



Pacific Carbon Trust

June 10, 2014

Lee Doney
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas St.
Victoria BC V8W 2B7

Re: **Public Sector 2013/14 Statement of Executive Compensation for Pacific Carbon Trust**

Dear Mr. Doney:

On behalf of Pacific Carbon Trust, I confirm that the attached 2013/14 Statement of Executive Compensation is consistent with the corporation's approved executive compensation plan. As Board Chair, I attest that compensation information being disclosed is accurate, includes all compensation paid by the employer, including any pre or post-employment payments made during the 12 month period before or after the term of employment, and complies with the PSEC executive compensation disclosure guidelines.

Sincerely,

Wes Shoemaker
Chair and Director

Attachment



Pacific Carbon Trust

Statement of Executive Compensation 2013/2014

BACKGROUND

Pacific Carbon Trust (PCT) is a Crown corporation that delivers quality BC-based greenhouse gas (GHG) offsets to help clients meet their carbon reduction goals. Its goals are to reduce emissions province-wide and to help grow BC's low-carbon economy. PCT is responsible for purchasing offsets from BC-based projects that are in compliance with BC's Emission Offsets Regulation, ensuring credible offsets built on recognized international standards.

A carbon offset represents a qualifying reduction in greenhouse gas emissions generated by activities, such as improved energy efficiency, that can be used to balance the emissions from another source, such as travel. PCT delivers offsets to several clients, including the BC government and broader public service organizations, to offset carbon emissions.

In November 2013, government announced it would transition the functions of Pacific Carbon Trust into the Climate Action Secretariat in the Ministry of Environment, maintaining government's commitment to climate leadership and a carbon-neutral government sector. Pacific Carbon Trust is completing the acquisition and delivery of offsets to meet the 2013 public sector carbon neutrality requirement by the end of June 2014. The corporation will be dissolved later in fiscal 2014/15.

PCT's philosophy as an entity is centered on three core values:

1. **Entrepreneurial.** PCT is an innovative company that puts results about process, seizing opportunities and taking risks necessary to drive growth of the low carbon economy.
2. **Sustainable.** PCT is a champion for sustainable business practices and role model for low-carbon operations.
3. **Credible.** PCT is recognized for its expertise, professional standards and high quality, credible carbon products.

COMPENSATION PHILOSOPHY

The Pacific Carbon Trust Compensation Plan was established and approved in October 2009, and is founded on the following key principles that support a balanced and fiscally prudent approach to staff compensation levels.

1. **Recruitment and Retention** - the ability of the plan to attract and retain high calibre staff with the right skills, aptitude and knowledge

2. ***Fair and Competitive*** – the plan should be gauged in relation to other “like” positions and organizations to come to a fair market outcome
3. ***Motivates and Rewards Performance*** – compensation should drive high performance at both the corporate/team and individual levels and reward the risks taken in joining this new venture
4. ***Simple and Transparent Administration*** – being a small organization operating within the public service, administering the compensation plan cannot involve a detailed, multi-layered process. It needs to be easily implemented and explained to a public audience
5. ***Affordable and Conservative*** –PCT must manage all of its expenditures, including compensation, prudently
6. ***Strategically and Culturally Aligned*** – the plan should drive successful attainment of PCT’s mandate, goals and values, including a low carbon footprint

Base Salary

Compensation for the CEO is set and approved by PCT’s Board of Directors. Compensation for Named Executive Officers (NEOs) is determined by the CEO within set guidelines which include salary ranges approved by the Public Sector Employers’ Council (PSEC). Salaries cannot be outside the range approved by PSEC.

Similar crown corporations and core government were directly surveyed to identify relevant benchmarks in terms of base salary, incentives, benefits and perquisites. For comparative purposes, data was gathered from organizations considered most similar across various factors (e.g., size, breadth/type of mandate, subject matter and budget). Focusing on these organizations enables PCT to assess compensation being paid to a similar labour pool. A number of other organizations were also contacted to provide general background and high-level comparisons.

Benefits

PCT offers and administers a standard benefit package that is generally consistent with the benefit plan provided by the Provincial Government. It includes MSP, Extended Health, Dental, Life Insurance, Short Term and Long Term Disability, Employee and Family Assistance, Vacation and Public Service Pension Plan. Benefits, where applicable, are extended to employee dependents.

Re-earnable Incentive Holdback Plan

The Incentive Holdback Plan is a component of PCT’s Compensation Plan and was approved by PSEC in July 2010. It is administered on an annual basis based on corporate, business unit and individual performance measures and adheres to the following weightings.

