

ONTARIO TRILLIUM FOUNDATION – EXECUTIVE COMPENSATION FRAMEWORK PROGRAM POSTING

Considering: O. Reg. 304/16: EXECUTIVE COMPENSATION FRAMEWORK under Broader Public Sector Executive Compensation Act, 2014, S.O. 2014, c. 13, Sched. 1

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INTRODUCTION

At OTF we believe in the importance of being open and transparent, and accountable to the Ontario communities we serve.

As part of this accountability, OTF is committed to responsible and transparent administration of the compensation for all members of its Senior Leadership by reporting the details of how their compensation is determined.

Compensation is a key element in attracting and retaining the necessary talent to deliver high quality public services while managing public dollars responsibly. Our current executive contracts comply with all applicable legislation, and also align with the Executive Compensation Framework regulation that came into force on September 6, 2016.

As part of our commitment to the highest standards of accountability, we are sharing publicly our executive compensation framework program and are engaging in public consultations when determining the compensation we may provide to our designated executives. We are proud to be one of the first government bodies to do so since the regulation came into effect.

To provide feedback to Ontario Trillium Foundation, please contact us at:

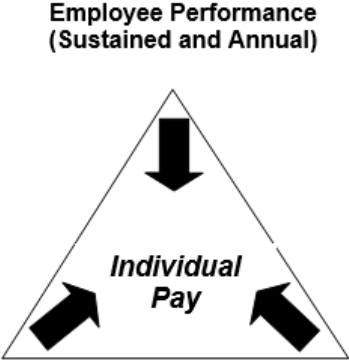
compensation@otf.ca

The draft executive compensation program was posted for a period of 30 days (date of posting: November 15), and was posted as final on December 15, 2016.

ONTARIO TRILLIUM FOUNDATION REGULATORY COMPLIANCE

The table below summarizes Ontario Trillium Foundation’s compliance to Ontario’s Regulation 304/16 posting requirements. Additional details are provided below the table.

Framework Requirement	Ontario Trillium Foundation Compliance
<p>(1) Every designated employer shall have a written executive compensation program setting out the compensation that may be provided to its designated executives</p>	<p>This document is the written compensation program which sets out compensation provided to all designated executives at Ontario Trillium Foundation (OTF).</p>
<p>(2) The executive compensation program shall conform to the terms of the compensation framework set out in section 2 and shall include the following information:</p> <ol style="list-style-type: none"> 1. The maximum salary and performance-related pay calculated under section 3 for each designated executive or class of designated executives. 2. The executive positions and comparator organizations used in each calculation, together with an explanation of how the positions used are comparable to the position or class of positions held by the designated executive or class of designated executives, and of how the comparator organizations used are comparable to the designated employer with respect to the factors mentioned in sub-subparagraphs 1 ii A to E of subsection 3 (2). 3. The percentile values that were selected for each calculation. 4. The percentage values that were chosen under clauses 3 (4) (e) and (f) for each calculation. 	<p>OTF conforms to the compensation framework.</p> <p>Additional detail for market analysis and pay cap is provided below, with executive classes and calculations provided for each class of designated executive. Pay Ranges are based upon the median (50th percentile) maximum of the market for salary and performance-related pay.</p> <p>The OTF comparator group that:</p> <ul style="list-style-type: none"> • Is only Ontario broader public sector organizations • Shares some of the attributes of Ontario Trillium Foundation such as i) job types, ii) geography, iii) industry sector, iv) size, v) complexity, and vi) ownership. <p>Job sizing has been used to determine what jobs of size scope and complexity <i>similar</i> to OTF jobs are within the comparator organizations. OTF and all of the selected organizations utilize the same job evaluation methodology for the comparison of roles of similar knowledge/skill/ability as specified in the regulation framework.</p>
<p>5. A description of any other element of compensation available to designated</p>	<p>OTF does not provide any elements of compensation that are different for executives versus non-executives.</p>

