



## BRITISH COLUMBIA FERRY SERVICES INC.

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*Coastal Ferry Act* - Executive Compensation Disclosure  
For the fiscal year ended March 31, 2017

June 28, 2017

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

**June 28, 2017**

**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 in accordance with the executive compensation plan to the individuals who held these positions, Michael J. Corrigan, President & CEO and Dennis M. Dodo, Chief Financial Officer, in the fiscal year ended March 31, 2017 ("fiscal 2017").

**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 "original plan"). That plan describes the philosophy for BC Ferries' executive compensation and the maximum remuneration that the individuals whose compensation is governed by such plan can receive in a fiscal year.

The remuneration limits set out in the original 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, 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. The annual remuneration limits set out in the original plan for the positions of President & CEO and Chief Financial Officer are \$563,000 and \$458,000, respectively.

In fiscal 2017, on the recommendation of the Board of Directors of BC Ferries, and with input from an independent third-party compensation expert, the B.C. Ferry Authority established a new executive compensation plan (the "new plan") effective September 1, 2016, which incorporates new remuneration limits for the executive positions covered by a plan. The new plan is available for public view on the Authority's website ([www.bcferryauthority.com](http://www.bcferryauthority.com)). The remuneration of the Company's new President & CEO, appointed effective April 1, 2017, was set in accordance with and is governed by the new

plan. The new plan provides that an individual whose remuneration was set under the original plan will continue to be governed by the original plan for so long as that individual's remuneration remains unchanged. The remuneration of Michael J. Corrigan and Dennis M. Dodo, which was set under the original plan, remained unchanged following the effective date of the new plan and, accordingly, their remuneration continued to be governed by the remuneration limits in the original plan throughout fiscal 2017.

### 3.0 COMPENSATION DISCLOSURE

#### Remuneration for the year ended March 31<sup>st</sup>

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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 President & CEO	2017	415,628	74,092	45,800	15,519	3,660	7,833	468	147,372	-	563,000
	2016	420,182	74,092	40,700	14,897	3,620	9,171	338	142,818	-	563,000
	2015	421,848	74,131	39,700	14,579	3,541	8,227	975	141,152	-	563,000
Dennis M. Dodo <sup>1</sup> Chief Financial Officer	2017	371,535	33,371	-	19,130	3,660	7,828	2,707	66,696	-	438,231
	2016	359,446	30,483	-	15,421	3,620	7,108	1,603	58,235	25,000	442,681
	2015	-	-	-	-	-	-	-	-	-	-

Notes:

1. Mr. Dodo was appointed Chief Financial Officer effective April 8, 2015.
2. The salaries for Messrs. Corrigan and Dodo reflect a balance of market conditions, the levels of responsibility and accountability of each individual, their unique talents and their level of demonstrated performance. Effective July 1, 2016, in accordance with his employment contract, Mr. Dodo's maximum salary was increased by 3.0 percent; there was no adjustment to Mr. Corrigan's maximum salary.

Salaries include the earned salary holdback under the salary holdback compensation plan. Under that 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 the annual maximum salary for Messrs. Corrigan and Dodo was 15 percent, which for Mr. Corrigan equated to \$65,000 for each of fiscal years 2017, 2016 and 2015, and for Mr. Dodo equated to \$56,000 for fiscal 2017 and \$55,000 for fiscal 2016.

The plan provides for payment of the holdbacks based on annual corporate financial performance and a set of annual performance objectives specific to each participant. In each of fiscal years 2017, 2016 and 2015, the corporate financial target was exceeded. Mr. Corrigan earned 100 percent of his salary holdback for each of fiscal years 2017, 2016 and 2015; 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 holdbacks payable to Mr. Corrigan for fiscal years 2017, 2016 and 2015 were \$43,628, \$45,320 and \$45,556, respectively, representing 10 percent of his maximum salary in each of these years. Mr. Dodo earned and received 100 percent of his maximum entitlement for each of fiscal years 2017 and 2016.

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, 2017 the benefits were vested at 50 percent. For fiscal 2015, the full amount expensed by the Company to fund the agreement is shown. In fiscal years 2017 and 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 each of these fiscal years is the amount expensed by the Company net of these transactions.
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 paid 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 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.