



Forestry Innovation Investment

30 West Pender Street
Vancouver, British Columbia
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June 17, 2010

Mr. Paul Straszak
President & CEO
Public Sector Employers' Council Secretariat
PO Box 9400 STN PROV GOVT
Victoria, British Columbia
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Dear Sir:

In accordance with the Public Sector Executive Compensation Reporting Guidelines, I hereby confirm that the Board of Directors for Forestry Innovation Investment Ltd. is aware of the compensation paid to FII executives in 2009/10 as summarized in the attached report, and that it was in accordance with compensation plans previously approved by the Board and PSEC.

Yours truly,

Dana Hayden
Chair, Board of Directors



Forestry Innovation Investment Ltd. Executive Compensation Report for 2009/10

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 a subsidiary company in China.

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 China subsidiary are both set by the parent company's Board of Directors, subject to approval by the Public Sector Employers' Council. In both cases, the compensation for each position is based upon 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.

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.

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.

Compensation for some executive employees includes elements unique to them, as listed in the company's Executive Compensation Summary Table.

FII does not offer performance incentives for any position, except for having introduced that for the CEO position in 2010/11, with the parameters yet to be defined.

Administration

As is common throughout the Provincial ministries, employees at FII typically start at a salary that is about 85 percent 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, except for introduction of a potential incentive pay of up to 10 percent of base salary in 2010/11.

Executive Compensation for 2009/10

The following table contains executive compensation data for 2009/10 for all staff whose base salary exceeded \$125,000. The data are based on actual amounts paid to each 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, 2010

Name and Principal Position	Salary (\$)	Pension / RRSP (\$)	All other Compensation (\$)		Total (\$)	Previous 2 Years' Totals
Ken Baker CEO			Professional Membership Dues	90	181,280	2007/08: \$181,026 2008/09: \$194,691
			Canada Pension Plan	2,130		
			Employment Insurance	1,030		
			Medical	1,170		
			Health & Dental	1,824		
			Group Life and AD&D	512		
			Short-term & Long-term Disability	3,661		
Workers Compensation	<u>752</u>					
155,063	15,048		11,169		181,280	
Michael Loseth Vice President International Marketing			Canada Pension Plan	2,130	192,903	2007/08: \$167,431 2008/09: \$185,157
			Employment Insurance	1,030		
			Medical	1,170		
			Health & Dental	3,864		
			Group Life and AD&D	1,261		
			Short-term & Long-term Disability	2,478		
			Workers Compensation	752		
			Parking	3,703		
			Personal Commuting / Accommodation Allowance	<u>12,000</u>		
			Vacation Payout	28,387		
152,330	12,186				192,903	
Mike Hogan Vice President China Operations			Canada Pension Plan	2,130	243,718	2007/08: \$208,370 2008/09: \$222,687
			Health & Dental	4,569		
			Group Life and AD&D	849		
			Short-term & Long-term Disability	1,366		
			Family Travel to Canada Allowance	11,328		
			Foreign Cost-of-Housing Allowance	<u>19,000</u>		
			Professional Membership Dues	58,517		
			Vacation Payout	856		
			Canada Pension Plan	2,130		
			Employment Insurance:	1,030		
Medical	1,314					
Health & Dental	3,864					
Group Life and AD&D	1,181					
Short-term & Long-term Disability	2,375					
Workers Compensation	752					
Parking	<u>3,703</u>					
142,382	11,391		25,419		179,192	2007/08: \$167,052 2008/09: \$174,173
Douglas Greig Vice President Finance & Administration	171,482	13,719			243,718	