

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Governance Committee

**DATE:** July 27, 2020

**SUBJECT:** 12.7 Registrar, CEO Engagement & Compensation Policy 3-09

☒ For Decision

☐ For Information

☐ Monitoring Report

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**Purpose:**

To consider the proposed Registrar, CEO Engagement & Compensation Policy 3-09.

**Background:**

The Registrar, CEO Engagement & Compensation Policy 3-09 falls into the Board/Staff Relationship Policy category. The Registrar, CEO is the principal representative of the College, and the person responsible for its efficient operation. Therefore, it is in the Board's interest to ensure that the hiring process and compensation package for the Registrar, CEO is fair and reasonable.

The draft policy was reviewed by the Governance Committee at its meeting on June 9, 2020. The policy was also reviewed by the Executive Committee at their meeting on July 6, 2020 as it directly impacts the sub-committee that will be administering the policy.

**For Consideration:**

The proposed Registrar, CEO Engagement & Compensation Policy 3-09 is attached as **APPENDIX A**.

The aim of the draft policy is to ensure the following:

- A fair and transparent hiring process for the Registrar, CEO if/when the position becomes vacant (sections 1-3)
- An initial compensation package for a newly engaged Registrar, CEO that is reasonable and competitive (sections 4-6)
- That the Registrar, CEO's compensation is reviewed regularly, and that a framework is established for the Performance Evaluation/Compensation Sub-Committee of the Executive Committee to follow when considering salary adjustments. In particular, the draft policy provides that any adjustments be tied to the COO's financial capacity as well as the Registrar,

CEO's annual performance review, and their achievement of COO strategic outcomes within allowable risk boundaries (section 7)<sup>1</sup>

**Recommendation:**

To approve the Registrar, CEO Engagement and Compensation Policy 3-09, as recommended by the Governance Committee and Executive Committee

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<sup>1</sup> The process for annual Registrar performance evaluation is set out 3-07 Registrar, CEO Performance Evaluation Process, approved by the board on October 7, 2019.

**POLICY TYPE: BOARD/STAFF RELATIONSHIP****APPENDIX A****3-09 Registrar, CEO Engagement & Compensation Policy**

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**Registrar, CEO Engagement**

1. The Board is responsible for engaging an individual to perform the role of the Registrar and Chief Executive Officer of the College of Opticians of Ontario (COO) in the event that the position becomes vacant for any reason.
2. The position will be advertised and open to applicants external to the COO. The Board may also consider internal candidates for the position.
3. The following process will be followed when the Board is required to engage a new Registrar, CEO:
  - a. The Executive Committee shall act as the Search Committee, and shall be authorized to interview, evaluate and negotiate with candidates, and to recommend to the Board the appointment of an individual as Registrar, CEO.
  - b. The Search Committee may engage an external firm to:
    - i. conduct a search on behalf of the Board.
    - ii. conduct the initial screening of candidates.
    - iii. assist in the preparation and negotiation of an employment agreement and compensation package, having regard to the principles set out in this policy.
  - c. The Search Committee shall present to the Board for approval the name of the recommended candidate, their qualifications (resume or curriculum vitae) and start date.

**Registrar, CEO Compensation**

4. The Board is responsible for establishing and maintaining an appropriate, equitable and competitive compensation package for the Registrar, CEO (the “Compensation Package”) in order to:
  - a. Attract and retain a highly skilled Registrar, CEO with the requisite competencies and experience, and
  - b. Reward meritorious performance.
5. When establishing the Compensation Package for a newly engaged Registrar, CEO, consideration will be given to the following factors:
  - a. COO financial capacity.
  - b. The Registrar, CEO Position Description.
  - c. Comparable market rates paid for similar positions in the local geographic area at organizations of a similar size and function.
  - d. Historical COO levels.
  - e. Prior experience.

6. The Registrar, CEO Compensation Package may include:
  - a. A base salary, which may be adjusted on an annual basis, having regard to the considerations set out in this policy.
  - b. The potential for a discretionary bonus based on Registrar, CEO job performance.
  - c. Funds to support Registrar, CEO continuing education and development that is relevant to the Registrar, CEO's duties and responsibilities. These funds may be subject to an annual budget limitation set by the Board.
  - d. Reimbursement of reasonable expenses that are related to COO business.
  - e. Vacation allotment.
  - f. Enrollment in the COO Employee Benefits Plan or such other benefit plan as the Board determines to be appropriate.
  - g. Participation in the COO RRSP plan and/or contribution program.
  - h. Severance package formula.
  - i. Appropriate technology to support the role including but not limited to mobile phone, laptop and remote access support.
7. The COO Performance Evaluation/Compensation Sub-Committee of the Executive Committee (the "Sub-Committee") will be responsible for all reviews and adjustments of the Compensation Package, and in doing so, will adhere to the following principles:
  - a. The Compensation Package will be reviewed at least once annually.
  - b. Adjustments may be made to the Compensation Package in the form of:
    - i. A cost of living increase;
    - ii. A merit increase; and/or
    - iii. A discretionary performance bonus.
  - c. A cost of living increase is not automatic on an annual basis and shall be assessed based on the COO's financial capacity. Where the Sub-Committee determines that a cost of living increase is appropriate, such increase shall:
    - i. Be applied to the base salary; and
    - ii. Be determined with reference to an appropriate consumer price index.
  - d. A merit increase is not automatic on an annual basis. When considering whether a merit increase is warranted, the Sub-Committee will take the following into account:
    - i. COO financial capacity;
    - ii. Any changes to the Registrar, CEO Position Description or scope of work of the Registrar, CEO;
    - iii. The Registrar, CEO's leadership and communication competencies, and achievement of the Board Strategic Outcomes policies within the risk boundaries set out in the Board's Operational Boundaries policies. In assessing the Registrar, CEO's achievement of these policies, consideration will be given to all monitoring data collected by the Board during the relevant time period; and
    - iv. Maintaining the Registrar, CEO's salary at the upper quartile of the range for comparable positions in the local geographic area at organizations of a similar size and function.



- e. Where the Sub-Committee determines that a merit increase is warranted, such increase shall be applied to the base salary.
- f. A performance bonus may be awarded as an outcome of the Registrar, CEO's annual performance appraisal, or at such other time as the Sub-Committee determines to be appropriate.
- g. A performance bonus is not automatic. The intended purpose of the performance bonus is to reward above average or extraordinary performance and to motivate future performance. When considering whether a performance bonus is warranted, the Sub-Committee will take the following into account:
  - i. COO financial capacity;
  - ii. Whether the Registrar, CEO demonstrated exemplary performance during the review period in question in the areas of leadership, communications with the Board, achievement of strategic outcomes and compliance with operational boundaries;
  - iii. Whether the Registrar, CEO took on significant additional responsibilities over and above the duties set out in the Registrar, CEO Position Description during the review period in question; and
  - iv. Whether the Registrar, CEO has reached the top of the salary range available for the position.
- h. Where the Sub-Committee determines that a performance bonus is warranted, such bonus shall not be applied to the base salary but rather paid in the form of a one-time lump sum payment.