



CHAIR OF THE BOARD

BRITISH COLUMBIA FERRY SERVICES INC.
SUITE 500, 1321 BLANSHARD STREET
VICTORIA, BC V8W 0B7
TEL: 250-978-1360
FAX: 250-978-1362

March 26th, 2020

Mr. Mark Collins

s. 22

Dear Mark:

RE: EXECUTIVE RETENTION AGREEMENT – PRESIDENT AND CHIEF EXECUTIVE OFFICER

The parties enter into this agreement (the "Agreement") to extend the term of your employment to March 31, 2026. This Agreement is intended to and does replace entirely, your contract dated February 1, 2017.

The Board is pleased that you have agreed to extend your employment to March 31, 2026. This Agreement sets out the terms and conditions of your employment with British Columbia Ferry Services Inc. ("BC Ferries" or the "Company") effective April 1, 2020.

A. JOB DESCRIPTION

As President and Chief Executive Officer, you will report directly to BC Ferries Board of Directors (the "Board") through the Chair of the Board. Your general responsibilities are summarized in the position description which has been provided to you.

You acknowledge that BC Ferries must make changes on a continuing basis in order to efficiently and effectively operate its business. As a result, you agree that BC Ferries may alter its methods of doing business from time to time. These changes may result in occasional changes to your job duties. Provided that these changes are not so significant as to fundamentally alter the terms of your employment, you agree that such changes may be made and that you accept them as a normal incident of your employment contract.

You also acknowledge that in performing the duties and responsibilities as President & CEO, you will occupy a position of high fiduciary trust and confidence, and you will not act in any manner which would be detrimental to the interests of BC Ferries either during or following your employment with BC Ferries.

B. Term

This Agreement replaces your February 1, 2017 Employment Contract. The term of this Agreement and your employment with BC Ferries shall automatically expire on March 31, 2026 unless terminated earlier or ended in accordance with the terms and conditions of this Agreement.

C. SALARY AND VARIABLE PAY

Effective January 1st, 2021, your annual Base Salary will be \$482,000, paid on a bi-weekly basis, and your annual Maximum Salary will be \$535,000.

The difference between your Base Salary and your Maximum Salary is approximately ten (10) percent (\$53,000) and is a Holdback which can be earned in whole or in part each year based on the achievement of approved Company business results (50 percent) and performance of individual objectives (50 percent), negotiated annually.

You will be eligible for future adjustments based on your personal performance and the performance of the Company, subject to the maximum allowable "total compensation limit" (currently set at \$611,000) under the Company's Executive Compensation Plan. Actual adjustments are subject to HRC Committee and Board approval. To further clarify, the holdback will be administered within the prescribed total compensation limit. This means that your annual Earned Salary Holdback may be limited by the available room under the total compensation limit, which will be calculated and confirmed annually to adjust for fluctuations or increases in Base Salary, benefits or other compensation. The base salary is pensionable. The Holdback is non-pensionable.

D. EMPLOYMENT POLICIES

You agree to well and faithfully serve BC Ferries and to comply with any policies, procedures, rules, regulations and job requirements that BC Ferries may establish and amend from time to time, including *BC Ferries Corporate Policies* and *Code of Business Conduct and Ethics* (the "Code"), which form part of the terms and conditions of your employment with BC Ferries. You acknowledge that you have been provided with a copy of all corporate policies and the Code prior to your execution of this agreement. You further acknowledge that you will access and review them from time to time for any amendments as you are required to understand and adhere to all corporate policies and the Code during the course of your employment.

E. PRIVACY & CONFIDENTIALITY

Further to the confidentiality obligations in the Code and any BC Ferries policy or procedure in respect of confidential information, you will not use, disclose, sell, license, publish, reproduce or otherwise make available any Confidential Information of BC Ferries, its subsidiaries, customers or contractors without the express written consent of BC Ferries and any third party involved.

Confidential Information in the Code and in this agreement refers to any information not generally known by non-BC Ferries personnel and information which is used by and is proprietary to BC Ferries, its subsidiaries, customers or contractors.

You agree that this confidentiality obligation will continue to bind you after the termination of your employment with BC Ferries.

In addition, as a BC Ferries employee, you will handle any personal information in BC Ferries' custody and control in accordance with any requirements in the *Freedom of Information and Protection of Privacy Act*.

By accepting this offer, you agree that BC Ferries may collect, use and disclose your personal information for the purposes of administering and managing the employer-employee relationship.

F. BENEFITS

BC Ferries will continue to provide you with coverage for health and welfare benefits at no cost to you. As an Executive employee, you are also entitled to participate in the Executive Benefits Plan with an annual Health Spending Account in the amount of \$5,500. Upon your retirement, you will be eligible for an Executive Retiree Travel Pass.

G. PENSION

You continue to be enrolled in the Public Service Pension Plan of B.C. (P.S.P.P.). The plan is a defined benefit pension plan. The cost of participating is shared by both the Company and you. Copies of the pension plan documents are available for your review, as they form part of the terms and conditions of your employment with BC Ferries and are subject to amendment from time to time by the P.S.P.P.

