



HÔPITAL
**Glengarry
Memorial**
HOSPITAL

Executive Compensation Framework

Introduction

Hôpital Glengarry Memorial Hospital is a small & rural hospital established in 1965, located in Alexandria, Ontario. HGMH services the many surrounding communities within The United Counties of Stormont, Dundas & Glengarry, The United Counties of Prescott & Russel, Akwesasne, and Western Quebec. The hospital offers a 24/7 Emergency Department, Diagnostic Imaging, Outpatient rehabilitation, Inpatient Medical Unit, Inpatient Stroke & Geriatric Rehabilitation, along with many outpatient clinics to serve our patient population close to home.

HGMH's Board of Directors recognizes the significant value of human resources in fulfilling its mission and realizing its vision. One of HGMH's strategic enablers is people and culture. The Board of Directors wants to ensure that the compensation program for its executive management is current, competitive, and appropriate to attract and retain the senior talent necessary to lead the organization.

This document represents an agreed to philosophy and strategy that has been developed to ensure good governance practice in offering competitive executive compensation.

Compensation Philosophy

The overarching Executive Compensation Philosophy supports the establishment of competitive compensation based on market practices; drives organizational performance and behaviors to realize desired results as measured against defined objectives; and ensures compliance with current legislative requirements.

Our compensation philosophy is supported by an identified target market, which includes hospitals of similar size and complexity.

Comparator organizations are used to determine competitive and market appropriate pay, and these organizations must be similar to HGMH by meeting most of the below factors. HGMH defines "most" as three or more similarities from the factors listed below in no order of relevance:

- A. The scope of responsibilities of the organization's executives
- B. The type of operations the organization engages in
- C. The size of the organization
- D. The location of the organization
- E. The industries with which the organization competes for executives (i.e., Health Care, Colleges and Universities, Private Sector Organizations, etc.)

The Board of Directors will approve the appropriate comparator hospitals for each Designated Executive and will review compensation data from those comparators to determine their ongoing applicability on a regular basis.

Cash Compensation and Benefits

Cash compensation and practices at HGMH will:

1. Be aligned with and reinforce the short and long-term strategies and objectives of the organization.
2. Serve to align executive performance with the business goals of HGMH, and to motivate executives to meet and exceed strategic and operational objectives.

3. Enable the organization to attract, motivate and retain high caliber leadership.
4. Be developed in accordance with all applicable legislative requirements, particularly the Excellent Care for All Act (ECFAA).
5. Be simple in design and efficient to administer.
6. Be communicated clearly and applied consistently in partnership with the CEO and the Board.

Benefits

The benefits offered will be the same as those offered to all HGMH management employees.

Performance Based Compensation

HGMH is committed to rewarding the strategic accountabilities of the CEO, COS and the Executive Team by providing an incentive plan that:

1. Engages the CEO, COS and Executive Team in the business of the organization;
2. Encourages long term and short term “results orientation”;
3. Maximizes the commitment to achieve key strategic and operational objectives;
4. Ensures individual performance is quality focused; and
5. Creates a team focused approach to corporate goals.

The Performance Based Compensation is a program that provides for compensation opportunities that are appropriate to the CEO, COS, and the Executive Team, in terms of their ability to contribute to the success of the organization. The Performance Based Compensation program is based on the principle of “pay for performance”. Award levels will be differentiated in order to recognize and reward varying levels of performance. Performance targets may vary between strategic goals and program specific deliverables based on the long term and short-term plans, objectives and activities of HGMH.

The CEO, COS, and Executive Team will participate in the program. The program includes a target opportunity for achievement of expected levels of performance. The setting of performance goals for the CEO, COS, and Executive Team positions will occur as close to the start of the fiscal year as possible, to enable application and measurement over the course of the fiscal year. Performance check-ins will occur on the following schedule:

- CEO/COS performance related to annual personal business commitments will be reviewed on a six-month basis by The Executive Committee.
- The Executive Team performance related to annual personal business commitment indicators will be reviewed by the CEO on a six-month basis or more often as determined by the CEO.

For the CEO and COS positions, performance goals will be based on key strategic goals/initiatives (e.g., quality) aligned to the business strategy of HGMH. For the Executive Team, relevant goals will be determined by the CEO and the individuals concerned.

To ensure that expected levels of performance are clearly articulated and understood; measures are identified and calibrated to the varying levels of performance. This calibration is meaningful yet simple, and can be articulated using the following illustration:

Performance Assessment Category	Does Not Meet	Almost Fully Achieved	Fully Achieved
Weighted Payment of 3% At Risk	0	50%	100%
Goal #1 Quality (50% weighting)	0	0.75%	1.5%
Goal #2 Financial (30% weighting)	0	0.45%	0.9%
Goal #3 Strategic/Significant Initiative (20% weighting)	0	0.30%	0.6%

As an example, if Goal 1 is Fully Achieved, Goal 2 is Almost Fully Achieved, and Goal 3 is Fully Achieved, the calculation of incentive would be 1.5% + 0.45% + 0.6% = 2.55% of base salary.

