



The Best Place on Earth

## SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF FORESTS AND RANGE AND THE MINISTER  
RESPONSIBLE FOR THE INTEGRATED LAND MANAGEMENT BUREAU  
(AS REPRESENTATIVE OF THE SHAREHOLDER,  
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE FORESTRY INNOVATION INVESTMENT LTD.  
(AS REPRESENTATIVE OF THE CORPORATION)**

**FOR 2011/12**

### **PURPOSE**

This Letter of Expectations between the Shareholder and Corporation is an agreement on their respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issues and performance expectations as documented in the Shareholder's Expectations Manual for British Columbia Crown Agencies<sup>1</sup>. The Letter is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports, and is reviewed and updated annually. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

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<sup>1</sup> The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The Shareholder's Expectations Manual identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

## CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to Forestry Innovation Investment Ltd. (FII):

- position British Columbia as a global supplier of world-class environmentally friendly forest products;
- actively maintain, create and diversify demand for BC forest products in Canada and in key world markets;
- help break down non-tariff trade and market barriers to ensure opportunities for BC forest products;
- work with the forest industry to promote BC's forest products and forest management to the global marketplace; and
- help ensure that the forest sector, through product development and strong international sales, continues to be a leading contributor to the BC economy.

To achieve this mandate direction, and in response to the Shareholder's general direction, frameworks and principles, the Corporation will:

- ensure that the Corporation's priorities reflect government's goals of building a strong economy; job creation; infrastructure and private sector investment; First Nations reconciliation; and climate action initiatives;
- conduct its affairs to achieve its mandate and the performance expectations of the Shareholder, with the principles of integrity, efficiency, effectiveness, and customer service;
- display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location; and
- inform the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the Corporation's operation and performance is consistent with government's strategic priorities and Fiscal Plan; as such the Corporation will:

- comply with the Shareholder's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- ensure the Shareholder is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;

- ensure any debit/credit card payment services provided to the public are in compliance with the International Payment Card Industry (PCI) Data Security Standards;
- for Corporations subject to the *Public Sector Employers Act*, ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration;
- ensure that Board appointments to Crown corporation subsidiaries comply with Board Resourcing and Development Office's Best Practice Guidelines and are approved by Cabinet; and
- comply with government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with government.

In addition, the Shareholder directs the Corporation to take the following specific actions:

1. Ensure that market development activities are founded on sound market research, and in particular focus FII market development activities and priorities on the following priority geographic markets:
  - A. China:
    - ensure that BC firms sell four billion board feet of lumber to China by 2011;
    - maximize the coordination, efficiency and effectiveness of all BC led programming in China (including coordinating efforts with Ministry of Small Business, Technology and Economic Development offices in China) through management of FII China's activities and through funding provided by FII China to trade associations working in China; and,
    - ensure market development programs comply with recognized Canadian business practices, as well as with Chinese law.
  - B. Japan, Korea and the United States:
    - Maintain or increase British Columbia's share of forest product imports; and
    - Work to coordinate efforts with Ministry of Small Business, Technology and Economic Development offices in these relevant markets.
2. Harmonize all market development programs with those of the Government of Canada.
3. Ensure Asia-related priorities and strategies are consistent with the provincial government's Asia-Pacific Gateway objectives.
4. Promote the development of new technologies and wood products domestically and internationally.
5. Encourage the amendment of the Leadership in Energy and Environmental Design (LEED) Green Building Rating System standards regarding wood use to accept all BC certified wood products.
6. Promote the Wood First initiative in BC and Canada.

## SHAREHOLDER'S RESPONSIBILITIES

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- issue performance management guidelines, including guidelines for Service Plans and Annual Service Plan Reports (<http://www.gov.bc.ca/caro/publications/index.html>); and
- review and provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports.

The Shareholder has developed policies for Ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Remuneration Guidelines for Appointees to Crown Agency Boards (<http://www.gov.bc.ca/caro/publications/index.html>). The Shareholder has also issued the Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (<http://www.lcs.gov.bc.ca/brdo/governance/index.asp>). During the term of this Letter, the Shareholder may provide additional policy direction to the Crown agency sector, and will communicate such direction to the Corporation as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives, performance and financial targets and risk assessments identified in the Corporation's Service Plan.

Specific to the Corporation, the Shareholder:

- approves the Corporation's mandate to operate under the *Business Corporations Act*;
- confirms the role of the Minister of Finance as fiscal agent to the Corporation, providing the Corporation with access to government financing and banking services;
- preserves its right to broad policy direction and confirmation of general frameworks/principles, within which the Corporation may establish and apply specific policies and process, in the following areas:
  - Market Outreach and Initiatives; and
  - Corporate Services.
- authorizes FIIL to raise other funding in such manner and on such terms and conditions as FIIL deems appropriate, in consultation with the Minister, for purposes of funding the Programs and the administrative costs and other expenses of FIIL; and
- will deposit into the FIIL's bank account an amount as specified in a Funding Agreement with the Ministry of Forests and Range.

## AREAS OF SHARED ACCOUNTABILITY:

### Reporting

The Shareholder and the Corporation are committed to transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act* and has provided the Corporation with an Information Requirements and Events Calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/carol/publications/index.html>). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

The parties agree that, as a matter of course, each will advise the other in a timely manner of any issues that may materially impact the business of the Corporation and/or the interests of the Shareholder, including information on any risks to achieving financial forecasts and performance targets.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder's Letter of Expectations on its website. Crown Agencies Resource Office will also post a signed copy of the Letter on its website.

### Review and Revision of this Letter

The Minister of Forests and Range and Minister responsible for the Integrated Land Management Bureau is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Resource Office is responsible for co-ordinating the overall process for preparing Letters of Expectation, and may assist the Minister in undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this Letter on a more frequent than annual basis.



Honourable Pat Bell  
Minister of Forests and Range and  
Minister responsible for the Integrated  
Land Management Bureau



Dana Hayden  
Chair, Forestry Innovation Investment Ltd.

Oct 15, 2010  
Date

Oct 12, 2010  
Date

cc. Honourable Gordon Campbell  
Premier

Allan Seckel  
Deputy Minister to the Premier and Cabinet Secretary

Graham Whitmarsh  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Dana Hayden  
Deputy Minister  
Ministry of Forests and Range

Ken Baker  
Chief Executive Officer  
Forestry Innovation Investment Ltd.

Marie Ty  
Executive Director  
Crown Agencies Resource Office