



## COMPENSATION GUIDELINES

(Board Approved June 2011)<sup>1</sup>

In order to achieve Partnerships BC's business and operational objectives, it must rely on the contribution of its employees. Partnerships BC's compensation program plays a key role in the organization's ability to attract, motivate and retain quality employees.

### Compensation Philosophy

Partnerships BC is committed to a total compensation perspective that views compensation as including base salary, short-term incentive pay, benefits, pension, vacation and perquisites.

Partnerships BC recognizes that a key component of an effective compensation philosophy is the need to maintain a meaningful degree of competitiveness with the relevant external labour market. Given the unique mandate of Partnerships BC, as both an instrument of public policy and operating essentially as a private sector professional services firm, the appropriate comparator market is defined as one that balances public sector equity and relativity with industry-specific comparability. In particular, Partnerships BC has determined that its appropriate external labour market reference point consists of a balanced composite (50%/50%) of the broader British Columbia public sector and comparable private sector.

The key elements of Partnerships BC's compensation offering include cash and non-cash compensation as follows:

### Cash Compensation

Total cash compensation is made up of base salary and short-term incentive pay (STI). Total cash compensation is targeted at the 50<sup>th</sup> percentile of the composite market, to a maximum of the 75<sup>th</sup> percentile of the composite market upon achievement of above average performance. Specifically:

- **Base salary** – Base salary pay practice is targeted to be at the 50<sup>th</sup> percentile of the composite market, with a 40% range for the minimum to maximum in each salary range.
- **STI** – STI practice, recognizing individual contributions to the success of the organization, is targeted at the 50<sup>th</sup> percentile of the composite market. STI allows employees to earn above the 50<sup>th</sup> percentile of the composite market for total cash compensation, to a maximum of the 75<sup>th</sup> percentile of the composite market for above average performance. The amount of STI available annually will be dependent on Partnerships BC's corporate performance and financial capacity.

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<sup>1</sup> Guidelines are being revised to reflect 2012 Provincial Mandate.

## Non-Cash Compensation

Non-cash compensation includes the following:

- **Benefits package** – Competitive benefits package based on the government standard.
- **Pension** – Competitive retirement benefits based on the government standard.
- **Vacation** – Competitive vacation time capped at four weeks due to the project-based nature of the organization.
- **Perquisites** – Discretionary car and parking allowance.

## Compensation Review

Partnerships BC conducts an annual review of compensation. In addition, in keeping with its philosophy with respect to the need to maintain a meaningful degree of competitiveness with the relevant external labour market, Partnerships BC conducts biennial external reviews of compensation (executive compensation in even years and employee compensation in odd years). These external reviews should be 'primary' in focus and should include analysis of total compensation (cash and non-cash) paid by appropriate comparison organizations to positions comparable to those at Partnerships BC. Unless the business of Partnerships BC changes, external market reviews of compensation should attempt to replicate a consistent comparator sample of organizations on a longitudinal basis.

## Base Salary Management

Every Partnerships BC position is assigned a base salary range. Placement and movement within the salary range is typically based on an employee's performance and competence level in the role relative to the composite market mid point. Salary range progression should reflect performance and/or competency growth illustrated as follows:



- The market mid point is equal to the salary typically paid in the composite market to competent performers in a comparable position.
- Generally speaking, employees developing in the position would be paid between the minimum and the mid point.
- An employee who consistently performs all aspects of the position in a fully competent manner would be paid at or near the market mid point.
- In order to merit a salary increase which would place his or her salary above the market mid point, an employee would have to demonstrate performance during the year which clearly surpasses the fully competent level. An employee who reaches this level of excellence does so through unique and exceptional application of knowledge, skills and/or effort over a consistent, sustained period.

Because Partnerships BC is a small organization and is limited in the number of developmental employees it can recruit, employees are often recruited at a highly competent level and placed in the mid to high point in the salary range relative to their competence. The lower end of the salary ranges are used for promoting and developing internal staff.

**Competence Ratings for Salary Movements**

Employee competence is assessed and assigned to one of the following overall ratings for salary movements:

- Developmental
- Fully Competent
- Exceptional

**Determining Salary Increases**

The employee’s competence rating, and his or her current salary range placement, are used in determining his or her salary increases. The application of employee competence and position in the salary range to determine salary increases is illustrated in the example below.

**Example - Salary Increase Grid**

Employee’s Competence Rating	Position of Employee’s Present Salary In Applicable Salary Range		
	At Range Minimum	At Market Mid 50 <sup>th</sup> Percentile	At Range Maximum
Developmental	2-5%	0-2%	0%
Fully Competent	3-6%	1-3%	0%*
Exceptional	4-7%	2-5%	0%*

*\*any increase is at the discretion of the CEO.*

In a year in which an employee does not substantially achieve his or her performance plan goals, the Company is not required to increase the employee’s salary or may increase the employee’s salary by less than the salary increase grid.

An employee is not guaranteed to remain at the same position in his or her respective salary range. On the contrary, an employee’s performance is assessed each year and his or her salary change is determined accordingly.

Actual employee base salary increases will be assessed by management and awarded within the Board approved overall compensation budget.

## Earning STI

Each Partnerships BC employee is assigned an eligible STI target based on percentage of base salary. The objectives of the STI plan are to:

- Provide a competitive plan that will assist in attracting, motivating and retaining quality employees.
- Support Partnerships BC's strategic plan and focus employees' attention and efforts on the organization's business plan and priorities.
- Encourage and equitably recognize individual performance.

