



Subject: **CEO SELECTION & SUCCESSION PLANNING**
Policy # 2-040
Approved by: Board of Directors
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Board of Directors
Policy Manual

Revised (R) / Reconfirmed (RC) Dates

POLICY

The Board will ensure that provision is made for continuity of leadership for the Hospital. The Board will have in place a documented process for succession (the Succession Plan) should the CEO position become vacant due to sudden vacancy (e.g. death, resignation or termination) or planned vacancy (e.g. retirement).

The Board will also establish a selection and appointment procedure to be followed by the Board in respect of both an interim and a long-term CEO appointment

PURPOSE

1. The purpose of this policy is to provide succession planning for the position of CEO:
 - a. to ensure continuity of leadership for the Hospital in the event of
 - i. a sudden or planned vacancy or
 - ii. a leave of absence of the CEO;
 - b. to encourage leadership growth and development within the management ranks of the Hospital.
 - c. to provide the selection and appointment procedure in respect of both an interim and a long-term CEO appointment

PROCEDURES

1. Succession Planning
 - a. The CEO will cultivate management talent at the senior ranks of the organization including one or more successors to his/her position through internal succession planning.
 - b. The CEO will identify a member of senior management capable of filling the role of interim CEO if a temporary vacancy of the CEO position occurs and provide appropriate development to that person so that he/she is familiar with the issues related to the board and overall Hospital issues.
 - c. The CEO will report on the Succession Plan annually to the board, including the following:
 - i. Identification to the Chair of the Board in writing at the beginning of each fiscal year which member (or members) of senior management is recommended to fill the role of interim CEO should a vacancy in the CEO position occur.
 - ii. The status and extent of senior management talent including the potential successors to the role of CEO and the next level of management.

- iii. Activities undertaken throughout the year to promote leadership development and succession planning including activities undertaken to keep one or more senior managers informed of overall operational activities.
- d. For the purposes of the Policy, a temporary vacancy in the position of CEO is as determined by the Board from time to time in consultation with the CEO and may include the period of time in which the CEO is on a leave of absence, an extended vacation or has left the position and a competition pursuant to recruitment policy is under way. It is not generally meant to be periodic and/or occasional coverage of the CEO duties and responsibilities of the kind that is set out in job responsibilities for senior staff positions.
- e. For relatively short durations of absence (e.g. holidays, conferences), the CEO will appoint an Acting CEO and advise the Board.
- f. In the event of the need for the appointment of an interim CEO, the Board shall formally make such an appointment and shall determine any temporary salary modification. Any communication relative to the appointment shall be sent in the name of and approved by the Chair.

2. CEO Selection and Appointment Procedure

a. Planned Vacancy (long-term appointment)

i. The process to fill a planned vacancy will be as follows:

1. As per the CMH Bylaws:

- a. By formal motion, the Board will at any meeting, appoint a CEO Search Committee (the "Committee") and name the Chair and members of the Committee.
- b. The Board will prescribe terms of reference for the Committee.
- c. The Board may by resolution dissolve the Committee at any time or the Committee will be dissolved upon completion of the task assigned by the Board.

2. The Committee will consist of

- a. Up to six elected Directors, including the Chair or delegate,
- b. The Chief of Staff or delegate.

3. The Committee will be chaired by the Chair or delegate.

4. The Committee may, at its discretion, select a search firm to assist with the process.

5. The criteria to be used in evaluating candidates will consider Board Policy 2-050 CEO Position Description.

6. The Committee shall develop its own procedures as required further to this policy with the support and approval of the Manager of Human Resources or delegate.

7. The Committee may establish subcommittees for any purposes it thinks appropriate.

8. The Chair of the Committee will provide a report at each Board meeting, on the understanding that such reports will be made in general terms only, given the sensitivity and confidentiality of the Committee's work.

9. The Committee will interview a short list of candidates and recommend to the Board its candidate of choice. Only if the Board does not approve the Committee's recommendation will the Committee recommend a second or further candidate as may be necessary.

10. In determining contract parameters and compensation for the successful candidate, the Committee will ensure it complies with the Hospital's current Executive Compliance Program and approved Hospital budget.
11. A legally binding employment agreement will be developed by the Hospital's lawyer and will be executed by the Chair and the candidate accepting the position of CEO.

b. Sudden Vacancy (interim appointment)

- i. The process to fill a sudden vacancy (e.g. death, resignation, termination, extended leave) will be as follows:
 1. The CEO will identify to the Governance Committee in writing at the beginning of each fiscal year which member(s) of the senior management team are recommended to fill the role of interim CEO, if a sudden vacancy occurs. The appointment of an interim CEO will be subject to Board approval.
 2. An offer will be subject to submission of a declaration that the candidate has no conflict of interest consistent with organizational policy, in a form as required by the Board, and satisfactory results of a criminal reference check as determined at the sole discretion of the Board.
 3. A legally binding employment agreement will be developed by an employment lawyer and will be executed by the Chair and the candidate accepting the position of CEO.

3. Monitoring and Oversight

- a. The Board will annually:
 - i. review the effectiveness of the Plan to ensure it meets its objectives;
 - ii. approve the Plan