

Minutes of the Meeting held on

June 17-18, 2014

Ottawa, Ontario

Members of the Board present:

Rémi Racine, Chairperson of the Board
Hubert T. Lacroix, President and CEO
Edward Boyd
Peter Charbonneau
George Cooper
Pierre Gingras
Cecil Hawkins (June 17, 2014)
Marni Larkin
Terrence Leier
Maureen McCaw
Brian Mitchell
Marlie Oden

Members of the Board absent:

Cecil Hawkins (June 18, 2014)

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 and 7)
Heather Conway, Executive Vice-President, English Services (Item 1e to 1j)
Steven Guiton, Vice-President and Chief Regulatory Officer (Item 1)
Louis Lalande, Executive Vice-president, French Services (Item 1)
Micheal Mooney, Acting Vice-President and Chief Financial Officer
Roula Zaarour, Vice-President, People and Culture (Items 1, 3 and 6)
Neil McEaney, Chief Business Officer, English Services (Item 1)
Benoit Villeneuve, General Manager, Finance and Administration, French Services (Item 1)
Jean Mongeau, General Manager and Chief Revenue Officer (Item 1)
Heaton Dyer, Executive Director, Finance and Strategy, English Services (Item 1)
Helene Lamarre, Director, Strategy and Business Development, French Services (Item 1)
Joanne Berry, Consultant, Berry Management Consulting Group (Item 1)

Opening of the Meeting

On June 17, 2014, at 1:00 p.m., the Chairperson called the meeting to order.

1. Strategic Planning Committee Report

Board members viewed the Fall season sizzle videos that English Services and French Services used at promotional events for advertisers and agencies.

Jean Mongeau, Heather Conway, and Louis Lalande explained the purpose of the videos and the events at which they were viewed, as well as the programming directions highlighted at those events.

Board members inquired about the interest generated by those events, the cost of commissioned programs, and the supply and demand trends in the French language market.

Bill Chambers provided an overview of the strategic planning work completed since the May 2014 Board meeting, the matters that will be discussed during this meeting, and the materials that will be presented at the November 2014 meeting.

Board members noted that the Strategic Context and Business Environment sections of the Strategic Plan provided an appropriate foundation for the strategic directions.

a) Programming Approach

Heather Conway and Louis Lalande provided an overview of the programming approach for English Services and French Services, respectively.

Board members inquired about how to avoid alienating our current audiences while attracting new ones, the reflection of the “one company” approach in the strategic plan, the manner in which audiences will be engaged, and how going digital will create engaging and intense experiences.

b) Local Offering

Heather Conway reviewed the two key components of the proposed local offering, mainly the transformation into “mobile first” over time and the delivery of a principle-based “baseline” service to regions with incremental services in markets that meet specified criteria.

Board members inquired about the employee reactions at staff meetings, whether a sense of optimism for the future can be created, and the services’ reduction rationale and impacts.

c) Production

Bill Chambers noted that,

Management recommended maintaining only two staffed studios: one in Montreal and one in Toronto. He also noted that the implementation will be stretched over a five year period

Board members inquired about the future quantity, quality and diversity of production in French and English that will be needed to achieve our mandate, and the rationale for staffing the two studios, as well as their size, their associated real estate costs and the number of employees that will be required to run them.

d) Sports Offering

Bill Chambers noted that, of the options previously presented, Management recommended proceeding with sports journalism to feed news, seeking partnerships for the Olympic Games, and covering select Olympic support sports.

Hubert T. Lacroix highlighted some of the discussions he has had with private broadcasters on the matter.

Board members inquired about the feasibility of the recommended option, the impact it may have on the Sports Department's staff, the timeline for making future Olympic bids, the consequences of failing to secure future broadcasting rights to the Olympic Games, and the use of emails associated with CBC's apps.

e) Music Offering

Bill Chambers, Heather Conway and Steven Guiton

provided an overview of the new recommendations (offering the existing radio services at a reduced cost, consolidating CBC Music.ca and ICI Musique.ca on the same technology platform, and transitioning to digital as audience behaviour change).

f) Infrastructure Strategy

Maryse Bertrand and Steven Guiton reviewed the proposed strategic directions' impact on infrastructure facilities and costs, and additional infrastructure-related cost-saving measures.