There are three steps in the determination of individual STI awards, including:

- Achievement of corporate performance goals.
- Partnerships BC's financial capacity.
- Individual employee performance.

### 1. Achievement of Corporate Performance Goals

Corporate performance goals are set in Partnerships BC's Annual Service Plan. Achievement of these goals is measured against the targets established in the Service Plan and annual corporate budget (including financial targets). The corporate performance is reviewed on an annual basis.

### Financial Capacity

The STI pool is accrued at 100% each year. The pool is based on the total of individual salaries multiplied by individual target STI. Except as set out below, the level of achievement of the corporate performance goals determines the size of the STI pools that will be paid out at year end (less than, equal to, or more than the accrued STI pool). The STI pools can be reduced below what the corporate performance review would indicate due to a failure to meet financial targets (referred to as lack of financial capacity).

If there is sufficient financial capacity and if the Board approves a CEO's performance rating which is greater than the corporate performance rating, it will increase the STI pool in order to fund the increment to the CEO's STI, which is a result of the CEO's rating exceeding the corporate rating. This increase will eliminate any impact on the overall STI pool.

Examples of funding the STI pool:

Outcome	STI Pool	Impact on Employees
Net income (pre STI) $\leq$ zero	STI pool set at zero	STI pool = zero
Net income (pre STI) $>$ zero <u>but</u> $<$ target STI pool	STI pool set at corporate rating, not to exceed net income	STI pool allocated
Net income (pre STI) $>$ zero and $>$ target STI pool	STI pool set at corporate rating. STI pool enhanced if CEO rating exceeds corporate rating.	STI pool (set at corporate rating) allocated

## 2. Achievement of Individual Goals

Each individual's performance plan reflects individual performance objectives that are aligned with corporate performance objectives. Each individual is rated according to a review of performance against these objectives. The corporate performance review defines the size of the STI pools. However, if the company fails to meet its financial targets, the lack of Financial Capacity can cause a reduction of the STI pools as described above. In this event, all individual ratings will be reduced by the same proportion, to reflect the lack of Financial Capacity. For example, if the corporate performance rating is 100 or "Meets Expectations", but the funding of a STI pool is 80% of the accrued amount, due to a lack of Financial Capacity, then all individual STI payments will be reduced to 80% of the amount implied by each individual review.

### **Compensation Accountability**

The Partnerships British Columbia Board of Directors will be responsible for determining the size of the STI pool.

The Executive Team will be responsible for operating within the approved salary budgets and awarding STI to the employees within the STI pool amount.

The Executive Team will annually provide to the Board of Directors a report summarizing the salary movement and STI for employees to provide a high level review for compensation due diligence.

June 17, 2014

Mr. Lee Doney  
Interim President and CEO of PSEC Secretariat  
2<sup>nd</sup> Floor, 880 Douglas Street  
Victoria B.C.  
V8W 2B7

Dear Mr. Doney:

**Re: Public Sector 2013-14 Executive Compensation Disclosure for Partnerships  
British Columbia Inc.**

On behalf of the Partnerships British Columbia Inc. Board of Directors, I confirm that the 2013-14 Executive Compensation Disclosure report as attached is consistent with the company's executive compensation plan.

Yours truly,



Dana Hayden  
Chair  
Partnerships British Columbia Inc.  
Board of Directors

Attachments

**Summary Compensation Table  
Fiscal 2013-14  
Partnerships British Columbia Inc.**

Summary Compensation Table at FISCAL, 2014

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)
Sarah Clark, CEO	\$ 254,127	\$ -	\$ 8,653	\$ 26,989	\$ 13,775	\$ 303,544	\$ 302,015	\$ 324,215
Doug Ewing, VP, Projects	\$ 189,350	\$ 50,200	\$ 7,162	\$ 19,930	\$ 10,717	\$ 277,358	\$ 273,612	\$ 248,662
Susan Tinker, VP, Partnerships Services	\$ 163,439	\$ 39,800	\$ 5,892	\$ 17,097	\$ 9,222	\$ 235,450	\$ 230,982	\$ 229,860
Chan-Seng Lee, VP, Finance &	\$ 153,224	\$ 40,600	\$ 7,980	\$ 15,981	\$ 10,717	\$ 228,502	\$ 224,830	\$ 218,032
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Summary Other Compensation Table at FISCAL, 2014

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)
Sarah Clark, CEO	\$ 13,775	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 3,775
Doug Ewing, VP, Projects	\$ 10,717	\$ -	\$ -	\$ -	\$ 6,942	\$ -	\$ 3,775
Susan Tinker, VP, Partnerships Services	\$ 9,222	\$ -	\$ -	\$ -	\$ 6,942	\$ -	\$ 2,280
Chan-Seng Lee, VP, Finance &	\$ 10,717	\$ -	\$ -	\$ -	\$ 6,942	\$ -	\$ 3,775
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**Notes:**

Sarah Clark, CEO

Doug Ewing, VP, Projects

Susan Tinker, VP, Partnerships Services

Chan-Seng Lee, VP, Finance & Administration

Notes: (1) PSEC approved a compensation structure for PBC executive that includes a holdback for individuals in the position of Vice-President effective April 1/14.

Notes: (2) Incentive Plan Compensation Paid (Column E) was earned on performance for the 2012-13 year, paid in the 2013-14 fiscal year.

Notes: (3) Performance goals and measures for executives are described in detail in the Annual Report.

Notes: (4) Amounts in column (k) are parking allowances.