



SHORT-TERM INCENTIVE PLAN FRAMEWORK

TO:	Board of Directors Human Resources and Governance Committee (HRGC)
MEETING:	March 25-26, 2015
FROM:	Roula Zaarour, Vice-President, People & Culture
PURPOSE:	Approval of the Short-Term Incentive Plan (STIP) Framework
DATE:	March 13, 2015



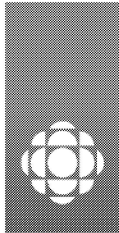
CONTEXT

- The Short-Term Incentive Plan (STIP) continues to be a key element of our senior management total compensation package.
 - Such plans are very common in our market/industry, in particular at senior management levels.
 - Supports our need to remain competitive within the market.
- It is also an important management and communication tool.
 - Aligns all parts of the business around the first year's organizational objectives outlined in *A Space for us all*.
 - Reinforces the need to focus on our fiscal challenges.
- These lump sum payments are not guaranteed, not pensionable and don't attract benefits costs.
- The payout opportunity is based on the achievement of Corporate, Component and Individual performance objectives.
 - Supported by measurable Key Performance Indicators (KPIs) based on the approved business plan.



CONTEXT (CONT'D)

- Each year the Plan is reviewed to:
 - Continuously improve the framework and process in order to drive desired behaviors,
 - Ensure alignment with evolving business priorities,
 - Set targets and thresholds with appropriate levels of stretch to drive superior performance, and
 - Provide timely and clear communication throughout the year.
- Overall the framework is the same per the changes made in 2014-2015.
- For 2015-2016, metrics are aligned with *A Space for us all*. Targets and thresholds will be provided at the June meeting.
- In 2014-2015, a “gate” was introduced to drive and align management efforts around achieving the Corporation’s Net Budget Position. Using the “gate” also for 2015-2016 is recommended because this key driver remains fragile in the current financial context.
- Payment eligibility will be changed to reflect a daily calculation of number of days worked rather than a minimum of 11 days worked within a month.



FRAMEWORK EFFECTIVE 2015-2016

s.18(a)
s.18(b)
s.21(1)(b)

Incentive Element	Metrics	SET	Executives & SM	P B 8-10
CBC/RC	Revenue Generation	5%	5%	5%
	Effective Financial Management	7.5%	5%	5%
	Perception Survey Results	7.5%	5%	5%
	Total	20%	15%	15%
Component	Media Strategy *	40%	35%	30%
	Revenue *	10%	5%	5%
	Budget Forecast Accuracy	5%	5%	5%
	Total	55%	45%	40%
Individual	Performance Management	25%	40%	45%
Total		100%	100%	100%

* Non-media components: average of two Media component results

- For 2015-2016, final payout to be modified per “gate”, subject to Board approval.

Gate	CBC/R-C Net Budget Position - 2015/16 target =
Modifier	

Note: The Board of Directors, at its discretion, has the right to amend or alter the Plan and/or final award payment to reflect changes to the Corporate strategy and/or other business considerations.



FRAMEWORK EFFECTIVE 2015-2016 (CONT'D)

s.18(b)
s.21(1)(b)

- Supports consistency with new strategy and streamlining between Components.

	KPI	2014-2015 Plan	Modifications to 2015-2016 Plan
Corporate			
Component			
Individual			



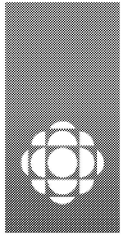
KEY BENEFITS, IMPACTS AND RISKS

■ Benefits / Impacts:

- Aligns and drives delivery of newly adopted strategy *A Space for us all*.
- “Gate” recommended for another year as a means to drive this year’s fiscal priorities.

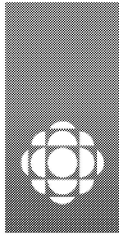
■ Risks:

- Setting appropriate performance thresholds is key to ensuring true pay for performance:
 - Maximum payout multiplier should be associated with super stretch performance outcomes.
 - Performance thresholds to be set with sufficient stretch to motivate desired behaviors but not so high that Plan participants believe there is no chance to overachieve targets.



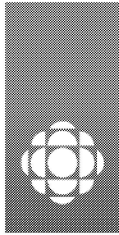
OTHER OPTIONS CONSIDERED

- Put the Plan on hold for the fiscal year 2015-2016.
- Administer the Plan without a “gate” for the fiscal year 2015-2016.



SUCCESS MEASURES

- Plan participants understand the alignment with *A Space for us all*.
- Conversations and behaviors reflect business priorities.
- Targets and thresholds drive superior business performance.
- Total payout reflects actual business performance.



RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that the Short-Term Incentive Plan (STIP) framework be approved as presented effective 2015-2016 and that the “gate” element be approved for the 2015-2016 fiscal year.