

CATEGORY:	BOARD/GOVERNANCE	NUMBER:	BG-055
SUBJECT:	Evaluation of the President & CEO	ISSUED:	January 2000
		REVISED:	February 2007 April 2010 February 2013
AUTHORIZATION:	_____	PAGE:	1 of 3
	Chair, Board of Trustees		

PURPOSE

The Board of Trustees of the Hospital recognizes that ensuring a regular performance evaluation of the President and CEO is a primary Board responsibility and the Board is committed to ensuring that such a review of its CEO takes place on an annual basis based upon Board-approved principles and procedures. The primary purpose of this performance evaluation is to ensure high quality administrative and management leadership of the Hospital and to support an effective working relationship between the Board and the CEO. This policy sets out the principles and procedures for the evaluation process.

PRINCIPLES

The evaluation of the President and CEO will be guided by the following principles:

- (i) the evaluation of the President and CEO will occur annually;
- (ii) all members of the Board will be asked to have input into the President and CEO evaluation unless the Board otherwise determines;
- (iii) the evaluation of the President and CEO will be carried out by a Performance and Compensation committee established annually by the Board (the "**Committee**"), which will be chaired by the Board Chair. The Committee will include a minimum of five trustees. All vice chairs of the Board must be members of the Committee;
- (iv) evaluation criteria will be based upon (a) goals and objectives developed by the President and CEO and approved by the Board, (b) current job responsibilities, (c) applicable accreditation standards and (d) the President and CEO's leadership skills and competencies;
- (v) the Committee will recommend to the Board the annual compensation (including bonus, if applicable) for the President and CEO, consistent with the President and CEO's then existing employment contract and consistent with applicable regulatory requirements (and based, to the extent required, upon the Hospital's Quality Improvement Plan ("**QIP**"));
- (vi) the President and CEO will prepare performance goals and objectives for the forthcoming year, which will then be discussed with the Committee and ultimately presented to the Board for its approval; and
- (vii) The Board Chair will submit a report to the Board at the completion of this process, indicating that the Board-approved Policy has been complied with including all aspects of the Principles and Procedures along with compensation recommendations for Board approval

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Procedures

- (1) Not later than March in each year, the Board will determine the membership of the Committee. The Committee will meet as required but typically, it will be required to meet on no less than two or three occasions. The Committee, in consultation with the President and CEO, will determine the time line required to complete the process contemplated by this Policy.
- (2) The Vice President, Human Resources and Organizational Development ("**VP HR**") will be accountable to the Committee for managing all the administrative support required by the Committee. Upon formation of the Committee, the VP HR will undertake a thorough compensation review including salary and benefits with relevant market survey results, incentive bonus including results from the QIP, and impact of other relevant legislation (See Board policy BG-025) and make recommendations on all of the above to the Committee.
- (3) Not later than April in each year, the President and CEO will produce an annual report, in a form approved by the Committee in consultation with the President and CEO which will, in all events, highlight the accomplishments of the President and CEO's Board-approved goals and other responsibilities. The said annual report will be presented to the Board prior to seeking the input from the Board contemplated in subsection (6) below. Currently, regulatory requirements require that the results of the Board-approved QIP be included in this annual report.
- (4) The Chair and at least one other member of the Committee (most likely a Vice Chair) will review the annual report with the President and CEO. This annual report will form the basis for the multi-rater evaluation tool to be used in the input process. The input process will focus on the President and CEO's performance and skills.
- (5) The Committee, in consultation with the President and CEO, will thereupon finalize the multi-rater evaluation tool to be used by the Committee in order to seek input from various parties.
- (6) The Committee, in consultation with the President and CEO, will determine the sources for input into the President and CEO evaluation; typically, input from all members of the Board, members of the Senior Management Team who are accountable to the President and CEO, the Chair of the Family Advisory Committee, and Chair of the Foundation is sought. Unless the Board otherwise determines, all members of the Board will be asked for input into the President and CEO evaluation. In addition, each year, the Committee will determine, in consultation with the President and CEO, if the evaluation of performance should include input from the leadership of any partner organization. If so, the Board Chair (or a Vice Chair) will conduct such interviews in person, rather than use a multi-rater evaluation tool.
- (7) The Committee will review the results of the multi-rater evaluation, input from any other parties and recommendations from the VP HR in regards to compensation (including any incentive bonus). The results of this review and recommendations developed by the Committee on goals, professional development and compensation will be compiled by the VP HR (the "**preliminary report**").
- (8) The Committee, or, if the Chair so elects, the Chair and at least one other Committee member (most likely a Vice Chair), will discuss the preliminary report with the President and CEO and seek feedback on the preliminary report from the President and CEO. The preliminary report should include, without limitation, (i) recommendations related to compensation which are consistent with the President and

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- CEO's then existing contract and applicable regulatory requirements, (ii) recommendations related to the President and CEO's development, and (iii) any recommendations relating to the future goals for the President and CEO.
- (9) The Committee will then proceed to finalize its report to the Board, (the **final** report) including its recommended compensation of the President and CEO which should be consistent with the President and CEO's then existing employment contract and consistent with applicable regulatory requirements.
- (10) The President and CEO, in consultation with the Committee, will prepare performance goals and objectives for the forthcoming year and such goals and objectives will be presented to the Board for its approval.
- (11) The Chair will report to the Board upon the completion of the process, and confirm to the Board that all aspects of this Policy have been complied with. The Chair will present recommendations from the Committee related to compensation (including any bonus) to be paid to the President and the CEO, in accordance with subsection 9 above.
- (12) The Chair and at least one other member of the Committee (most likely a Vice Chair) will meet with the President and CEO to review the final report and will confirm the results of this meeting in writing to the President and CEO.

Reviewed by:
The Governance Committee

Date:
February 2013