

Policy Direction – Chief Executive Officer (CEO) Succession

Rationale and Relationship to Vision, Mission, and Values

The Board of MS Canada recognizes the importance of good planning in the eventuality of a President and Chief Executive Officer (CEO) succession, whether on a planned or emergency basis. Beyond the obvious benefits of minimizing the risks of disruption during a period of leadership transition, good succession planning also generates opportunities for professional growth and development. This document outlines the key elements which form the basis of the President and CEO succession plan at MS Canada. The document also provides guidance for for early preparations in the eventuality of the need for a President and CEO search.

Policy Objective

The objective of this policy is to ensure that MS Canada has a comprehensive President and CEO succession plan.

Policy Application

This policy applies to the role of the President and Chief Executive Officer (CEO) and to those executive-level staff who are authorized from time to time to exercise the authority of the President and CEO.

Authorization

The policy was approved by the MS Society Board of Directors, May 21, 2014.

Policy Details

1.0 Executive-level staff authorized to serve as Acting CEO

The Board of MS Canada directs the President and CEO, at all times, to have at least two executive-level staff identified for approval by the Board so that they may exercise the authority of the President and CEO on an acting basis when the President and CEO is on vacation or otherwise unable to exercise the duties of the role. On recommendation from the President and CEO, the Board will approve the executives who are authorized to act in this capacity.

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<i>Frequency of review:</i>	Five years or less
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<i>Last reviewed:</i>	April 14, 2021
<i>Next scheduled review:</i>	April 2026

2.0 Compensation Committee Role

The Compensation Committee provides advice to the Board on succession planning. The Compensation Committee shall plan annually to hold a conversation about the succession plan.

3.0 Succession readiness

3.1 Advance preparation for a President and CEO search

This section is not intended to preclude the Board's authority at the time when the need arises to launch a President and CEO search; rather, the section is intended to expedite the work of the Board at a time when it needs to act quickly.

3.2 Emergency Succession

An emergency succession is required when circumstances temporarily or permanently renders the President and CEO unable to perform the duties of the role. Because of the need for continuity in the role of the President and CEO and because of the inability to predict such circumstances, the Board shall review annually which of the executives identified to exercise the authority of the President and CEO will automatically assume the role of Acting President and CEO in this eventuality. The Acting President and CEO would be charged to communicate information about the circumstance leading to the need for an emergency succession to the senior officers of the Board. A special meeting of the Board would be convened to decide which of the executives might be appointed as Acting President and CEO for the remainder of the time required. If the emergency permanently disables the President and CEO from performing the duties of the role, please refer below for additional information in the sections titled 'Departure' and 'Advance Preparation for a President and CEO search.'

3.3 Short-term planned succession (e.g. vacation, approved and planned short-term medical leave)

The requirement for short-term planned successions surfaces frequently as there is a continuing need for the authority of the President and CEO to be exercised when the President and CEO might not be available when on vacation, on short-term planned medical leave, or similar temporary circumstances. In these cases, the President and CEO will identify the Acting President and CEO from among those authorized by the Board to play the role. The appointment will be on a rotational basis and on the basis of the availability of those individuals. At no time will the President and CEO and the executives identified by the Board to exercise this role be on leave/vacation at the same time.

When the President and CEO is away on vacation, information about how to reach the President and CEO will be available to the executive acting on behalf of the

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President and CEO in the event of a crisis. For the most part, the President and CEO remains accessible by cell phone to the Acting President and CEO while away on vacation.

3.4 Departure (voluntary)

In the event of a voluntary departure, the President and CEO will provide notice before an eventual departure. Unless the voluntary departure arises on the occasion of a retirement, a voluntary departure often does not provide sufficient lead time for the search for a permanent replacement to be completed in time before the departure of the incumbent. An Acting President and CEO is typically required during such transitions. In this circumstance, the Board would have sufficient time to meet to consider the appointment of an Acting President and CEO and establish plans for the search to find a permanent replacement. In appointing an Acting President and CEO, the Board may want to consider whether it prefers to select someone who will not be a candidate for the permanent role. This is not necessary but it should be a consideration in making the appointment.

