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May 15, 2020

Christina Zacharuk
President and CEO
Public Sector Employers' Council Secretariat
Suite 210 - 880 Douglas Street
Victoria, BC V8W 2B7

Re: *Attestation letter for Executive Compensation – British Columbia
Lottery Corporation, Fiscal Reporting Period 2019/20*

I have read the Public Sector Executive Compensation Reporting Guidelines as prepared by the Public Sector Employer's Council Secretariat and understand it is my responsibility as Board Chair to be aware of Executive compensation paid in the prior fiscal year, as reported by British Columbia Lottery Corporation (BCLC) management.

I hereby attest that, the Executive compensation transactions, as reported by BCLC for the fiscal reporting period 2019/20, in all material respects, are accurate and include all Executive compensation paid by BCLC. The disclosed information also includes the value of any pre-employment or post-employment payments made during the 12 month period before or after the term of employment. The compensation provided to Executives was within approved compensation plans and complies with these guidelines¹.

Yours truly,

Peter Kappel
Chair, Board of Directors

Enclosure(s)

¹ The approved compensation plans referenced in this attestation letter are comprised of the following:

- a) The British Columbia Lottery Corporation Compensation Philosophy and Plan approved by BCLC's Board of Directors on October 23, 2019.
- b) Compensation transactions for the CEO (and interim CEO) are approved by the Minister.

Public Sector Executive Compensation Reporting Form

**British Columbia Lottery Corporation
Reporting for Fiscal Year 2019/20**

Statement of Executive Compensation

May 2020

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Statement of Executive Compensation

1.1 PURPOSE

BCLC is required to disclose all compensation provided to the Chief Executive Officer and the next four highest paid executives for the services they have provided to the organization. This document outlines the design, provisions and total value of executive compensation for the fiscal year ending March 31, 2020 for the British Columbia Lottery Corporation (BCLC).

2.1 COMPENSATION DISCUSSION AND ANALYSIS

2.1.1 Compensation Philosophy

BCLC's Compensation Philosophy and Plan is aligned to a common compensation philosophy for the B.C. Public Sector and has embodied the following four core principles:

- Performance – Compensation programs support and promote a performance-based organizational culture.
- Differentiation – Differentiation of salary is supported where there are differences in the scope of the position within an organization, and/or due to superior individual team contributions.
- Accountability – Compensation decisions are objective and based upon a clear and well-documented business rationale that demonstrates the appropriate expenditure of public funds.
- Transparent – Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

BCLC's Guiding Principles for Reward and Compensation

1. **Experience** - We strive to reward in many ways, and pay is just one part of the experience at BCLC. We will communicate a holistic view of rewards, as the whole is greater than the sum of its parts.
2. **Agile (or Flexible)** - To serve our people as we serve our players, we need to cater to a range of tastes and needs. We do this through offering our people choice, control and flexibility so that their experience is more personal and meaningful. One-size-does-not-fit-all.

3. **Competitive** - A total reward program that ensures BCLC can compete to attract and retain the talent needed to continue providing exceptional playing experiences.
4. **Performance** - We will differentiate rewards for high performing teams and individuals to support and promote a performance-based organizational culture.
5. **Transparency** - Our practices will be transparent and accountable to all our stakeholders.

Total Rewards Overview

Equity in BCLC's compensation program is achieved through a formalized job evaluation system that evaluates jobs and level of compensation on the basis of complexity. Employees progress through a salary range based on individual performance and mastery of the job.

The benefits and work/life balance component of the Total Rewards package is designed to provide competitive and comprehensive coverage for employees and their families and to recognize the importance of work/life balance in being a contributor to a high performance culture.

Any Total Rewards offered must comply with any government regulations and guidelines in place.

2.1.2 Governance

The Board of Directors (BOD) and the Human Resources and Compensation Committee (HRCC) have oversight of BCLC's executive compensation. The terms of reference (as it pertains to total compensation) are outlined below:

Board of Directors

- monitor and, at least annually, evaluate the CEO's performance against agreed upon annual goals and objectives;
- approve the CEO's compensation, subject to applicable Government requirements and approvals;
- approve certain matters relating to all employees, including:
 - BCLC's compensation philosophy and principles, ensuring they meet applicable Government requirements; and
 - any material changes to benefit programs;
- oversee BCLC's pension plans in accordance with a Board-approved pension plan governance structure.

