



Statement of Executive Compensation

The annual executive compensation disclosure is based on the best practice of transparency and therefore, full accountability for compensation paid to CEO and executives at Vancouver Airport Authority (VAA). It is VAA's responsibility to provide the community with a clear, concise and understandable description of the link between pay and performance for its CEO and executives in key decision-making positions.

CEO and Executive Compensation Summary

The table below sets forth all compensation paid or that is payable to the CEO and on average to the Executive team, for the years ended December 31, 2021 and 2020. VAA does not grant options, stock appreciation rights, shares, units or other compensation securities as part of its compensation framework and has no outstanding other equity compensation plan.

Name and Position	Year	Salary ⁽¹⁾	Short-Term Incentive Plan Payout ⁽⁴⁾	Long-Term Incentive Plan Payout ⁽⁴⁾	Value of Perquisites ⁽⁵⁾	Value of all other Compensations ⁽⁶⁾	Total Compensation ⁽¹¹⁾
Tamara Vrooman, President & CEO ⁽²⁾	2021	\$580,000	\$306,327	\$0	\$29,349	\$429,035 ^(7,8)	\$1,344,711
	2020	\$261,000	\$0	\$0	\$11,047	\$42,356	\$314,403
Executive Average ^(3,10)	2021	\$255,288	\$75,659	\$0	\$20,519	\$62,598 ⁽⁹⁾	\$414,064
	2020	\$212,465	\$0	\$0	\$13,085	\$34,751	\$260,301

⁽¹⁾ Compensation reported is compensation earned in the specified calendar year and CEO and Executives took a voluntary 10% reduction in base salary in 2020 as part of a COVID support effort.

⁽²⁾ Compensation reflects start date on July 1, 2020.

⁽³⁾ Reflects the average of all executives who provided service in 2021, with their comparative pay in 2020. Compensation reflects 1 executive commencing September 30, 2020 and 2 executives commencing November 30, 2020.

⁽⁴⁾ Amount includes annual short term incentive plan and long term incentive plan. Incentive earned each year is paid the following year to executives that are employed on the incentive payment date (March 25, 2022 and April 9, 2021 for 2021 and 2020, respectively).

⁽⁵⁾ Amount includes club memberships, health spending account, car allowance, car maintenance and car parking.

⁽⁶⁾ Amount includes employer contributions related to Group RPP and SERP.

⁽⁷⁾ Amount includes special DC SERP accrual of \$112,000 in recognition of foregone supplementary pension benefits at previous employer

⁽⁸⁾ Amount includes compensation for long term incentive buyout from previous employer to be paid in 2021 and 2022.

⁽⁹⁾ Amount includes special DC SERP accrual of \$78,000 for 1 executive in recognition of foregone supplementary pension benefits at previous employer.

⁽¹⁰⁾ The enclosed amounts are an average of the 8 executive officers at VAA.

⁽¹¹⁾ The enclosed table does not include a severance amount of \$257,768 for a departing executive.

Oversight of CEO and Executive Compensation

Executive Compensation Governance

The following diagram sets out the approval process for the CEO and executives' compensation.



VAA's Human Resources Committee (HRC) is a Board committee responsible for recommending VAA's compensation direction to the Board and ensuring adherence to the approved plans and philosophy.

This includes all compensation programs from design, implementation to outcomes driven measures linked to the strategic direction of the airport.

For the CEO, the HRC reviews the total compensation package and arrangements, and recommends any changes for the Board for final approval. For executives, HRC approves the salary ranges, incentive plan design and parameters, and all other benefits. It is the CEO's role to assess relative performance of each executive and make decision on their base salary and individual component of the short-term incentive plan. All directors serving on that committee are independent and have exposure to executive compensation issues at other companies or board positions.

The HRC recognizes the importance and complexity of executive compensation and retains an independent executive compensation consultant, Korn Ferry (CA) Ltd. (Korn Ferry), to advise the HRC on executive compensation matters. The consulting services include but are not limited to job evaluation of executive roles, review of executive compensation philosophy, principles and policy, updates on executive compensation trends, development of compensation peer group(s), review of director compensation, short and long term incentive plan review, conducting comprehensive market review for the CEO and the executives, and benchmarking target levels of base salary and incentive compensation to assisting the HRC in formulating appropriate compensation plan design, pay decision and/or recommendations to the Board.

Compensation Principles

In 2020 the HRC engaged Korn Ferry to conduct an extensive review of executive compensation including base compensation, incentive plan design and benefits analysis.

The HRC has agreed on the following executive compensation principles:

- The remuneration approach should align with the enterprise mandate, strategic goals, and desired culture for building success in both the short-term and the long-term.

