

BOARD POLICY MANUAL

Executive Compensation Policy

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1.0 Policy Statement:

The Board of Directors of Women's College Hospital is responsible for establishing policies which will ensure the organization is able to adapt to the rapid change across the healthcare landscape while supporting the vision and mission of the hospital. In order to ensure the organization and executive team is successful, a responsive and inclusive leadership team is paramount to realize our vision. WCH is committed to ensuring we have collaborative, conscientious, and capable leaders who are tenacious change agents, inspire our workforce, embody and promote the anti-racist, anti-colonialist, and anti-oppressive values, and put our patients first. As such, Women's College Hospital must be able to attract and retain highly skilled executives that will provide this leadership to the Hospital.

To ensure the organization retains and attracts the necessary executive skills, the Board has established a compensation framework which is designed to maintain an affordable, attractive and competitive compensation framework for executives.

The employee total compensation program is composed of direct compensation (salary) and indirect compensation (extended health care, pension). An effective and active compensation program is crucial to successfully ensuring internal equity and maintaining the principles of pay equity within the salary administration program. External equity is achieved through monitoring and analysis of comparable data to ensure a competitive position in the Hospital's target labour market. The Hospital is committed to maintaining competitive salaries at the fiftieth percentile of the target labour market(s).

While the structure of the Hospital may change due to business or personnel changes, Women's College Hospital is confident that the structure is competitive and comparable to other organizations of similar size and complexity.

Women's College Hospital's compensation philosophy is set out to ensure that Women's is able to attract and retain the best talent to meet and exceed the mandate while maintaining a competitive compensation package and ensuring internal equity.

2.0 Definitions:

Executive Compensation – Total compensation available to all executives within Women's College Hospital

3.0 Procedure:

Application

All executive employees are covered by this policy. For the purposes of this policy, an executive of WCH is a designated executive as defined by the Broader Public Sector Executive Compensation Act (BPSECA) as an individual who is one of the following:

- Is the head of the designated employer, regardless of whether the title of the position or office is corporate executive officer, president or something else.
- Is a vice president, corporate administrative officer, corporate operating officer, corporate financial officer or corporate human resources officer of the designated employer or holds any other executive position or office with the designated employer, regardless of the title of the position or office; and
- Under their compensation plan, the employee or office holder is entitled to receive or could potentially receive annual cash compensation of \$100,000 or more in a calendar year. If the employee or office holder works only a portion of a year, their cash compensation for the whole year shall be calculated as if they were entitled to receive or could potentially receive cash compensation for the remainder of the year at the same rate or level.

The following eight (8) executive positions constitute designated executives under BPSECA:

1. President & Corporate Executive Officer
2. Vice President Clinical Programs & Corporate Nursing and Professional Practice Executive
3. Vice President, Lead Medical Executive (part-time)
4. Vice President, Academics
5. Vice President, Finance, Partnership and Corporate Financial Officer
6. Vice President, People, Culture & Equity and Corporate Human Resources Officer
7. Vice President, Strategy, Quality and Risk and Corporate Privacy Officer
8. Vice President, Business, Technology and Corporate Information Officer

Comparator Hospital for Benchmarking

As required by the BPSECA and the now revoked Ontario Regulation 304/16 the compensation policy was to identify at least 8 comparator organizations. In selecting the comparators, Women's College Hospital reviewed the following five factors, which were set out in the legislation to identify comparable organizations:

Factors to Consider	Comparator Group N=9	
Scope of Executive Responsibilities	/	Job responsibilities are similar to WCH, though some jobs may be larger/more complex
Type of Operations	/	All selected comparator organizations are hospitals, comprising 6 Academic Health Science Centres and 3 community teaching hospitals
Competition for Talent	/	All of the comparator hospitals compete for talent with WCH
Size of Organizations	X	Majority of hospitals are larger than WCH based on operating expenditures
Location of Organizations	/	6 of 9 hospitals are located in the Greater Toronto Area; the others are located in Ontario

Comparator Group	Total Operating Budget
Women's College Hospital	\$138,693,482
St. Joseph's Health Centre Hamilton	\$468,765,582
Kingston General	\$443,270,000
St. Joseph's Health Centre London	\$417,241,000
Centre for Addiction and Mental Health	\$393,907,808
North York General Hospital	\$365,387,000
St. Joseph's Health Centre Toronto	\$280,200,000
Toronto East General Hospital	\$262,481,000
Baycrest Health Sciences	\$158,278,000
Holland-Bloorview Kids Rehabilitation Hospital	\$84,698,206
Market 75th Percentile:	\$417,241,000
Market 50th Percentile:	\$365,387,000
Market 25th Percentile:	\$262,481,000
Count	9

Effective date: 2017 (Korn Ferry)

Executive Categories

WCH's Executive Structure consists of four executive categories. Each position is classified into an executive category established through line responsibilities, required background, education and title. Each executive category is associated with a salary range that has the following attributes:

- a. A minimum rate which represents the lowest rate an incumbent can be paid.
- b. A maximum rate which represents the absolute maximum that can be paid for positions assigned to that category.

Executive Positions within each Category

President and CEO

Executive Vice President

Vice Presidents – Administration

- Vice President, Finance, Partnership and Corporate Financial Officer
- Vice President, People, Culture & Equity and Corporate Human Resources Officer
- Vice President, Strategy, Quality & Risk and Corporate Privacy Officer
- Vice President, Business, Technology and Corporate Information Officer
- Vice President, Clinical Programs & Corporate Nursing and Professional Practice Executive
- Executive Vice President – Physician
- Vice President and Lead Medical Executive

Vice Presidents – Physicians

- Vice President, Academics

Executive Compensation Ranges

For each executive category, maximum compensation was set at the 50th percentile of the comparator market, the mid-point had been set at the 25th percentile, and the start rate had been set at the current salary.

