated, real and potential risks to our organization, with associated risk levels and plans for mitigation.

The implementation of the Hold Bag Screening (HBS) system, or Baggage Handling System upgrades continued to make progress in 2020 and finished in 2021. The new system increases reliability at check-in with reverse belt capability, and modern x-ray technology provides a higher level of screening. The new system has increased bag-tracing functionality ensuring that luggage is traceable as it makes its way to and from the aircraft. In addition, the system has numerous self-diagnostic and troubleshooting tools enabling operators to react quickly and keep the system running reliably and more efficiently.

A smaller hand sprayer was purchased for cleaning mobile equipment. This will ensure that equipment regularly used by field maintenance staff is frequently cleaned, further adding to the efficiencies of our overall winter operations.

Due to COVID-19, numerous safety measures have been implemented as part of our YYT Safe Travels program. This program communicates to travelers that health and safety is paramount as we navigate through the global pandemic.

The City of St. John's went into a state of emergency in January 2020 when it experienced one of the most significant snowfalls in its history. Approximately 78cm of snow fell at the St. John's International Airport, bringing flight operations to an immediate halt. Airport Authority employees worked tirelessly to clear and remove snow with over 30 pieces of heavy equipment from over 1.12 million square metres of asphalt on the roadways, taxiways, runways and parking lots. Just forty hours into the emergency, the airfield was made available for MedEvac and military aircraft operations. Five days later, airport operations resumed for commercial flights once the City lifted restrictions.

In 2020, the Airport Authority postponed its West Expansion project indefinitely due to the impacts of the pandemic. Only essential safety and security projects will proceed at this time. This was a necessary cost reduction and part of the Authority's efforts to reduce operating costs by approximately 20 per cent, or \$4 Million.



6. Financial Stability

As a private, not-for-profit, non-share capital corporation, St. John's International Airport Authority is responsible for generating its own revenue and raising its own capital to support Airport operations, improvements and maintenance plans. All earnings generated through Airport operations are reinvested back into the infrastructure and operations of the Airport.

Unprecedented and devastating financial losses were felt in 2020. First with the severe January snowstorm that shut down the airport for days, then the global pandemic that crippled the aviation industry. The Airport Authority had a 75.4 per cent loss in passenger traffic for 2020. This decrease in traffic and reduction in air service resulted in an estimated \$30 Million (61 per cent) loss in revenue for the year.

In response to plummeting revenues,

the Airport Authority implemented substantial cost cutting measures, which included:

- 17 per cent workforce reduction
- discretionary spending freeze
- capital program cut to less than 20 per cent of our pre-pandemic spend on essential safety and security projects only
- temporary extended closures (select gates, bridges, parking lots, roadways and sections of the terminal building)

Due to the epic passenger decrease, an Airport Improvement Fee (AIF) adjustment was required. This fee increase aligned with our counterpart airports of a similar size.

The Authority has invested nearly \$350 million in infrastructure improvements at the Airport and has collected only \$235 million in AIF revenue.





VI. Business Plan Summary

2020 Actual vs. Business Plan (Shown in thousands of dollars)

	Actual	Plan	Difference	Explanation
Revenues	\$19,500	\$49,167	(\$29,667)	Significant decrease in commercial flight
				activity and passenger traffic due to the COVID-
				19 pandemic and associated travel restrictions.
Expenses (Note 1)	\$35,499	\$46,125	(10,626)	Implementation of cost saving measures in response to plummeting revenues resulted in savings of 20%. As well, lower salaries expense from the Canada Emergency Wage Subsidy and lower Ground Rent from Transport Canada Rent forgiveness.
Capital	\$3,944	\$3,658	286	Capital contributions for Hold Bag Screening project not reflected in capital additions.

