



Signatures: **SATCC Commission Board Chair**



SATCC Commission Board Vice Chair

Board Category Governance – G9
and Policy Name: CEO Evaluation

Approved: April 3, 2019

Supersedes: November 30, 2010; January 20, 2014; April 18, 2016

Next scheduled review: November 2021

Policy The evaluation of the CEO is one component of the overall responsibility of the Board to ensure sound management and management continuity. The evaluation process will be linked with the compensation process.

The SATCC Board will ensure regular evaluation of the CEO's performance on a formal and informal basis. Although the CEO's performance will be reviewed on an ongoing basis, it will be evaluated annually through a defined process based on agreed-upon principles and outcomes in accordance with best practices in human resource management.

The formal CEO evaluation should be aligned with the performance evaluation of the SATCC Senior Management team and result in incentive proposals. Relevant organizational planning and reporting tools, including the SATCC Strategic Plan, Business Plan, Annual Report and the CEO's identified performance goals must be considered in the evaluation process.

The Human Resources Committee will, as per Board direction, assume oversight responsibility for the evaluation process.

Procedures The Human Resources Committee will make recommendations on and oversee the following.

Evaluation Process

The evaluation process and work plan will be established by the Human Resources Committee. The evaluation may consist of a combination of methods including: board discussion, interviews and/or surveys, all of which

must be based upon the agreed upon assessment criteria and performance standards established for the CEO.

The process shall be conducted in a manner that is transparent, constructive, respectful, tactful and confidential. The intent is to build and maintain a trust relationship and unfettered lines of communication between the Board and the CEO.

Evaluation Feedback

Input for the evaluation will be solicited from the Board and the CEO. From time to time the Board may choose to seek more extensive input. The evaluation may consist of a 360° feedback process, seeking input from the Board and from others, such as key stakeholders, senior management and direct reports who have first-hand knowledge of the CEO's day-to-day performance and accomplishments.

The Human Resources Committee may recommend the use of an external adviser/facilitator to guide the evaluation process, especially in the case of doing a 360° feedback evaluation.

Evaluation Criteria and Measures

Assessment criteria and standards for satisfactory performance. Assessment criteria and performance standards are those CEO responsibilities and performance expectations which are set out in writing and fully understood and approved by the CEO and the Board.

These CEO responsibilities and performance expectations will be found in SATCC documents such as:

- A current CEO position description;
- The SATCC strategic plan and business plan;
- The CEO's annual statement of objectives, prepared by the CEO and approved by the Board; and
- Board policies.

Performance objectives for the CEO might also include some or all of the following qualitative and quantitative performance factors. This list is not necessarily exhaustive and factors may be weighted differently in different situations.

- *Integrity.* Does the CEO set the tone for the organization by exemplifying consistent values of high ethical awareness, honesty, fairness, and courage?
- *Vision.* Has the CEO articulated a clear vision for the organization that makes good business sense? Does the vision provide a solid foundation for building the organization? Do operating plans reflect this vision?

- *Leadership.* What is the CEO's leadership style? Does it fit the organization's needs? Has the CEO developed a strong management group? Does management function as a team?
- *Ability to meet organizational performance objectives.* Although organizational financial performance is not the only measure of the CEO's performance, the two are undeniably linked. How well is the CEO doing in meeting financial and operating performance goals, long term and short term? What about the CEO's ability to meet targets identified in the strategic plan? Are quantitative measures of performance set and tracked?
- *Succession planning.* Has the CEO proposed an internal senior management team succession plan that makes sense? Has the CEO communicated with the Board regarding CEO succession?
- *Stakeholder relations.* Does the CEO lead the organization in building effective relations with all stakeholders, including employees, organizational partners, government, clients, and the community?
- *CEO-board relations.* Has the CEO established a trust relationship with the Board? Does the CEO ensure appropriate support for Board work and Board development? Does the CEO respect the Board's independence? Does the CEO discuss major corporate commitments with the Board before they are made? Does the CEO respect the Board's need to meet in camera?

Post Evaluation Reporting

The results of the evaluation process shall be summarized in writing and previewed by the Human Resources Committee.

The Human Resources Committee Chair will review the draft performance appraisal report with the CEO, providing opportunity CEO for comments and input.

Finally, the Board, or its delegates, should have a discussion with the CEO about the evaluation report and specifically in relation to:

- The special or unique strengths the CEO has demonstrated;
- The areas in which improvement is indicated;
- The management and/or organizational development activities that should be carried out in the future;
- Performance objectives agreed to by the CEO and the board, and established in advance of each fiscal year. Ideally, these objectives would be related to the organization's business plan for the year and longer-term plans as well; and
- Any areas which call for Board attention arising from the performance evaluation report.

Evaluation of the process

The Human Resources Committee will ensure that each regular evaluation process is reviewed at its conclusion, with a view to continuous improvement and constructive outcomes for the benefit of both the CEO and the Board.

Background

The SATCC Board recognizes that a transparent, fair and systematic evaluation process and comprehensive feedback mechanism are essential to building a productive and sustainable working relationship between the Board and the Chief Executive Officer (CEO).

Related documents

SATCC Board of Directors Board Charter – Section 4: Duties and Responsibilities, Management and Performance establishes the Board’s responsibility for the evaluation of the CEO’s performance

SATCC HR Committee Terms of Reference – establishes the body responsible for overseeing the CEO evaluation process

CEO Position Description

HR Committee Evaluation – provides feedback for the improvement of evaluating the CEO

G16 CEO Short Term Incentive (NEW)

