

DESIGNATED EXECUTIVE AGREEMENT

THIS AGREEMENT is made effective the 29th day of March, 2018 (the “Effective Date”),

BETWEEN:

ST. THOMAS ELGIN GENERAL HOSPITAL

a corporation without share capital duly incorporated
under the laws of the Province of Ontario

(the “Corporation”)

- and -

KAREN DAVIES

in the Province of Ontario,

(the “Employee”)

RECITALS

WHEREAS the Corporation wishes to retain the Employee and the Employee wishes to be retained by the Employer in the capacity and upon the terms and conditions set forth in this Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, each capitalized term shall have the meaning attributed thereto:

- (a) “Agreement” means this agreement, including its recitals, all as may be supplemented or amended from time to time;
- (b) “Board” means the Board of Governors of the Corporation;
- (c) “BPSECA” means the *Broader Public Sector Executive Compensation Act* (Ontario);
- (d) “CEO” means the president and chief executive officer of the Corporation;
- (e) “Confidential Information” has the meaning ascribed in section 13.1;
- (f) “Executive Compensation Plan” or “ECP” means the prescribed executive compensation plan approved by the Board in accordance with the requirements of the *BPSECA*;

- (g) “Governors” means the persons who serve the Corporation’s directors, as that term is defined in the *Corporations Act* (Ontario) of the Corporation;
- (h) “LHIN” means Local Health Integration Network;
- (i) “MOHLTC” means Ministry of Health and Long-Term Care; and
- (j) “Other Organization” has the meaning ascribed in section 5.1.

1.2 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties including without limitation any prior employment agreements. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express, implied or statutory between the parties other than as expressly set forth in this Agreement.

1.3 **Section Headings**

All paragraph headings have been inserted herein for convenience of reference only and do not form part of this Agreement.

ARTICLE 2 DESIGNATED EXECUTIVE

- 2.1 The Employee agrees to serve as the Vice President and Chief Nursing Executive of the Corporation to the best of her ability in compliance with all applicable laws, the Corporation’s By-laws, policies and procedures, all as may be amended from time to time, and this Agreement.
- 2.2 The Employee agrees that her general duties and responsibilities are set out in the position description and in the By-Law either of which may be unilaterally amended from time to time by the Corporation.
- 2.3 The Employee acknowledges that to the extent that the Employee serves as Governor of the Corporation, she shall do so without additional remuneration. Notwithstanding any provision of this Agreement or any other agreement or document to the contrary, the Employee shall be deemed to have resigned as a director of the Corporation, contemporaneously with the termination or ending of her employment with the Corporation, for any reason, either voluntarily or involuntarily, and the Employee shall immediately upon request by the Corporation sign any and all documents necessary to give effect to such resignation.

ARTICLE 3 ACCOUNTABILITY

- 3.1 The Employee shall report directly to the CEO and shall follow all lawful instructions and directions given to her by the CEO.

ARTICLE 4 TERM

4.1 The term of this Agreement shall commence as of the Effective Date unless terminated prior thereto in accordance with the provisions of ARTICLE 11 of this Agreement.

ARTICLE 5 FULL TIME AND ATTENTION

5.1 The Employee shall, throughout the term of her employment, devote her full time and attention to the business and affairs of the Corporation. The Employee acknowledges that this position will include the carrying out of the duties in the evenings and weekends, as may be required from time to time, in addition to regular business hours. The Employee shall not, without the prior expressed agreement of the CEO, undertake any other business or occupation or become a director, officer, employee, partner or agent of any other corporation, partnership, firm or person (“Other Organization”).

ARTICLE 6 COMPENSATION

6.1 Wage Restraint Legislation

The parties agree that Article 6 is subject to any applicable wage restraint legislation and the ECP prescribed *BPSECA* executive compensation framework.

6.2 Base Salary

The Corporation agrees to pay the Employee a base salary of one hundred and sixty-nine thousand one hundred and sixty-seven dollars (\$169,167) per annum, retroactive to September 1, 2017, subject to Section 6.4.