While it is the intent to award performance-based compensation on pre-determined goals and performance relating to achieving these goals, discretion will be retained by the Executive Committee of the Board for the CEO and COS in determining the actual performance pay amount to be recommended to the Board for any exceptional circumstances that may arise during the fiscal period.

Designated Executives

The policy currently applies to the following designated executives at HGMH:

- i) President & Chief Executive Officer
- ii) Vice President of Clinical Services, Quality & Chief Nursing Executive
- iii) Vice President of Support Services & Chief Financial Officer
- iv) Chief Human Resources Officer
- v) Chief of Staff

Limitations on Other Elements of Compensation

The following items are not eligible forms of compensation for designated executives at HGMH:

- Signing or retention bonus
- Cash housing allowance
- Payments or benefits in lieu of perquisites
- Insured benefits or enhancements not generally provided to *non-executive managers
- Paid administrative leave or payments in lieu of administrative leave **
- Termination payments, including payments in lieu of notice of termination, and severance payments that in total equal more than 24 months of the designated executive's salary
- Termination or severance payments that are payable in the event of termination for cause

**Non-executive managers are defined as employees and office holders who exercise managerial functions and who directly report to one or more designated executives.*

*** Paid Administrative Leave: A leave that accrues at a rate greater than 10.4 weeks per year, generally referred to as a sabbatical within the education sector.*

In addition, no designated employee shall receive an element of compensation, other than salary and performance-related pay, unless the element is also generally provided, in the same manner and relative amount, to non-executive managers. The only exception to this is if the element is required for the performance of the designated executive's job or is otherwise required for critical business reasons. A business rationale will be provided for any elements of compensation provided to Executives that are not consistent with non-executive managers.

Eligible types of compensation

Compensation of designated executives will include salary, performance-based compensation, as well as all HGMH's benefit and pension provisions available to non-executive managerial staff. Designated executives may also be entitled to be reimbursed for reasonable moving expenses, limited to travel costs and costs for moving personal belongings. In order to attract talent to this non-urban area for high level executive leadership, it is imperative to assist in making any required moves to the hospital's service area a reality by removing this financial barrier. Past executives have been recruited a travel distance of greater than 3 hours away from HGMH. This reimbursement of moving expenses is imperative to attract top talent away from their current home as commuting is generally not an option based on the geographic location of HGMH.

Comparable Position Salary Review

HGMH will compare executive salaries from other Canadian Hospitals of a smaller size and similar operations. The Comparator Group will include hospitals from within our geographic area and hospitals from communities of comparable size.

The selection criteria of comparable organizations are based on the following:

Scope of responsibilities of the organization's executives. Each of the comparable organizations are hospitals that have similar executive roles and are generally similar with respect to the essential competencies (knowledge, skills, and abilities), relative complexity and the level of accountability associated with the position.

Type of operations the organization engages in. All comparable organizations are small Ontario hospitals, or comparable in terms of hospital services provided.

Industries within which the organization competes for executives. All comparator organizations are public hospitals located in Ontario. Therefore, these are all industries in which HGMH competes for talent.

Size of the organization. Almost all the comparator organizations are similarly sized in terms of number of beds, staff headcount and operations budgets.

Location of the organization. All comparator organizations are Ontario hospitals.

Maximum Total Base Compensation for Designated Executives

President & CEO, and Chief of Staff

Of the amount that is designated pay for performance, on an annual basis, the Board for the President & Chief Executive Officer, and the Chief of Staff, may at its sole discretion determine the amount of performance pay payable to the CEO and COS subject to the achievement of identified goals and objectives each year, as required by the ECFAA and HGMH's Performance Based Compensation program.

The determination of the amount of pay for performance will be based upon successful achievement of performance objectives and will be paid in a lump sum basis and will be considered part of base salary. The payment of any pay for performance can be awarded at the discretion of the Board for the President & Chief Executive Officer, and the Chief of Staff.

Other designated executives

Of the amount that is designated pay for performance, on an annual basis, the President & Chief Executive Officer may at its sole discretion determine the amount of performance pay payable to each designated executive subject to the achievement of identified goals and objectives each year, as required by the ECFAA and HGMH’s Performance Based Compensation program.

The determination of the amount of pay for performance will be based upon successful achievement of performance objectives and will be paid in a lump sum basis and will be considered part of base salary. The payment of any pay for performance can be awarded to the Designated Executive at the discretion of the President & Chief Executive Officer.

- The following table represents the performance pay allotment for HGMH’s designated Executives:

<i>Title</i>	<i>Maximum Percentage of Base Salary Available Through Pay for Performance</i>
President & Chief Executive Officer	3%
Chief of Staff	2%
Other Designated Executives	3%

Administering the Plan

HGMH Human Resources Department will support the Executive Committee of the Board to ensure that the plan is administered in a timely fashion.

Associated Forms

Form Number	Form Name
51A-285-XX	Senior Leadership Performance Excellence Appraisal
51A-286-XX	Senior Leadership Performance Excellence Self Appraisal
51A-287-XX	Senior Leadership Performance Excellence Multi-Rater Appraisal
51A-288-XX	CEO/COS Performance Appraisal