



**Forestry Innovation
Investment**

May 22, 2019

Christina Zacharuk
CEO and President
Public Sector Employers' Council Secretariat
PO BOX 9400 STN PROV GOVT
Victoria BC
V8W9V1

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 2018/19, and I confirm that it is accurate and in accordance with the compensation plan most recently approved by PSEC in 2018.

Yours truly,

Silas Brownsey
Chair, Board of Directors
Forestry Innovation Investment Ltd.

cc. Michael Loseth
President and CEO
Forestry Innovation Investment Ltd.

Forestry Innovation Investment Ltd.

Executive Compensation Report for 2018/19

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.

FII has also adopted the core principles of the common public sector compensation philosophy as follows:

1. Performance – Compensation programs support and promote a performance-based (merit) organizational culture.
2. Differentiation – Differentiation of salary is supported where there are differences in the scope of the position within an organization, and/or due to superior individual team contributions.
3. Accountability – Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.
4. Transparency – Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

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 and updated in 2015 with data drawn from employers in Shanghai. Compensation for staff in India is keyed to data provided in 2011 by the consulting firm, Futurestep and was updated in 2015.

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.

In 2015 PSEC approved a new compensation plan for FII's Vancouver, Shanghai and India staff which included a three-year implementation plan with specified adjustments until July 2019. The specified adjustments to these compensation plans were further amended by PSEC in 2018 for another two years until April 1, 2021.

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 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 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. In 2016 FII's acting CEO the (incumbent COO) was promoted to CEO at a salary stipulated by FII's Board Chair and approved by PSEC.

Executive Compensation for 2018/19

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. 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 2018/19, 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 2019

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2018/2019 Total Compensation	Previous Two Years Totals Total Compensation	
							2017/2018	2016/2017
Michael Loseth, CEO	\$ 177,268	-	\$ 10,270	\$ 17,452	-	\$ 204,990	\$ 218,433	\$ 195,973
David Fisher, Vice President, International Marketing	\$ 57,364	-	\$ 5,531	\$ 5,365	\$ 1,226	\$ 69,486		
Douglas Greig, CFO & VP, Finance & Administration	\$ 149,951	-	\$ 9,947	\$ 14,765	\$ 9,353	\$ 184,016	\$ 182,640	\$ 190,943
Bruce St John, Vice President, International Marketing	\$ 26,294	-	\$ 3,124	\$ 2,884	\$ 14,422	\$ 46,724	\$ 185,149	\$ 125,085
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 145,916	-	\$ 9,935	\$ 14,367	\$ 3,482	\$ 173,700	\$ 172,021	\$ 169,585
Lisa Dou, General Manager	-	-	-	-	\$ 195,195	\$ 195,195	\$ 240,142	\$ 230,882

Summary Other Compensation Table at 2019

Name And Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
Michael Loseth, CEO	-	-	-	-	-	-	-
David Fisher, Vice President, International Marketing	\$ 1,226	-	-	-	-	-	\$ 1,226
Douglas Greig, CFO & VP, Finance & Administration	\$ 9,353	-	\$ 5,794	-	-	-	\$ 3,559
Bruce St John, Vice President, International Marketing	\$ 14,422	-	\$ 13,745	-	-	-	\$ 677
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 3,482	-	-	-	-	-	\$ 3,482
Lisa Dou, General Manager	\$ 195,195	\$ 195,195	-	-	-	-	-

Notes

Michael Loseth, CEO	
David Fisher, Vice President, International Marketing	General Note: Hired into VP, International Marketing role effective November 11, 2018. Other Note: includes parking (\$903) and health and wellness benefits (\$323).
Douglas Greig, CFO & VP, Finance & Administration	Other Note: Includes parking (\$2,709) and health and wellness benefits (\$850)
Bruce St John, Vice President, International Marketing	General Note: Resigned May 31, 2018. Other Note: includes parking
Sonya Zeitler-Fletcher, Vice President, Market Development	Other Note: includes parking (\$2,709) and health and wellness benefit (\$773)
Lisa Dou, General Manager	General Note: Position eliminated, employment terminated April 2, 2018. Severance includes retirement allowance and benefits converted from RMB into CAD at the effective rate at time of payment.