6.3 Annual Salary Increases

Annual salary increases will be based upon the Employee’s performance as determined by the CEO based on the results of the Employee’s performance evaluation set out in ARTICLE 7, the Corporation’s financial resources, the applicable wage restraint legislation and the ECP.

6.4 Performance Payment

- (a) In accordance with the *Excellent Care for All Act, 2010* and any other applicable legislation, the Employee may be eligible to receive an additional amount of up to 5% of the Employee’s then current base gross annual salary as performance pay (the “Performance Pay”) if in the discretion of the Board of Governors it has been determined that targets have been achieved or that Performance Pay should otherwise be paid to the Employee.
- (b) Thirty percent (30%) of this potential annual Performance Pay (i.e., 1.5% of the Employee’s then current base gross annual salary, equating to two thousand and five hundred and thirty eight dollars (\$2,538)) will be paid to the Employee at such time as it has been determined by the Board of Governors that Performance Pay shall be paid to the Employee. If the Board of Governors determines that Performance Pay should not be paid, this portion of the Performance Pay will not

be paid to the Employee. The remaining portion of the Performance Pay (being 3.5% of the Employee's then current base gross annual salary, equating to five thousand and nine hundred and twenty one dollars (\$5,921)) shall be paid to the Employee over the course of the year in anticipation of at least partial targets being met; provided, however, that such amount shall remain at-risk and if the Board of Governors determines that any or all of this portion of the at-risk Performance Pay should not be paid to the Employee, then any amount of Performance Pay actually paid to the Employee over the course of the year may be withheld from the Employee's gross annual base salary in the following fiscal year at the discretion of the CEO and the Board of Governors and on a schedule to be determined by the CEO in consultation with the Employee.

- (c) The performance payment will be included in the Employee's Healthcare of Ontario Pension Plan ("HOOPP") pensionable earnings if permitted under the terms of the Plan but shall not be reflected in any notice or termination entitlement under ARTICLE 11.

ARTICLE 7 PERFORMANCE REVIEW

7.1 In April of each year, the CEO will undertake a review of the Employee's performance.

ARTICLE 8 VACATION ENTITLEMENT

8.1 The Employee shall be entitled to seven (7) weeks paid vacation that is accumulated based on 1/26 of the Employee's annual entitlement at the end of each pay period. The Employee is required to take regular vacation breaks at such times as may be mutually agreed to by the Employee and the CEO and will not accumulate a balance of unused vacation time in excess of annual entitlement. Service to the Corporation by the Employee under this Agreement will accrue vacation entitlement in accordance with the Corporation's applicable policy. In general, carry-over of an unused portion of your accrued vacation entitlement from one vacation year to the next is discouraged and vacation in excess of 10.5 weeks will be forfeited and will not be paid out if not used. Carry-over may be permitted under special circumstances with the written consent of the CEO.

ARTICLE 9 EMPLOYEE BENEFIT PLANS

9.1 The Employee shall be entitled to participate in the benefit plans made available by the Corporation to its full-time leadership personnel, including HOOPP, dental, group life insurance and extended health care plan.

As of the date of this Agreement, the executive compensation benefits include the following, provided that notwithstanding any dates referenced in this Section 9.1, the Employee shall only be eligible to receive benefits during the term of this Agreement or as otherwise provided in ARTICLE 11 of this Agreement:

- i) Extended Health Care, Hospitalization, and Dental benefits consistent with STEGH's non-union plan.

- ii) Executive Health Care Spending Account of \$3,000 per calendar year until March 31, 2021, changing thereafter to 1% of annual salary per calendar year.
- iii) Paid sick leave and Short Term Disability coverage in accordance with the STEGH non-union plan.
- iv) Long Term Disability which provides 75% of monthly earnings until March 31, 2021, changing thereafter to 65% of monthly earnings if service is less than 20 years, 70% of monthly earnings if service is greater than 20 years and 75% of monthly earnings if service is greater than 30 years. Qualifying period is 30 weeks.
- v) Basic Group Life and Basic Accidental Death and Dismemberment insurance coverage of 4X annual salary until March 31, 2021, changing thereafter to 2X annual salary.
- vi) Dependent Life Insurance equivalent to \$10,000 until March 31, 2021. Thereafter this benefit will be eliminated.

