

**Forestry Innovation Investment Ltd.**  
**Compensation Philosophy**

Attraction and retention of staff is paramount to an organization's overall success. FII's compensation philosophy is to position total compensation equal to the median total compensation paid by comparison organizations and group benefits and vacation allotments are offered at levels slightly above the median in the existing market. It is not FII's intention to have an incentive plan at this time, nominal incentive allocations have been rolled up into base pay for each FTE position. It is FII's intent to offer salaries that stay competitive within the Vancouver market.

FII periodically uses an outside consulting firm specializing in benchmarking compensation plans to get recommendations on compensation levels for every FTE position in the organization based on job content. Western Compensation and Benefits Consultants "WCBC" was contracted in late 2005 to perform such a benchmarking analysis. In late 2007 WCBC were again contracted to update all compensation levels based on the relative compensation changes implemented by the seven comparison organizations as well as by companies contained in the WCBC database during the past three years. A follow up full benchmarking analysis is scheduled for late 2009 to recommend salary ranges for the start of the April 1, 2010 fiscal year.

Any recommendations for compensation changes are first presented to the FII Board of directors for review and approval. Once approval is granted by the FII Board the recommendations are then presented to PSEC for their review. After PSEC completes their review, staff at FII are advised of the benchmarking results as it pertains to each of their positions and the changes that will be made to their relative compensation package.

The following table contains executive compensation data for the 08/09 year:

**Summary Compensation Table**

Name and Principal Position (a)	Salary (\$) (b)	Bonus (\$) (c)	Incentive Plan Compensation Paid (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous 2 Years Totals (h)*
Ken Baker CEO	155,000	n/a	n/a	15,046	23,288	193,334	2007/08=\$ 194,691 2008/09=\$
Michael Loseth VP International Marketing	148,470	n/a	n/a	11,878	14,754	175,101	2007/08=\$167,431 2008/09=\$
Mike Hogan VP China Operations	160,408	n/a	n/a	12,833	65,264	238,505	2007/08=\$224,056 2008/09=\$
Douglas Greig VP Finance & Admin	138,774	n/a	n/a	11,102	17,918	167,794	2007/08=\$154,481 2008/09=\$
Isabelle Des Chenes VP Market Relations	126,072	n/a	n/a	10,086	12,993	149,151	2007/08=\$ n/a 2008/09=\$