- Remuneration plans consider all stakeholders' interests including those of the community and the public by delivering operational excellence, financial health and control, quality customer service, and sustainability.
- Pay-for-performance and total remuneration within acceptable risks should be emphasized and should follow good corporate governance.

Compensation Comparator Group

For year 2021, two comparator markets were developed and used to benchmark VAA executive compensation. The two comparator markets were created to reflect VAA's unique ownership structure, operating environments and competitive talent landscape. Together they represent a broad spectrum of organizations with which VAA competes for executive talent:

The VAA executive roles were evaluated using the Korn Ferry Hay Guide Chart-Profile MethodSM. Results of the job evaluation were used to benchmark VAA executive compensation against comparator jobs of similar scope and content (in terms of Korn Ferry Hay Points), instead of title matches, from the comparator markets.

Executive Compensation

VAA's compensation philosophy is designed to attract, retain and motivate high-performing employees needed to deliver on YVR purpose. VAA believes the compensation an executive receives should be aligned to the contribution they make to the overall short- and long-term objectives of the airport.

The executive compensation program contains a mix of cash compensation and non-cash benefits. The components of the executive compensation program are summarized in the tables below.

Executive Compensation Program Overview

VAA seeks a balance between establishing cash compensation (both base salary and at-risk incentive pay) to attract and retain qualified people from the aviation and non-aviation industry and providing non-cash benefits commensurate with those in the B.C. and national market. Overall, the executive compensation program is primarily cash-based. VAA does not grant options, stock appreciation rights, shares, units or other equity-based compensation as part of its compensation framework and vehicles.

The following chart shows the percentage of the target total direct annual compensation (the sum of base salary, short- and long-term incentive plan compensation) for the CEO and executives that varies with performance versus being fixed in respect of fiscal 2021.

Cash Compensation Component	Compensation Description	Compensation Type
Base Salary	Provides executives with fixed compensation	Cash
Short Term Incentive Plan Compensation	Variable compensation that rewards the executives for their achievement of the performance objectives established by the Strategic Plan and the Board	Cash
Long Term Incentive Plan Compensation	Variable compensation that rewards executives for creating long term value as defined by the Strategic Plan and the Board	Cash
Perquisite Allowance	Provides the executives with market competitive perquisites	Vacation allowance, car allowance, car maintenance, and parking benefits
Non-Cash Component	Compensation Description	Compensation Type
Benefits	Promote the executive's general wellness and preventative care	VAA paid health benefits, and access to a health spending account.
	Support the executives with financial and health goals*	Assist with financial assessment, tax review and wellness goals.
	Support executives to stay connected to his or her profession or industry	Membership and association fees
Retirement Plans	Assist the executives build retirement income during his or her working years	Defined benefit pension plan or Group RRSP, and SERP

*this benefit is applicable for executives employed prior to August 2021

Base Salary

Base salary for executives is determined at the beginning of each year in line with the executive's individual performance and the median level of compensation for their position in the designated comparator market.

Incentive Compensation

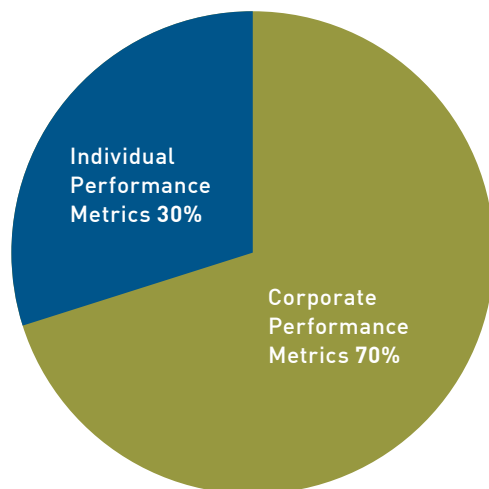
VAA has a short-term incentive program (STIP) that is designed to reward the achievement of performance objectives in the short term by providing a cash incentive reward.

The Board determines the target and maximum incentive payments framework for the executive management team. The table below defines the target and maximum incentive payments. These targets are a percentage of base salary and are calculated based on actual earnings in the year. The maximum STI opportunity is 150% of the target payment, however; VAA had reduced the maximum to 125% of target for 2021 because of the impacts brought on by COVID-19 pandemic.

	2021 Target Incentive Payment % of Base Salary ⁽¹⁾	2021 Maximum Incentive Payment % of Base Salary
President & CEO	50%	62.5%
Executive Management	30%	37.5%

⁽¹⁾ Target Incentive Payment is determined as part of Total Target Direct Compensation (TTDC) determined for the Executive Management role.

