

Minutes of the Meeting held on

March 25-26, 2015

Ottawa, Ontario

 = by video conference




Members of the Board present:

Rémi Racine, Chairperson of the Board
Hubert T. Lacroix, President and Chief Executive Officer
Edward Boyd
Sonja Chong
Pierre Gingras
Marni Larkin
Maureen McCaw
Terrence Leier
Brian Mitchell
Marlie Oden

In attendance:

Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel
Stéphanie Duquette, Chief of Staff to the President and CEO
Tranquillo Marrocco, Associate Corporate Secretary

Also Participating:

Bill Chambers, Vice-President, Brand, Communications and Corporate Affairs
(Items 1, 3 and 4)
Heather Conway, Executive Vice-President, English Services (Items 1, 3 and 5())
Steven Guiton, Vice President, Technology, and Chief Regulatory Officer
(Items 1, 3, 4 and 6)
Louis Lalande, Executive Vice-President, French Services (Items 1, 3 and 4)
Micheal Mooney, Acting Vice-President and Chief Financial Officer (Item 1)
Roula Zaarour, Vice-President, People and Culture (Items 1, 4 and 7)
Mark Allen, Senior Director, Research and Analysis (Item 4)
Lisa Clarkson, Executive Director, Business Rights, English Services () (Item 5)
Valérie Landry, Senior Manager, Research and Performance Reporting (Item 4)
Neil McEaney, Chief Business Officer, English Services (Items 1 and 5())
Jean Mongeau, General Manager and Chief Revenue Officer (Item 1)
Benoit Villeneuve, General Manager, Finance and Administration, French Services
(Items 1 and 4)

Opening of the Meeting

On March 25, 2015, at 1:00 p.m., the Chairperson called the meeting to order.

Board members were shown a video of the *#HackingCBCMTL* event held in Montreal on March 13-15, 2015, where people with both technical and non-technical expertise got together to find creative technological solutions to various problems.

1. Operating & Capital Budgets

Michael Mooney explained the overall arrangement of the budgetary information included in the presentation decks.

Budget Overview

Michael Mooney provided an overview of the key budget elements, the revenue and expenditure assumptions, the planned investments and cost reductions, the three year financial outlook, and the contingency plans. Jean Mongeau discussed the revenue growth assumptions.

Board members inquired about the government's salary increase funding,

the terms of the CRTC condition of licence relating to ads on Radio 2,
the communications
plan relating to the reinvestments in programming, the downsizing costs, the future attrition rate, what is included in "Miscellaneous Revenue", the increase in "Corporate Expenses", the difference between "Corporate Expenses" and "General and Administrative Services", Management's assurances that the projected net position will be achieved, the potential impact of recent CRTC decisions on the budgetary projections, and the projected "Committed Reserves".

English Services

Heather Conway and Neil McEneaney outlined the manner in which the 2015-16 English Services strategies were aligned with the *A Space for Us All* Strategic Plan, as well as the key performance indicators, the strategic plan investments, and the budgetary projections for English Services.

Board members inquired about the mobile first strategy, the release of

the key performance indicators, the impact of projected programming reinvestments on audience levels, and the investments in the television schedule.

French Services

Louis Lalande and Benoit Villeneuve outlined the manner in which the 2015-16 French Services strategies were aligned with the *A Space for Us All* Strategic Plan, as well as the key performance indicators, the strategic plan investments, and the budgetary projections for French Services.

Board members inquired about

the “Prior Year Carryovers”, French Services’ best business opportunity in the upcoming year, the level of staff engagement with regards to the mobile first strategy, the multiplatform strategy in the regions and the large centres, who will participate in the symposium planned for May or June to seek long term policy input, the opportunity for some Board members to attend the annual Banff World Media Festival, and the

Non-Media Services

Michael Mooney provided an overview of the budgetary projections, the services reductions, and the expenditure trends of the non-media services.

Board members inquired about the FTE trends associated with the expenditures trends presented, the amounts spent on “General and Administrative Services” by English Services and French Services,

Capital Budget

Michael Mooney provided an overview of the proposed capital budget.

Board members inquired about the cost-savings achieved

2015-16 Operating and Capital Budgets

Board members asked Management to identify which budgets elements worried them the most. They also noted that the budgetary information presented to the Board has greatly improved and that the Audit Committee's review of the Budget Overview has positively contributed to the decision-making process.