Board members inquired about whether Management brainstormed on future technologies that might impact us, and discussed the impact of 4K television.

Steven Guiton noted that a technology strategy will be presented in November 2014.

g) People & Culture Strategy

Roula Zaarour explained how change management issues will be handled and the tools to be provided to employees in that respect. She then explained that a new organizational design study will be undertaken to review the structure and processes for ensuring alignment of the workforce.

Board members inquired about the status of the application to the Canada Labour Relations Board regarding the consolidation of French Services' unions.

h) Risks

Joanne Berry reviewed the key risks associated with the proposed strategic plan, in particular cash flows, the reductions in incomes sources and labour unrest. She also addressed the leadership alignment, talent reduction, execution, and pension plan risks.

Board members inquired about the completion of a sensitivity analysis around the key risks, the contingency plans, the risk that the workforce will increase again over time, the timeline for consolidating French Services' unions, the service disruption risks, and the employee and stakeholder communications plans.

i) Financial Sustainability

Michael Mooney reviewed the summary reduction plan which was circulated at the meeting. He highlighted the severance payments' impact on the carry over amounts and cash flow for the next three years.

Board members inquired about the opportunity of requesting special government funding or using the sale of SiriusXM shares to fund the severance payments or bridge the financial gap, the employees' motivation amidst workforce adjustments, and the timeline for fully achieving the workforce adjustments, and the annual retirement rate. Board members noted that if the sale of SiriusXM shares were used towards the financing of the Strategic Plan, future savings or revenues should then flow back to the MRC Development Project to ensure that the project remains fully funded.

j) Communications Plan

Board members discussed various scenarios and their impacts, as well as ensuing communications plans.

Further discussion on this matter was then adjourned until June 18, 2014.

At 6:20 p.m., the meeting was suspended until June 18, 2014, at 9:15 a.m.

2. Adoption of Minutes

On a motion duly moved and seconded, **IT WAS RESOLVED**, – That the Minutes of the February 25-26, 2014 and the March 26-27, 2014, Board meetings be approved.

5. Audit Committee Report

Peter Charbonneau reported on the meeting of the Audit Committee held on June 17, 2014, including the changes to the risk profile.

(At 10:00 a.m., Ted Boyd took the Chair.)

5.1 Financial Statements and Annual Report's Management Discussion and Analysis

Peter Charbonneau reviewed the highlights of the year-end financial results.

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That:

1. the 2013-2014 Consolidated Financial Statements be approved; and
2. the Corporation's 2013-2014 Annual Report be issued.

5.2 Purchase of ARTV's shares from ARTE France

Peter Charbonneau noted that the terms of the purchase of ARTV's shares are pursuant to a contractual agreement between the CBC\Radio-Canada and ARTE France.

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That the purchase of all the shares owned by ARTE France in ARTV Inc. (1,875,000 shares, purchase price of one dollar (\$1) per share) and the filing of a Treasury Board submission to obtain an Order in Council authorizing Radio-Canada to become the sole shareholder of ARTV Inc. be approved.

6. 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 June 17, 2014.

6.1 By-law Amendments – Schedule B (Pension Plan)

Ted Boyd provided an overview of the proposed amendments to the CBC Pension Plan, which included a text correction in the Flexible component of the Plan, changes to the treatment of various leave provisions, and a realignment of the employee contribution rates to maintain them at 40%.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, — That the proposed amendments to Schedule B (CBC Pension Plan) of the Bylaws (see Appendix 1) be approved subject to Ministerial approval.

6.2 SCRC Mandate

Ted Boyd summarized the proposed change to the bargaining mandate.

Board members inquired about the feasibility of communicating the previous management offer to employees.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, — That the change in the bargaining mandate with the *Syndicat des communications de Radio-Canada* (SCRC) be approved as presented.

6.3 Other Matters

Ted Boyd noted that the Committee approved Key Performance Indicators and Thresholds for the 2014-2015 STIP cycle and that non-STIP metrics relating to the 25-54 audience share will be provided at the next meeting.

Board members inquired about the status of the Bylaw amendments relating to the indemnification of the Pension Fund's employees.

(At 11:30 a.m., Rémi Racine took the Chair.)

