



**Forestry Innovation  
Investment**

May 1, 2017

Christina Zacharuk  
President and CEO of PSEC Secretariat  
2nd Floor, 880 Douglas Street  
Victoria, BC  
V8W 2B7

Dear Ms. Zacharuk:

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 2016/17, and I confirm that it is accurate and in accordance with the compensation plan most recently approved by PSEC in 2016.

Yours truly,

Tim Sheldon  
Chair, Board of Directors  
Forestry Innovation Investment Ltd.

cc. Michael Loeth  
CEO  
Forestry Innovation Investment Ltd.

## **Forestry Innovation Investment Ltd.**

### **Executive Compensation Report for 2016/17**

#### **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 and in 2016 PSEC approved modest increases to FII's executive compensation.

#### **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 2016 FII's acting CEO the (incumbent COO) was promoted to CEO at a salary stipulated by FII's Board Chair.

### **Executive Compensation for 2016/17**

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 2016/17, based on actual amounts paid to each such employee or paid in respect of the employee's benefits package.

**Forest Innovation Investment**

**Summary Compensation Table at 2017**

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2016/2017 Total Compensation	Previous Two Years Totals Total Compensation	
							2015/2016	2014/2015
Michael Loseth, CEO	\$ 167,642	-	\$ 10,901	\$ 17,430	-	\$ 195,973	\$ 209,205	\$ 183,240
Douglas Greig, CFO & VP, Finance & Administration	\$ 145,012	-	\$ 10,596	\$ 13,128	\$ 22,207	\$ 190,943	\$ 183,414	\$ 177,441
Bruce St John, Vice President, International Marketing	\$ 101,944	-	\$ 11,042	\$ 9,472	\$ 2,627	\$ 125,085		
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 140,553	-	\$ 10,780	\$ 14,445	\$ 3,807	\$ 169,585	\$ 162,691	\$ 141,808
Lisa Dou, General Manager	\$ 187,418	-	\$ 5,946	\$ 14,609	\$ 22,909	\$ 230,882	\$ 230,594	\$ 199,392

**Summary Other Compensation Table at 2017**

<b>Name And Position</b>	<b>All Other Compensation</b>	<b>Severance</b>	<b>Vacation payout</b>	<b>Leave payout</b>	<b>Vehicle / Transportation Allowance</b>	<b>Perquisites / other Allowances</b>	<b>Other</b>
Michael Loseth, CEO	-	-	-	-	-	-	-
Douglas Greig, CFO & VP, Finance & Administration	\$ 22,207	-	\$ 18,285	-	-	-	\$ 3,922
Bruce St John, Vice President, International Marketing	\$ 2,627	-	-	-	-	-	\$ 2,627
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 3,807	-	-	-	-	-	\$ 3,807
Lisa Dou, General Manager	\$ 22,909	-	\$ 22,208	-	-	-	\$ 701

**Notes**

Michael Loseth, CEO	
Douglas Greig, CFO & VP, Finance & Administration	<b>Other Note:</b> includes parking and health & wellness benefit
Bruce St John, Vice President, International Marketing	<b>Other Note:</b> includes parking and health & wellness benefit
Sonya Zeitler-Fletcher, Vice President, Market Development	<b>Other Note:</b> includes parking and health & wellness benefit
Lisa Dou, General Manager	<b>Other Note:</b> includes health & wellness benefit