On a motion duly moved and seconded, **IT WAS UNANIMOUSLY RESOLVED**, — That the 2015-16 Operating and Capital Budgets be approved and the Senior Executive Team be authorized to give effect to the measures contained therein.

At 5:30 p.m., the meeting was suspended until March 26, 2015, at 8:30 a.m.

2. In Camera Session with the President & CEO

The Board met in camera with the President and CEO to discuss various matters.

4. Strategy 2020 Report Card

Steven Guiton explained that, in the future, the Report Card presentations will precede the Operating and Capital Budgets presentations in order to inform the budgetary process. He noted that updates will be provided in January and June for information only. He then reviewed the proposed targets for each performance indicator and explained the key changes made to the draft presented at the Board meeting in November 2014.

Board members inquired about the achievability of the digital reach target, the expected trend for the employee diversity target, and the projected staff turnover over the next five years. They also requested that a diversity of voice indicator and associated targets be added to the Report Card.

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That the 2015-16 annual targets and the 2020 targets associated with the strategy's established performance indicators be approved with the addition of a diversity of voice indicator.

3. Recent CRTC Decisions

Steven Guiton provided an overview of the CRTC's recent decisions following its *Let's Talk TV* public consultations.

Board members inquired about the impacts of the decisions on CBC\Radio-Canada and on private broadcasters, as well as our competitors' reactions.

5. Coronation Street Contract

Neil McEaney provided an overview of the Coronation Street programme, its performance over the term of the current contract, and the key terms of the proposed contract renewal.

Board members inquired about the programme's production and financial risks, the

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That, in relation to renewing certain exclusive Canadian broadcast, streaming and downloading rights of Coronation Street (the "Program") with ITV Global Entertainment Limited ("ITV"),

1. the funding and the entering into of a license agreement with ITV for the Program on the terms and conditions substantially similar to those described in the materials provided to the Board of Directors at the meeting be approved; and

2. the Executive Vice-President, English Services or the Chief Business Officer, Finance & Strategy, English Services or their respective delegates, be authorized to execute all necessary agreements to give effect to this resolution.

6. Infrastructure Committee Report

Rémi Racine, Steven Guiton and Maryse Bertrand reported on the matters discussed at the meeting of the Infrastructure Committee held on March 25, 2015, mainly, the Committee's approval of the Ottawa Station HD upgrade project and the replacement of elevator controllers at the Toronto Broadcast Centre.

6.1 Toronto Broadcast Centre Lease

Maryse Bertrand provided an overview of the terms of a proposed lease to Bensimon Byrne (also known as Tadiem Inc.) of office space in the Toronto Broadcast Centre.

Board members inquired about the tenant's credit risks, the amount of remaining vacant space, the amount of space that we would continue to occupy if the building were sold, and potential tenant conflicts.

On the recommendation of the Infrastructure Committee, **IT WAS RESOLVED**, — That, in relation to a proposed lease agreement with Tadiem Inc. (the "Tenant") for premises located at 250 Front Street West in Toronto ("Toronto Broadcast Centre"):

1. the lease agreement be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
2. a submission be made to the Treasury Board to obtain the required Order in Council;
3. all necessary expenses and agreements (including those in connection with the realization and payment of any base building and fit out work within the Toronto Broadcast Centre) to give effect to this resolution be approved; and
4. the President and CEO or the Vice-President, Real Estate Services, Legal Services and General Counsel, together with the Vice-President and Chief Financial Officer, or their delegates, be authorized to execute all necessary agreements to give effect to this resolution.

7. Human Resources and Governance Committee Report

Ted Boyd reported on the matters discussed at the meeting of the Human Resources and Governance Committee held on March 25, 2015.

7.1 Salary Planning Budget

Ted Boyd provided an overview of the key elements of the proposed salary planning budget.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, – That the 2015 base salary planning budget be approved as presented.

7.3 STIP Framework

Ted Boyd provided an overview of the proposed changes to the Short Term Incentive Plan (STIP) and noted that the Committee agreed to retain the metric.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, – that the Short-Term Incentive Plan (STIP) framework be approved, as amended by the Human Resources and Governance Committee, effective 2015-2016 and that the “gate” element be approved for the 2015-2016 fiscal year.

7.4 Committee Memberships

Ted Boyd reported that the Committee discussed the Audit Committee membership and the need for new Board members to complete their orientation training.