7. Annual Public Meeting (Date and Format)

Bill Chambers presented two options for the 2014 Annual Public Meeting (APM) – Montreal or Winnipeg – and the rationale for recommending the former.

After discussion, Board members requested that the opportunity to hold the next APM at the new Halifax Station in November 2014 be explored and that a recommendation be presented at the October 2014 Board meeting.

1. Strategic Planning Committee Report (continued)

Ted Boyd noted that the committee members discussed the timing of the announcements and favour waiting for a confirmation from the Minister with regards to the possibility of seeking special government funding.

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That the strategic directions be approved in principle subject to further financial analysis.

4. In Camera Session with the President & CEO

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

3. Human Resources and Governance Committee Report (continued)

3.1 CEO's Performance Objectives

The Board met in camera. No matters were reported to the Corporate Secretary for inclusion in the Minutes.

Board members met in camera, with Roula Zaarour in attendance, to discuss the CEO's Performance Objectives for 2014-2015.

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 President and CEO's performance objectives for 2014-2015 be approved as presented.

8. Varia and In Camera Session

The Board members met in camera to discuss various matters.

9. Information Items

9.1 Diversity of Voices Measurement in English and French Services

9.2 Diversity of Voices Measurement Results – English Services

9.3 Diversity of Voices Measurement Results – French Services

9.4 Local Ad revenues

Adjournment

The meeting was adjourned on June 18, 2014, at 1:00 p.m.

APPENDICES

1. Bylaw Amendments - Schedule B (CBC Pension Plan)

Appendix 1
BYLAW AMENDMENTS – SCHEDULE B (CBC PENSION PLAN)

That Schedule B of the Bylaws (CBC/Radio-Canada Pension Plan) be amended as follows:

(a) Effective January 1, 1998, by replacing paragraph 16.6 (b)(ii)(B) with the following:

“(B) The maximum bridge benefit described in paragraph (i) above shall be reduced by the minimum amount required by the ITA, which is a proportional reduction in the case of a Contributor who has completed less than ten (10) years of ~~General Pensionable Service~~ at the pension commencement date, and a further reduction of $\frac{1}{4}$ of 1 % for each month by which the pension commencement date precedes the date that the Contributor will attain age sixty (60);”

(b) Effective June 9, 2013, by replacing paragraph 2.1 (qq)(i) with the following:

“(i) during any period of maternity leave, paternity leave, child care leave, adoption leave, critically ill child care leave and any other leave of absence for which the legislation applicable to the Contributor requires that benefits continue to accrue under the CBC Pension Plan as well as absence without pay for childcare purposes and compassionate care leave granted pursuant to the Corporation’s policy regarding the granting of such leaves, if such periods are included in the Contributor’s Pensionable Service according to the Corporation’s policy, provided in all cases that the Contributor elects to and does make any required contributions thereto as specified in the Corporation’s policy, the basic salary rate paid to the Contributor immediately before such leave begins, otherwise such leave shall be regarded as being a leave of absence without pay; and”

(c) Effective June 30, 2014,

1) By replacing paragraph 4.1(d)(ii) with the following:

“(ii) in respect of the period beginning July 1, 2013 and ending June 30, 2014:

(A) the sum of

(1) six and nineteen hundred percent (6.19 %) in respect of Salary up to and including the YMPE, and

(2) eight and fourteen hundred percent (8.14 %) in respect of Salary exceeding the YMPE,

(B) multiplied by the Full-Time Equivalent Rate of the Contributor for the given period.”

2) By adding the following paragraph:

“4.1(d)(iii) in respect of the period beginning July 1, 2014:

(A) the sum of

(1) six and twenty-five hundred percent (6.25 %) in respect of Salary up to and including the YMPE, and

(2) eight and twenty-two hundred percent (8.22 %) in respect of Salary exceeding the YMPE,

(B) multiplied by the Full-Time Equivalent Rate of the Contributor for the given period.”

3) By replacing paragraph 4.1(f) with the following

“(f) Notwithstanding paragraphs 4.1(c) and (d), the rate of contributions set out in clause 4.1(c)(i)(B), 4.1(d)(i)(A)(2), or 4.1(d)(ii)(A)(2) or 4.1(d)(iii)(A)(2), as applicable, shall apply to the entire Salary during any period in which the Contributor does not make contributions under the Public Pension Plan by reason of age.”