

PEMBROKE REGIONAL HOSPITAL EXECUTIVE CONTRACTS SENIOR

LEADERSHIP TEAM PERFORMANCE MANAGEMENT PROGRAM

The Pembroke Regional Hospital has a comprehensive and rigorous executive performance management program. Each year, members of the Senior Leadership Team have their performance measured through a number of metrics that are tied directly to the annual quality improvement plan. A special sub-committee of the Hospital's Board of Directors oversees the compensation and performance of the Senior Leadership Team each year.

PERFORMANCE MANAGEMENT PROGRAM COMPONENTS

The performance management program integrates and aligns the following key components into one program:

1. Executive Compensation and Evaluation Committee of the Board

The Executive Compensation and Evaluation Committee of the Board of Directors governs all activities related to the performance and compensation of the senior executives.

2. Performance Evaluation Program

Annually the performance of the CEO and the Chief of Staff is measured against leadership competencies and annual goals. The performance evaluation process includes a periodic 360-measurement component that solicits feedback from superiors, direct reports and peers.

3. Performance Goals

Senior Leadership executives are evaluated against the annual goals in the Quality Improvement Plan.

COMPONENTS OF COMPENSATION PROGRAM

	Explanation
Total Compensation (<i>Reported on 2010 Salary Disclosure</i>)	Compensation is determined following the Ontario Regulations on Executive Compensation Frameworks.
Performance Bonus 5%	Each year a percentage of total target compensation is available as a performance bonus tied to the annual quality improvement plan. This is currently set at 5%.

Insured Benefits	As per standard "Senior Management Insured Benefits Schedule".
Severance	<p>Severance is only provided upon termination to mitigate financial loss until another position can be found.</p> <p>There is <u>no</u> voluntary resignation allowance. A retirement allowance is provided to Director level and Senior Executive positions consistent with the Hospital's long-standing policy "Retirement Allowance: Non-union Directors and Senior Executives".</p>

The President and CEO of the Pembroke Regional Hospital has an employment contract, the full text of which follows (see below).

WHEREAS Catholic Health Sponsors of Ontario is the sponsor of the Pembroke Regional Hospital.

AND WHEREAS Catholic Health Sponsors of Ontario wishes to appoint Sabine Mersmann as President and Chief Executive Officer (hereinafter “CEO”) of the Pembroke Regional Hospital.

THIS EMPLOYMENT AGREEMENT made this September 26, 2022.

BETWEEN:

SABINE MERSMANN, of the City of Pembroke,
in the Province of Ontario,
(hereinafter referred to as the “Employee”)

and

PEMBROKE REGIONAL HOSPITAL, a corporation
under the laws of Canada
(hereinafter referred to as “PRH”)

WHEREAS the PRH, a person-centered Catholic facility committed to the healing mission of Jesus, provides the best possible health care for all the people of Pembroke and surrounding area in the tradition of the Grey Sisters of the Immaculate Conception;

AND WHEREAS the PRH has the following Mission Statement and Values:

“We are a regional community hospital committed to delivering a wide range of quality health services. Following Catholic tradition, we will meet the physical, emotional, and spiritual needs of all.

(hereinafter the “Mission Statement”)

AND WHEREAS the parties are desirous of entering into an employment relationship for their mutual benefit with a view of carrying out the Mission Statement and the mandate of the PRH;

AND WHEREAS the employee is committed to respect the Mission Statement and values as part of his employment;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto mutually covenant and agree as follows:

1. EMPLOYMENT

a) The Employee shall be employed by PRH to perform the duties and responsibilities of President and CEO of the PRH and shall have power and authority to manage and direct the assigned operations of the PRH in accordance with this Agreement, the bylaws of PRH and under the supervision and guidance of the Board of Directors of PRH (hereinafter the "Board"). The Employee shall well and faithfully perform and carry out all lawful direction given by the PRH, and shall at all times comply with the bylaws, rules and regulations of PRH as applicable and amended from time to time. In carrying out her duties and responsibilities as President and CEO of the PRH, the employee shall comply with all lawful and reasonable instructions as may be given by the Board. The Employee shall have, subject always to lawful and reasonable general or specific instructions and directions of the Board, full power and authority to manage and direct the business and affairs of the PRH, except only the matters and duties as by law must be transacted or performed by the Board or by the Members, including power and authority to enter into contracts, engagements or commitments of every nature or kind in the name of and on behalf of the PRH and to engage and employ and to dismiss all managers and other employees and agents of the PRH other than officers of the PRH, provided always that no contract shall be made which might involve the PRH in an expenditure exceeding those amounts specified in the bylaws of the PRH as requiring the consent and approval of the Members.

b) During the term of this Agreement, the Employee shall devote the whole of her time, attention and ability to the performance of her duties and responsibilities and shall not accept employment, or engage in self-employment, with any other individual, firm, corporation or agency of government at any time during the term of this Agreement which may interfere or conflict with her duties as provided for herein without the expressed permission of the Board Chair. The Employee shall discharge her duties and responsibilities in a manner consistent with the By-laws of PRH and applicable legislation.

c) The employment shall commence effective on or before November 1, 2022 and shall continue thereafter on the same terms and conditions as set out herein, unless otherwise mutually agreed between the parties, in writing.

