

Compensation Philosophy Disclosure Statement

The following presents Vancouver Fraser Port Authority's ("VFPA") executive compensation program. It includes information on VFPA's executive compensation governance, executive compensation philosophy, applicable processes used in determining compensation levels and the actual compensation paid to executives.

Compensation Governance

The Human Resources and Compensation Committee ("HRCC") is responsible for reviewing and recommending to the Board of Directors for approval: the executive compensation philosophy, the overall compensation provisions for the senior leadership team and the specific compensation plans for the President & Chief Executive Officer ("CEO").

Compensation Philosophy

VFPA wishes to maintain an executive compensation program which aligns individual executive performance with VFPA's long term business strategy and supports the achievement of the following objectives:

- to maximize performance in accomplishing VFPA's annual Business Plan; and,
- to attract, motivate and retain executives with the skills and experience necessary to achieve the goals in VFPA's Business Plan and VFPA's longer term business strategies.

Each executive's compensation is based on a combination of his or her personal performance coupled with VFPA's corporate performance, measured through the corporate scorecard, along with reference to relevant market compensation information.

Process for Benchmarking

The HRCC regularly reviews VFPA's executive compensation philosophy and the terms of the individual executive plans. To conduct this work, HRCC retains external compensation consultants to review and approve the continued efficacy of VFPA's executive compensation philosophy and to benchmark VFPA's executive compensation to the market. The process commences with the HRCC working with the consultants to define appropriate comparator organizations. Subsequently, the consultants conduct a survey of the total compensation paid by the comparator organizations to positions comparable to those at VFPA, analyzes the findings and reports to the HRCC. This information, in combination with any internal equity considerations, is used to determine the appropriate potential total compensation for each executive position, which includes a mix of base salary, incentive compensation, perquisites and benefits.

Selection of Comparator Organizations

The HRCC reviews and selects the comparator organizations, with input from external consultants and senior management. The comparator group is comprised of organizations similar to VFPA and/or with which VFPA competes for executives in the market, including: port/airport authorities, terminal operators/stevedoring companies, engineering/construction firms, crown corporations and organizations engaged in real estate development/management.

Market Position & Components of Compensation

VFPA targets its salary range midpoints and salary range maximums for executives to be equal to the 50th percentile and 60th percentile of the comparator group, respectively, and targets the executive perquisites and employee benefits to be equal to the 60th percentile. An annual incentive plan is provided which, through a combination of individual and corporate performance, provides a target percentile for an individual's salary and incentive pay at the 60th percentile with the potential to earn total compensation of up to the 75th percentile of that provided by comparator organizations.

The HRCC retains, and utilizes, discretion to compensate an executive outside of this range in appropriate instances based on specific recruitment and retention strategies.

Executive Salaries

Executive salary ranges are established with reference to VFPA's noted target market position. Actual salaries are determined according to the executive's overall individual performance, skills and experience.

Incentive Plans

VFPA's annual executive incentive plan is aligned with the business strategy of VFPA and its Business Plan; individual incentive payments are determined through a combination of individual performance and corporate performance measured through the corporate scorecard.

The annual incentive opportunity for the CEO has a target bonus of 40% and a maximum of 64% of base salary. The incentive opportunity for the remaining executives ranges from either 30% to 48% or 35% to 56% of salary depending on the position. The CEO also participates in a three year medium term incentive plan where payouts are made at the end of three year performance periods each with a target bonus of 20% of base salary and with a maximum bonus of 40%. The HRCC, in conjunction with the CEO, establishes the targets for the medium term incentive plan, for approval by the Board. These targets are designed to align the CEO's work with VFPA's longer term business strategies. These medium term incentive plans ensure alignment of individual and long term corporate performance and provide the basis for an effective retention strategy.

Actual annual incentive awards are determined by a combination of individual and corporate performance. Individual performance is measured by the executive's performance relative to his or her pre-approved objectives which are directly aligned with VFPA's business and strategic priorities. Individual performance objectives are established by the CEO and

respective executives at the commencement of the fiscal year. These objectives are then reviewed and amended, if necessary, mid-year by the respective parties. At year end, the CEO provides a final review and rating assessment based upon executive performance.

The HRCC has direct oversight of the annual incentive plan process and is regularly updated by the CEO throughout. The HRCC then, in turn, recommends approval of the incentive plans and the final results to the Board of Directors which has overall responsibility for the program. The Board of Directors also directly reviews the CEO's performance at the first Board meeting of the fiscal year to determine the appropriate rating for performance demonstrated by the CEO in the prior year.