He also reported that the Committee approved that the reimbursement of the course registration fee, as well as the travel and accommodation expenses, of Directors who attend the one-day courses or the Not For Profit Governance Essentials Program of the Institute of Corporate Directors (or their French-language equivalents) and 50% of the course registration fee, as well as the travel and accommodation expenses, of Directors who attend the Directors Education Program of the Institute of Corporate Directors (or a French-language equivalent program).

7.5 Directors' Code of Conduct

Ted Boyd explained the rationale for the proposed Directors' Code of Conduct.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, – That the *Terms of Reference for a Director* and the *Code of Conduct and Conflict of Interest Guidelines for Directors* be replaced by the proposed *Directors' Code of Conduct* (see Appendix 1).

7.2 SET Salary Planning Budget

Board members met in camera, with Roula Zaarour in attendance, to discuss the Committee's recommendations with respect to the SET Salary Planning Budget.

The Chairperson reported to the Corporate Secretary, for inclusion in the Minutes, that, on the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, – That the base salary recommendations for SET members be approved as presented.

8. Varia & In Camera Session

Independent Board members met in camera to discuss various matters.

9. Information Items

9.1. French Minority Language Services

Adjournment

The meeting was adjourned on March 26, 2015, at 12:00 noon.

Appendices

1. Directors' Code of Conduct

Chair

APPENDIX 1
DIRECTORS' CODE OF CONDUCT

Further to the provisions of the *Conflict of Interest Act*, the Corporation's *Bylaws*, and the Government's *Ethical and Political Activities Guidelines for Public Office Holders*, Directors are expected to:

1. General Standards of Behaviour

- a) act honestly and in good faith with a view towards the best interests of the Corporation;
- b) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- c) respect the rule of law and carry out their duties in accordance with legislation;
- d) serve the public interest with integrity;
- e) demonstrate good judgment and professional excellence;
- f) ensure that public sector resources are used responsibly, effectively and efficiently;
- g) give due consideration to the present and long-term effects that their decisions have;
- h) respect the Corporation's confidentiality requirements;
- i) as Directors of a broadcaster that covers political events, try to restrict their political activities to the attendance of all-party candidates meetings to inform themselves and the voting at elections;

2. Participation at Meetings

- a) prepare for each meeting by reading the materials provided for the meeting;
- b) maintain an excellent meeting attendance record and attend the entire meeting, not just part of the meeting;
- c) advise the Chairperson and the President and CEO in advance of introducing significant and previously unknown information or a new decision item at a meeting;
- d) participate fully and frankly in the deliberations and discussions of the Board;
- e) demonstrate an openness to others' opinions and a willingness to listen; and appreciate that this quality ranks as highly as the ability to communicate persuasively;
- f) be a positive and constructive force within the Board;
- g) bring innovative and fresh perspectives to issues;
- h) value Board and team performance over individual performance;
- i) support all Board decisions and act in solidarity so as not to undermine them;

- j) understand the difference between Board's role in providing financial and strategic oversight and Management's responsibility for the day-to-day operations of the Corporation's business;
- k) channel requests for additional information necessary for decision making through the President and CEO (via the Corporate Secretariat where appropriate), the Chairperson of the Board, or a Committee Chairperson;
- l) be available to participate on committees as required and become knowledgeable about the purpose, goals and work processes of their assigned committees as well as the role of management and staff supporting them;

3. Interactions

- a) respect human dignity and the value of every person by treating every person with respect and fairness and working together in a spirit of openness, honesty and transparency that encourages engagement, collaboration and respectful communication;
- b) be at all times professional, civil, courteous and respectful towards other Directors and the Corporation's Management and staff, especially when their views and opinions diverge;
- c) raise issues relating to Directors' conduct or the functioning of the Board with the Chairperson (rather than criticizing them publicly);
- d) ensure that their direct contact with the Senior Executive Team or other Managers does not distract the latter's attention from the Corporation's business operations;
- e) meet or otherwise communicate with various constituencies that are involved with the Corporation at the request, or with the approval, of the Chairperson or the President and CEO and as part of a corporate communication strategy;

4. Corporate and Industry Knowledge

- a) understand the Corporation's strategic direction;
- b) understand financial statements and the indices required to evaluate corporate performance;
- c) become generally knowledgeable of the business of the Corporation and the industry;
- d) participate in Director orientation and development programs; and
- e) maintain a current understanding of the regulatory, legislative, business, social and political environments within which the Corporation operates.