



COMPENSATION STRATEGY AND RECOMMENDATIONS

TO:	Board of Directors Human Resources and Governance Committee (HRGC)
MEETING:	November 22-23, 2016
FROM:	Monique Marcotte, Vice-President, People & Culture
DECISION SOUGHT:	Approval of compensation recommendations for: - Salary planning for Management and Confidential employees; - [REDACTED] for Management, Confidential and APS employees; - Short-term Incentive Plan for all Management employees.
NEXT STEPS:	Communicate recommendations and commence salary review with HR and managers in 2017
DATE:	November 18, 2016



CONTEXT

- Josée Girard, Vice-President People and Culture, previously presented the Corporation's Compensation Philosophy and Overview to the Board of Directors in September 2015. (see slide 5)
- The Board of Directors asked P&C to come back and present a Compensation Strategy to address:
 - for all non-executive positions
 - Short-term incentive target award recommendations for all Management employees
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 - Cost implications of this strategy, risks and timing.



RECRUITMENT AND RETENTION

Ability to attract, motivate and retain employees is driven largely by compensation

- It is critical to have a variety of compensation elements to meet the different needs of these employees,
 - With an increasingly younger workforce, total cash compensation (base salary + incentive) becomes more important than total compensation (including pension and benefits).
 - Current average time to fill positions is _____ and employees are required to backfill and assist during the ramp up time of new hires,
 - Retention issues are particularly acute in some functions,
 -



COMPENSATION PHILOSOPHY AND OVERVIEW

As presented to the Board in September 2015

For non-executive levels - below [redacted] on all elements except pension and benefits.

Compensation Element	EXECUTIVE COMPENSATION		NON-EXECUTIVE COMPENSATION	
	Actual Market Position ¹	Desired Market Position	Actual Market Position ²	Desired Market Position
Target Total Compensation ³				
Base Pay				
Short-Term Incentive (STIP)				
Target Total Cash ⁴				
Long-Term Incentive (LTI)			N/A	N/A
Benefits				
Pension				
Executive Benefit (Perquisites)			N/A	N/A
Salary Range Mid-Points				
Peer Comparator Companies	Entertainment, publishing and telecommunications industries, as well as a selection of federal Crown corporations and federally-regulated transportation companies; Federal employers; Canadian-based organizations headquartered in Quebec			

¹ Based on 2013 CBC/Radio-Canada Executive Total Compensation Review

² Based on 2011 CBC/Radio-Canada Non-Executive Total Compensation Review; will be updated early 2016

³ Target Total Compensation = base pay + short-term incentive + long-term incentive + pension + benefits + perquisites

⁴ Target Total Cash = base pay + short-term incentive

⁵



RESULTS OF THE [REDACTED] REVIEW

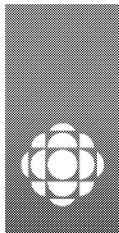
Generally positioned [REDACTED]

[REDACTED] was retained to review total compensation, including base salaries, short-term incentives, long-term incentives, pension, benefits, and perquisites for a cross-sectional sample of non-executive positions.

Executive Summary:

- Overall, the non-executive positions across all levels at CBC/Radio-Canada are **generally positioned** [REDACTED] compensation levels.
- Relative to the findings from the last review in 2011, CBC/Radio-Canada market competitiveness has [REDACTED] for Managerial/Director levels and about [REDACTED] for professional/administration roles relative to target total compensation pay levels.
- CBC/Radio-Canada's positioning [REDACTED]

Source: [REDACTED] "Non-Executive Total Compensation Review CBC/Radio-Canada", August 2016



REVIEW – RANGE AND BASE





REVIEW – TOTAL CASH

CBC/R-C total target cash (base salary + short-term incentive)

total target compensation (base, incentive, pension and benefits)





KEY DECISION ELEMENTS - SALARIES

■ **BASE SALARIES**

- Continue annual salary review in June for Management and Confidential
- During annual salary reviews, continue to apply budgets based on individual performance ratings and position within the range,
- Adjust the salary range mid-points



KEY DECISION ELEMENTS –



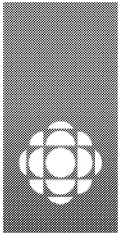
■ Address

focussing on:



■ Review each employee individually with manager to

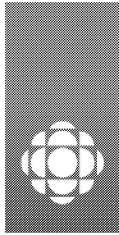




KEY DECISION ELEMENTS - INCENTIVES

■ SHORT-TERM INCENTIVES

- -
 -
- Adjust the target



KEY DECISION ELEMENTS SHORT-TERM INCENTIVE (STI) PLAN

Recommend conservative adjustments

LEVEL	MERCER MARKET TARGET	CBC/R-C CURRENT STI			CBC/R-C RECOMMENDED STI		
		Eligible Emps	Target	Cost 2016 payout	Eligible Emps	Target	Incremental cost to payout
Executive Vice-President (ES/FS)							
Vice-President							
Executive							
Senior Management (PB SM)							
Senior Director (PB10)							
Director (PB9)							
Senior Manager (PB8)							
Manager (PB7)							
Senior Specialist (PB6)							
Specialist (PB5)							
Administrator (PB4)							
	Total	522					

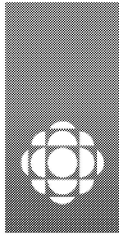
Any payment under this regime is a lump sum, paid out based on achieving business and individual performance objectives and is non-pensionable.



KEY DECISION ELEMENTS - COSTS

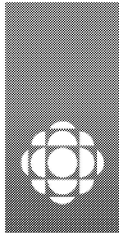
SUMMARY OF INCREMENTAL COSTS	
	Short-Term Incentive Plan *
2017	
	Total Incremental Cost in 2017
2018	
	Total Incremental Cost in 2018

* Assumes cost of current STI is included in the current and subsequent financial budget planning



KEY DECISION ELEMENTS – OTHER CHANGES

- **Other proposed changes to compensation elements requiring Board approval**
 - **Executive pay:**
 - ◆
 - ◆
 - ◆
 - **Short Term Incentive (STI) Plan Design:**
 - ◆
 - ◆
 - **Senior Management (SM) Additional Benefits:**
 - ◆



KEY BENEFITS, IMPACTS & RISKS

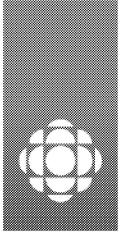
s.18(b)
s.21(1)(b)

■ Benefits:

- Reduce [redacted] as well as in specific roles,
- Reduce turnover of key employees and associated replacement costs;
- [redacted]
- [redacted]

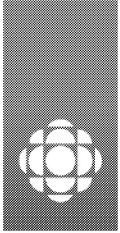
■ Risks:

- [redacted]
- [redacted]
- Ability to attract and retain talented employees is challenging especially in times of significant change and workforce adjustment;
- [redacted]



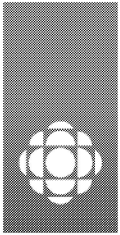
OTHER OPTIONS CONSIDERED

- Remain with current compensation elements.



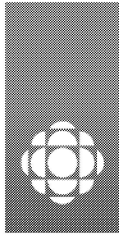
SUCCESS MEASURES

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-
- Increased ability to attract candidates from different generations.
-
-
- Compensation strategy, when reviewed in [redacted] will show



RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that the planning budgets, incentive plan, SM additional benefits and Executive pay changes be approved as presented.



APPENDICES

APPENDIX 1 DETAILED BENCHMARKING METHODOLOGY

SURVEY PEER GROUP

Core Peer Group

- from the entertainment, publishing and telecommunications industries, as well as a selection of federal Crown corporations and federally-regulated transportation companies

