



## REVISED STIP FRAMEWORK

<b>TO:</b>	Human Resources and Governance Committee
<b>MEETING:</b>	June 18, 2013
<b>FROM:</b>	Roula Zaarour, Vice-President, People & Culture
<b>PURPOSE:</b>	Approval of the revised Short-Term Incentive Plan (STIP) framework, effective for the 2013-2014 fiscal year
<b>DATE:</b>	June 6 <sup>th</sup> , 2013
<b>NEXT STEPS:</b>	Establish performance thresholds for the 2013-2014 plan cycle and communicate to eligible employees



## CONTEXT

- The short-term incentive plan (STIP) enables the Corporation to offer our senior management a competitive total compensation package and aligns all parts of the business around organizational objectives outlined in Strategy 2015.
- Such plans are very common in our market/industry, in particular at senior management levels.
- These payments are not pensionable and don't attract added benefits costs.
- CBC/Radio-Canada's short-term incentive framework was redesigned for the 2010-2011 fiscal year:
  - The old plan was heavily based on individual performance with a low reliance on measurable Key Performance Indicators (KPIs).
  - The current plan is based on the achievement of Corporate, Component and Individual performance objectives, and is supported by measurable KPIs based on the fiscal year's approved business plan.



## CONTEXT (CONT'D)

- Each year the plan framework is reviewed to:
  - Continuously improve the process and framework to drive desired behaviors,
  - Improve the alignment with business priorities, and
  - Set annual performance thresholds with appropriate levels of stretch to drive superior performance.



## KEY DECISION ELEMENTS

- Slightly modify the STIP framework, effective for the 2013-2014 fiscal year to:
  - Add “Diversity of opinion” to the Corporate-wide Perception Survey Results KPI:
    - Currently includes how well we fulfill our mandate to inform, enlighten and entertain.
  - Reduce the weight of the Budget Forecast Accuracy KPI from 10% to 5%:
    - Desired behavior associated with this KPI is now more consistently demonstrated.
    - Redirect the 5% to the Share KPI weight for Media and to the average (Media Strategy/Share/ Revenue) for Non-media groups.



## KEY DECISION ELEMENTS (CONT'D)

Incentive Element	Metrics	Media			Non-Media	
		SET	Executives	PB8-10 & SM	SET	Executives, PB8-10 & SM
CBC/RC	Revenue Generation	5%	5%	5%	5%	5%
	Cost Efficiency	5%	5%	5%	5%	5%
	Perception Survey Results	10%	5%	5%	10%	5%
	<b>Total</b>	<b>20%</b>	<b>15%</b>	<b>15%</b>	<b>20%</b>	<b>15%</b>
Component	Program Strategy *	15%	15%	10%	35%	30%
	Share Combined *	15%	10%	10%		
	Revenue *	15%	10%	10%		
	Budget Forecast Accuracy	10%	10%	10%	10%	10%
	<b>Total</b>	<b>55%</b>	<b>45%</b>	<b>40%</b>	<b>45%</b>	<b>40%</b>
Individual	People, Programs, Pushing Forward (PMSD)	25%	40%	45%	35%	45%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Media components: component metrics defined by each media.  
Non-Media components: average of two Media component results.

### 2013-2014 Proposed Framework

*Red text indicates change*

### 2012-2013 Framework

Incentive Element	Metrics	Media			Non-Media	
		SET	Executives	PB8-10 & SM	SET	Executives, PB8-10 & SM
CBC/RC	Revenue Generation	5%	5%	5%	5%	5%
	Cost Efficiency	5%	5%	5%	5%	5%
	Perception Survey Results	10%	5%	5%	10%	5%
	<b>Total</b>	<b>20%</b>	<b>15%</b>	<b>15%</b>	<b>20%</b>	<b>15%</b>
Component	Media Strategy *	15%	15%	10%	40%	35%
	Share *	20%	15%	15%		
	Revenue *	15%	10%	10%		
	Budget Forecast Accuracy	5%	5%	5%	5%	5%
	<b>Total</b>	<b>55%</b>	<b>45%</b>	<b>40%</b>	<b>45%</b>	<b>40%</b>
Individual	People, Programs, Pushing Forward (PMSD)	25%	40%	45%	35%	45%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Media components: component metrics defined by each media.  
Non-Media components: average of two Media component results.



## KEY BENEFITS, IMPACTS & RISKS

- Benefits / Impacts:
  - Improved business alignment.
- Risks:
  - Thresholds that are set too high or too low will not achieve the desired pay for performance business outcomes:
    - Too high risks low motivation to achieve (there is no point!).
    - Too low risks payout at insufficient levels of stretch.



## OTHER OPTIONS CONSIDERED

- None – consistent with our continuous improvement approach.



## SUCCESS MEASURES

- Conversations and behaviors reflect business priorities communicated through the plan.
- Targets and thresholds drive superior business performance.
- Total payout tightly reflects business performance.





