# TO Live

# EMPLOYMENT POLICY

| Title | Effective Date | Policy Number |
|---|---|---|
| Executive Compensation | *Board Approval date* | 235 |

## 1. Purpose

TO Live is classified as an Agency under the City of Toronto. As requested by City Council in July 2023 (EX6.1 Review of City of Toronto Guiding Principles for Executive Compensation Policies at City Agencies and Corporations), TO Live's Board has adopted this policy to align with the City of Toronto's Guiding Principles for the Development of Senior Executive Compensation Policies (the "City's Guidelines") supporting fair, transparent, and responsible management of executive pay.

## 2. Objectives

The objective of this policy is to attract, motivate, and retain talented Executives by aligning compensation with the standards and expectations of the City of Toronto. The aim is to have a competitive compensation program that supports TO Live's strategic goals while ensuring transparency, accountability, and value for public funds. This policy also promotes fairness and consistency in compensation decisions across the organization. To support these goals, the executive compensation system is designed to be equitable and free from discrimination in all aspects, ensuring fairness in both theory and practice. Strong oversight and control measures are also embedded in the policy to ensure that all employees receive fair and consistent treatment throughout the company.

## 3. Policy Governance, Ownership, Approval and Responsibilities

This policy applies to the President & CEO, the President & CEO's direct reports, and any other Executive of TO Live.

The Board of Directors is responsible for overseeing this policy, in accordance with the City's Guidelines. The Board will review and approve this policy every 4 years, or sooner if required by changes in legislation or organizational needs.

### Role and Responsibilities

a) Board of Directors of TO Live
   - Owns and governs the policy.
   - Approves the overall executive compensation policy and any significant changes to the policy.
   - Reviews and approves the President & CEO compensation packages and performance metrics if applicable, based on recommendations from internal review or external advisory firms.

  - Ensures compliance with applicable laws, guidelines, best practices and ethical standards.

b) Human Resources and Stakeholder Committee
  - Ensures the total compensation program is managed for consistency and equity.
  - Reviews and recommends for approval any changes to the Board, at a minimum of every 4 years.

c) President & Chief Executive Officer ("President & CEO")
  - Provides input on performance goals, if applicable, and participates in performance evaluations.
  - Reviews and approves pay for the President & CEO's direct reports.
  - Ensures adherence of this policy throughout the organization.

d) TO Live Vice President of Human Resources & Organizational Culture
  - Ensures this policy is implemented and communicated to the impacted Executives at TO Live.
  - Facilitates compensation benchmarking and market analysis, using external advisors when required.
  - Supports documentation, reporting, and administration of compensation programs.
  - Monitors compliance and assists in policy updates.
  - Ensures adherence to the policy in day-to-day operations.

## 4. Compensation Philosophy

TO Live's compensation philosophy is designed to ensure that compensation is fair, consistent, aligned to the market, affordable, and sustainable, while supporting TO Live's strategic direction and aligning with the City's Guidelines. The compensation philosophy is to position total compensation at the 50th percentile, or median, of the market, which will include similarly sized performing arts and entertainment venues across North America. TO Live will perform periodic reviews of compensation to ensure compensation programs remain competitive against the market.

## 5. Compensation Elements

### Base Salary

Base salary is established based on competitive market practices and reflects the individual's specific role and responsibilities.

To ensure appropriate benchmark jobs are included in the comparative analysis, TO Live will develop and maintain detailed job descriptions for each executive position, outlining the job's functions, accountabilities, and responsibilities.

**Base Salary Range**

Each executive role has a defined salary range with a midpoint set at the market median. The minimum of the range is 20% below the midpoint and is intended for new or developing employees or those who have not yet met target performance expectations. The midpoint represents fully seasoned individuals who are performing as expected, possessing the required experience and competencies. The maximum salary is no more than 20% above the midpoint and is reserved for those consistently exceeding expectations and demonstrating the competencies that justify performance-based pay.

**Merit and Incentive Pay**

TO Live does not offer merit pay or incentive pay to Executives. Compensation is delivered through base salary and benefits only, as outlined in this policy. Should TO Live introduce a merit or incentive pay program in the future, it will be designed in accordance with the City's Guidelines, including that: pay is contingent on individual and corporate performance measured by transparent, quantifiable indicators; and total cash compensation (base salary plus any merit/incentive pay) does not exceed the median of the comparator group's total cash compensation target

**Benefits Package**

TO Live is committed to adopting and maintaining a benefits package that effectively attracts and retains top talent by ensuring competitiveness and alignment with the demographics of the executive talent pool. Employer pension contributions, whether through registered plans or supplemental individual agreements, should be capped at a maximum of one times the employee’s contribution (1:1), as disclosed in the City’s Guidelines, except where pension plan policies or laws permit otherwise.