H. ANNUAL VACATION

You will be entitled to seven (7) weeks Annual Vacation. Unused vacation each year may be carried forward and may be taken in time off at a future date.

Any unused vacation or banked vacation as of your date of termination or ending of this Agreement may be taken in time off or paid out.

I. VEHICLE ALLOWANCE

You will be provided with a vehicle allowance of \$1,200/month plus gas and reimbursement of insurance. In addition, you will be provided with paid parking at BC Ferries Corporate office in Victoria. Use of your personal vehicle and parking for business purposes will not be counted toward the compensation limit.

J. EXPENSES

You will be reimbursed for any receipted business expenses in accordance with *BC Ferries Travel and Business Expenses Policy*.

K. Retention Benefit

As a condition and understanding of staying to the end of the Term of this Agreement (March 31, 2026), your normal retirement date, BC Ferries will:

- a. pay to you a retention payment equal to fifty (50) percent of your "total compensation limit" (CAP) at the date of your retirement. To clarify, this payment is intended to be a one time, non-pensionable payment following the completion of your term as CEO and subsequent retirement;
- b. in exchange for your forfeiture of three (3) weeks vacation prior to the ending of the Term, continue to provide Health and Welfare benefits during your retirement (MSP, Extended Health, Dental, and Health Spending Account).

Should BC Ferries terminate your employment without cause anytime in the last twenty-four (24) months of the Term, BC Ferries will:

- a. pay to you the Retention Payment (in addition to any severance owed under this Agreement);
- b. in exchange for your forfeiture of three (3) weeks vacation prior to the ending of your employment, continue to provide Health and Welfare benefits during your retirement (MSP, Extended Health, Dental, and Health Spending Account).

L. TERMINATION PROVISIONS

If you wish to terminate your employment with BC Ferries you must provide at least three (3) months' notice in writing. BC Ferries may waive any part of such notice and if it does so then you will be excused from performing your duties during the notice period and provided with salary continuance for the remainder of such notice period.

In the event of termination for other than cause, in lieu of notice, you will be entitled to the lesser of:

- a. payment of Maximum Salary by way of salary continuance and benefit coverage for the time remaining in the Term; or
- b. payment of twenty-four (24) months' Maximum Salary by way of salary continuance and benefits coverage (the "Notice Period").

The Notice Period shall be credited service as service under the P.S.P.P. You will also be entitled to be paid any unused vacation entitlements. This amount is inclusive of and not in addition to any and all statutory notice and severance to which you may be entitled.

Termination for other than cause shall include circumstances where your authority and duties have changed in a manner which constitutes dismissal, including but not limited to a change in ownership or control, whereby the governance structure of the organization materially changes. This includes but is not limited to, reversion to a Crown Corporation or Government department.

M. Dispute Resolution

If there is any dispute concerning this Agreement, it shall be dealt with exclusively pursuant to mediation and if the mediation is unsuccessful, then pursuant to arbitration under the *Arbitration Act* RSBC 1996, c.55 as it may be amended, to the exclusion of any action in any court of competent jurisdiction.

N. Severability

If any provision of this agreement is declared invalid, void or unenforceable, it shall be severable and deemed to be deleted and all other remaining provisions shall remain valid and binding on the parties.

O. Amendments

Any amendment to this agreement or any other documents addressing terms of your employment must be in writing signed by both parties.

P. Entire Agreement

This Agreement and any other documents incorporated by reference constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede and replace any and all prior agreements, oral or otherwise, undertakings, representations or negotiations pertaining to the subject matter of this Agreement. The Parties agree that they have not relied upon any verbal statements, representations, warranties, or undertakings in order to enter into this Agreement. In the event of a conflict between this Agreement and any other agreement expressly incorporated by reference herein, the terms of this Agreement shall prevail.

To confirm your acceptance of the terms and conditions of employment set out in this Agreement, please sign this letter and mail or deliver it to the Vice President, People.

s. 22 

John Horning
Chair of the Board

I, Mark Collins, have read and understand this Executive Retention Agreement and attachments, and agree to accept the position of President & CEO, in accordance with the terms and conditions specified in this Agreement.

s. 22 

Mark Collins

31 Mar 2020
Date



CHAIR OF THE BOARD

British Columbia Ferry Services Inc.
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www.bcferrries.com

Mark Collins
President & CEO
British Columbia Ferry Services Inc
Suite 500 – 1321 Blanshard St
Victoria, BC
V8W 0B7

December 11, 2020

Dear Mark,

On behalf of the Board of Directors, thank you for volunteering that your compensation adjustment effective 1 January 2021 as per your employment contract will be deferred to 1 April 2021. This extra time will help reduce demand on the company's financial resources during the difficult recovery from the pandemic and allow its business position to strengthen.

The Board understands this comes in addition to your existing nine month voluntary deferral of compensation adjustment from April to December 2020. We recognize that all together you have foregone compensation adjustments for four years.

Thank you for your commitment to the strength of the ferry system and for your leadership in this time of change.

Sincerely,

s. 22

John Horning
Chair of the Board