



## BRITISH COLUMBIA FERRY SERVICES INC.

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*Coastal Ferry Act* - Executive Compensation Disclosure  
For the fiscal year ended March 31, 2016

June 17, 2016

**COASTAL FERRY ACT**  
**EXECUTIVE COMPENSATION DISCLOSURE**

**June 17, 2016**

**1.0 PURPOSE**

In accordance with the *Coastal Ferry Act*, as amended by the *Miscellaneous Statutes Amendment Act (No.3) - 2010* ("Bill 20") in June 2010, the compensation for two Executive positions of British Columbia Ferry Services Inc. ("BC Ferries" or the "Company") – President & Chief Executive Officer ("CEO") and Chief Financial Officer - is currently set and administered within a total annual remuneration limit prescribed by an executive compensation plan approved by the shareholder of the Company, B.C. Ferry Authority. This document sets out the details of the remuneration provided to the incumbents in these positions, Michael J. Corrigan, President & CEO and Dennis M. Dodo, Chief Financial Officer, in accordance with the approved executive compensation plan, in the fiscal year ended March 31, 2016 ("fiscal 2016").

**2.0 EXECUTIVE COMPENSATION PLAN**

In the fiscal year ended March 31, 2012, BCFA approved an executive compensation plan with an effective date of October 1, 2011. The plan is available for public view on the website of B.C. Ferry Authority ([www.bcferryauthority.com](http://www.bcferryauthority.com)). The plan describes the philosophy for BC Ferries' executive compensation and the maximum remuneration that individuals whose compensation is governed by such plan can receive in any fiscal year.

The remuneration limits set out in the executive compensation plan were established with the assistance of an independent third-party compensation expert and with reference to the *Coastal Ferry Act*, which requires that the remuneration under an executive compensation plan be consistent with the remuneration provided to individuals who, in organizations in Canada that are of a similar size and scope to BC Ferries, perform similar services or hold similar positions to that member of executive of BC Ferries, and not be greater than the remuneration that provincial public sector employers in British Columbia provide to individuals who, in those organizations, perform similar services or hold similar positions to that member of executive of BC Ferries. The comparator organizations used for purposes of establishing the remuneration limits are listed in the executive compensation plan.

The annual remuneration limits set out in the executive compensation plan for the positions of President & CEO and Chief Financial Officer are \$563,000 and \$458,000, respectively. These limits are periodically reviewed by the Company and B.C. Ferry Authority in relation to market data from the appropriate comparator organizations. A review was last conducted in the fiscal year ended March 31, 2015, occasioned by the requirement of the Company to recruit a new Chief Financial Officer to replace the incumbent who retired from the position effective March 31, 2015.<sup>1</sup> The review confirmed that the maximum level of remuneration for the Chief Financial Officer position, as set out in the plan, continued to meet the requirements of the *Coastal Ferry Act* and, in reflection of this finding, B.C. Ferry Authority determined that no amendment of the plan was required. The Company appointed Mr. Dodo as Chief Financial Officer effective April 8, 2015, and his remuneration was set in accordance with the remuneration limit for the position in the executive compensation plan.