3.5 Departure (involuntary)

If the Board initiates the removal of the President and CEO, it is incumbent on the Board as it negotiates the removal of the President and CEO to plan for the appointment of the Acting President and CEO. For continuity’s sake, the appointment of the Acting CEO should be synchronized with the announcement of the removal of a President and CEO.

3.6 Search committee

The Board can delegates much of the responsibility to implement the search to a search committee The size of a search committee should be relatively small (i.e. 4-6). Members of the search committee will include some of the staff exercising senior leadership roles in the organization as well as selected Board directors who have sufficient depth and length of involvement with the organization to be able to reflect its complexity to potential candidates. It is not advisable that the search committee include potential future direct-reports to the President and CEO, though the advice/input of direct-reports can be solicited in additional meetings between finalists and a small selection of future direct-reports. Members of the search committee should be screened for their flexibility and availability, as members of the search committee cannot, in fairness to the candidates, opt in and out of a search process.

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3.7 Search Counsel

There is a growing and nearly universal trend for the most senior leadership roles in the nonprofit/charitable sector to be recruited with assistance of professional search counsel. While there are significant costs arising from the engagement of search counsel, these are often offset by the savings that flow from a gap in the senior leadership ranks of the organization. Because of this trend, many candidates for these roles may not respond to advertisements in the pages of major newspapers. Search counsel is often key in causing candidates to 'pay attention.' This trend reflects the growing competitiveness for talent in top jobs in the nonprofit / charitable sector. A similar trend is observable in the private sector and increasingly in the public and institutional sector. Mirroring this trend is the growth of boutique search firms which bring special focus to the nonprofit/institutional sector and the growth of nonprofit/institutional sector areas of specialty or practice within the larger firms which bring a similar focus and experience.

Reflecting this trend, the Board views the engagement of search counsel as critical to the successful implementation of a President and CEO search and will follow this practice under most circumstances. The committee may, however, under certain conditions, decide to draw from an internal pool of qualified applicants to fill the position, in which case the committee will conduct a rigorous interview process with key internal and external stakeholders.

It further directs the President and CEO to maintain an updated list of the top 4-5 search firms and make such a list available to the Compensation Committee on an annual basis. (The President and CEO may choose to delegate this task to the Vice President, People and Volunteers.) This short list could eventually serve as the basis from which MS Canada might launch an RFP for search counsel. In considering the appointment of search counsel, the Board should also consider the potential to appoint a search firm without RFP from among those who have provided services in the recruitment of other executives at MS Canada.

Finally, search firms have historically set their fee as a percentage of the compensation of the successful candidate in the first year of the assignment. This practice often generated the potential if not the possibility of a real conflict between search counsel and the client organization as the search firm's compensation would increase in direct proportion to the negotiated compensation of the successful candidate. Search counsel fees will therefore be arranged on a flat fee basis. In this way, the search firm and MS Canada avoid both the potential of a real or perceived conflict of interest.

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Executive Champion

The MS Canada President and Chief Executive Officer is the executive champion for the President and CEO Succession policy direction.

Monitoring and Compliance

The Compensation Committee will be responsible for leading the monitoring of the application and compliance of this policy direction, with the support of the President and CEO where appropriate.

Related Policies, Legislation

None.

Policy Review

This policy direction is to be reviewed every five years.

- May 21, 2014 – First approved
- Reviewed and approved by Executive Team, April 14, 2021

Definitions:

Executive Level Staff - The most senior level of staff leadership within MS Canada comprised of the president and chief executive officer; presidents; senior vice-president(s) and vice-president(s). One person may hold more than one position. The president and chief executive officer may alter the composition of the executive team as required from time-to-time.

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