9.2 The Employee acknowledges that some employee benefit plans may include compulsory employee participation and employee contributions at levels determined by the Corporation. The Corporation regularly reviews the employee benefit plans, as well as its insurance carriers, and accordingly, reserves the right to amend or discontinue the employee benefit plans and change its insurance carriers where deemed appropriate and without further notice to the Employee.

ARTICLE 10 EXPENSES

10.1 It is understood and agreed that the Employee will incur expenses in connection with her employment duties under this Agreement. This may include professional fees, development or education. The Corporation will reimburse the Employee for any reasonable and substantiated expenses provided such expenses were incurred in accordance with established Corporation policy and as approved by the CEO.

ARTICLE 11 TERMINATION

- 11.1 (a) The Employee may terminate her employment pursuant to this Agreement voluntarily at any time by giving not less than sixty (60) days' notice in writing to the Corporation.
- (b) The Corporation may with written notice waive notice in whole or in part but shall be required to continue providing the Employee both her salary and benefits for the full sixty (60) days.
- (c) The Employee agrees to accept the pay-in-lieu of notice set out in section 11.3 in full and final settlement of all amounts owing to her by the Corporation, including any payment in lieu of notice of termination, entitlement of the Employee under any applicable statute and any rights that the Employee may have at common law, and the Employee waives any claim to any other future payment or benefits from the Corporation.

11.2 This Agreement and the Employee's employment with the Corporation may be terminated, without the Corporation being obligated to provide the Employee with advance notice of termination or pay in lieu of such notice, whether under contract, statute, common law or otherwise if:

- (a) the Employee retires;
- (b) the Employee's employment is terminated for cause;
- (c) the Employee dies.

The Employee or the Employee's estate will not be entitled to receive any further compensation or benefits pursuant to the terms of this Agreement other than those which have accrued up to the date of the Employee's death and those death benefits which may be payable in accordance with applicable insurance policies.

11.3 (a) This Agreement may be terminated by the Corporation, in its absolute discretion, for any reason by giving the Employee prior notice in writing equal to twelve (12) months, plus one (1) additional month for each full year of service up to a maximum of eighteen (18) months' notice in total (the "Notice Period") or on paying to the Employee the equivalent lump sum payment in lieu of such notice, or combination of notice and payment in lieu. During the Notice Period, the Employee shall have a positive obligation to mitigate the amounts payable by the Corporation under this section by taking all reasonable steps to find reasonable employment (including consulting and contract work). Notwithstanding anything to the contrary herein, if the Employee becomes employed or self-employed at any point during the Notice Period, the Corporation shall pay the Employee an amount equal to 50% of the remaining payments during the Notice Period which have not yet been paid to the Employee as full and final satisfaction of all amounts owing to the Employee. The Corporation reserves the right to exercise reasonable, good faith discretion in determining the extent to which work may be considered to be employment or self-employment for purposes of these provisions.

- (b) The payments under this paragraph (b) include all entitlement to either notice or pay in lieu of notice and severance pay under the *Employment Standards Act* (Ontario).

11.4 The Employee agrees to accept the pay-in-lieu of notice as set out in section 11.3 above in full and final settlement of all amounts owing to her by the Corporation on termination, including any payment in lieu of notice of termination, entitlement of the Employee under any applicable statute and any rights that the Employee may have at common law, and the Employee waives any claim to any other or future payment or benefits from the Corporation.

11.5 Coverage under the life insurance, short term sick plan as well as long term disability insurance will continue for the minimum period of notice required under the *Employment Standards Act, 2000* (as amended). If the Employee did not elect to receive a lump sum payment, then the Employee shall continue to receive benefits, to the extent permitted by the relevant plan text, for the duration of the Notice Period, but shall cease on the date the

Employee becomes employed or self-employed. In no case shall the foregoing benefits cease sooner than the minimum period of notice required under the *Employment Standards Act, 2000* (as amended).