Human Resources and Compensation Committee

- review and recommend to the Board for approval the CEO's Total Compensation, subject to applicable Government requirements and approvals;
- annually review with the CEO the planned Total Compensation of Executive Management for the next fiscal year;
- annually review and recommend to the Board for approval the Total Compensation plan, ensuring it meets applicable Government requirements;
- annually review and approve the salary plan (including, if applicable, merit increase budget) for the upcoming fiscal year;
- review and recommend to the Board for approval any material changes to benefit programs;
- support Board oversight of BCLC's pension plans in accordance with the Board-approved pension plan governance structure.

2.1.3 Forms of Compensation

Total compensation for the Executive includes base pay, benefits plan, pension, supplementary pension, vacation, vehicle/transportation allowance and other compensation. Following is a description of each total compensation element.

Base Pay

BCLC's compensation plan is market-based and salary ranges are reflective of the 50th percentile of the market.

Salaries are allocated through a formal job evaluation process and within approved salary bands.

Annual salary increases for the Executive are determined based on individual performance.

Compensation changes for the CEO must be approved by the Minister.

Benefits Plan

BCLC provides a cost-shared flexible benefit program, which gives employees the flexibility to choose appropriate levels of extended health, dental, accidental death and dismemberment insurance, life insurance, critical illness insurance, healthcare spending account and wellness account coverage. Long Term Disability premiums are paid for by the employee.

Registered Pension Plan (RPP)

BCLC provides a defined benefit pension plan, which is a shared cost between the employee and the Corporation. Employees contribute 4.4% of their monthly earnings that are less than or equal to the Year's Maximum Pensionable Earnings (YMPE) and 6.0% of their annual earnings that are in excess of the YMPE. The Corporation contributes additional amounts necessary to pay for the promised pension. An actuary who is

certified in the determination of pension funding requirements calculates the amount of the Corporation's contribution.

Supplemental Pension Plan (SPP) – For Vice-Presidents

BCLC has a Supplemental Pension Plan for Vice-Presidents. The SPP provides a pension payable at retirement on or after age 55. The pension is calculated using the formula from the RPP, without *Income Tax Act* maximum pension limits imposed on the RPP. The excess over the RPP is payable from the SPP. In other words, the SRPP provides the pension that the *Income Tax Act* will not allow to be paid from the RPP. The SPP is simply a mirror of the RPP, with two exceptions: The Vice Presidents do not have to contribute to the SPP. If a Vice President terminates employment before age 55, no benefit is payable from the SPP.

Supplemental Pension Plan (SPP) – For CEO

The CEO Supplemental Pension Plan is similar to the SPP for Vice-Presidents with one exception; the CEO receives 1.5 years of pensionable service credit for each year of eligible service.

Vacation

Twenty days of vacation is provided for an Executive upon joining BCLC, unless otherwise negotiated as part of the employment contract. The annual rate of vacation accrual increases at established years of service until the maximum accrued vacation rate is met. The maximum accrued vacation provided to an Executive is 35 days.

Vehicle/Transportation Allowance

BCLC's vehicle/transportation allowance is aligned with the BC Government vehicle policy.

Other

Paid parking is provided to Vancouver based Executives.

BC Lottery Corporation

Summary Compensation Table at 2020

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2019/2020 Total Compensation	Previous Two Years Totals Total Compensation	
							2018/2019	2017/2018
Jim Lightbody, President	\$ 152,791	-	\$ 12,276	\$ 90,340	\$ 130,620	\$ 386,027	\$ 411,084	\$ 428,227
Greg Moore, President and CEO (acting)	\$ 193,161	-	\$ 8,264	-	-	\$ 201,425		
Jamie Callahan, Vice President Human Resources	\$ 222,219	-	\$ 11,563	\$ 9,118	\$ 53,296	\$ 296,196		
Bradley Desmarais, Vice President, Casino and Community Gaming	\$ 252,611	-	\$ 12,117	\$ 25,353	\$ 13,940	\$ 304,021	\$ 286,081	\$ 287,991
Kevin Gass, Vice President, Lottery Gaming	\$ 278,120	-	\$ 11,802	\$ 36,386	\$ 8,226	\$ 334,534	\$ 323,778	\$ 315,610
Robert Kroeker, Chief Compliance Officer and Vice President Legal, Compliance & Security	\$ 221,440	-	\$ 11,832	\$ 26,125	\$ 44,700	\$ 304,097	\$ 285,912	\$ 270,730