	CORPORATE	INDIVIDUAL		HOLD BACK
	Key Performance Indicators	Leadership		MAXIMUM HOLD BACK (% of Base Salary)
CEO	80%	20%		up to 20%
	Key Performance Indicators	Demonstrated Business Results	Demonstrated Business Impact	MAXIMUM HOLD BACK (% of Base Salary)
Management	40%	30%	30%	up to 10%
Professional / Administrative	20%	50%	30%	up to 5%

The corporate portion of the incentive holdback is measured on identified deliverables, for example key performance indicators related to the annual service plan, business plan / unit objectives and financial results.

Individual performance is assessed on annual personal business plans developed for all staff that includes the identification of the top three to five business outcomes. All staff complete quarterly reviews with their supervisor to identify progress in meeting the personal business plan outcomes. As well, all staff complete an annual performance review to assess demonstrated business results and demonstrated business impacts based on the Employee Performance and Review forms. These forms assess behaviours related to PCTs values across key behaviour, skills and abilities, such as: Initiative; Collaboration; Opportunities for Others; Solutions Based Outlook; and Inspiration through Coaching, Managing and Mentoring.

PERFORMANCE AREA	MEASUREMENT CRITERIA	DECISION/MEASUREMENT PROCESS
Corporate	a. Key Performance Indicators	➤ Specific targets and measures for each key performance indicator.
Individual	a. Business Results Assessment as defined through annual personal business plan process b. Business Impact Assessment based on Employee Performance Feedback and Review. Focused on performance related to PCTs values across key behaviours, skills and abilities	➤ Assessment of top three to five key deliverables based on: Consistent delivery of high-quality products; delivery of objectives in a timely manner; objectives achieved in a cost-effective manner by doing the right things, leading to the right results; cultivation of positive stakeholder satisfaction adding value to the corporation; and alignment of key deliverables with corporate priorities. ➤ Recommendation of Manager based on PCTs assessed competency ratings for: Initiative; Collaboration; Opportunities for Others; Solutions Based Outlook; and Inspiration through Coaching, Managing and Mentoring.

As defined in the PCT compensation plan, the holdback applies to all permanent PCT employees with the maximum award, as a percentage of base salary, determined by three employee bands. Research of other organizations on a holdback or incentive award ranged from (0% to 50%).

SUMMARY COMPENSATION TABLE

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)
Scott MacDonald, CEO	\$67,921	\$31,766	\$25,906	\$ -	\$ -	\$125,593	\$207,000	\$195,168
David Moffat, Managing Director	\$65,160	\$11,623	\$4,912	\$7,404	\$3,636	\$92,735	\$163,763	\$159,112
David Muter, Managing Director	\$50,283	\$11,984	\$5,136	\$5,948	\$ -	\$73,351	\$148,746	n/a
David Muter, Acting CEO	\$45,189	\$4,193	\$3,305	\$4,139	\$82	\$56,908	n/a	n/a
Raymond Chan, Managing Director	\$120,585	\$16,180	\$9,921	\$12,716	\$8,119	\$167,521	\$70,996	n/a

SUMMARY OTHER COMPENSATION

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)
Scott MacDonald, CEO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
David Moffat, Managing Director	\$3,636	\$ -	\$3,483	\$ -	\$ -	\$ -	\$ 153
David Muter, Managing Director	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
David Muter, Acting CEO	\$82	\$ -	\$82	\$ -	\$ -	\$ -	\$ -
Raymond Chan, Managing Director	\$8,119	\$ -	\$8,119	\$ -	\$ -	\$ -	\$ -

Scott MacDonald, CEO	Incentive compensation paid in year for fiscal 2013 (\$21,876) plus portion (\$9,889) for fiscal 2014 (left Sept. 13, 2013). CEO benefits, including pension, were under BC provincial government benefits plan as part of secondment arrangement and were charged back to PCT as one lump sum rather than broken out individually. Benefit rate was 24% and was charged against all income received (including incentive plan compensation), compared to PCT's own benefit plan costs which are ~21% not including incentive plan compensation.
David Moffat, Managing Director	Incentive compensation paid in year for 2012/13 (\$11,623). Other compensation includes substitution pay \$153.
David Muter, Managing Director and Acting CEO	Incentive compensation in position of Managing Director paid in year for 2012/13 (\$9,896) plus portion (\$2,088) for 2013/14 (to Sept 15/13). Incentive compensation in position of Acting CEO paid in year for 2013/14 (\$4,193) from Sept 16, 2013 to Jan 24, 2014.
Raymond Chan, Managing Director	Incentive compensation paid in year for portion of 2012/13 (\$7,984) plus portion (\$8,196) for 2013/14 (left March 31, 2014).