Note 1. Expenses include amortization

Business Plan Forecast 2021-2025 (Shown in thousands of dollars)

	2021	2022	2023	2024	2025
Revenues	\$18,495	\$30,916	\$35,458	\$44,542	\$49,084
Expenses (Note 1)	\$37,052	\$42,350	\$43,910	\$45,630	\$46,821
Capital (Note 2)	\$3,005	\$6,248	\$8,823	\$8,219	\$11,441

Note 1. Expenses include amortization

Note 2. Capital includes completion of the Hold Bag Screening system, fleet and the rehabilitation of certain aprons and taxiways.



VII. Corporate Governance

The role of the Board of Directors is to guide the strategic direction for the Airport Authority. The community's interests are represented through a diverse Board of 12 Directors, nominated by various stakeholders in the region. The Board has three standing Committees - Governance, Development, and Finance & Audit on which Board members and Airport Authority staff collaborate on key initiatives. In 2020, the Board also struck a new, volunteer Committee in response to the Pandemic to address Air Service.

Federal Government (Peggy Coady, William Malone)	2
Provincial Government (Robert Gosse)	1
City of St. John's (Ken Baggs, Andrea Marshall)	2
St. John's Board of Trade (Larry Pittman)	1
City of Mount Pearl (Darren Martin)	1
Mount Pearl Paradise Chamber of Commerce (Jim Heale)	1
Town of Conception Bay South (Holly Hicks)	1
SJIAA Board of Directors (Roger Butt, Stephen Outerbridge, Tom Williams)	3



Board of Directors:

Top Row (L-R): Tom Williams (Board Chair), William Malone (Board Vice Chair), Peggy Coady, Darren Martin, Roger Butt, Ken Baggs

Bottom Row (L-R): Holly Hicks, Jim Heale, Stephen Outerbridge, Andrea Marshall, Larry Pittman, Robert Gosse

Board Membership	Committee Membership	Board Meetings	Compensation
Tom Williams	Board Chair	12	\$33,500.00
William Malone Boa	ard Vice Chair, Member of Governance Committ	ree 12	\$17,166.66
Darren Martin	Chair, Development Committee	12	\$22,000.00
Roger Butt	Chair, Finance & Audit Committee	12	\$22,000.00
Peggy Coady	Chair, Governance Committee	12	\$22,500.00
Holly Hicks	Member of Development Committee	12	\$16,000.00
Larry Pittman	Member of Development Committee	12	\$16,000.00
Robert Gosse	Member of Development Committee	11	\$15,500.00
Andrea Marshall	Member of Governance Committee	11	\$16,000.00
Jim Heale	Member of Finance & Audit Committee	12	\$16,000.00
Stephen Outerbrid	ge Member of Finance & Audit Committee	10	\$15,000.00
Ken Baggs	Member of Finance & Audit Committee	12	\$16,000.00

NOTE:

A total of seven regular Board meetings and numerous Committee meetings were scheduled in 2020. Special Board meetings were held throughout the year without remuneration to address COVID-19 and its financial impact on the Airport. Director meeting fees were waived for the second quarter of 2020.

How we Govern

The corporate operations and the activities of the Board of Directors are guided by the National Airports Policy of 1994 – specifically the "Public Accountability Principles for Canadian Airports" and the Authority's Operating By-Laws. The St. John's International Airport Authority's Operating By-Laws were amended in 2008 to incorporate the relevant elements of the Not-For-Profit Corporations Act, the proposed Canada Airports Act, as well as the best practices of corporate governance currently employed in Canada. Further amendments to the By-Laws, as required under the new Canada Not-For-Profit Corporations Act, were

submitted to Transport Canada in 2014 for approval.

The By-Laws contain Conflict of Interest Guidelines and a prescribed Code of Conduct. In 2020, there were no breaches of the Conflict of Interest Guidelines by any Officer or Director of the Airport Authority.

The St. John's International Airport Authority is committed to conducting business in a competitive fashion. All projects with a value in excess of \$75,000 (base year 1998 = 100, CPI annually adjusted) require a public tender or request for proposal.

