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June 2, 2022

Mr. John Davison
President & CEO
Public Sector Employers' Council Secretariat
Suite 210 – 880 Douglas Street
Victoria, BC V8W 2B7

Dear Mr. Davison,

Re: 2021/22 Statement of Executive Compensation

On behalf of the Board of Directors of ICBC,

As per the Public Sector Executive Compensation Reporting Guidelines, I, the undersigned, hereby acknowledge the following:

- The board is aware of the executive compensation paid in the 2021/22 fiscal year.
- The compensation information (based on audited financial statements) being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer.
- It includes the value of any pre or post-employment payments made during the 12-month period before or after the term of employment.
- Compensation provided was within approved compensation plans based on financial audited statements and complies with these guidelines.

Yours truly,

A handwritten signature in blue ink, which appears to read "Joy MacPhail". The signature is fluid and cursive.

Joy MacPhail
Chair, ICBC Board of Directors

Enclosure(s)



INSURANCE CORPORATION OF BRITISH COLUMBIA

Statement of Executive Compensation

Reporting Period: Fiscal Year 2021/22
(April 1, 2021 – March 31, 2022)

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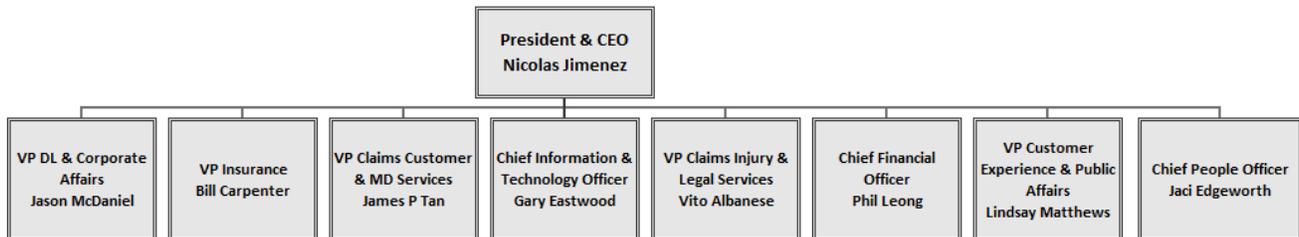
INSURANCE CORPORATION OF BRITISH COLUMBIA

2021/22 STATEMENT OF EXECUTIVE COMPENSATION

1. INTRODUCTION

ICBC is a provincial Crown corporation established in 1973 to provide universal auto insurance, driver licensing, and vehicle licensing and registration to B.C. motorists. ICBC's corporate strategy is to be a low cost and operationally efficient company that provides consistent, quality service to its customers.

ICBC is a complex, multi-billion dollar company that requires talented management and staff. ICBC's total compensation philosophy is to provide market-competitive total compensation to attract and retain the required skills, talent, and experience at an affordable cost to taxpayers and ratepayers. The following Executives are currently responsible for leading the management of ICBC's business and the implementation of its corporate strategy:



As per the Public Sector Employers Act, ICBC must disclose all compensation provided to the President and Chief Executive Officer ("CEO") and the next four highest ranking/paid "Named Executive Officers" ("NEOs"). As per the Public Sector Employers' Council ("PSEC") Secretariat's direction, the following outlines the governance, compensation philosophy, and total value of executive compensation for services during the fiscal period starting April 1, 2021 and ending March 31, 2022.

2. GOVERNANCE

Executive compensation is reviewed by both the Board and the Human Resources and Compensation Committee (the "Committee"). The terms of reference as related to total compensation for each are outlined below.

Board of Directors

- Approve the CEO's compensation package and performance against pre-determined annual objectives.
- Review and approve the total compensation strategy and philosophy to be applied to all ICBC employees upon recommendation of the Committee.
- Review and approve all compensation matters acting upon the advice of the CEO and upon recommendation of the Committee.

Human Resources and Compensation Committee

- Review and recommend the Corporation's compensation and benefits philosophy, strategy, and guidelines and review their compliance with laws and any applicable guidelines established by the Government.
- Review and make recommendations to the Board respecting the administration of pension plans of which ICBC is an administrator and ensure the obligations of ICBC as administrator of those plans are met. Review and approve before implementation, any proposed change to a pension plan administered by ICBC other than any change which i) according to legal advice, is required to comply with applicable law, or ii) according to actuarial advice has no measurable impact on the cost of the pension plan and is desirable for administrative or other reasons.
- In consultation with the CEO, review and recommend the compensation, including benefit and retirement plans, for the Executive team. Ensure that recommendations for the Executive team are aligned to PSEC public policy on executive compensation adjustments.
- Review the annual Executive Compensation Disclosure Statement as required by the Public Sector Executive Compensation Disclosure Guidelines.
- Review and recommend the CEO's compensation, benefit and retirement plans, to the Board for approval, subject to legislative guidelines then in effect. Ensure that recommendations for the CEO are aligned to PSEC public policy on executive compensation adjustments.

