



Executive Compensation Framework

POLICY Number: **BD 4-8**

Manual: Board Manual

Approval Date: June 13, 2018

Section in Manual: Administration - General

Approved by: Board of Directors

Cross References: *BD 4-4, BD 4-9*

1. Compensation Philosophy

St. Joseph's Care Group (SJCG) is committed to ensure all employees are appropriately compensated for the work performed within the framework of government policy and legislation related to compensation for executive staff within the public sector.

SJCG's compensation philosophy guides the development of all compensation elements in the development of SJCG's Executive Compensation Program, and is comprised of five key principles:

Align with Mission, Vision & Core Values: The compensation program is designed to attract, retain, and motivate qualified executives, and to reward them for working together to fulfill SJCG's mission, vision, and values, and to achieve its operating goals and strategic objectives.

Accountable to Stakeholders: The compensation program is designed to consider the requirements and expectations of SJCG's stakeholders (e.g. clients, employees, government, donors, sponsors, funding sources, etc.). As per the Excellent Care for All Act (ECFAA), a portion of executive pay is at risk, subject to performance related to the organization's Quality Improvement Plan (QIP).

External Competitiveness: Compensation is set competitively, compared to labour markets (which SJCG could gain talent from, or lose talent to), in order to support the recruitment and retention of qualified executives.

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Internal Equity: Compensation is set similarly for those executives who provide similar value to the organization; compensation level-setting considers the pay differential between executives and their direct reports.

Transparent and Understandable: The compensation program clearly articulates the purpose and value of each component, and should be easy for executives and stakeholders to understand.

An Ad Hoc Performance Review/Compensation Committee will be established to assist the Board in fulfilling its obligations related to performance review of the President & CEO, and executive compensation.

2. Ad Hoc Performance Review/Compensation Committee

The Ad Hoc Performance Review/Compensation Committee reports to the Executive/Strategic Planning Committee of the Board. Its membership will consist of:

- The Chair
- The Vice Chair
- The Past Chair
- The Chair of the Finance Committee
- The Catholic Health Sponsors of Ontario (CHSO) Representative to the Board
- One additional board member

Purpose

The purpose of the Ad Hoc Performance Review/Compensation Committee is to assist the Board in fulfilling its obligations related to performance review of the President & CEO, and executive compensation.

Mandate

The mandate of the Ad Hoc Performance Review/Compensation Committee is as follows:

Relating to the President & CEO

To annually consult with the President & CEO concerning the performance objectives and to recommend these to the Executive/Strategic Planning Committee of the Board;

To annually evaluate the performance of the President & CEO, based on agreed-upon annual performance objectives and to provide an in camera report to the Board;

To comply with the Excellent Care for All Act (ECFAA) by ensuring that a portion of the President & CEO salary is held at risk annually in relation to Board approved components of the SJCG Quality Improvement Plan;

To annually recommend to the Board the compensation of the President & CEO, including base pay, benefits and perquisites in compliance with ECFAA, the Broader Public Sector Executive Compensation Act, the Executive Compensation Framework regulation, and in accordance with the Compensation Policy approved by the Board; and,

To review the President & CEO's multi-rater performance evaluation every two years.

Relating to the Vice Presidents

To comply with ECFAA by ensuring that a portion of VP salaries are individually held at risk annually in relation to Board-approved components of the SJCG Quality Improvement Plan;

Where legislation does not prohibit increases, to annually review the recommendation of the President & CEO concerning the compensation of the members of the Leadership Team, and, to approve exceptions to the Compensation Policy if these are recommended by the President & CEO.

Respecting the Compensation Philosophy

To review executive compensation levels annually; and

To periodically (no less than every three years) review the Compensation Philosophy and recommend changes, as required, to the Board.

Respecting a Communication Plan

To ensure that there is a communication plan to address issues related to executive compensation. The chief spokesperson on executive compensation matters shall be the Chair of the Board as required.