



ELEMENTS OF CBC/RADIO-CANADA'S COMPENSATION PHILOSOPHY

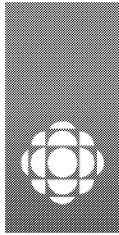
September 18, 2015

CBC  Radio-Canada



OVERVIEW

- CBC/Radio-Canada's compensation philosophy and overview
- Incentive plans at CBC/Radio-Canada and the market
- Principles of CBC/Radio-Canada Short-Term Incentive Plan (STIP)
- Probability of attainment of target objectives at CBC/Radio-Canada and the market
- History of incentive results and costs
- Evolution of the incentive plan
- Recommendations

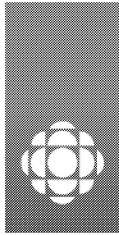


COMPENSATION PHILOSOPHY AND OVERVIEW

Compensation Element	EXECUTIVE COMPENSATION		NON-EXECUTIVE COMPENSATION	
	Actual Market Position ¹	Desired Market Position	Actual Market Position ²	Desired Market Position

- In order to remain competitive when attracting from the private sector, and retaining employees, the desired market position for the target total compensation including base pay is at
- STI plans are a key component for of our peers.
- LTI plans are typical elements of a total compensation package at senior levels. In our core survey group roughly of top executives are eligible.
- Important to have different compensation elements to meet the needs of different hiring / talent strategies eg:

3
4
5



SALARY PLANNING BUDGET VS MARKET

	Salary Planning Budgets		Gap - market to CBC Budget	Cummulative estimated gap to market
	Market	CBC/RC		
2006-2007				
2007-2008				
2008-2009				
2009-2010				
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				

- The 2013 long-term compensation objective, as approved by the Board, was to see the average base salaries be within of the market by June 2015 in order to be competitive in the attraction and retention of key talent.
- Given the small planning budgets we continue to fall further behind the market by an estimated overall.

* Includes a growth budget for non-incentive eligible employees



RATIONALE FOR OFFERING A SHORT-TERM INCENTIVE PLAN (

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s.21(1)(b)



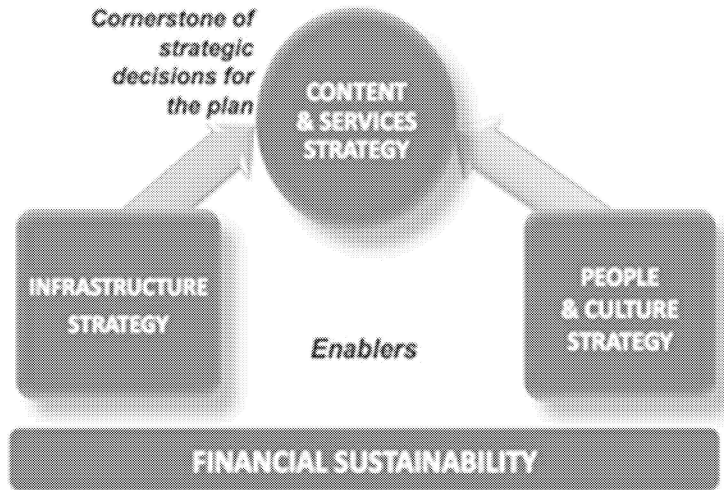
SHORT-TERM INCENTIVE PLAN

- CBC/Radio Canada's Short-Term Incentive Plan (STIP) aligns all parts of the business around organizational objectives initially outlined in Strategy 2015 and today in *A Space for us all*.
- STIP is a key element of our competitive total compensation package offered to senior management; proportion of at-risk pay increases with higher levels.
- The Plan measures corporate, component and individual performance; any payments are clearly linked to business performance.
-
- Each year the Plan framework, metrics and thresholds are approved by the Board.
- Targets are set to appropriate performance thresholds with ranges to ensure true pay for performance.
- Any changes to the Plan structure have not resulted in incremental costs for target performance.
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LINKING A SPACE FOR US ALL & PAY FOR PERFORMANCE

Strategy:
A Space For Us All



Mission:

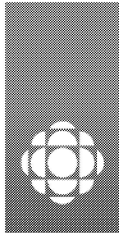
CBC/Radio-Canada expresses Canadian culture and enriches the life of all Canadians, through a wide range of content that informs, enlightens and entertains.

Vision:

In 2020, CBC/Radio Canada will be the public space at the heart of our conversations and experiences as Canadians.

Pay for performance related to...