Executive Perquisites & Employee Benefits

Executives at VFPA are provided with the same structure of group benefit coverage available to all employees at VFPA, including life and disability insurance, medical, extended health, dental and a health spending account. Executives are also entitled to automobile benefits, financial planning and, in some cases, fitness and health club memberships.

Retirement Plans

VFPA sponsors a number of retirement plans. Several of these plans relate to the port authorities which were merged to form Port Metro Vancouver, and are closed to new members. Details of the retirement plans are set out below.

1. Defined Benefit Pension Plans

Employees hired by the Vancouver Port Authority ("VPA") prior to March 1, 1999 are members of the VPA Defined Benefit Pension Plan. Employees' contributions are 4.0% of pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan; plus 7.5% of pensionable earnings which are in excess of the YMPE. The amount of an employee's pension is based on 2% of the average of the best five years of pensionable earnings (defined as salary and bonus) multiplied by credited years of service up to a maximum of 35 years. The annual pension payable is indexed based on increases in the Consumer Price Index.

Employees hired by the North Fraser Port Authority and currently employed by VFPA with no break in service, are members of a Defined Benefit Pension Plan. Employees' contributions are 5.0% of pensionable earnings. The amount of an employee's pension is based on 2% of the average of the best five years of pensionable earnings (defined as salary only) multiplied by credited years of service up to a maximum of 35 years.

VFPA also provides a Supplemental Pension Plan for all defined benefit pension plan members. The Supplemental Pension Plan provides pension benefits in excess of the maximum permitted under the current tax rules which apply to the Basic Pension Plans. The normal retirement age under the Basic Pension Plans and the Supplemental Pension Plan is 65. Members are eligible to retire with an unreduced pension when they have attained age 60 and completed at least two years of membership service or attained age 55 and have at least 30 years of membership service.

2. Defined Contribution Plans (Group Registered Retirement Savings Plan and Defined Contribution Pension Plan)

Employees hired by VFPA after 1999 are members of VFPA's Group Registered Retirement Savings Plan. Employees' contributions are from 1% to 7% of annual earnings (defined as salary and bonus), with VFPA making a matching contribution equal to the total required contributions of the employee.

Employees hired by the Fraser River Port Authority ("FRPA") on or before December 31, 2007, who joined VFPA as a result of amalgamation of port authorities, are members of the FRPA Defined Contribution Pension Plan. Employees' contributions are from 5% to 7% of annual earnings (defined as salary and bonus), with VFPA making a matching contribution equal to the total required contributions of the employee.

VFPA also provides a Supplemental Non-Registered Savings Plan for all employees who are members of the defined contribution plans, and are restricted by the registered retirement savings plan contribution limit. Employees' contributions to the plan and those of VFPA that are in excess of the maximum amounts allowable as a deduction under the Income Tax Act result in VFPA contributing an additional amount equal to \$3 for every \$7 combined employee and employer contributions.

In addition, based on a review of competitiveness of CEO pension arrangements in comparator organizations, an additional lump sum is annually paid to an RRSP on behalf of the CEO with a gross up contribution of \$7 for every \$9 combined of employer contributions.

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December 31, 2015		Salaries and fees	Other benefits	Post- employment benefits	Total
		\$	\$	\$	\$
Key management personnel					
Baydala, Allan	Officer, Chief Financial Officer, VFPA; Director & Officer, PMV Ventures, PMV Holdings, PMV Enterprises, North Fraser Terminals Inc. and Canada Place Corporation	366	35	48	449
Case, Sandra	VP, Human Resources & Labour Relations	251	36	21	308
Corsie, Tom	VP, Real Estate, VFPA; President, Canada Place Corporation & Director, Marine Safety Holdings	283	32	19	334
Silvester, Robin	Officer, President & CEO, VFPA; President & CEO and Director & Officer of PMV Ventures, PMV Holdings, PMV Enterprises and North Fraser Terminals Inc.	789	38	73	900
Stewart, Cliff	VP, Infrastructure	342	35	23	400
Wilson, Duncan	VP, Corporate Social Responsibility	270	31	18	319
Xotta, Peter	VP, Planning & Operations	342	33	165	540
		2,643	240	367	3,250