Summary Other Compensation Table at 2020

Name and Position	All Other Compensation	Severance	Vacation Payout	Paid Leave	Vehicle / Transportation Allowance	Perquisites / Other Allowances	Other
Jim Lightbody, President	\$ 130,620	-	\$ 59,266	\$ 70,768	-	-	\$ 586
Greg Moore, President and CEO (acting)	-	-	-	-	-	-	-
Jamie Callahan, Vice President Human Resources	\$ 53,296	-	\$ 46,858	-	\$ 6,438	-	-
Bradley Desmarais, Vice President, Casino and Community Gaming	\$ 13,940	-	\$ 3,833	-	\$ 8,841	-	\$ 1,266
Kevin Gass, Vice President, Lottery Gaming	\$ 8,226	-	-	-	\$ 6,960	-	\$ 1,266
Robert Kroeker, Chief Compliance Officer and Vice President Legal, Compliance & Security	\$ 44,700	-	\$ 42,274	-	\$ 2,142	-	\$ 284

Notes

Jim Lightbody, President	<p>General Note: Effective April 1, 2019, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at BCLC. Base salary was adjusted to include 10% holdback. Mr. Lightbody is on a medical leave of absence which commenced on September 9, 2019. Short-term disability earnings of \$70,768 are reported in the “Leave Payout” column. Paid parking of \$586 is reported in the “Other” column.</p> <p>Other Note: Paid parking is provided to Vancouver-based Executives.</p>
Greg Moore, President and CEO (acting)	<p>General Note: Greg Moore was hired on August 26, 2019 to act as Interim CEO while Mr. Lightbody is on a medical leave of absence. Mr. Moore did not participate in the BCLC Holdback program which was eliminated effective April 1, 2019. Mr. Moore does not participate in the BCLC pension plan.</p>
Jamie Callahan, Vice President Human Resources	<p>General Note: Effective April 1, 2019, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at BCLC. Base salary for Ms. Callahan was adjusted to include 10% holdback. Retroactive salary adjustment in relation to holdback elimination on salary continuance payments will be processed in the next fiscal period. Ms. Callahan terminated on October 9, 2019. \$94,262 is included in the Salary column for Ms. Callahan, which represents salary continuance for the period of October 9, 2019 to March 31, 2020. Base Salary includes acting pay of \$9,393 for the period April 1, 2019 to October 9, 2019 for assuming duties of the Vice-President, Social Responsibility and Communications. Salary continuance for Ms. Callahan will conclude on April 7, 2021.</p>
Bradley Desmarais, Vice President, Casino and Community Gaming	<p>General Note: Effective April 1, 2019, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at BCLC. Base salary was adjusted to include 10% holdback. Base Salary includes acting pay of \$14,232 for the period July 2, 2019 to March 31, 2020 for assuming duties of the Vice-President, Legal, Compliance, Security and some of the duties of the Vice-President, Social Responsibility and Communications. Paid parking of \$1,266 is reported in the “Other” column.</p> <p>Other Note: Paid parking is provided for Vancouver based Executives</p>
Kevin Gass, Vice President, Lottery Gaming	<p>General Note: Effective April 1, 2019, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at BCLC. Base salary was adjusted to include 10% holdback. Base salary also includes acting pay of \$7,588 for the period October 10, 2019 to February 18, 2020 for assuming duties of the Vice-President, Social Responsibility and Communications. Paid parking of \$1,266 is reported in the “Other” column.</p> <p>Other Note: Paid parking is provided for Vancouver based Executives</p>
Robert Kroeker, Chief Compliance Officer and Vice President Legal, Compliance & Security	<p>General Note: Effective April 1, 2019, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at BCLC. Base salary for Mr. Kroeker was adjusted to include 10% holdback. Retroactive salary adjustment in relation to holdback elimination on salary continuance payments will be processed in the next fiscal period. Mr. Kroeker terminated on July 2, 2019. \$159,802 is included in the Salary column for Mr. Kroeker, which represents salary continuance for the period of July 2, 2019 to March 31, 2020. Salary continuance for Mr. Kroeker will conclude on December 29, 2020. Paid parking of \$284 is reported in the “Other” column.</p> <p>Other Note: Paid parking is provided for Vancouver based Executives. Paid parking of \$284 is reported in the “Other” column.</p>