2.0 PLACE OF EMPLOYMENT

The Employee shall perform her work and services in Pembroke, Ontario, and the employee shall reside within a reasonable daily commuting distance of Pembroke, Ontario provided that the employee shall also perform her work and services in such places as PRH may require from time to time.

3.0 TERMINATION OF EMPLOYMENT

This Agreement may be terminated under the following conditions:

a) Mutual consent in writing;

- b) Upon the death of the employee;
- c) The PRH may terminate the employment of the Employee without notice, for just cause. For the purposes of this sub-paragraph, "just cause" shall include, but is not limited to:
 - i) failure of the Employee to make herself available on a full-time basis except for periods of absence otherwise contemplated by this Agreement;
 - ii) serious misconduct, gross criminal activity, gross incompetence or gross breach of fiduciary duty or trust by the Employee;
 - iii) any violation of a material provision of this Agreement detrimental to the Hospital; or
 - iv) any act, or actions collectively, which are inconsistent with the Mission Statement referred to in the Preamble to this Agreement; or
- d) The Employee may terminate her employment by giving PRH ninety (90) day's notice in writing to the Board Chair and PRH may waive such notice, in whole or in part and if it does so, the Employee's entitlement to remuneration and benefits and bonuses pursuant to this Agreement will cease on the given date within the 90 notice period;
- e) PRH may terminate the employment of the Employee without cause and no other cost, expenses, benefit, bonus or liability will be owed to the Employee save and except the specific amounts described below, which shall be deemed to be inclusive of any amounts payable pursuant to the *Employment Standards Act*. Such termination can occur at any time by PRH giving the Employee a TWENTY-FOUR (24) month payment in lieu of notice. During any such period of payment, the Employee would receive such payments in the frequency and amounts at which the Employee would have been paid prior to termination, including increases in salary, bonuses, etc. During any such period, the Employee would also remain entitled to the benefits as described in section 5(a) below with the exception of short and long term health and disability benefits. All other benefits described in section 5 would cease as of the termination date triggering this clause. Upon receipt of notice of termination, the Employee will also be entitled to an appropriate Executive Outplacement Support package from a provider of the Employee's choice, the cost of which will be assumed by PRH to a maximum amount of \$10,000 before taxes. There is no cash value to this provision.
- f) In the event of circumstances described below, the Employee may, by providing written notice to the Board within thirty (30) days of the occurrence of the relevant event, elect to treat her employment as having been constructively terminated and to receive payment in lieu of notice in accordance with the provisions of clause 3(e).

The parties agree that this Constructive Termination clause may be invoked should any of the events described below in (f.1) - (f.4) occur in a manner that is: (i) material; (ii) directed towards the Employee and not to the Hospital employees in general;

- (f.1) Should the Hospital
 - (i) reduce or alter the duties and responsibilities of the Employee as President and CEO;
 - (ii) reduce or alter her status, such that such alteration would amount to a demotion of the Employee;
 - (iii) fail to maintain an independent Board;
 - (iv) alter its values as a Catholic institution.

With reference to section 3 (f.1) above, the parties acknowledge that the duties and responsibilities of the Employee may have to be adjusted to conform to obligations which may be required in an Accountability Agreement with *Ontario Health under the Connecting Care Act 2019*. The Hospital agrees that the Employee preserves her entitlement to assert that such adjustment of duties and responsibilities represents a Constructive Termination for the purposes of this Agreement. The Employee acknowledges that the adjustment of duties in order to achieve conformity with an Accountability Agreement will not constitute a Constructive Termination unless it represents a fundamental alteration of her role and responsibility as President and CEO.

(f.2) Should the Hospital merge with, be acquired or taken over by another corporation or contract out work to another organization resulting in a reduction to or alteration of duties and responsibilities of the Employee.

(f.3) Should the Hospital require the Employee to report to some superior authority such that the Employee would no longer have the ultimate authority as Chief Executive Officer of the PRH.

(f.4) Should the Hospital reduce the Employee's salary or benefits, without the Employee's consent and for reasons other than the insurability of the Employee.

- g) With reference to sections 3(e and f) above, should the Employee become fully employed with another employer during any period of notice being paid as salary continuance, the Employee shall so advise PRH and the balance of the applicable notice period will be converted to a lump sum payment in lieu of remaining salary payments only and paid by PRH to the Employee. All other benefits being provided during this period will also cease as of this date with no additional compensatory value being provided to the Employee.

