



Forestry Innovation Investment

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FORESTRY INNOVATION INVESTMENT

Suite 1200, 1130 West Pender Street
Vancouver, British Columbia
V6E 4A4, Canada

April 24, 2014

Mr. Lee Doney
President and CEO
Public Sector Employer's Council
PO Box 9400 Stn Prov Govt
Victoria, BC
V8V 9V1

Dear Sir:

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 2013/14, and I confirm that it is accurate and in accordance with the compensation plan most recently approved by PSEC in June 2008.

Yours truly,

Tim Sheldon
Chair
Board of Directors
Forestry Innovation Investment Ltd.

Garry for
cc. Ken Baker
CEO
Forestry Innovation Investment Ltd.

Forestry Innovation Investment Ltd.

Executive Compensation Report for 2013/14

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 primarily through supporting the work that forest industry trade associations do in North America, Asia and Europe, as well as 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 are set by the parent company's Board of Directors, subject to approval by the Public Sector Employers' Council. Compensation for each position, except for the CEO position as noted below, was derived several years ago 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 and 2007. 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 WCBC and Mercer. In some cases, the Board set FII compensation at levels considerably below what the consultants recommended.

Since early 2009, however, the compensation plans have been frozen for all staff, in line with government-wide constraint.

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 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 entitlement.

FII does not provide performance incentives for any position. Although that possibility was introduced in the CEO's employment contract in April 2010, the Board of Directors has not established any criteria for incentive pay, and none has been paid.

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 significantly re-specified, eliminated or created 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. In all cases, care is taken to ensure FII's total compensation cost does not exceed the total authorized by the Board and PSEC.

CEO Compensation

The CEO position has not been managed through the benchmarking process. Compensation for the position has been unchanged since 2004.

Executive Compensation for 2013/14

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 2013/14, 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, 2014

Summary Compensation Table at FISCAL, 2014								
Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012 / 13 (s)	2011 / 12 (t)
Ken Baker, CEO	\$ 155,000	\$ -	\$ 9,453	\$ 12,400	\$ 23,846	\$ 200,699	\$ 176,506	\$ 181,554
Michael Loseth, VP, Operations	\$ 152,330	\$ -	\$ 10,050	\$ 13,021	\$ 3,703	\$ 179,103	\$ 186,950	\$ 182,245
Douglas Greig, VP, Finance & Administration	\$ 142,382	\$ -	\$ 9,241	\$ 12,170	\$ 9,179	\$ 172,973	\$ 172,648	\$ 174,836
Lisa Dou, General Manager, China	\$ 146,638	\$ -	\$ 8,620	\$ 11,731	\$ 19,976	\$ 186,965	\$ 156,865	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Other Compensation Table at FISCAL, 2014								
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	\$ 23,846	\$ -	\$ 23,846	\$ -	\$ -	\$ -	\$ -	
Michael Loseth, VP, Operations	\$ 3,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,703	
Douglas Greig, VP, Finance & Administration	\$ 9,179	\$ -	\$ 5,476	\$ -	\$ -	\$ -	\$ 3,703	
Lisa Dou, General Manager, China	\$ 19,976	\$ -	\$ 15,844	\$ -	\$ -	\$ -	\$ 4,132	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Notes:								
Other compensation noted consists of parking, monthly transportation and phone allowance.								