

Grey Bruce Health Services

MANUAL: DIRECTORS **NUMBER:** III-400

CATEGORY: GREY BRUCE HEALTH SERVICES **PAGE:** 1 of 2

ISSUED BY: BOARD OF DIRECTORS **DATE:** March 10/11

TITLE: PRESIDENT AND CEO COMPENSATION

COMPENSATION POLICY FOR PRESIDENT AND CEO

Policy

Compensation Policy, benefit entitlement and contract negotiation with the President and CEO are developed by the Compensation Committee for recommendation and approval to the Board of Directors. The Compensation Committee is mandated with establishing and implementing a compensation package for the President and CEO that meets the compensation philosophy of GBHS.

The Compensation Committee will adhere to the principles of the CEO Compensation Policy and Program when developing an employment contract for the position of President and CEO. The terms within the existing contract with the current President and CEO will be honoured and be subject to revisions as required by legislation* (see note).

Compensation Philosophy

1. Compensation is **competitive** with the external community in which GBHS competes for talent
2. Compensation is **equitable** in that it relates to the relative scope of responsibility and impact of the CEO relative to external peers and internally to members of the senior team.
3. Compensation is **linked to performance** to provide a platform for rewarding the CEO for their contribution, leadership behaviour and results at or beyond expected levels of performance.
4. Compensation is fiscally responsible, adheres to legislation and/or regulations governing compensation and corresponds with an accountable governance framework for compensation decision-making.

Procedure

1. The Compensation Committee will meet and recommend to the Board of Directors annually on the performance objectives set for the CEO for the coming year and the recommended evaluation tool that will be used to measure performance.
2. The Compensation Committee coordinates the distribution of the performance evaluation tool

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MANUAL:	DIRECTORS	NUMBER:	
CATEGORY:	GREY BRUCE HEALTH SERVICES	PAGE:	2 of 2
ISSUED BY:	BOARD OF DIRECTORS	DATE:	
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to Board Members and reviews results to establish compensation recommendations.

3. Performance results are shared with the Board along with compensation recommendations.
4. The Compensation Committee will meet and report on market trends and developments regarding CEO compensation at least every 24 months and make recommendations to the Board of Directors as required.

Job Rate

The job rate of President and CEO is established at the 50th percentile (median) of CEO positions in Community Hospitals with a similar size operating budget.

Disclosure

GBHS will provide a copy of their CEO compensation policy at the request of any hospital stakeholder and otherwise will comply with all other disclosure requirements of applicable law. The Board Chair will act as spokesperson on matters of CEO compensation.

***Note**

Excellent Care For All Act (ECFAA)

ECFAA was passed on June 3, 2010 and contains a number of provisions for quality care including performance based compensation plans for executives. The Act ties a portion of executive compensation to specified performance measures in the Quality Improvement Plan (QIP). The amount of compensation tied to performance targets is established on an annual basis and set out in the QIP.

Where an executive is not at the top of the current pay range the percentage of pay tied to performance targets can be assigned to eligible movement within the pay range with no effect on base salary. (ie 5% performance pay would equate to a maximum of 5% movement through the salary range)

Where an executive is at the top of the pay range the percentage of pay tied to performance targets is rolled back and re-earnable based on meeting performance targets. (ie 5% is removed from base salary and potentially re-earned based on meeting targets as outlined in the QIP)

Public Sector Compensation Restraint Act

In keeping with the Public Sector Compensation Restraint Act there will be no economic adjustments to the pay range from March 24, 2010 to March 31, 2012.