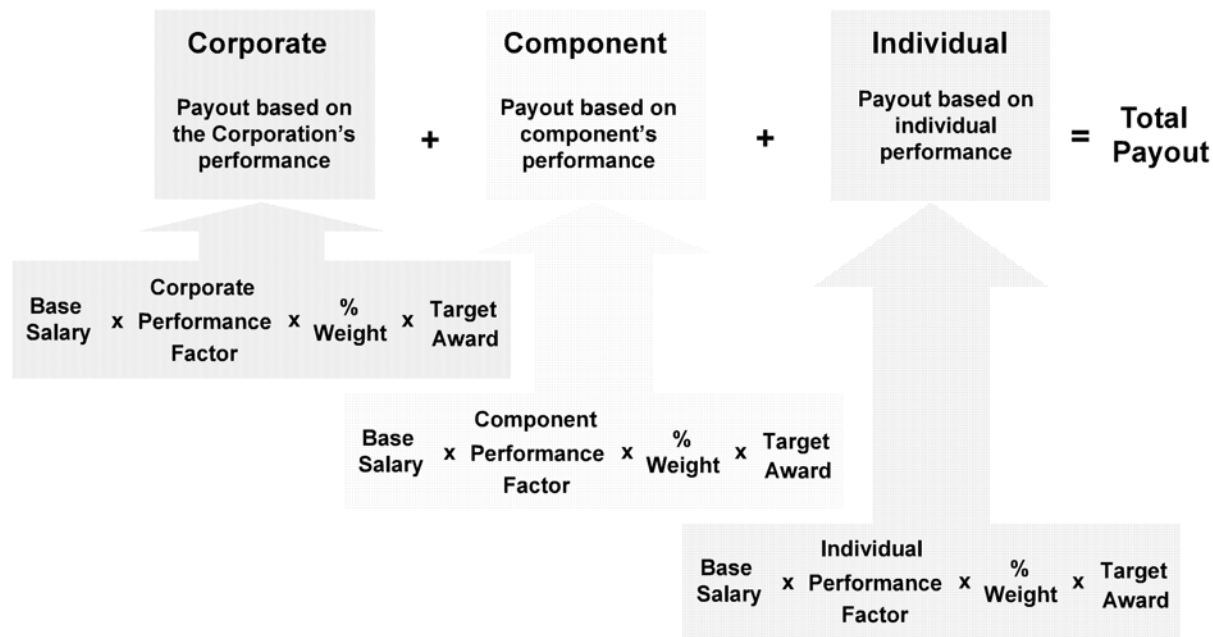
## RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that the revised Short-Term Incentive Plan framework be approved effective fiscal year 2013-2014.



# APPENDIX 1

## HOW TO DETERMINE TOTAL PAYOUT



**Base Salary** is the annual base salary paid.

**Performance Factor** is the Corporate, Component or Individual performance level between 0 and 1.5.

**% Weight** is the factor established according to the Weighting Matrix applicable to the Participant.

**Target Award** is the level of award, as a percentage of base salary, for meeting expected results applicable to the Participant.



# APPENDIX 2

## EXAMPLE OF HOW THRESHOLDS ARE SET

s.18(b)  
s.68.1

### Local TV Usage from the 2012-2013 plan

<i>Program Strategy - Regional</i>							
<i>Measurement</i>							
<i>Thresholds ('000)</i>							
<i>Applicable to:</i>	<i>English Services</i>		<i>French Services</i>		<i>Corporate Services</i>		<i>Multiplier</i>
	<i>Equal to or Greater than:</i>	<i>Up to and including</i>	<i>Equal to or Greater than:</i>	<i>Up to and including</i>	<i>Equal to or Greater than:</i>	<i>Up to and including</i>	
<i>Ranges</i>							EX = 1.5 ME = 1.0 MS = 0.5 BE = 0.0



# APPENDIX 3

## STIP ALIGNMENT TO CORPORATE REPORT CARD

Corporate-Wide Metrics				2012/13 STIP	2013/14 STIP (Proposed)	Justification for proposed change	
Self-generated revenue				✓	✓		
Cost containment (Net budget position)				✓	✓		
Perception survey - inform, enlighten, entertain, diversity of opinion				✓	✓	Diversity of opinion was new to the Corporate Perception survey in 2012-13 and is a key KPI for 2013-14.	
English Services		French Services		2012/13 STIP	2013/14 STIP (Proposed)		
2013 Report Card Public Metrics	Other STIP Metrics	2013 Report Card Public Metrics	Other STIP Metrics				
Media Strategy		Public reach : TV		Perception survey: TV (Quality, Distinctive)	✓	✓	
		Public reach: Radio		Perception survey: Radio (Quality, Distinctive)	✓	✓	
		Tuned to: CBC TV local news (M-F)		Tuned to: CBC TV local news (M-F)	✓	✓	
		Tuned to: Radio One local am show (M-F)		Tuned to: Première chaîne local am show (M-F)	✓	✓	
		Visitors to: cbc.ca/regional		Perception Survey: Regionally reflective	✓	✓	
		Visitors to: cbc.ca		Visitors to: radio-canada.ca	✓	✓	
Share	Share: Radio One		Share combined: Radio Première chaîne / Espace musique	✓	✓	Increase weight by 5%	
	Share: Radio 2			✓	✓		
	Share: CBC TV		Share: Radio-Canada TV	✓	✓		
	Share: News Network		Share: RDI, ARTV, Explora	✓	✓		
Revenue	Ad revenue: Main channel, News Network, Other revenue		Self-generated revenue	✓	✓		
	Subscribers: Documentary, CBC News Network		Subscribers: RDI, ARTV	not included in STIP	not included in STIP	Already measured in Revenue and Share	
	Budget forecast accuracy			✓	✓	Reduce weight by 5%	
	Individual performance			✓	✓		