The range of benefits should be analyzed through comparator compensation analysis and applicable legislation.

**Compensation Budget Considerations**

The annual salary budgets are based on management and City guidelines.

**Performance Assessment, if applicable**

Every Executive should have a clear and comprehensive annual performance assessment that considers individual contributions as well as overall organizational performance, regardless of how they are paid.

**Termination Payments**

From time to time, TO Live may make agreements with Executives that provide payments or benefits if their employment ends. These agreements are made on a case-by-case basis, considering factors like the executive's age, years of service, and position. For the President & CEO, any such agreement must be approved by the Board. For other Executives, the President & CEO proposes and approves the agreement. Except where required by law, no termination or severance payments will be made if the executive is terminated for cause.

If there is no formal agreement in place for the President & CEO, the Board will ask the VP of Human Resources & Organizational Culture for a recommendation and may seek an independent legal opinion to understand TO Live's legal obligations when deciding on appropriate termination payments or benefits. For other Executives, the President & CEO will follow the same process.

## 6. Comparator Selection and Analysis

TO Live follows established market practices when reviewing executive compensation and may engage an external consultant to support this process.

The purpose of developing a comparator group, or peer group, is to ensure TO Live's compensation is compared against the most relevant talent market, to ensure compensation is fair and competitive, and to ensure TO Live is able to attract, retain and motivate executives.

To ensure the most relevant market data is used in benchmarking TO Live's executive compensation, a comparator group will be developed considering organizations with comparable size, mandate, operations, complexity, and budget. This comparator group will represent the most relevant market for talent from which TO Live would look to attract talent, or to which TO Live could lose talent.

The primary comparator group consists of public sector organizations and may also include selected private sector companies.

In accordance with the City's Guidelines:

a) A minimum of eight organizations must be used to compare executive pay. By default, these comparators should come from the public sector or not-for-profit organizations.
b) Private sector comparators may be included, but only up to one-third of the total group and only when the majority of the following criteria are met:
    - The organization has significant commercial and revenue generating requirements.
    - The comparable industry/market includes a significant proportion from the private sector.
    - There is a significant business need requiring executive talent from the private sector.

c) The rationale for including each comparator will be carefully evaluated and documented to ensure transparency and appropriateness of the benchmarking process.

## 7. Policy Compliance, Related Laws and Regulations

This policy aligns with the framework of the City's Guidelines.
All executives are required to comply with the framework, policies and procedures as stipulated in this policy.

## 8. Appendix: Definitions

| **Term** | **Description** |
|---|---|
| Base Salary | Base Salary provides a foundation for the overall compensation arrangement as it is the basis for determining the value of the other compensation elements: short-term incentive, perquisites and benefits and pension. Base salary reflects the responsibilities of the role and market competitiveness. |
| Base Salary Range | The salary range for a position, with a midpoint at market median, minimum 20% below and maximum 20% above the midpoint. |
| Benchmarking | The process of comparing compensation levels to similar roles in other organizations to ensure competitiveness. |
| Board | The Board of Directors of TO Live. |
| Comparator Group | A set of organizations used to compare and benchmark executive compensation. |
| City of Toronto's Guiding Principles for the Development of Senior Executive Compensation Policies (the "City's Guidelines") | Refers to the City of Toronto's Guiding Principles for the Development of Senior Executive Compensation Policies at City Agencies and Corporations document. |
| Executive(s) | Head of the organization or senior executive(s) reporting directly to the Head (also referred to as C-Suite Executives). |
| Public Sector | Refers to government, government owned or government agencies (federal, provincial/territorial, regional, municipal and First Nations). |
| Performance Assessment | The process of evaluating an executive's performance against established goals and objectives. |
| Performance Metrics | Specific, measurable indicators used to assess performance. |
| Total Target Cash Compensation | The total of base salary plus any target incentive pay. |
| Severance Pay | Payments made to an executive upon termination of employment, subject to policy and legal requirements. |