- 11.6 (a) Upon termination of this Agreement for any reason, the Employee acknowledges that all items of any kind created or used by her pursuant to her employment or furnished by the Corporation to her including, but not limited to, any equipment, books, records, credit cards, reports, files, diskettes, manuals, literature, Confidential Information, or other materials shall remain and be considered the exclusive property of the Corporation at all times, and shall be surrendered to the CEO, in good condition, promptly without being requested to do so.
- (b) Notwithstanding the foregoing at retirement, mutually agreed resignation and/or termination without cause, the Employee will be entitled to ownership of the home computer, software and printer provided to the Employee by the Corporation for her use at home.
- 11.7 The Employee agrees that on her resignation from employment, or on her termination of employment, irrespective of the time, manner or cause, she shall immediately resign all offices held, including directorships, in the Corporation, or any other entity related to the Corporation and save as provided in this Agreement, the Employee shall not be entitled to receive any additional severance payment or compensation for loss of office or otherwise in the event her resignations are accepted by the Corporation.
- 11.8 The Employee hereby acknowledges and agrees that she will not be constructively dismissed in the event of a government mandated restructuring of the healthcare system that results in the Corporation's operations being assumed by a regional health authority, a local health integration network or Other Organization provided the restructuring does not materially affect the Employee's responsibilities and there is no decrease in the Employee's salary or benefits regardless of whether there are any changes to the Employee reporting structure.

ARTICLE 12 LIABILITY INSURANCE

- 12.1 The Corporation shall insure the Employee under its general liability policy both during and after the term of her employment, for all acts done by the Employee in good faith and in the execution of her office as a designated executive of the Corporation, throughout the term of her employment.

ARTICLE 13 OWNERSHIP OF INFORMATION AND NON DISCLOSURE

- 13.1 "Confidential Information" includes, without limitation, information and facts relating to the operation and affairs of the Corporation acquired by the Employee in the course of her employment, including information and facts relating to present and contemplated services, future plans, processes, procedures, suppliers, capital projects, financial information of all kinds, government relations strategies, patients or their health records, any product, device, equipment or machine, or employees. For greater certainty, Confidential Information shall not include:

- (a) information and facts that are available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement; or
 - (b) information and facts that become available to the Employee on a non-confidential basis from a source other than the Corporation.
- 13.2 All Confidential Information of the Corporation, whether it is developed by the Employee during her period of employment or by others employed or physicians or engaged by or associated with the Corporation, is the exclusive property of the Corporation and shall at all times be regarded, treated and protected as such.
- 13.3 The Employee shall not disclose Confidential Information to any person or use any Confidential Information (other than as necessary in carrying out her duties on behalf of the Corporation) at any time during or subsequent to her period of employment without first obtaining the consent of the Chair, and the Employee shall take all reasonable precautions to prevent inadvertent disclosure of any such Confidential Information.
- 13.4 Within five (5) days after the termination of the Employee's employment by the Corporation for any reason, or of receipt by the Employee of a written request from the Corporation, the Employee shall promptly deliver to the Corporation all property belonging to the Corporation, including without limitation all Confidential Information (in whatever form) that is in the Employee's possession or under the Employee's control.
- 13.5 Nothing in this section precludes the Employee from disclosing Confidential Information at any time if disclosure of such Confidential Information is required by any law, regulation, governmental body, or authority or by court order, provided that before disclosure is made, notice of the requirement is provided to the Corporation, and to the extent possible in the circumstances, the Corporation is afforded an opportunity to dispute the requirement.
- 13.6 The contents of this Agreement shall not be disclosed by the Employee to anyone, except to the Board, to the Employee's own financial and legal advisors, or as required by law, regulation, governmental body, or court order. Requests for further disclosure will be made to the Chair for consideration.
- 13.7 The parties will agree in advance upon any appropriate press releases to announce the execution or termination of this Agreement.

