

SHORT-TERM INCENTIVE PLAN (STIP)

TO: Human Resources and Governance Committee
Board of Directors

MEETING: June 15-16, 2022

FROM: Marco Dubé, Vice-President, People and Culture

RESOLUTION: THAT the Human Resources and Governance Committee recommend to the Board of Directors that the return to the usual target achievement thresholds for the Short-Term Incentive Plan (STIP) business metrics be approved.

THAT the Human Resources and Governance Committee approve the recommended modification to the Rule on the Short-Term Incentive Plan (STIP) regarding legislated leave and that this modification be applicable starting in 2022-23.

1. CONTEXT

As one of the elements of CBC/Radio-Canada's Total Rewards strategy, the purpose of the Short-Term Incentive Plan (the "STIP" or "Plan") is to achieve or exceed annual business and individual objectives, as well as to motivate employees and encourage employee engagement.

The Plan is aligned with CBC/Radio-Canada's fiscal year. The metrics are reviewed and approved by the Board in the first quarter of each new fiscal year. The pay-out is processed in the first quarter of the year that follows, once the results of the business and individual performance objectives are known.

For reference, for the 2021-2022 Plan,

2. KEY ELEMENTS

(i) Thresholds

management recommended that the target achievement threshold for the business metrics from 90%-110% to 80%-120% during these two fiscals.

we propose now returning to the previous Plan multipliers of 90%-110% as originally approved by the Board in 2019.

The table below explains the modification.

Business Metrics proposed	Multiplier proposed	Business Metrics applied in 2020-2021 and 2021-2022	Multiplier applied in 2020-2021 and 2021-2022
Exceeds Target: % of achievement - 110% or more	1.5	Exceeds Target: % of achievement - 120% or more	1.5
Meets Target % of achievement - between 90% - 110%	0.9 to 1.1	Meets Target: % of achievement - between 80% - 120%	0.8 to 1.2
Falls Below Target: % of achievement - 90% or less	0.0	Falls Below Target: % of achievement - 80% or less	0.0

(ii) Award Payment Date

Terms in the current Rule to be updated to include employees on a legislated leave ie: parental leave, a leave without pay or a certified Long-Term Disability, who will now be included in the annual award payment date given that this will not offset any benefits received when on leave.

Term in the current Rule will remain unchanged for employees on an unauthorized leave of absence or a Self-funded leave i.e. Deferred Salary Leave (as the latter would go against CRA guidance).

APPENDIX

Rule on the Short-term Incentive Plan

Effective Date: Apr 1, 2010

Last update: June 15, 2022

Responsibility: Vice-President, People and Culture

1. APPLICATION

This rule applies to permanent unaffiliated employees in Pay Band 4 or above, as per Appendix A of the Rules and Procedures on Job Evaluation and Pay Bands.

2. DEFINITIONS

Gate Modifier: A performance threshold that drives and aligns management efforts and that must be met by the Corporation to trigger the award payment. It can range from 0 to 1.

Percentage (%) Weight: The factor, expressed as a percentage, established according to the Weighting Matrix applicable to the pay band of the employee.

Performance Factor: The Business and Individual performance levels as identified in the “Multipliers” table.

Plan year: The performance period during which the short-term incentive plan applies, starting April 1st and ending March 31st. It is aligned with CBC/Radio-Canada’s fiscal year.

Target Award Percentage: The award, as a percentage of base salary, for achieving expected results applicable to the employee.

3. STATEMENT

The Short-Term Incentive Plan (hereafter the “Plan” or “STIP”) is one of the elements of CBC/Radio-Canada’s compensation structure. Its stated purpose is to encourage employee retention and to motivate employees to achieve or exceed business results linked to annual Business and Individual objectives. The Plan replaces any existing or past short-term incentive plans for the category of eligible participants.

The Plan imposes no obligation on CBC/Radio-Canada to continue to employ any participant or to maintain a participant’s eligibility.

3.1 Eligibility

To be eligible, an employee must:

- be a permanent unaffiliated employee whose position is evaluated in Pay Band 4 or above, and;
- be identified as a participant in the Plan year’s performance management process.

An employee in a job that is not evaluated is not eligible.

An employee participating in a sales incentive or commission plan is not eligible.

3.2 Administration

The Plan is administered by the Vice-President, People and Culture, who makes recommendations to the President and CEO for approval by CBC/Radio-Canada's Board of Directors of the:

- the plan design;
- the categories of employees and the structure of the performance matrix that applies to them;
- the target award percentage;
- the metrics, weighting, and performance thresholds;
- the metric results against thresholds for any given year.
- The President and CEO has full authority to determine individual Component metrics, weighting and performance thresholds.

The Vice-President, People and Culture has full authority to interpret the Plan and make such other determinations as deemed necessary or desirable for its administration.

The Board of Directors may terminate, amend or alter the Plan or its award payment at any time during the Plan year to reflect changes to the corporate strategy or other business considerations.

Unless otherwise specified, this rule is also applicable to any other incentive plans in place.