Due to the strategic nature of the position of the President & CEO and executives, a higher percentage of their 'at risk pay' is aligned with the achievement of the corporate performance metrics as shown in the chart below.



Corporate performance is measured on the following core elements:

Metric	Weighting	Definition
Public Interest (Do the right thing)		
Climate	17.5%	A measure of the reduction of paper use by employees and in the terminal .
Customer Satisfaction	17.5%	Continuation of the Customer Satisfaction Survey (CSAT) measuring our passengers overall satisfaction with the services and facilities at the airport.
Operational Excellence (Do it well)		
Departure Punctuality	17.5%	The proportion of flights that depart from their stand within 15-minutes of their scheduled departure time.
Baggage Connections	17.5%	The proportion of bags that have successfully connected through YVR. This is the outcome of our investments and efficiency improvements in baggage.
Financial Health & Control (Create capability to do 1 + 2)		
Earnings Before Interest, Depreciation and Amortization (EBIDA)	30%	Earnings Before Interest, Depreciation and Amortization - A measure of how we are generating topline growth while focusing on controlling operating costs.

For each element, the Board pre-established targets and the executive's performance is measured relative to these targets. Metrics were established for the first half (1H) and second half (2H) of the 2021 year.

The program is based on a threshold or minimum level of performance for each measure which must be achieved before any incentive payout is received. Performance below the threshold for a particular measure will result in no payout for that measure. At the threshold for a particular measure, the measure will receive 50 per cent of its weighting.

Target performance will result in a payment of 100 per cent of the weighting for that measure. The maximum performance level represents a stretch which should be achievable approximately 20 per cent of the time. For 2021, the maximum payout was reduced from 150 per cent to 125 per cent to recognize the two-phased approach. Performance between the various performance levels will be pro-rated.

The program was designed to ensure it was 'built for purpose' and supported the delivery of superior performance as defined by the Strategic Plan KPIs.

Long Term Incentive Plan

Due to the unanticipated COVID implications, the current long-term incentive plan (LTIP) cycle 10 (2018-2020) and cycle 11 (2019-2021) resulting in zero payout. The approach had been to set 3 year targets with an assessment and payout in year 4.

	Year 1	Year 2	Year 3	Year 4
LTIP	Cycle 1 - eligible period - HRC set targets that can be defined as cumulative, average, fixed final target and both qualitative or quantitative			Payout Subject to min/target/max achievement
		Cycle 2 - eligible period - HRC set targets that can be defined as cumulative, average, fixed final target and both qualitative or quantitative		

HRC engaged Korn Ferry to assist with the design of the LTIP for Cycle 12 (2020-2022) and Cycle 13 (2021-2023) to reward Executives for the creation of long-term value, the performance metrics and measures were defined in the strategic plan KPIs. VAA considered the best approach to address long-term success and how to be fair to the participants while complying with good governance during the global pandemic for Cycle 12 (2020-2022).

The approach for Cycle 12 was consolidated target periods, annual targets, reduction of the max payout for Cycle 12 from 200 per cent to 150 per cent and the adoption of a consistent set of metrics/weighting relating to 'Capability & Culture', 'Reputation & Trust' and 'Financial Health'.

	2020	2021	2022	Payout
LTIP	Cycle 12 - eligible period			Payout Subject to min/target/max achievement
	Target setting deferred to 2021	Set targets for 12 – 24 months	Set targets for 12 months	

The Board approved the metrics aligned to the Strategic Plan for cycle 13:

Metric	Weighting	Comments
Capability & Culture (Develop the right people)		
Employee Engagement/ Well being	33%	Culture change is lead by leadership and therefore, it is important to include this metric on a continuous basis. This will be measured by McKinsey & Company Organizational Health Index (OHI) survey tool.
Climate		Implementation of the net zero emissions by 2030, this measure will require continuous education, influence and action from executives to ensure its success and therefore it remains as a continuous metric for the foreseeable future.
Reputation and Trust (Do it well for BC)		
Customer Driven Business Performance - Passengers / air carriers and tenants	33%	Growth is vital for ongoing viability; therefore measures will focus on revenue, passengers and cargo volumes that executives can influence through effective leadership compared to market forces.
YVR Partners		YVR's success is also determined through effective partnerships with suppliers, regulators and community partners all to achieve our purpose. Initial areas will focus on the passenger experience and in subsequent years could evolve to include targets around the gateway to the new economy.
Financial Health		
ROIC	33%	Return on Invested Capital (ROIC) measures the financial performance of the funds we allocate and acts as a good proxy as to whether we are maintaining the overall value of our assets.