3. COMPENSATION DISCUSSION AND ANALYSIS

ICBC's executive compensation is guided by the Crown Corporation Executive Compensation Policy, linked to its strategic business interests and objectives, and balanced with ensuring alignment to the broader public sector.

ICBC's compensation programs generally apply to all Executives and Management Group employees, with some Executive and CEO exceptions as noted herein. Annual salary increases are based on public policy, corporate and individual performance. The Board of Directors (the "Board") sets the CEO's total compensation within the guidelines set by PSEC Secretariat and applicable legislation.

3.1 Total Compensation Philosophy

ICBC's total compensation philosophy for Executives and Management Group employees as approved by the Board and PSEC Secretariat:

Objective

ICBC's total compensation philosophy is designed to:

- Competitively attract, develop and retain high quality talent with the depth of skills, knowledge and competencies required to achieve ICBC's strategic and operational priorities;
- Inspire and support high performance, accountability and fiscal responsibility;
- Link total compensation with company and individual performance;
- Create a solid relationship with employees that is built on trust, fair treatment, and mutual respect;

- Complement the intrinsic value of the workplace environment;
- Support the direction and long term goals of ICBC and government.

Core Principles

ICBC's total compensation philosophy is underpinned by four core principles:

- **Performance** – compensation programs support and promote a performance-based organizational culture. ICBC's provision of salary increases is based on individual merit and dependent on achieving its corporate performance objectives.
- **Differentiation** – differentiation of salary is supported where there are differences in position scope or due to superior individual team contributions. ICBC's job evaluation process and performance management program ensure salary differentiation is managed in an objective, consistent manner.
- **Accountability** – compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds. ICBC's compensation policies and guidelines set out clear procedures and authorizations for the administration of all compensation decisions.
- **Transparency** – 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.

Benchmarking Practices

a) Market Comparator Groups

ICBC's approved total compensation philosophy is a hybrid approach which is based on three distinct market comparator groups, or market benchmarks:

- 1) B.C. Public Sector Organizations includes Crown corporations, BC Public Service, health sector, K-12 education, community social services, regional government, municipalities and various public bodies; and
- 2) Other Provincial Jurisdictions where relevant and available, excluding territories; and
- 3) Private Sector Organizations which includes general industry and the property and casual insurance industry as well as for talent with specialized expertise and/or in high demand with significant recruitment pressure from the private sector.

b) Job Categories

Job categories have been established to align ICBC's pay practices with the practices of the different comparator groups. ICBC's competitive positioning ensures that each job's total cash target reflects the 50th percentile total cash target provided by its relative comparator group. For the purpose of competitive market analysis, jobs at ICBC would fall into one of the four categories:

- 1) **General business roles** are the majority of jobs supporting the day-to-day business operations.

- 2) **Roles in high demand by general industry** would include specialized or technical jobs filled by talent in high demand with significant recruitment pressure from the private sector.
- 3) **Key industry specific roles** are jobs that are difficult to recruit and/or critical jobs requiring specialized expertise in the property and casual insurance industry.
- 4) **Executive roles** – those positions deemed to be at the executive level as approved by government. ICBC forgoes labour market comparisons for Executive positions and makes Executive compensation decisions entirely based on public policy. As Executive compensation is set by public policy, market comparisons of any nature are only illustrative for guidance, not determinative.

3.2 Total Forms of Executive Compensation

a) Base Salary

Executive compensation is set by public policy. The Committee annually reviews, for recommendation to the Board and then approval by government, adjustments to the salary range structure and the annual salary budget, if any.

At the beginning of the year, a performance plan is developed for each Executive, which outlines their responsibilities and objectives for the year. At the end of the year, the Executive is rated against the targets.

ICBC's adoption of a common public sector philosophy supports a performance-based culture where compensation decisions such as salary increases are based on merit.

On August 31, 2020, the government introduced a policy to freeze executive compensation for the 2020/21 performance year. Consistent with public policy, ICBC will not provide any compensation increases or adjustments to executive-level employees for the 2020/21 performance year.

b) Vacation

Executives are entitled to four weeks vacation, increasing to five weeks at eight years of service, and six weeks at seventeen years of service. Unused vacation can be carried forward to the following year, which will be paid to the Executive if it is not used by the end of the following year.

c) Pension

ICBC provides a contributory defined benefit pension plan, which is the basic plan for all Executives. In addition to the basic pension plan, Executives are eligible for the non-contributory Supplemental Employee Retirement Plan ("SERP").

Both the basic pension plan and the SERP are valued at the average current service cost for all members in the plan, less the average member contributions. Effective January 1, 2019, members of the basic plan and ICBC each contribute 50% of the estimated cost of pension benefits being earned.

d) Health and Wellness Benefits

ICBC provides a comprehensive benefit program for Executives and their immediate families. Programs include, extended health, dental, group life, short and long term disability, travel accident

insurance, executive health assessment, and an employee and family assistance program.

