

Policy:	President and CEO Compensation	
Owner of Policy:	Board of Directors	
Leadership Sponsor:	Not Applicable	
Approval By:	Board of Directors	Date: January 2023

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POLICY

The Board of Directors of London Health Sciences Centre (LHSC) is responsible for establishing policies to ensure the organization is one of Canada's pre-eminent health care organizations, contributing to the advancement of health care, education and research. To this end, it is critical LHSC is able to attract and retain a highly skilled President and Chief Executive Officer (CEO) who will provide leadership to the organization in the course of implementing Board policies and directives.

To ensure that LHSC is able to retain and attract the necessary executive leadership skills, the Board of Directors has established a compensation philosophy which is designed to maintain an attractive and competitive compensation package for the CEO.

Compensation Philosophy

LHSC aims to provide a competitive compensation package for its executives designed to contribute to the attraction and retention of high-quality talent for roles that are charged with providing strategic direction to its leaders and other stakeholders, and to those who influence its success externally. LHSC's compensation philosophy is based on the following principles:

- Accountability

To ensure that individual executive leader and team performance advances LHSC's ability to exceed in our mission, vision, and strategic and operational plans in order to deliver on our health system mandates

- Alignment

To align job rates that ensures external equity and competitiveness with comparator hospitals as well as internal equity.

- Engagement

To contribute to the development of short-term and long-term engagement of talent through competitive compensation and benefits programs.

- Fairness

To maintain a compensation policy based on business need, industry practice and government directives.

- Objectivity

To enable LHSC's role as a leading organization, yet aware of our own accountability to the organization and the stakeholders we service.

- Transparency

To ensure clarity, completeness, simplicity and brevity in communicating our compensation philosophy, and proactively disclose compensation decisions based on objective evidence and achievement of our goals and objectives.

Compensation Structure

Total compensation has three main components: LHSC's executive compensation package includes base salary, pay for performance and benefits and perquisites. The performance pay component is designed to reward the achievement of objectives, metrics and targets established on an annual basis, and is a pay-at-risk component within the compensation framework.

a) Total cash compensation shall be provided by means of base salary, performance incentive and benefits, as follows:

- A range shall be set for base salary, utilizing third party benchmarking compensation review with the range maximum positioned at approximately 65 percent of the maximum.
- Annual performance pay shall be set at a level up to 25 per cent of base salary. The actual pay-out of any portion of performance pay shall be determined as a result of the President and CEO achieving the pre-established goals for the year as determined by the Board of Directors.
- Benefits and perquisites shall be provided at approximately the market average.

PROCEDURE:

The Board of Directors, through the Executive Committee, shall review the total compensation of the CEO every three years.

Any increase to the base salary of the CEO and the awarding of any portion of the annual performance incentive shall be subject to the incumbent meeting performance expectations and established goals as determined through the annual performance review process conducted by the Board of Directors. The Executive Committee shall submit any recommendation for base salary increases and the awarding of any portion of the established annual performance incentive to the Board of Directors for approval subject to any current legislative regulations or regulations. Any increases or payments recommended and approved by the Board of Directors will be provided in writing to the Human Resources and Workforce Wellness Executive for implementation.

A review of relevant market comparator data shall occur every three years or more frequently upon the request of the Chair, Board of Directors. In 2022, the following 8 hospitals were identified as peer organizations:

- Hamilton Health Sciences
- Hospital for Sick Children
- Sinai Health System
- Unity Health Toronto
- Sunnybrook Health Sciences Centre
- Trillium Health Partners
- The Ottawa Hospital
- University Health Network

This Board Policy shall be reviewed every three years, or if there is a major change in organizational strategy.