

Statement of Executive Compensation

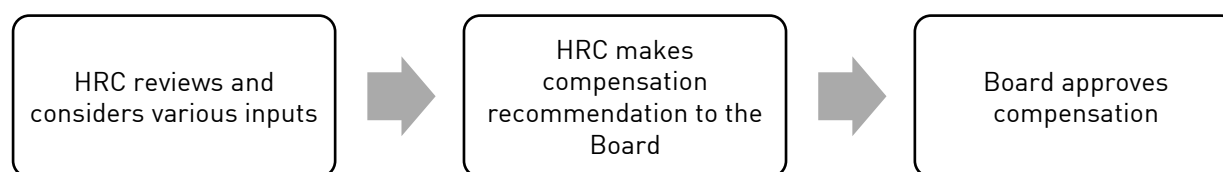
Amended: March 28, 2023

The annual executive compensation disclosure is based on the best practice of transparency and therefore, full accountability for compensation paid to the President & Chief Executive Officer (“CEO”) and Executives at the 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 executives in key decision-making positions.

Oversight of CEO and Executive Compensation

CEO & Executive Compensation Governance

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



VAA’s Human Resources Committee (HRC) is committee of the Board of Directors 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 to 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

Two comparator markets are used to benchmark VAA executive compensation. The two comparator markets 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 level talent:

Executive roles are evaluated using the Korn Ferry Hay Guide Chart-Profile Method. 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 Philosophy

VAA's compensation philosophy is designed to attract, retain, and motivate high-performing employees needed to deliver on YVR's 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

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 pays compensation for completed performance and 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 2022.

| Cash Compensation Component | 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 Contribution Pension Plan and Supplementary Employee Retirement Plan |

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

The CEO & Executives are eligible for both short-term and long-term incentive programs that have been developed by the Human Resources Committee with assistance from Korn Ferry.

Short Term Incentive Compensation

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

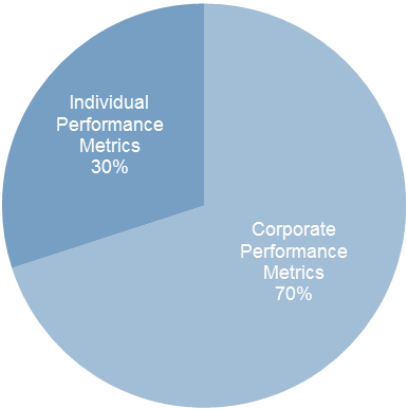
The Board determines the target and maximum incentive payments framework for the executive management team. The table below defines the target and maximum incentive payments. These targets are a percentage of base salary and are calculated based on actual earnings in the year. The maximum STIP opportunity is 150% of the target payment.

| | 2022 Target Incentive as a % of Base Salary | 2022 Maximum Incentive as a % of Base Salary |
|----------------------|---|--|
| President & CEO* | 60.0% | 90.00% |
| Executive Management | 30.0% | 45.0% |

*Approved by the Board of Directors effective January 1, 2022 (previously 50% target).

The STIP is comprised of both corporate and individual performance measures. The combination of corporate and individual performance results is regularly assessed throughout the performance period and finalized at the end of the fiscal year. This determines the amount of incentive compensation that is awarded to each executive.

Due to the strategic nature of the executive’s roles, a higher percentage of their ‘at risk pay’ is aligned with the achievement of the corporate performance metrics as shown in the chart below.



Individual Performance Metrics

Individual performance priorities are jointly established annually by the President & CEO and each executive. For the CEO, individual performance priorities are jointly established with and approved by the Board of Directors. Priorities and metrics vary depending on the role and organizational objectives. 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.

Corporate Performance Metrics

Corporate performance is measured on the following core elements:

| Metric | Weight | Definition |
|---|--------|--|
| Public Interest (Do the Right Thing) | | |
| Climate | 17.5% | Assessment of Greenhouse Gas emissions by VAA |
| Customer Satisfaction | 17.5% | Customer Satisfaction Survey (CSAT) measuring our passenger’s 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 Capacity to do 1 + 2) | | |
| 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 of Directors pre-establishes targets and the executive’s performance are measured relative to the targets.

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 percent of its weighting.

Target performance will result in a payment of 100 percent of the weighting for that measure. The maximum performance level represents a stretch which should be achievable approximately 20 percent of the time.

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 Compensation

VAAA has a Long-Term Incentive Plan ("LTIP") to reward executives for their contributions to the long-term performance of the organization. The LTIP rewards effective use of the Authority's resources to achieve expected and superior performance.

VAA's executive employees are eligible to participate in the LTIP, at the beginning of each performance period. New newly hired eligible employees may be appointed during the current performance period. They will receive a pro-rata award based on the remaining portion of the performance period.