Voluntary, employee funded programs are available for life insurance, accidental death and dismemberment insurance and group RRSP.

Executives hired on or after September 1, 2013 are ineligible for the management post-employment benefits program.

4. SUMMARY COMPENSATION TABLE

Enclosed is the summary compensation table that provides a summary of total compensation for ICBC's CEO and next four highest ranking/paid NEO's for the 12-month period from April 1, 2021 to March 31, 2022, including payments to previous NEOs who have left ICBC during and prior to March 31, 2022.

EXECUTIVE COMPENSATION DISCLOSURE

Insurance Corporation of BC

Summary Compensation Table at 2022

| Name and Position | Salary | Holdback/Bonus/ Incentive Plan Compensation | Benefits | Pension | All Other Compensation (expanded below) | 2021/2022 Total Compensation | Previous Two Years Totals Total Compensation | |
|--|------------|---|-----------|-----------|--|------------------------------------|---|------------|
| | | | | | | | 2020/2021 | 2019/2020 |
| Nicolas Jimenez, President & CEO | \$ 422,016 | - | \$ 18,231 | \$ 54,440 | \$ 4,648 | \$ 499,335 | \$ 467,905 | \$ 474,680 |
| Vito Albanese, VP Claims Injury & Legal Serv | \$ 312,331 | - | \$ 14,857 | \$ 40,291 | \$ 14,055 | \$ 381,534 | \$ 328,321 | \$ 279,018 |
| Bill Carpenter, VP Insurance | \$ 332,868 | - | \$ 16,825 | \$ 42,940 | \$ 1,553 | \$ 394,186 | \$ 379,456 | \$ 377,522 |
| Gary Eastwood, Chief Info & Technology Officer | \$ 314,654 | - | \$ 17,594 | \$ 40,590 | \$ 1,495 | \$ 374,333 | \$ 357,237 | \$ 341,688 |
| Philip Leong, Chief Financial Officer | \$ 312,465 | - | \$ 17,648 | \$ 40,308 | \$ 6,124 | \$ 376,545 | \$ 348,097 | \$ 328,043 |
| James Tan, VP Claims Cust & MD Serv | \$ 288,890 | - | \$ 15,758 | \$ 37,267 | \$ 16,902 | \$ 358,817 | \$ 279,790 | |

EXECUTIVE COMPENSATION DISCLOSURE

Summary Other Compensation Table at 2022

| Name and Position | All Other Compensation | Severance | Vacation Payout | Paid Leave | Vehicle / Transportation Allowance | Perquisites / Other Allowances | Other |
|--|------------------------|-----------|-----------------|------------|------------------------------------|--------------------------------|-------|
| Nicolas Jimenez, President & CEO | \$ 4,648 | - | \$ 3,153 | - | \$ 1,495 | - | - |
| Vito Albanese, VP Claims Injury & Legal Serv | \$ 14,055 | - | \$ 12,560 | - | \$ 1,495 | - | - |
| Bill Carpenter, VP Insurance | \$ 1,553 | - | \$ 1,553 | - | - | - | - |
| Gary Eastwood, Chief Info & Technology Officer | \$ 1,495 | - | - | - | \$ 1,495 | - | - |
| Philip Leong, Chief Financial Officer | \$ 6,124 | - | \$ 4,629 | - | \$ 1,495 | - | - |
| James Tan, VP Claims Cust & MD Serv | \$ 16,902 | - | \$ 15,407 | - | \$ 1,495 | - | - |

EXECUTIVE COMPENSATION DISCLOSURE

Notes

| | |
|--|--|
| Nicolas Jimenez, President & CEO | General Note: In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. |
| Bill Carpenter, VP Insurance | General Note: In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. |
| Vito Albanese, VP Claims Injury & Legal Services | General Note: Appointed Vice President of Claims Injury & Legal Services effective September 9, 2019; a delayed promotional adjustment was provided in two parts, 11.18% effective November 1, 2020 and 8% effective July 1, 2021. In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. |
| Philip Leong, Chief Financial Officer | General Note: In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. |
| Gary Eastwood, Chief Info & Technology Officer | General Note: In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. This position met criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. As a result, this individual was ineligible to receive a performance-based increase for the 2020/21 performance year. |
| James P Tan, VP Claims Customer & Material Damage Services | General Note: Salary represents 12 months in the position of Vice President Claims Customer & Material Damage Services. Prior to his appointment on February 22, 2021, his primary position was Director Project Services; this position did not meet the criteria for inclusion in the 2020/21 executive compensation freeze, which came into effect on August 31, 2020. In 2021/22, there were 27 pay periods, versus the standard 26, that fell within the fiscal reporting period resulting in comparatively higher salaries being reported than those in the previous year's Statement. |