

Forestry Innovation Investment Ltd.

Executive Compensation Report for 2015/16

Background

Forestry Innovation Investment Ltd. (FII) is a Provincial Crown corporation with a mandate to improve British Columbia's position as a preferred global supplier of world-class, environmentally friendly forest products. It does this through supporting the work that forest industry trade associations do in North America, Asia and Europe, and through activities delivered by FII staff in Vancouver and the staff of subsidiary companies in China and India.

Compensation Philosophy

FII is a relatively small service-delivery agency in which each position is unique. Attracting and retaining exceptionally capable people is paramount to its success. The compensation plans for FII and its subsidiaries were set some years ago by the parent company's Board of Directors and approved by the Public Sector Employers' Council. Compensation for each position, except for the CEO position as noted below, was derived from independent assessments of benchmark compensation for comparable positions in other organizations.

Those assessments were done for BC-based staff by Western Compensation and Benefits Consultants (WCBC) in 2005, 2007 and 2015. Benchmarking assessments were done in China by Mercer Human Resource Consulting in 2007 and 2008, with data drawn from employers in Shanghai only. Compensation for staff in India is keyed to data provided in 2011 by the consulting firm, Futurestep.

The Board of Directors has adopted a philosophy of setting the maximum compensation for each position at a level usually equivalent to the median compensation in the organizations studied by the independent compensation consultants.

Since early 2009 the compensation plans have been frozen for virtually all staff, in line with government-wide constraint. In 2015 PSEC approved a new compensation plan for FII's Vancouver based staff exclusive of the Executive level. Executive compensation continues to remain frozen at this time.

Elements of Compensation

Compensation for each position includes:

- Base salary;
- Employer contributions to the Canada Pension Plan, Employment Insurance, and Workers Compensation;
- Employer contributions to the Public Service Pension Plan or to a group Registered Retirement Savings Plan;
- The Employer-paid premiums for the BC Medical Services Plan, extended health and dental care, short- and long-term disability, and group life insurance; and
- Annual vacation that is not taken but rather cashed out in a given year.

FII does not provide performance incentives for any position.

Administration

As is common throughout the Provincial ministries, employees at FII typically start at a salary that is about 85 percent of the approved maximum for a position, and then move up in the salary range over three years, subject to demonstrating increased knowledge, competence and productivity.

Annual vacation entitlement and the package of other benefits are virtually identical to the standard in BC government ministries.

From time to time, a position may be created, eliminated or significantly re-specified to reflect changing priorities and levels of funding. Compensation for a significantly revised or new position is based on interpolation within the approved compensation plan to ensure that it is fair not only to the person directly affected, but also to all other employees.

CEO Compensation

The CEO position has not been managed through the benchmarking process. Compensation for the position was unchanged from 2004 through 2014. In 2015 FII's incumbent COO was promoted to "Acting CEO" at a salary stipulated by FII's Board Chair.

Executive Compensation for 2015/16

The government-wide reporting protocol stipulates public disclosure of compensation for "the CEO and the next four highest ranking corporate officers, administrators, corporate administrators, executives or executive officers in charge of the management of a corporation, company, organization or agency" whose base salary was \$125,000 or greater. The following table contains that compensation data for 2015/16, based on actual amounts paid to each such employee or paid in respect of the employee's benefits package.

Forestry Innovation Investment Ltd.
Executive Compensation Summary Table For the Year Ending March 31, 2016

| Summary Compensation Table at FISCAL, 2016 | | | | | | | | |
|--|---|--|---------------------------|------------------------|--|---|---------------------------|------------|
| Name and Position (a) | Salary (b) | Holdback / Bonus / Incentive Plan Compensation (c) | Benefits (d) | Pension (e) | All Other Compensation (expanded below) | 2015/16 Total | Previous Two Years Totals | |
| | | | | | | | 2014/15 | 2013/14 |
| Ken Baker, CEO | \$ 40,538 | \$ - | \$ 4,690 | \$ 3,243 | \$ - | \$ 48,471 | \$ 187,067 | \$ 200,699 |
| Michael Loseth, COO and Interim CEO | \$ 166,705 | \$ - | \$ 9,968 | \$ 17,332 | \$ 15,200 | \$ 209,205 | \$ 183,240 | \$ 179,103 |
| Douglas Greig, VP & CFO | \$ 143,477 | \$ - | \$ 10,214 | \$ 14,840 | \$ 14,884 | \$ 183,415 | \$ 177,441 | \$ 172,973 |
| Lisa Dou, General Manager, China | \$ 193,329 | \$ - | \$ 12,729 | \$ 2,265 | \$ 22,271 | \$ 230,594 | \$ 199,393 | \$ 186,965 |
| Sonya Zeitler-Fletcher, VP, Market Outreach | \$ 135,262 | \$ - | \$ 9,739 | \$ 13,945 | \$ 3,745 | \$ 162,690 | \$ 141,809 | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Summary Other Compensation Table at FISCAL, 2016 | | | | | | | | |
| Name and Position (a) | All Other Compensation | Severance (f) | Vacation payout (g) | Leave payout (h) | Vehicle / Transportation Allowance (i) | Perquisites / other Allowances (j) | Other (k) | |
| Ken Baker, CEO | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Michael Loseth, COO and Interim CEO | \$ 15,200 | \$ - | \$ 12,846 | \$ - | \$ - | \$ - | \$ 2,354 | |
| Douglas Greig, VP & CFO | \$ 14,884 | \$ - | \$ 10,952 | \$ - | \$ - | \$ - | \$ 3,931 | |
| Lisa Dou, General Manager, China | \$ 22,271 | \$ - | \$ 21,460 | \$ - | \$ - | \$ - | \$ 811 | |
| Sonya Zeitler-Fletcher, VP, Market Outreach | \$ 3,745 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,745 | |
| Notes: | | | | | | | | |
| Ken Baker, CEO | Retired in early July 2015. | | | | | | | |
| Michael Loseth, COO and Interim CEO | Base salary includes an increase of 15,000 and two additional weeks of vacation entitlement while acting in both the COO and Interim CEO position. Other includes parking. | | | | | | | |
| Douglas Greig, VP & CFO | Other includes parking | | | | | | | |
| Lisa Dou, General Manager, China | Pension allowance was eliminated in June 2015 and base salary increased by same. Other includes private transportation allowance which was eliminated in June 2015. Last year's 2014/15 base was \$13,652 more than reported due to additional pay period not included. | | | | | | | |
| Sonya Zeitler-Fletcher, VP, Market Outreach | Other includes parking | | | | | | | |