For physician executives, salary ranges are based on a 0.2 full-time equivalent position (one day per week); the actual number of days per week a physician works in their executive capacity is stipulated in their individual contract.

The ranges represent maximum available cash compensation, including performance pay.

As a result of Regulation 406/18 of BPSECA, however, compensation increases are no longer permitted, subject to the circumstances allowed for in the legislation.

Executive Pay Level	Start	Mid-Point	Maximum
President & CEO*	\$432,598	\$498,000	\$560,000
Executive Vice President	\$244,388	\$256,944	\$269,325
Vice Presidents – Administration	\$188,982	\$210,714	\$236,250
Executive Vice President and Vice Presidents – Physicians	\$70,000/annual day	\$76,372/annual day	\$81,551/annual day

- President and CEO range revision 03/01/23 Greg Shaw and Associates

Performance Pay & Quality Improvement Plan Payments

Ensuring high-quality, integrated care for all patients, clients and residents should be the goal of everyone involved in delivering health care in Ontario. This is an important principle embedded in the *Excellent Care for All Act, 2010* (ECFAA) and a principle shared within broader system priorities and initiatives. The ECFAA came into force in June 2010 and laid the foundation for a health care system that is patient-centred, focused on accountability and transparency, and committed to improving the quality of care Ontarians receive.

The Quality Improvement Plan (QIP) is a system-wide tool to support organizations in contributing and achieving this vision. Each year, Health Quality Ontario identifies a series of priority issues and corresponding indicators for each Hospital to work together on as a system; this is what forms the foundation of the QIP.

Women's College Hospital's QIP, is a public, documented set of quality improvement commitments that we make to our patients and communities on an annual basis to improve quality through focused targets and actions.

In compliance with ECFAA, a portion of each executive's compensation is set aside and linked to the Quality initiatives. At the completion of each fiscal year the Board of Directors, with the support of the executive team, evaluate the success of each executive in reference to the applicable indicators to determine the QIP payment.

In addition to the QIP payment, the role of the CEO is entitled to a Performance pay of no more than fifteen percent (15%). The annual amount paid is determined through the following process:

- > CEO presents their annual report to the Executive Committee in June.
- > Board Chair and Executive Committee meet with advisors (VP responsible for HR) as necessary.
- > Board Chair leads a review of CEO's performance.
- > Board Chair and Executive Committee make a final decision on CEO's at-risk compensation.
- > Board Chair drafts summary for review and agreement by the CEO.

The maximum performance pay amounts are as follows:

Executive Pay Level	Performance Pay maximum & QIP
President & CEO	15% + 5%
Executive Vice President	5%
Vice Presidents – Administration	5%
Executive Vice President and Vice Presidents – Physicians	5%

In accordance with Regulation 406/18 of BPSECA, however, the performance pay envelope is limited that to in effect as of August 13, 2018, subject to the ability of the Board to increase or reduce the envelope in the limited circumstances permitted by the legislation. Within the existing performance pay envelope, however, monies may be redistributed among the executives.

Compensation Policy and Administration

Compensation decisions including placement in a salary range, and movement in a salary range, among others, are currently constrained by Regulation 406/18 of BPSECA. The following, therefore, will be subject to the limitations imposed by the legislation and may or may not be applicable or permissible.

1. Initial Placement in the Salary Range

It is the Board of Director's responsibility, in conjunction with the CEO and VP & Corporate Human Resources Officer, to determine the initial salary placement for an executive in a new position. When determining a starting salary, consideration will be given to:

- The individual's education and qualifications relative to the requirements of the job description.
- The individual's relevant work experience and value-added skills, including verification of past experience, where applicable.
- Promotional formula. See Section 3 below.
- The current salaries of the individual's peers and direct reports.
- The individual's previous salary.
- The external market demand for the particular skill set or position

2. Salary Progression and Economic Increases

- a. Salary progression is reviewed annually. Increases are implemented in line with the non-union group.
- b. On an annual basis, Human Resources will analyze market factors and submit a recommendation for an economic increase (cost of living adjustment & to maintain pay equity) to the Executive Team, when adjustment is warranted.

3. Promotional Adjustments

A promotion occurs when an employee is appointed to a position in a higher executive category. A salary adjustment should be established based on the following:

- a. The new salary rate should not be less than the minimum of the new salary range.
- b. Promotional increases up to 10% shall be determined and approved by the Board of Directors, in conjunction with the CEO and VP & Corporate Human Resources Officer.
- c. In unusual circumstances, a promotional increase greater than 10% or an increase that moves the salary to the maximum will be implemented upon approval by the Board of Directors, CEO and VP & Corporate Human Resources Officer.

4. Pay for performance

The Excellent Care for All Act (legislation that passed by the Ontario Legislature in 2010) stipulates that all executives must have a component of their compensation linked to quality indicators. These indicators which are recommended by the executive team, through a fair, equitable, and transparent process, are set by the Quality Committee of the Board and are evaluated at the end of each fiscal year. Each executive holds accountability with these indicators and as such five percent (5%) of their compensation is paid out based on the achievement of the indicators.

5. Maintenance

The Executive Committee of the Board of Directors is responsible for administering the Hospital Executive salaries within the framework established by this policy, and shall discuss with the Board of Directors any adjustments to the pay structure (salary ranges and target bonus) or actual compensation. Salary ranges can be adjusted based on economic conditions through a formal market review, public consultation and Board approval. The board will conduct reviews that are consistent with and promote equity, anti-racism, and anti-oppression. The compensation policy and framework shall be reviewed every two years, or sooner should there be a major organizational change or legislative change.

Note: This Policy is subject to change to ensure compliance with ongoing legislative changes.