



**Forestry Innovation
Investment[®]**

May 27, 2024

John Davison, President & CEO
PSEC Secretariat
Suite 210 - 880 Douglas Street
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 2023/24, and I confirm that it is accurate and in accordance with the compensation plans most recently approved by PSEC.

Yours truly,

Rick Manwaring
Chair, Board of Directors
Forestry Innovation Investment Ltd.

pc. Michael Loeth, CEO
Forestry Innovation Investment Ltd.

Forestry Innovation Investment Ltd.

Executive Compensation Report for 2023/24

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 B.C. 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 key performance indicators (KPIs) 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 also identified for each position. Each position is evaluated based on six criteria and demonstrating the spirit of FII's Team Charter 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 KPIs/goals 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 is derived from independent assessments of benchmark compensation by Western Compensation and Benefits Consultants (WCBC) of comparable positions in other organizations.

Benchmarking assessments were last completed in China, India and Vietnam in 2019 and approved by PSEC in early 2020. Based on updated benchmarking, PSEC last approved a compensation plan for FII's Vancouver staff in 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, equity 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 2023/24

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 2023/24, 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 2024

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2023/2024 Total Compensation	Total Compensation	
							2022/2023	2021/2022
Michael Loseth, CEO	\$ 234,067	-	\$ 9,361	\$ 23,056	-	\$ 266,484	\$ 237,591	\$ 212,726
Douglas Greig, CFO & VP, Finance & Administration	\$ 177,540	-	\$ 8,101	-	\$ 20,932	\$ 206,573	\$ 208,244	\$ 201,534
Jim Messer, Vice President, International Marketing	\$ 189,390	-	\$ 7,851	\$ 18,655	\$ 10,198	\$ 226,094	\$ 205,998	\$ 197,310
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 189,944	-	\$ 9,106	\$ 18,710	\$ 6,239	\$ 223,999	\$ 213,181	\$ 205,686

Name and Position	All Other Compensation	Severance	Vacation Payout	Paid Leave	Vehicle / Transportation Allowance	Perquisites / Other Allowances	Other
Michael Loseth, CEO	-	-	-	-	-	-	-
Douglas Greig, CFO & VP, Finance & Administration	\$ 20,932	-	\$ 10,243	\$ 9,201	-	-	\$ 10,689
Jim Messer, Vice President, International Marketing	\$ 10,198	-	\$ 10,198	-	-	-	-
Sonya Zeitler-Fletcher, Vice President, Market Development	\$ 6,239	-	-	-	-	-	\$ 6,239

Notes

Michael Loseth, CEO	<p>General Note: Michael Loseth received a 4% performance-based salary increase retroactive to April 1, 2022 and a 6.75% performance-based salary increase effective April 1, 2023.</p>
Douglas Greig, CFO & VP, Finance & Administration	<p>General Note: Doug Greig received a 7% performance-based salary increase effective April 1, 2023</p> <p>Other Note: Other includes parking, health and wellness and retirement savings allowance</p>
Jim Messer, Vice President, International Marketing	<p>General Note: Jim Messer received a 7% performance-based salary increase effective April 1, 2023</p>
Sonya Zeitler-Fletcher, Vice President, Market Development	<p>General Note: Sonya Zeitler-Fletcher received a 7% performance-based salary increase effective April 1, 2023</p> <p>Other Note: Other includes parking and health & wellness</p>