ARTICLE 14 NON-SOLICITATION/NON-DISPARAGEMENT

- 14.1 The Employee will not, either while employed with the Corporation or subsequent to the Employee's termination of employment for any reason for a period equivalent to the Employee's then current notice period, without the Corporation's express written consent, either as an individual, or in conjunction with any other person, firm, corporation, or other entity, whether acting as a principal, agent, employee, consultant, or in any capacity whatsoever solicit, attempt to solicit, or communicate in any way with any employees or physicians of the Corporation for the purpose of having such employees or physician employed or in any way engaged by another healthcare organization, person, firm, corporation, or other entity.

14.2 The Employee and the Corporation covenant and agree that neither party shall engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the other party, which in the case of the Corporation, includes Board, officers, employees, physicians and/or patients.

ARTICLE 15 GENERAL PROVISIONS

15.1 Binding Effect and Non-Assignment

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and successors, but shall not be capable of assignment by either party without the previous written consent of the other party thereto.

15.2 Notice Provisions

Any notice to be given under this Agreement shall be in writing and shall be personally delivered or sent by registered mail or email to the attention of the President & Chief Executive Officer or to the Employee's address of record.

15.3 Severability

If any covenant or provision of this Agreement is determined to be void or unenforceable in whole or in part by any court, such determination shall not affect or impair the validity of any other covenant or provision of this Agreement, which shall remain in full force and effect as if the void or unenforceable covenant or provision had not been made part of this Agreement.

15.4 Waiver

No waiver by either party of any breach of any provisions herein shall constitute a waiver of the provision except with respect to the particular breach giving rise to the waiver.

15.5 Governing Law

This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

15.6 Currency

All dollar amounts set forth or referred to in this Agreement refer to Canadian currency.

15.7 Withholding

All payments made by the Corporation to the Employee or for the benefit of the Employee shall be less applicable withholdings and deductions.

15.8 **Recitals**

The Employee and the Corporation acknowledge and agree that the provisions contained in the preamble or recitals section of this Agreement form part of this Agreement and may be relied upon by either Party when interpreting this Agreement.

15.9 **Interpretation**

The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and the Agreement shall be interpreted without regard to any presumption or other rule requiring interpretation of the Agreement more strongly against the Party causing it to be drafted.

15.10 **Privacy Consent**

By accepting employment with the Corporation, the Employee consents to the Corporation collecting, using and disclosing the Employee's personal information to establish, manage, terminate and/or otherwise to administer the employment relationship, including, but not limited to:

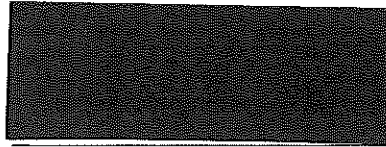
- (a) ensuring that the Employee is properly remunerated for her services to the Corporation which may include disclosure to third party payroll providers;
- (b) administering and/or facilitating the provision of any benefits to which the Employee is or may become entitled, including benefits coverage, pension plan and incentive plans; this shall include the disclosure of the Employee's personal information to the Corporation's third party service providers and administrators;
- (c) ensuring that the Corporation is able to comply with any regulatory, reporting and withholding requirements relating to the Employee's employment;
- (d) performance and promotion;
- (e) monitoring the Employee's access to and use of the Corporation's electronic media services in order to ensure that the use of such services is in compliance with the Corporation's policies and procedures and is not in violation of any applicable laws; and
- (f) complying with the Corporation's obligations to report improper or illegal conduct by any director, officer, executive or agent of the Corporation under any applicable health, criminal or other law.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the Effective Date.

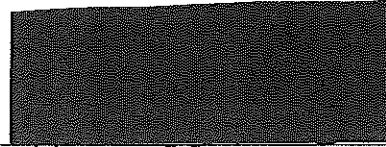
**ST. THOMAS ELGIN GENERAL
HOSPITAL**

By:



President & Chief Executive Officer

I have read, understand and accept the terms and conditions of this Agreement.



Karen Davies