3.3 Determination of Award

Payout depends on the business performance results as well as on individual performance.

- Business performance is derived from CBC/Radio-Canada's and, as applicable, French or English Services business plan and strategic objectives. For components other than these two, their performance is the average of the performance multipliers of French and English Services.
- Individual performance is determined by objectives as established through the performance management process.

The final payout is calculated using the award determination formula, based on the results for the Plan year and the base salary. For the purposes of calculating the award payment, base salary is the salary earned on a daily basis throughout the Plan year.

The final individual multiplier is used for award determination purposes when an employee has two or more separate job assignments during the course of a Plan year. The performance level of the component where the employee worked as of the last day of the Plan year is used for calculating the final payout.

3.3.1 Final Payout Calculation

$$\begin{array}{l}
 \text{Gate Payout Modifier Achieved?} \rightarrow \text{Base Salary} \times \left\{ \left(\frac{\text{6 Business Metrics}}{\text{70\% Weight}} \times \frac{\text{Target Award}}{\text{Target Award}} \right) + \left(\frac{\text{Individual Metric}}{\text{30\% Weight}} \times \frac{\text{Target Award}}{\text{Target Award}} \right) \right\} = \text{Final Payout} \\
 \text{Index result} \qquad \qquad \qquad \text{1 - 1.5 multiplier}^1 \\
 \text{0 - 1.5 multiplier}
 \end{array}$$

¹ An employee who has an individual multiplier that is less than 1 will not receive any payout.

3.3.2 Weighting Matrix

Metrics		Weight
Business	Metric 1 (Revenue)	20%
	Metric 2	10%
	Metric 3	10%
	Metric 4	10%
	Metric 5	10%
	Metric 6	10%
	Total	70%
Individual	Based on individual contribution	30%
Total		100%

Non-media components: average of the French and English Services multipliers

3.3.3 Multipliers

Business Metrics	Multiplier
Highest Achievement Exceeds 110% of Target	1.5
Target Achievement from 90% - 110%	0.9 - 1.1
Threshold Achievement below 90% of Target	0

Individual Metric	Multiplier
Based on individual contribution	0 - 1.5

3.4 Approval and payment of the Award

The award is only made payable to each employee, less statutory deductions, following approvals as applicable by the President and CEO, the Board of Directors, and the Vice-President, People and Culture. Once the payment is approved, the manager informs the employee of the results.

3.4.1 Status Requirements

Payment of the award for the Plan year is conditional upon the employee being actively employed and working on March 31, unless otherwise specified.

Periods where an employee is actively at work and working in an eligible job qualify for the Plan. The award is prorated to match those periods based on the circumstances outlined in the "Prorated calculation of award" section below.

For the sole purpose of the Plan, days on annual leave or on certified short-term disability are included in the calculation of the award.

All award payments are non-pensionable.

3.4.2 Prorated calculation of award

The award is prorated for the period of active employment during the Plan year for employees in the following circumstances:

- Newly hired into an eligible position;
- Secondment into an eligible position for a period greater than four consecutive weeks;
- Change of employee status (e.g. full-time, part-time);
- Retirement from active service with immediate pension benefit;
- Certified Long Term Disability;
- Approved absence for Human Rights Act protected reasons or other types of leave;
- Death of employee.

3.4.3 Award payment date

Employees receive their award on the annual award payment date. However, an employee on an unauthorized leave of absence or a Self-funded leave (i.e. Deferred Salary Leave) receives the award, if applicable, upon return to active work or on the award payment date, whichever occurs later.

An employee who retires from active service prior to the end of the Plan year receives payment for a prorated award on the award payment date.

An employee who resigns on or prior to March 31 will not receive any award, in whole or in part.

When a termination without cause occurs, the award must be pre-approved by the employee's component Vice-President and the Vice-President, People and Culture. If an award is approved, it is prorated on the basis of the period of active employment, and payment is made on the award payment date. Participation in the Plan ceases on the last day of active employment.

When termination for cause occurs at any time before the award payment date, no payment, in whole or in part, is awarded. Participation in the Plan ceases on the last day of active employment and future participation ceases for all purposes.

4. REFERENCES

Policy

- Policy on Compensation

Rules

- Rules and Procedures on Job Evaluation, Pay Bands and Salary Ranges
- Appendix A - Job Titles and Pay Bands



5. HISTORY

- The Directive on the Short-Term Incentive Plan replaced the In-Tandem program (2004) and took effect on April 1st, 2010. It has been reviewed and updated on an annual basis since it was first implemented.
- The Directive on the Short-Term Incentive Plan was updated and converted to a rule on June 24th, 2019.
- The Rule on the Short-Term Incentive Plan was updated on November 12, 2019. These changes apply retroactively to April 1, 2019.(m)
- This rule was updated on December 14, 2020. These changes apply retroactively to April 1, 2020.(m)
- This rule was updated on June 15, 2022. These changes apply retroactively to April 1, 2022.

6. INQUIRIES

All questions pertaining to the interpretation or application of this rule should be referred to your Human Resources representative