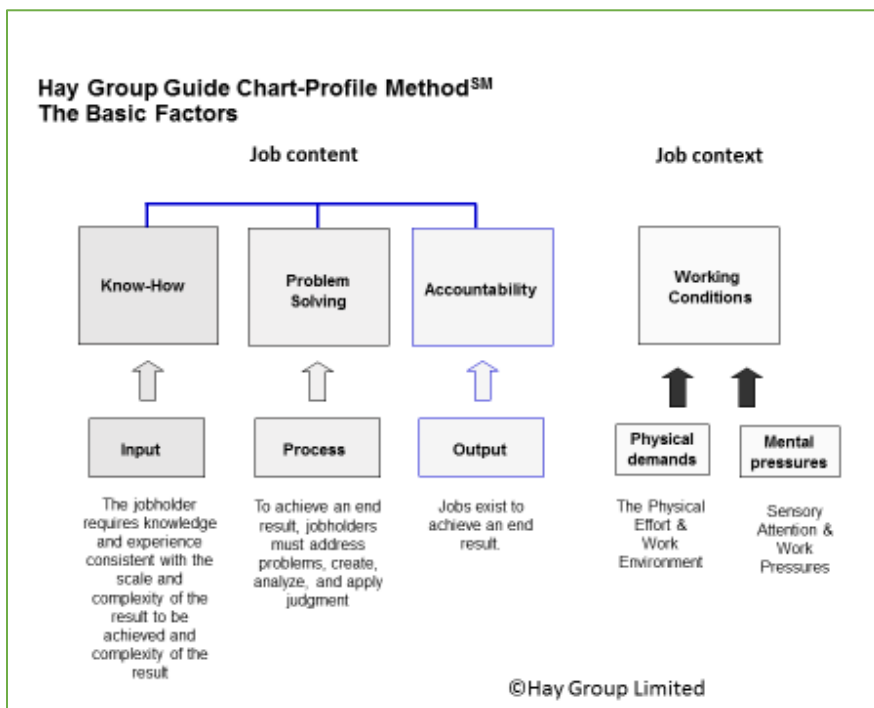
<p>executives that is not generally provided, in the same manner and relative amount, to non-executive managers, and the reasons why the element is required.</p>	
<p>6. A description of the designated employer's compensation philosophy, including details regarding,</p> <ul style="list-style-type: none"> i. how the compensation program supports the designated employer's strategic objectives, and ii. what the compensation program, including its approach to performance-related pay, is designed to reward. 	<p>OTF's compensation philosophy is based on the board's vision of the Foundation as a great place to work, a place that professionals want to come to, and when here, want to stay.</p> <p>Guiding Principles The salary administration program at the Ontario Trillium Foundation is guided by this philosophy and its six guiding principles defined as follows:</p> <ol style="list-style-type: none"> 1. <i>Fairness and Consistency of Application</i> 2. <i>External Competitiveness</i> 3. <i>Reward for Performance and Recognition of Contribution</i> 4. <i>Accountability to Stakeholders</i> 5. <i>Open Communication and Representative Consultation</i> 6. <i>Comprehensive View of Rewards</i> <p>Key Determinants of an Individual's Salary For each individual employee, the level of salary that they can expect to receive is influenced by three major factors, as illustrated in the following model:</p> <div style="text-align: center;">  </div>

MARKET ANALYSIS & PAY CAP

Executives & Ontario Trillium Foundation Job Evaluation

OTF has 4 executive classes. Executive roles are evaluated considering the required skills, knowledge, ability, responsibility, and working conditions of the role. The evaluation system used by OTF Executive roles is the Hay Group Guide-Chart Profile MethodSM which is also used by many other organizations in Ontario, including the Ontario Broader Public Sector organizations. The evaluation points of the role determine the executive grade.

A brief overview of the evaluation methodology is provided in the graphic below.



The Ontario Regulation establishes that a designated employer, such as Ontario Trillium Foundation, “shall not provide a designated executive salary and performance-related pay that is greater than the maximum salary and performance-related pay” subject to various calculation guidelines. Those guidelines and OTF compliance are outlined below.

Comparator Group & Market Adjustment

At least eight comparator organizations, with a minimum of one Canadian public/broader public sector must be used. Scope of executive, operations, industry, size, and location are taken into consideration.

A group of 43 organizations were used in a 2016 compensation update which:

- Have up-to-date total remuneration data within the Hay Group database (data are effective December 1, 2015)
- Are based in Ontario
- Are Broader Public Sector organizations

- Have jobs comparable to the OTF roles (by job size methodology, not title match)

OTF targets to complete compensation reviews every 3 years to ensure competitiveness with external market, and, may make annual broad based market adjustments to all ranges. The broad market adjustments are based upon various compensation surveys / economic indicators and all non-executive and executive job classes are adjusted by the same percentage. The more fulsome market review every 3 years is intended to capture any shift in individual job classes that might be required, review of pay premiums or other market pressures that the organization may face from the external market. A peer group for the periodic review is always approved by the senior management team and the Board of Directors.

The Regulation subsection 2 6 (ii) notes that the average rate of increase in salary for executives must be the same (or less) than that of non-executives. OTFs compensation system utilizes the same average rate of increase for the entire organization, and, pay for performance rankings that determine any movement through a salary range.

