

# The TMG Total Compensation Plan Redesign Recommendations Implementation Status Update: June 2018

|                   |
|-------------------|
| <b>Legend:</b>    |
| Pending           |
| Requires approval |
| Completed         |

| Total Compensation |  |  |   |
|--------------------|--|--|---|
| Description        |  | Target Implementation Timeline   | Status and Notes  |
| 1                  | Total Rewards philosophy for TMG   | <ul style="list-style-type: none"> <li>Fall 2018</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> <li>Approval required</li> </ul>  |
| 2                  | Reduce the number of bands from 15 to 12 by eliminating bands C, D and E and create three main groupings of remaining bands: <ul style="list-style-type: none"> <li>F to I</li> <li>J to M</li> <li>N to Q</li> </ul>  | <ul style="list-style-type: none"> <li>July 2017</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> </ul>   |
| 3                  | Revise the salary range structure by redefining the components of the range and also by narrowing the salary ranges for bands F through I  | <ul style="list-style-type: none"> <li>Narrowing of the salary ranges will be completed using a phased approach               <ul style="list-style-type: none"> <li>Phase 1: July 2017</li> <li>Phase 2: July 2018</li> <li>Phase 3: July 2019</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Completed</li> <li>Narrowing of the ranges will follow the 3 year phase-in schedule</li> </ul>                 |
| 4                  | Introduce a new TMG Achievement Program to replace the current performance management program for TMG  | <ul style="list-style-type: none"> <li>Communicated in October 2016</li> <li>To be used for the annual review in Spring 2017</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Announced in October 2016 for all TMG</li> </ul>  |
| 5                  | Change the annual salary review process by introducing a merit matrix that better connects performance achievement level and position in the salary range to the merit awarded, while maintaining flexibility for managers   | <ul style="list-style-type: none"> <li>July 2017</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Introduced as part of the 2017 annual salary review</li> </ul>                              |
| 6                  | Introduce groupings of departments to better manage the merit pools  | <ul style="list-style-type: none"> <li>July 2016 salary review</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Pilot introduction in July 2016</li> <li>Expanding for July 2017 and ongoing</li> </ul>     |
| 7                  | Introduce a calibration process to promote consistency in application of the performance assessment and the allocation of rewards in the annual salary review  | <ul style="list-style-type: none"> <li>To be used for both the performance management and salary review processes</li> </ul>   | <ul style="list-style-type: none"> <li>Completed</li> <li>Introduced as part of the July 2017 annual review</li> </ul>                                |
| 8                  | Introduce a new Performance Excellence Program for Bands F through M   | <ul style="list-style-type: none"> <li>Due to 'performance pay envelope' restriction, will likely be held over until July 2018</li> <li>Implementation targeted for Fall 2018 with first assessment in 2019 Salary Review</li> </ul>                                   | <ul style="list-style-type: none"> <li>Design completed</li> <li>To be submitted for approval in tandem with the Variable Pay Plan program</li> </ul> |
| 9                  | Introduce a Variable Pay Plan program for TMG in Bands N through Q   | <ul style="list-style-type: none"> <li>Due to 'performance pay envelope' restriction, will likely be held over until July 2018</li> <li>Implementation targeted for Fall 2018 with first assessment in 2019 Salary Review</li> </ul>                                   | <ul style="list-style-type: none"> <li>In progress</li> <li>To be submitted for approval in tandem with the Performance Excellence program</li> </ul> |
| 10                 | Update the approach to maintain P60 relationship to market by amending the definition of comparable organizations <ul style="list-style-type: none"> <li>Bands F-I: Local (Hamilton, Burlington and surrounding area)</li> <li>Bands J-M: Regional (Toronto, South Western Ontario, Hamilton)</li> <li>Bands N-Q: National (All Canada)</li> </ul> | <ul style="list-style-type: none"> <li>July 2017</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> </ul>   |
| 11                 | Introduce a Compensation Policy and revise the Salary Administration Guidelines  | <ul style="list-style-type: none"> <li>Fall 2018</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> <li>Approval required</li> </ul>  |
| 12                 | Introduce a Pre-retirement Vacation Exchange Program for TMG   | <ul style="list-style-type: none"> <li>July 2017</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Program details announced in June 2018</li> </ul>   |
| 13                 | Introduce Career Frameworks  | <ul style="list-style-type: none"> <li>June 2018</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> </ul>   |
| 14                 | Refine the recognition program by introducing elements specific to TMG   | <ul style="list-style-type: none"> <li>February 2018</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Peer to Peer Recognition Program announced in March 2018</li> </ul>                         |