The LTIP performance periods are three years in duration, beginning on the first day of the Authority's fiscal year and ending on the last day of the third fiscal year. A new three-year performance period will start with each new fiscal year. There will be three overlapping LTIP performance periods at any given time, as illustrated below.

| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------------------|-----------------------------|-----------------|-----------------|-----------------|
| Cycle 12 Performance Period | | | Cycle 12 Payout | | |
| | Cycle 13 Performance Period | | | Cycle 13 Payout | |
| | | Cycle 14 Performance Period | | | Cycle 14 Payout |

The LTIP performance measures are determined by the HR Committee of the Board of Directors using the performance metrics and measures as defined in the strategic plan's key performance indicators.

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 consolidating 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'.

Payout is calculated as a percentage of base salary and can range based on achievement of the performance measures. Each cycle has a minimum payout of 0% and a maximum payout of 200% of target opportunity. This maximum was reduced to 150% for cycles 12 and 13.

| | Minimum 0% | Target 100% | Max 150% |
|------------------|---------------|----------------|-------------|
| President & CEO* | 0% | 125% | 187.50% |
| Executives | 0% | 30% | 45% |

*Approved by the Board of Directors effective January 1, 2022 (previously 70% target).

The overall performance of the President & CEO and Executive average is listed below:

| | Weight | |
|---|--------------------|----------------------|
| | President & CEO | Executive Average |
| Short Term Incentive – Corporate Metrics | 70% | 70% |
| Short Term Incentive – Individual Metrics | 30% | 30% |
| Long Term Incentive – Cycle 12 | 100% | 100% |
| Total Payout (2022) Performance | \$829,599 | \$151,348 |

Benefits & Perquisites

Health & Dental 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.

Perquisites

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

Retirement Benefits

Retirement benefits are considered an integral part of total compensation. VAA sponsors a group Defined Contribution Pension Plan that all executives participate in. The Defined Benefit Pension Plan is still in place but is now closed to new employees. In addition, 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 the CEO and 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% of base salary (less VAA's contribution to the Group Registered Pension Plan) and 16% 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.

Severance

When a severance is warranted, VAA will pay provide a severance that is in accordance with the Canada Labour Code, the individuals employment contract and what is deemed appropriate by VAA.

Summary – President & CEO and Executive Compensation

The table below sets forth all compensation paid or that is payable to the President & CEO and on average to the Executive team, for the years ended December 31, 2022, and 2021.

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 & Position | Year | Base Salary ¹ | Short Term Incentive ² | Long Term Incentive ³ | Perquisites ⁴ | Other ⁵ | Total ⁶ |
|--------------------------------------|------|--------------------------|-----------------------------------|----------------------------------|--------------------------|------------------------|--------------------|
| Tamara Vrooman President & CEO | 2022 | \$597,400 | \$378,262 | \$451,337 | \$33,950 | \$442,250 ⁷ | \$1,903,199 |
| | 2021 | \$580,000 | \$306,327 | \$0 | \$29,349 | \$429,035 ⁷ | \$1,344,711 |
| Executives (Average) ⁸ | 2022 | \$262,686 | \$89,608 | \$61,740 | \$19,881 | \$56,188 | \$490,102 |
| | 2021 | \$255,288 | \$75,659 | \$0 | \$20,519 | \$62,598 | \$414,064 |

¹ Compensation reported is compensation earned in the specified calendar year.

² Incentive earned for performance period January 1, 2022 – December 31, 2022, is paid in the following year (2023). The executive must be actively employed at the time of payment.

³ Incentive earned for performance period January 1, 2020 – December 31, 2022, is paid in the following year (2023). This amount is prorated for any executives that join once the performance period had commenced.

⁴ Amount includes club memberships (certain executives), health spending account, car allowance, car maintenance and car parking.

⁵ Amount includes employer contributions related to Group RPP and SERP.

⁶ The table does not include severance for departed executives - \$418,467 in 2022 and \$257,768 in 2021.

⁷ Amount includes compensation includes annual entitlements plus foregone long-term incentive (\$175,000) and supplementary pension benefits (\$112,000) from the previous employer. The composition of the Other compensation is as follows:

| Year | Other | | Forgone compensation from previous employer | | 2022 YVR Employment |
|------|-----------|---|--|---|------------------------|
| 2022 | \$442,250 | = | \$287,000 | + | \$155,250 |
| 2021 | \$429,035 | = | \$287,000 | + | \$142,035 |

⁸ Reflects the average of 8 executive officers at VAA who provided service in 2022 against the 2021 average executive compensation.