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June 3, 2019

Ms. Christina Zacharuk
President and CEO of PSEC Secretariat
2nd Floor, 880 Douglas Street
Victoria, BC
V8W 2B7

*RE: Attestation Letter for Executive Compensation Disclosure – BC Housing, Fiscal Reporting
Period 2018/2019*

Dear Ms. Zacharuk,

As Board Chair I confirm that the BC Housing Board is aware of the executive compensation paid in the prior fiscal year.

The Compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer. It also includes the value of any pre or post-employment payments made during the 12 month period before or after the term of employment.

Compensation provided was within BC Housing's approved compensation plan and complies with the Public Sector Executive Compensation Reporting Guidelines of April 2019.

A handwritten signature in black ink, appearing to read "Cassie J. Doyle".

Cassie J. Doyle
Chair, BC Housing Board of Commissioners

June 5, 2019

Date

Enclosure(s)



EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

APRIL 1, 2019

Compensation is an important tool used by BC Housing to attract, motivate and retain executives with the requisite skills, experience and commitment necessary to achieve the organization's strategic and business goals. The types and amounts of executive compensation provided are determined by the Board of Directors, with oversight provided by the Public Sector Employers' Council Secretariat. Independent compensation consultants are retained on a bi-annual basis to assist in the determination of executive compensation.

BC Housing's executive compensation program is based on three fairness criteria, including external equity, internal equity and individual equity. External equity is achieved through the organization's compensation philosophy of providing total compensation equal to the median (50th percentile) total compensation provided to comparable positions by relevant comparison organizations. Total Compensation includes base salary, incentive, perquisites, retirement and other benefits and all forms of paid time off.

The design and administration of BC Housing's compensation program is guided by the following four principles:

- ◆ **performance** – the compensation program supports and promotes a performance-based (merit) organizational culture;
- ◆ **differentiation** – differentiation of salary is supported where there are differences in the scope of the position within BC Housing and/or where there is superior individual team contributions;
- ◆ **accountability** – compensation decisions are objective and based upon a clear and well-documented business rationale that demonstrates an appropriate expenditure of public funds; and
- ◆ **transparency** – the compensation program is designed, managed and communicated in a manner which ensures the program is clearly understood by employees and the public while protecting individual personal information.

The compensation plan for the CEO and Executive employees ensures that their compensation is reasonable and fair. One of the key objectives of the plan is to ensure that BC Housing is an accountable organization by strengthening the links between compensation, and organizational and individual performance measures.

Internal equity is maintained by ensuring that the salary ranges are consistent with the relative internal value of each BC Housing Executive position. Internal values are determined by an ongoing job evaluation analysis of the responsibilities and accountabilities of positions.

Annual Performance Plans and performance criteria are established for the CEO and the Executive each year in order to assess his or her performance. Individual equity is achieved by ensuring that the actual salary awarded within the respective salary range reflects increasing levels of competence and individual performance. It is BC Housing's belief that an executive's contribution and value increases as his or her competencies grow and performance objectives are achieved.

BC Housing is in compliance with the government policy respecting compensation for Crown Corporation Executives. Effective April 1, 2016 incentive pay is limited to a 10% holdback provision.

Executives participate in BC Housing's Salary Hold Back Plan. The objective of the plan is to challenge executives to achieve superior corporate/department/individual financial and operational results. The Chief

Executive Officer and the Executive Officers are eligible for maximum hold back incentive awards of 10% of annual salary.

The performance measures used in the Hold Back Plan are directly linked to BC Housing's Service Plan. The allocation of individual awards is determined by an assessment of how the Executive contributed to the corporate and department results.

The Salary Hold Back Plan is one of the factors that contributes to defining Total Compensation, as outlined above, at the median or 50th percentile of comparable organizations.

Hold Backs are calculated by rating performance on Service Plan and Corporate Objectives (possible 80% of total rating) and Personal Performance Objects (possible 20% of total). For each level of corporate performance i.e. modest, stretch and super stretch, performance outcomes are defined at increasingly high levels.