| Total Compensation |  |   |  |
|--------------------|--|---|--|
| Description        |  | Target Implementation Timeline                                  | Status and Notes   |
| 15                 | Explore with Sun Life the ability to provide employees in TMG who are not eligible for post-retirement benefits the option to purchase at retirement an individual benefit plan at preferred rates | <ul style="list-style-type: none"> <li>November 2018</li> </ul> | <ul style="list-style-type: none"> <li>In progress</li> <li>Further discussion required</li> </ul> |

| Job Evaluation |   |  |   |
|----------------|---|--|---|
| Description    |   | Target Implementation Timeline   | Status and Notes  |
| 16             | Adopt the standard Hay Guide Charts for Job Evaluation and Expanded Definitions     | <ul style="list-style-type: none"> <li>July 2016</li> </ul>  | <ul style="list-style-type: none"> <li>Implemented September 2016</li> <li>Tool for the Job Evaluation Committee</li> </ul>   |
| 17             | Define job families for TMG   | <ul style="list-style-type: none"> <li>July 2016</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Released October 2016</li> </ul>  |
| 18             | Review and update the selection of benchmark jobs                                   | <ul style="list-style-type: none"> <li>July 2016 and ongoing (collection of current job information will be underway)</li> </ul> | <ul style="list-style-type: none"> <li>In progress</li> <li>Selection of benchmarks completed</li> <li>Communication to managers of benchmark jobs in progress</li> </ul> |
| 19             | Create job profiles by family which will serve as the backbone of evaluation system | <ul style="list-style-type: none"> <li>July 2016 and ongoing</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Tool for the Job Evaluation Committee</li> </ul>  |
| 20             | Introduce a revised job description and related job posting                         | <ul style="list-style-type: none"> <li>July 2016</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Released October 2016</li> </ul>  |
| 21             | Utilize generic job descriptions and posting information                            | <ul style="list-style-type: none"> <li>Ongoing beginning in Summer 2017</li> </ul>   | <ul style="list-style-type: none"> <li>Development of generic job descriptions and postings to begin in Summer 2018</li> </ul>  |
| 22             | Introduce band descriptions   | <ul style="list-style-type: none"> <li>Fall 2018</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> </ul>   |
| 23             | Introduce title guidelines  | <ul style="list-style-type: none"> <li>Fall 2018</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> </ul>   |
| 24             | Create a job evaluation manual for members of TMG and their managers                | <ul style="list-style-type: none"> <li>July 2016</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Released October 2016</li> </ul>  |

| Communication and Education |  |  |  |
|-----------------------------|--|--|--|
| Description                 |  | Target Implementation Timeline   | Status and Notes   |
| 25                          | Improve communications to members of TMG and their supervisors <ul style="list-style-type: none"> <li>Create a highlight summary of the total rewards package</li> <li>Improve how we explain value by introducing Total Rewards Statements</li> </ul> | <ul style="list-style-type: none"> <li>Fall 2017 (highlights summary)</li> <li>September 2018 (Total Rewards Statements) – subject to capability within Mosaic and BI</li> </ul> | <ul style="list-style-type: none"> <li>In progress</li> </ul>  |
| 26                          | Create materials targeted to managers of TMG to promote better understanding and consistency of application of the TMG Total Rewards program elements  | <ul style="list-style-type: none"> <li>July 2016 and ongoing</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> </ul>  |
| 27                          | Review and audit of implementation and application of program changes  | <ul style="list-style-type: none"> <li>July 2017 and ongoing</li> </ul>  | <ul style="list-style-type: none"> <li>In progress</li> </ul>  |
| 28                          | Amend letters to employees regarding their annual salary increase to reflect all increase adjustments  | <ul style="list-style-type: none"> <li>July 2016</li> <li>July 2017 (additional updates)</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> <li>Further updates may be made in future</li> </ul> |

| Other Considerations |   |   |   |
|----------------------|---|---|---|
| Description          |   | Target Implementation Timeline                                  | Status and Notes  |
| 29                   | Flexible benefits programs:<br>The Sub-Committee agreed that the introduction of a Health Care Spending Account would be positively viewed by TMG and recommend that this be brought forward for future consideration | <ul style="list-style-type: none"> <li>Not scheduled</li> </ul> | <ul style="list-style-type: none"> <li>Future consideration</li> </ul>  |
| 30                   | Program design elements are intended to integrate with other related programs for TMG   | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>       | <ul style="list-style-type: none"> <li>Integration with other related programs is a constant consideration</li> </ul> |