



**Forestry Innovation
Investment**

May 15, 2022

John Davison, President & CEO
PSEC Secretariat
Suite 210 - 880 Douglas St.
Victoria, B.C.
V8W 2B7

Dear Mr. Davison:

As Chair of the Forestry Innovation Investment Ltd. Board of Directors, I hereby confirm that the Board is aware of the compensation paid to the Company's CEO and other Executive members in 2021/22, and I confirm that it is accurate and in accordance with the compensation plans most recently approved by PSEC.

Yours truly,

Rick Manwaring

Rick Manwaring (May 24, 2022 11:02 PDT)

Rick Manwaring
Board Chair

cc. Michael Loseth, President & CEO
Forestry Innovation Investment Ltd.

Forestry Innovation Investment Ltd.

Executive Compensation Report for 2021/22

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. FII achieves this through facilitating and supporting the work that forest industry trade associations undertake in North America, Asia and Europe, and through activities delivered by FII staff in Vancouver and the staff of subsidiary companies in China, India and Vietnam in accordance with strategic plans.

Compensation Philosophy

FII's compensation philosophy embodies performance, differentiation, accountability and transparency, targeting the median level (P₅₀) of a third-party market survey based on comparisons to relevant BC Crown Corporations and industry comparators. FII intends to update market surveys every three to five years. FII uses 85% of the P₅₀ market levels to establish a salary range between the minimum and maximum benchmarked amounts. FII uses its professional assessment in appointing new employees within their salary range. Upward movement through the range is made in compliance with PSEC directives and is based on individual performance. Positions may be under-implemented if required qualifications and experience are lacking and higher qualified candidates are not available. In this case, a comprehensive development plan will be put in place to guide the employee to the required level of performance for the position over an identified period.

Performance

FII's compensation program is supported by a performance-based (merit) organizational culture that includes annual individual targets and goals, performance evaluations and an integrated training and development program. Any increases within a salary range are subject to satisfactory performance and are based upon formal annual performance reviews. Corporately, FII reports out on comprehensive performance measures aligned with business objectives and strategies supported by industry stakeholders. FII ensures everyone understands their role and responsibilities relative to corporate objectives and goals.

Differentiation

Differentiation of salary is supported where there are variations in the breadth of job requirements within positions at FII. Each position has a detailed job description outlining scope, key responsibility areas and education and experience requirements. Core competencies are identified for each position and are evaluated and recognized in the employee's performance review.

Accountability

FII's compensation decisions are objective and based upon clear and well documented business rationales that demonstrate the appropriate expenditure of public funds. Accountability is also demonstrated through the documentation of evaluating individual performance and individual key performance indicators / performance targets set out annually, as well as an understanding of how individual performance contributes to corporate targets and measures.

Transparency

FII's compensation program is managed and clearly communicated to employees, ensuring understanding of expectations, accountability and publicly reported as required.

Compensation for each position, except for the CEO position as noted below, was derived from independent assessments of benchmark compensation by Western Compensation and Benefits Consultants (WCBC) of comparable positions in other organizations.

Benchmarking assessments were last done in China by Mercer Human Resource Consulting in 2017 with data drawn from employers in Shanghai and Beijing. Compensation for staff in India and Vietnam was benchmarked by Mercer and last approved by PSEC in early 2020. PSEC last approved a compensation plan for FII's Vancouver staff in early 2017 but a review by PSEC is currently underway in 2022 based on an updated assessment in early 2022.

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;
- The Employer-paid premiums for extended health and dental care, short- and long-term disability, health spending account, group life insurance; and
- Any annual vacation that is not taken and cashed out each year;
- FII does not provide performance incentives for any position.

Administration

FII believes in supporting diversity and inclusion and making a positive impact – socially, economically and environmentally. We work to ensure that our staff across all four countries have the right tools and support they need for their diverse needs, personal and professional growth and development.

Generally, employees at FII typically start at a salary that is approximately 85 percent of the approved maximum for a position. Movement within the salary range is subject to the principles of FII's compensation philosophy and evaluated through FII's comprehensive performance management and development plans and in accordance with PSEC's annual guidelines for salary increases.

Annual vacation entitlement is 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 sources of funding. Compensation for a significantly revised or new position is based on comparison to other positions within the approved compensation plan to ensure alignment with existing positions.

CEO Compensation

The CEO position is not managed through the benchmarking process. The CEO salary is stipulated by FII's Board Chair and reviewed and approved by PSEC on an annual basis.

Executive Compensation for 2021/22

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 and whose base salary was \$125,000 or greater." To be part of the disclosure, a position must also be recognized as part of the decision-making team with significant authority and responsibility for the direction of the organization.

The following table contains that compensation data for 2021/22, based on actual amounts paid to each such employee or paid in respect of the employee's benefits package.

EXECUTIVE COMPENSATION DISCLOSURE

Forestry Innovation Investment

Summary Compensation Table at 2022

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2021/2022 Total Compensation	Total Compensation	
							2020/2021	2019/2020
Michael Loseth, CEO	\$ 182,710	-	\$ 11,311	\$ 17,928	\$ 777	\$ 212,726	\$ 209,409	\$ 209,851
Douglas Greig, CFO & VP, Finance & Administration	\$ 160,096	-	\$ 9,639	\$ 15,709	\$ 16,090	\$ 201,534	\$ 198,992	\$ 196,973
Jim Messer, Vice President, International Marketing	\$ 170,654	-	\$ 9,911	\$ 16,745	-	\$ 197,310	\$ 91,809	
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 171,281	-	\$ 10,759	\$ 16,807	\$ 6,839	\$ 205,686	\$ 200,206	\$ 189,672

Summary Other Compensation Table at 2022

Name and Position	All Other Compensation	Severance	Vacation Payout	Paid Leave	Vehicle / Transportation Allowance	Perquisites / Other Allowances	Other
Michael Loseth, CEO	\$ 777	-	-	-	-	-	\$ 777
Douglas Greig, CFO & VP, Finance & Administration	\$ 16,090	-	\$ 9,201	-	-	-	\$ 6,889
Jim Messer, Vice President, International Marketing	-	-	-	-	-	-	-
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 6,839	-	-	-	-	-	\$ 6,839

Notes

Michael Loseth, CEO	General Note: This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. Other Note: Other includes health & wellness
Douglas Greig, CFO & VP, Finance & Administration	General Note: This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. Other Note: Other includes parking and health & wellness
Jim Messer, Vice President, International Marketing	General Note: This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. The salary reported this year represents a full year in the role.
Sonya Zeitler-Fletcher, Vice President, Market Development	General Note: This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. Other Note: Other includes parking and health & wellness