Media Performance	On all platforms: Digital, Television & Radio
Perception	Of Canadians and audiences
Financial Sustainability	Through Revenue Generation, Effective Financial Management and Accurate Budget Forecasting
Individual Contribution	Achieving common CBC/Radio-Canada objectives



DESIRED MARKET COMPETITIVE POSITION – STI TARGET AWARDS

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Career Level	CBC Peer Group					CBC/R-C
	P25	P50	P75	Avg	Elig.	Target Award
Executive						
Management						
Professional						
Para-Professional						

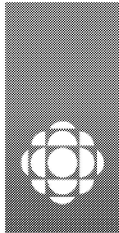
2015/2016
Career Level
Executive
Management
Professional
Para-Professional

Average of all participants of the survey, not just CBC Peer Group



DRIVING PRINCIPLES OF STIP

- Each year the STIP framework is reviewed to:
 - Continuously improve the process and framework in order to drive desired behaviors.
 - Ensure alignment with business priorities and long-term strategy.
 - Review/refine metrics and weightings and recommend any adjustments to the Board for approval.
 - Set targets to appropriate performance thresholds to ensure true pay for performance:
 - Maximum payout multiplier with truly exceptional performance outcomes;
 - Performance thresholds set with sufficient stretch to motivate desired behaviors but not so high that participants believe they are unachievable and it counters motivation.
 - Ensure any changes to the Plan structure do not result in incremental costs at target performance.



PROBABILITY OF TARGET ATTAINMENT ([redacted])

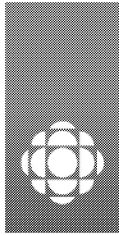
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HISTORY OF INCENTIVE RESULTS AND COSTS

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s.21(1)(b)

		Incentive Plan							
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Plan		In Tandem			Short-Term Incentive Plan (STIP)				
All Components	Executives								
	Management								
English Services	Executives								
	Management								
French Services	Executives								
	Management								
Corporate	Executives								
	Management								
By STIP Segment	Corporate								
	Component								
	Individual								
Amount paid									
# of Employees	Total								
\$ per employee	Average								



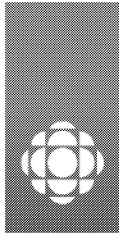
HOW THE INCENTIVE PLAN HAS EVOLVED OVER TIME

	Since 2010 – with STIP	Before 2010 – In Tandem
Key Performance Indicators (KPIs)	Evolved metrics to drive superior business performance focused on the goals of the business each fiscal; in 2014, reduced the number of KPIs from 15 to 12 to focus on those that best align with current business priorities	Heavily focused on individual performance; the Corporate/Component factor was determined at the sole discretion of the CEO, not by pre-approved metrics
Thresholds & Communications	Adjusted to provide a stretch range for each target ie: to reach 1.5 performance over target is twice as difficult as reaching under-performance at 0.5; Clear communications throughout the year to participants	In previous years, a unit of measure (\$, % share) over target earned a 1.5; Infrequent communications to participants
Framework	Aligned Media/Non-Media to have the same overall weighting distribution; moved SM to have the same weightings as Executives	No framework to the Plan
Performance Distribution & Multipliers	Added a 1.25 multiplier threshold to the Individual metric and reduced the percentage who could receive a 1.5 multiplier; maximum payout for a Meets Some Expectations to be capped at a 0.5 multiplier overall	No cap at Meets Some Expectations
Financial Accountability	“Gate” included for 2014 and 2015 to reflect key focus on financial sustainability and accountability	No adjustments to final payouts considered
Number of eligible participants	Strict management of number of employees eligible and close tracking of all metrics and results	Ad hoc management of number of employees eligible for the Plan

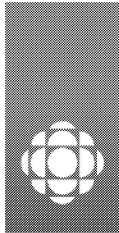


RECOMMENDATIONS

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



APPENDICES



APPENDIX 1 - INCENTIVE PLAN FOR 2015-2016

FRAMEWORK

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	Based on individual performance	25%	40%	45%
Total		100%	100%	100%

TARGET AWARD

Level	Target Payout (% base salary)
Pay Bands 8 & 9	
Pay Band 10	
SM (Senior Management)	
Executive	
Vice-President (SET)	
Executive Vice-President (SET)	

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

DETERMINATION OF AWARD

$$\text{Base Salary} \times \left\{ \begin{array}{l} \text{CBC/RC} \\ \text{Performance} \\ \text{Factor} \end{array} \times \begin{array}{l} \% \\ \text{Weight} \end{array} \times \text{Target} \right. \\
 \left. \times \begin{array}{l} \text{Component} \\ \text{Performance} \\ \text{Factor} \end{array} \times \begin{array}{l} \% \\ \text{Weight} \end{array} \times \text{Target} \right. \\
 \left. + \left\{ \begin{array}{l} \text{Individual} \\ \text{Performance} \\ \text{Factor} \end{array} \times \begin{array}{l} \% \\ \text{Weight} \end{array} \times \text{Target} \right\} = \text{Total Payout Before Gate} \times \boxed{\text{Gate Payout Modifier}} = \text{Final Payout for 2015-2016}$$

0-1.5 multiplier 0-1.5 multiplier 0-1.5 multiplier

For this year, the Gate payout modifier is an additional step to the regular determination of award

Detailed Benchmarking Methodology
Survey Peer Group

Appendix 2