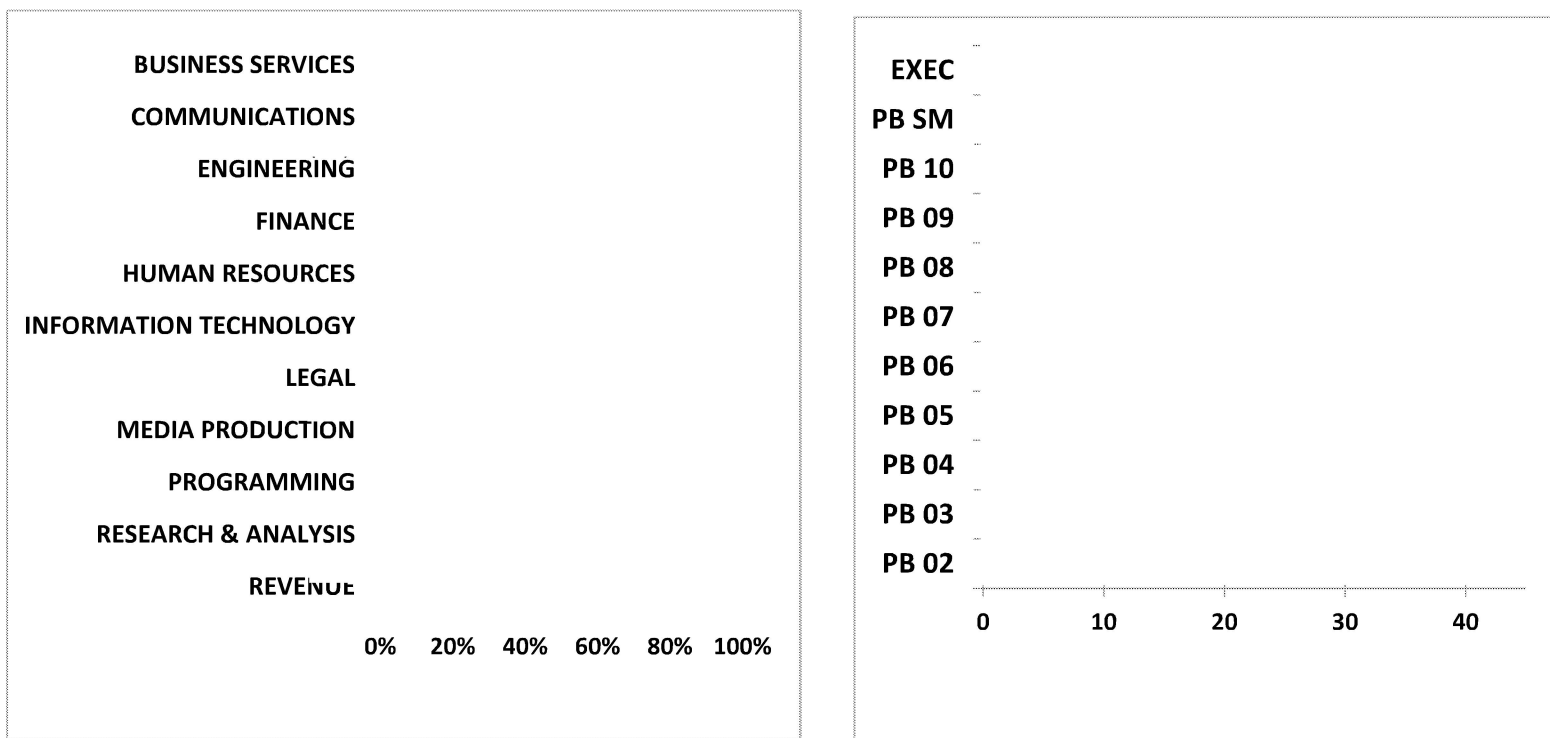
Entertainment	Publishing	Telecommunications	Federal / National Crown Corporations	Federally Regulated Transportation Companies
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* New additions to peer group



APPENDIX 2 – VOLUNTARY ATTRITION – SALARY POSITION RELATIVE TO MARKET

- voluntary attrition in 2015-2016
- Of the people who left voluntarily last fiscal,