Each cycle has an on target earning potential for the CEO of 70 per cent of base salary, and for executives of 30 per cent. Each cycle has a minimum payout of 0 per cent and a maximum payout of 200 per cent of target opportunity. This maximum was reduced to 150 per cent for cycles 12 and 13.

	Target Incentive Payment % of Base Salary	Maximum Incentive Payment (150% of target)
President & CEO	70%	105%
Executives	30%	45%

President & CEO Incentive

The Board establishes the performance objectives for the President & CEO. The Board reviews the performance of the President & CEO at the end of each year and its evaluation determines the amount of incentive compensation that is awarded to the President & CEO. The 2020 performance objectives included a combination of corporate performance and individual performance metrics as set out below.

President & CEO Individual Performance Metric

The Board sets and assesses the individual performance for the President & CEO. The measures of success are assessed through both qualitative and quantitative measures with a similar minimum-maximum payment framework of 0 - 150 per cent.

The overall performance of the President & CEO for 2021 is summarized in the table below:

President and CEO's Overall Achievement		
Name	Performance	Weighting
Tamara Vrooman ⁽¹⁾	Short Term Incentive Plan Corporate Performance	70%
	Short Term Incentive Plan Individual Performance	30%
	Long Term Incentive Plan Cycle 11	100%
	Total Payout: \$306,327 ⁽¹⁾	

⁽¹⁾ Incentive earned each year is paid the following year. (Payout date March 25, 2022)

Executive Management Incentive Compensation

The executives are also included in VAA's short-term and long-term incentive programs that have been developed by the Human Resources Committee with assistance from Korn Ferry. The program measures corporate and individual performance, with the amount of the incentive being a combination of the two.

Executive Management – Individual

Each year, individual performance priorities are jointly established by the President & CEO and each executive. These priorities and metrics vary depending on the executive's role. The measures of success are assessed through both qualitative and quantitative measures.

The success of these measures, both in terms of what was delivered, as well as how it is delivered, will determine an individual performance rating as part of the VAA Check in for Success performance management process.

The combination of corporate and individual performance results is measured at year-end and this determines the amount of incentive compensation that is awarded to each executive. The average overall performance of the executives for 2021 is summarized in the table below.

Overall Average Executive Achievement		
Name	Performance	Weighting
Average Payout for Executives	Short Term Incentive Plan Corporate Performance	70%
	Short Term Incentive Plan Individual Performance	30%
	Long Term Incentive Plan Cycle 11	100%
	Average Total Payout: \$75,659	

Perquisite Allowance

VAA offers a market competitive perquisite program, including a car allowance, to executives.

Benefits

Employer-paid benefits include life insurance, disability coverage, time off with pay, membership and association fees, and access to an executive medical program.

Non-cash benefits are provided at a level equal to, and in some cases greater than, those prevailing in the market to ensure that VAA's benefits remain competitive.

Retirement Plan

Retirement benefits are considered an integral part of total compensation. VAA sponsors a group BC registered retirement savings plan (Group RRSP) that all executives participate in. The Defined Benefit Pension Plan is still in place but is now closed to new employees. In addition to the Group RRSP, RPP and the Defined Benefit Pension Plan, VAA offers a Supplemental Executive Retirement Plan for executives who are affected by the RRSP contribution limits or RPP money purchase limits imposed under the Income Tax Act (Canada) (ITA).

Group Registered Retirement Savings Plan

The Group RRSP provides a retirement benefit based on employee and employer contributions that are accumulated with investment earnings. Under the Group RRSP, VAA provides an employer contribution of one percent of base salary and executives may make voluntary contributions to the plan, subject to ITA limits. Executives who participate in the plan direct their own investments within the plan.

Supplementary Executive Retirement Plan

Since the ITA imposes maximum limits on benefits provided under RRSPs and RPPs, VAA provides a Supplementary Executive Retirement Plan (SERP) to all executives who are impacted by these limits. The SERP enables these employees to receive the benefit that they would have received if the ITA limits were not imposed on the registered plans.

The SERP is administered as an unfunded non-registered pension plan, and is secured through a letter of credit for retired executives.

VAA offers the SERP Defined Contribution Pension Plan to executives and is calculated based on 16 per cent of base salary (less VAA's contribution to the Group Registered Pension Plan) and 16 per cent of the short-term incentive payout. These calculations do not include taxable benefits, lump sum payments on termination of employment (such as vacation pay, sick leave, or severance pay) or any extraordinary payments.