- h) Upon the termination of the employment relationship, PRH shall have no further obligation to the Employee or her personal representative with respect to this Agreement or her employment with PRH except for the payment of his salary and benefits accrued hereunder and unpaid at the date of termination, any accrued unused vacation entitlement as set out in section 5(b) below, and any termination/severance pay as set out in the section 3(e) above.
- i) Upon termination of this Agreement, the Employee shall at once deliver or cause to be delivered to PRH all books, documents, effects, money, securities or other property belonging to PRH or for which PRH is liable to others, which are in the possession, charge, control or custody of the Employee.

4.0 COMPENSATION

- a) PRH shall provide the Employee with a financial compensation package consistent with the Hospital's "Compensation Policy: Senior Leadership Team".

5.0 BENEFITS

The Employee will be provided with the following benefits package:

- a) participation in all of the PRH's benefit plans generally available to its employees. The PRH reserves the right to make adjustments to this benefits plan as necessary to reflect market and business conditions. Benefits will be provided in accordance with the formal plan documents or policies and any issues with respect to entitlement or payment of benefits under any of the Employee Benefits will be governed by the terms of such documents or policies establishing the benefit in issue.
- b) annual vacation consistent with the vacation policy of the PRH;
- c) one corporate credit card for reimbursable business expenses;
- d) a laptop computer and an appropriate comprehensive mobile communications system (all equipment to remain the property of PRH);
- e) membership expenses in professional organizations and other such reasonable expenses related to business activities and professional development as approved by the Board Chair;
- f) support for continued involvement in community and health care industry activities and committees contingent on time availability.

6.0 EXPENSES

Notwithstanding the previous section, only reasonable expenses incurred by the Employee while performing the duties of this contract shall be reimbursed by the PRH. All expenses shall be reviewed and approved by the Board Chair prior to reimbursement.

7.0 CONFIDENTIALITY

The Employee acknowledges that she has had access to and has been entrusted with, or may continue to have access to and be trusted with, in the course of her employment, confidential information and documents relating to the present and future business of the PRH and the Employee acknowledges and agrees that the right to maintain the confidentiality of such information and documents to preserve the goodwill of the PRH constitutes proprietary rights which they are entitled to protect. Accordingly, the Employee hereby covenants and agrees with the PRH and acknowledges that this covenant shall survive the termination of this Agreement, that she will not, either during the currency of this Agreement or any time thereafter, disclose any confidential information or documents of the PRH to any person, or use of same for purposes other than the purpose of the PRH unless required to by law or a court of competent jurisdiction. The Employee acknowledges and agrees that the restrictions herein before contained are reasonable in the circumstances and hereby commits to maintaining the confidentiality described in this Agreement.

8.0 SEVERABILITY

In the event that any covenant or provision of the within Agreement is determined to be void or unforeseeable in whole or in part, it shall not effect or be deemed to effect or impair the validity of any other covenant or provision hereof and the remainder of the Agreement shall be in full force and effect.

9.0 NOTICE

The parties shall be deemed to have received notice if,

- (a) it is delivered to the Employee personally or to the Board Chair of PRH as the case may be; or,
- (b) it is mailed addressed to that party, in the case of PRH, or in the case of the Employee, at her last residential address known to PRH and five (5) days have elapsed thereafter without a substantial and relevant postal disruption.

10.0 ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between PRH and the Employee with respect to the employment of the Employee and cancels and supersedes any prior agreements or understandings between the parties with respect thereto. The parties acknowledge that there are no representations, warranties, terms conditions, undertakings or collateral agreements, express, implied or statutory between the parties other than as expressly set forth herein.

11.0 INDEPENDENT LEGAL ADVICE

The Employee acknowledges that she has been advised to, and has had the opportunity to, prior to executing this Agreement, seek independent legal advice with respect to this Agreement.

12.0 BENEFIT OF THE AGREEMENT

This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators and legal representatives of the employee and the successors and permitted assigns of the PRH respectively. This Agreement is a contract for personal services and may not be assigned by the Employee.

13.0 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario shall have safe and exclusive jurisdiction to entertain any action arising under this Agreement.

14.0 AMENDMENTS AND WAIVERS

No amendments to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision on this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same, and unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

15.0 HEADINGS

The headings used in this Agreement are for convenience only and are not to be construed in any way as additions to or limitations of the covenants and agreements contained in it.

IN WITNESS WHEREOF this Agreement has been executed by the parties and made effective the date first written above.

SIGNED, SEALED AND DELIVERED

**PEMBROKE REGIONAL HOSPITAL
INC**

In the presence of)

Witness: )

)
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) Per: 

DAVID UNRAU
Board Chair
"I have authority to bind the Corporation"

Witness: )

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) Per: 

SABINE MERSMANN