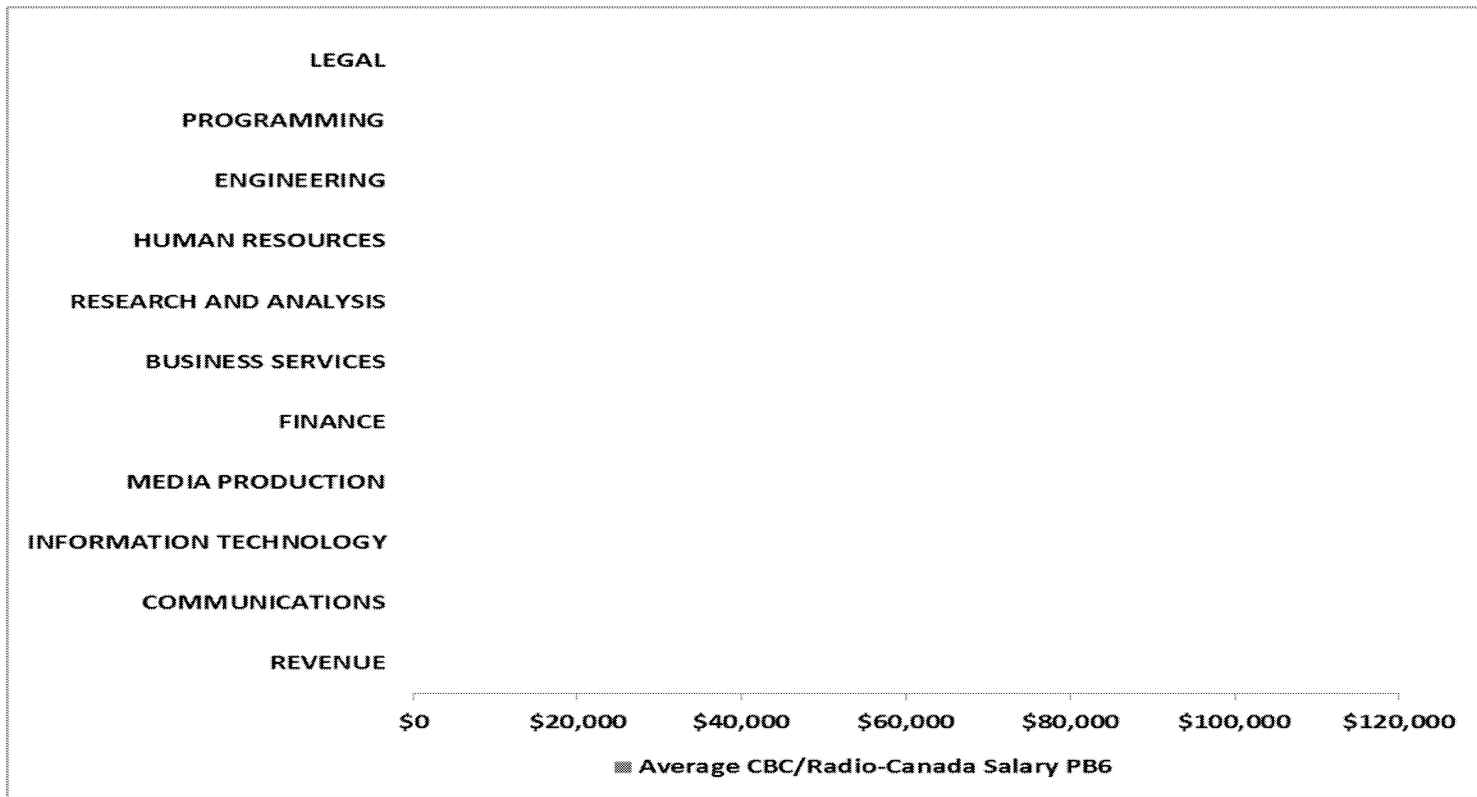


Figures for voluntary attrition during the 2015-2016 fiscal year include resignations and retirements – Management, Confidential and APS
Totals may not add up to 100% due to rounding



APPENDIX 3 - [REDACTED] EXAMPLE

CBC/R-C SALARY PAY BAND 6





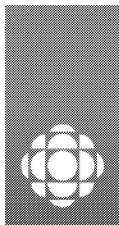
APPENDIX 4 - [REDACTED] – SALARY POSITION RELATIVE TO MARKET

- Of the [REDACTED] employees identified as part of the most recent talent review, [REDACTED] have a current

BUSINESS SERVICES
COMMUNICATIONS
ENGINEERING
FINANCE
HUMAN RESOURCES
INFORMATION TECHNOLOGY
LEGAL
MEDIA PRODUCTION
PROGRAMMING
REAL ESTATE
RESEARCH AND ANALYSIS
REVENUE

- [REDACTED] are individuals identified as Ready Now/Ready Future/Watch List in succession planning for key SMT and VP.
- Need base salary to [REDACTED]

Data from September 2016. Totals may not add up to 100% due to rounding.



APPENDIX 5 – SAMPLE OF BENCHMARKED ROLES – POSITION RELATIVE TO MARKET

<i>All Compensation data in \$ CAD (000's)</i>					Base Salary			Target Short-term Incentives (% of Base)				Target Total Cash ¹				Benefits (% Base Salary)				Pension (% Base Salary)				Target Total Compensation ²			
CBC/Radio-Canada Position Title	# of EEs	Benchmark Position Title	Data Source	Pay Band	CBC	Mkt. Var. (%)	P25	P50	P75	CBC	P25	P50	P75	CBC	Mkt. Var. (%)	P25	P50	P75	CBC	P25	P50	P75	CBC	Mkt. Var. (%)	P25	P50	P75