### 3.0 COMPENSATION DISCLOSURE

**Remuneration  
for the year ended March 31<sup>st</sup>  
(\$)**

| Name and position                                      | Year | Salary <sup>2</sup> | Benefits and Statutory Contributions |   |                       |                                      |                                |                    | All Other <sup>9</sup> | TOTAL  |         |
|--|------|---------------------|--------------------------------------|---|-----------------------|--------------------------------------|--------------------------------|--------------------|------------------------|--------|---------|
|  |      |                     | Pension <sup>3</sup>                 | Supplemental Executive Retirement Plan <sup>4</sup> | Benefits <sup>5</sup> | Statutory Contributions <sup>6</sup> | Vehicle Allowance <sup>7</sup> | Other <sup>8</sup> |                        |        | Total   |
| Michael J. Corrigan<br>President & CEO                 | 2016 | 420,182             | 74,092                               | 40,700  | 14,897                | 3,620                                | 9,171                          | 338                | 142,818                | Nil    | 563,000 |
|  | 2015 | 421,848             | 74,131                               | 39,700  | 14,579                | 3,541                                | 8,227                          | 975                | 141,152                | Nil    | 563,000 |
|  | 2014 | 421,988             | 77,065                               | 37,000  | 15,316                | 3,450                                | 7,213                          | 968                | 141,012                | Nil    | 563,000 |
| Dennis M. Dodo <sup>1</sup><br>Chief Financial Officer | 2016 | 359,446             | 30,483                               | -   | 15,421                | 3,620                                | 7,108                          | 1,603              | 58,235                 | 25,000 | 442,681 |
|  | 2015 | -                   | -                                    | -   | -                     | -                                    | -                              | -                  | -                      | -      | -       |
|  | 2014 | -                   | -                                    | -   | -                     | -                                    | -                              | -                  | -                      | -      | -       |

Notes:

- Mr. Dodo was appointed Chief Financial Officer effective April 8, 2015.
- Salary includes the earned salary holdback under the salary holdback compensation plan. Under the plan, a percentage of the participant's maximum salary is held back and paid out based on the achievement of certain corporate and individual objectives and targets. The held back portion of annual salary for Messrs. Corrigan and Dodo is 15 percent of maximum salary, which equates to \$65,000 and \$55,000, respectively for these executives. In each of fiscal years 2016, 2015 and 2014, Mr. Corrigan earned 100 percent of his salary holdback, however, the amounts payable to him were less than the amounts earned because of the limit on his total remuneration under the executive compensation plan. The salary holdback payable to Mr. Corrigan was \$45,320 (representing 10 percent of maximum salary) in fiscal 2016, \$45,556 (representing 10

<sup>1</sup> In accordance with Bill 20, the remuneration of the then incumbent Chief Financial Officer was excluded from the provisions of an executive compensation plan.

percent of maximum salary) in fiscal 2015 and \$48,558 (representing 11 percent of maximum salary) in fiscal 2014. Mr. Dodo earned a salary holdback of \$55,000 in fiscal 2016, representing 100 percent of his maximum entitlement for the year.

3. The pension figures shown are the amounts contributed by the Company to the Public Service Pension Plan of British Columbia, in which Messrs. Corrigan and Dodo each have a vested and payable interest.
4. Mr. Corrigan has a supplemental retirement benefit agreement with the Company. At March 31, 2016 the benefits were vested at 50 percent. The figures shown are in respect of the amounts expensed by the Company in the fiscal year to fund the portion of the agreement attributable to Mr. Corrigan's service as President & CEO. For fiscal years 2015 and 2014, the full amounts expensed by the Company to fund the agreement are shown. During fiscal 2016, Mr. Corrigan exercised the option under his employment contract to purchase incremental supplemental retirement benefit service credits in exchange for unused vacation entitlement. As the value of the unused vacation entitlement was equivalent to the value of the service credits purchased, there was no impact on Mr. Corrigan's total remuneration from this conversion, and the amount shown for fiscal 2016 is the amount expensed by the Company net of this transaction. Mr. Corrigan could elect in the future to opt out of his supplemental retirement benefit agreement and request that this portion of his compensation be redirected to another component of his remuneration. Any such change would require that his total remuneration remain within the limit prescribed by the executive compensation plan.
5. Messrs. Corrigan and Dodo receive health and welfare benefits paid by the Company, such as medical, dental, extended health, life insurance, long term disability, workers' compensation and health spending that are available to other management and exempt employees. The Company also pays accidental death and dismemberment insurance for Mr. Corrigan.
6. The statutory contributions shown are the Company's contributions to the Canada Pension Plan and Employment Insurance.
7. The amounts shown include, as applicable, taxable monthly cash payments for vehicle expenses, reimbursement of fuel and insurance, and taxable income arising from the provision of head office parking.
8. The amount shown as other compensation is the taxable income arising from the ferry travel pass program.
9. In fiscal 2016, Mr. Dodo received a lump sum payment of \$25,000 to facilitate his transfer and transition to the Chief Financial Officer position.