The following is the list of organizations:

<ol style="list-style-type: none"> 1. Agricorp 2. Alcohol and Gaming Commission of Ontario 3. Assuris 4. Bank of Canada 5. Bluewater Power Distribution Corporation 6. Canada Deposit Insurance Corporation 7. Canada Foundation for Innovation 8. Canada Lands Company CLC Limited 9. Canada Mortgage and Housing Corporation 10. Canadian Nuclear Laboratories 11. Chartered Professional Accountants of Canada 12. City of Toronto 13. Deposit Insurance Corporation of Ontario 14. Educators Financial Group Inc. 15. Enersource Hydro Mississauga Inc 	<ol style="list-style-type: none"> 16. EnWin Utilities Ltd. 17. Exhibition Place 18. Government of Ontario 19. Greater Toronto Airports Authority 20. House of Commons 21. Hydro One Inc.¹ 22. Independent Electricity System Operator 23. International Development Research Centre 24. LCBO 25. Metrolinx 26. Numeris 27. Oakville Hydro Corporation 28. Office of the Superintendent of Financial Institutions 29. Ontario Lottery and Gaming Corporation 30. Ontario Pension Board 	<ol style="list-style-type: none"> 31. Ontario Power Generation Inc. 32. Queen's University 33. Royal Canadian Mint 34. SOCAN 35. Standards Council of Canada 36. Tarion Warranty Corporation 37. Toronto Zoo 38. Treasury Board of Canada Secretariat 39. The United Church of Canada 40. Université d'Ottawa 41. Universities Canada 42. Veridian Corporation 43. Waterfront Toronto
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1. The data contained within the database reflects the Hydro One organization as a public sector organization.

Pay Cap Calculation Detail

Framework Requirement: Cap Calculation	Ontario Trillium Foundation Compliance
Calculation shall: Determine the maximum amounts of salary and performance-related pay that may be paid to the executives in comparable positions	Ontario Trillium Foundation, under the guidance of Hay Group Limited, has calculated the maximum amounts of salary and performance related pay that may be paid to executives in comparable position for each executive grade.
Select a percentile that is no greater than the 50th percentile	OTF has calculated its salary ranges for each executive class based on market 50 th target (not maximum) total cash percentile, where the range is 80% of market target as a minimum and 110% of market standard as a maximum. The range around the market total cash at target median is less than the allowable maximum of the Regulation as illustrated below.

OTF Executive Grade	Market Median Base Salary Maximum (\$)	Market Median Variable Pay Maximum (%)	Salary + Performance Pay Maximum (\$) (Regulation Cap)	OTF 2016 Salary Range Cap (\$)
A	256,100	15%	294,300	275,000
B	193,300	15%	222,600	206,800
C	166,300	13%	187,300	174,900
D	147,500	7%	157,500	149,600

Data is provided by Hay Group Limited. The values above are based on Hay Group database maximums calculated upon the salary structure and STI design of the organizations within the comparator group. Monetary values are all expressed in Canadian dollars, rounded to the nearest hundred.

Note: The data provided by Hay Group Limited was utilized for the organization review; and the same comparator group/methodology/implementation of the grades and market reference points, as well as salary administration guidelines, are utilized for non-executives.

Other Compensation

The regulation states: “A designated employer shall not provide the following elements of compensation to a designated executive, subject to any entitlement to the element under the Employment Standards Act, 2000.” The table below provides confirmation statements of Ontario Trillium Foundation compliance with this aspect of the Regulation.

Framework Requirement (Paragraph 2 (3))	Ontario Trillium Foundation Compliance
i. Payments or other benefits provided in lieu of perquisites.	No payments are provided in lieu of perquisites.
ii. Signing bonuses.	OTF does not provide signing bonuses.
iii. Retention bonuses.	OTF does not provide retention bonuses.
iv. Cash housing allowances.	OTF does not provide cash housing allowances.
v. Insured benefits that are not generally provided to non-executive managers.	Confirmed – all employees receive the same level of insured benefits.
vi. Termination payments, including payments in lieu of notice of termination, and severance payments that in total equal more than 24 times the average monthly salary of the designated executive.	OTF has reviewed all executive contracts and confirm that severance is capped at 24 months.
vii. Termination or severance payments that are payable in the event of termination for cause.	OTF does not provide payments for termination/severance in the event of termination for cause.
viii. Paid administrative leave, unless provided to the head of a college or university or another designated executive who is part of or will return to the faculty at a college or university.	OTF does not provide paid administrative leave, or, payments in lieu of administrative leave.
ix. Paid administrative leave that accrues at a rate in excess of 10.4 paid weeks per year.	
x. Payments in lieu of administrative leave.	