Service Plan / Corporate Objectives	% of Hold Back
Modest Stretch	25%
Stretch	30%
Super Stretch	<u>25%</u>
	80%
Personal Objectives	<u>20%</u>
	100%

This structure of the Hold Back Plan is designed to encourage the CEO and Executive to strive for performance that exceeds the achievement of base Service Plan Objectives. Incentives are awarded on a scale that differentiates levels of achievement and rewards superior performance.

BC Housing's executives participate in the BC Public Service Pension Plan, and are covered by similar group life insurance, medical, extended health and long term disability plans as provided for employees within BC's Public Service. Vacation provisions are the same as the Public Service.

BC Housing Management Commission

Summary Compensation Table at 2019

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2018/2019 Total Compensation	Previous Two Years Totals Total Compensation	
							2017/2018	2016/2017
Shayne Ramsay, Chief Executive Officer	\$ 275,550	\$ 14,789	\$ 10,938	\$ 27,142	\$ 36,530	\$ 364,949	\$ 362,938	\$ 357,620
Craig Crawford, VP, Operations	\$ 203,886	\$ 10,703	\$ 12,221	-	\$ 16,195	\$ 243,005	\$ 225,448	\$ 223,081
Michael George Flanigan, VP, Development & Asset Strategies	\$ 227,890	\$ 11,964	\$ 14,687	\$ 22,447	-	\$ 276,988	\$ 277,279	\$ 263,150
Daniel Maxwell, VP Corporate Services & Chief Financial Officer	\$ 223,129	\$ 11,714	\$ 12,931	\$ 21,978	-	\$ 269,752	\$ 270,423	\$ 255,001
Agnes Ross, VP, Human Resources	\$ 194,417	\$ 10,206	\$ 8,484	-	-	\$ 213,107	\$ 212,277	\$ 205,201

Notes

Shayne Ramsay, Chief Executive Officer	General Note: Effective October 1, 2018, past practice of retaining a percentage of an executive's salary to be paid as an annual lump sum "holdback" was eliminated for executives in the public sector, this results in an annual salary of \$290,908 for Shayne Ramsay . The amount reported for hold back this year represents the amount paid corresponding to half the fiscal year before the change was implemented. Other Note: Other compensation - vacation top up
Craig Crawford, VP, Operations	General Note: Effective October 1, 2018, past practice of retaining a percentage of an executive's salary to be paid as an annual lump sum "holdback" was eliminated for executives in the public sector, this results in an annual salary of \$216,082 for Craig Crawford. The amount reported for hold back this year represents the amount paid corresponding to half the fiscal year before the change was implemented. Salary continuance started Feb 26, 2019; remaining salary continuance amount April 1, 2019 to Aug 25, 2020 of \$305,008 and benefit continuance \$9697.85.
Michael George Flanigan, VP, Development & Asset Strategies	General Note: Effective October 1, 2018, past practice of retaining a percentage of an executive's salary to be paid as an annual lump sum "holdback" was eliminated for executives in the public sector, this results in an annual salary of \$241,522 for Michael Flanigan . The amount reported for hold back this year represents the amount paid corresponding to half the fiscal year before the change was implemented.
Daniel Maxwell, VP Corporate Services & Chief Financial Officer	General Note: Effective October 1, 2018, past practice of retaining a percentage of an executive's salary to be paid as an annual lump sum "holdback" was eliminated for executives in the public sector, this results in an annual salary of \$236,476 for Daniel Maxwell. The amount reported for hold back this year represents the amount paid corresponding to half the fiscal year before the change was implemented.
Agnes Ross, VP, Human Resources	General Note: Effective October 1, 2018, past practice of retaining a percentage of an executive's salary to be paid as an annual lump sum "holdback" was eliminated for executives in the public sector, this results in an annual salary of \$206,046 for Agnes Ross. The amount reported for hold back this year represents the amount paid corresponding to half the fiscal year before the change was implemented.