

EMPLOYMENT AGREEMENT

BETWEEN

SUNNYBROOK HEALTH SCIENCES CENTRE

AND

**ALISON WELCH
VICE PRESIDENT OF FINANCE, CHIEF FINANCIAL OFFICER (CFO)**

ALISON WELCH – ADDENDUM TO EMPLOYMENT AGREEMENT
As of December 6, 2011

The following are revisions to the Welch Employment Agreement that have occurred since the original signing date.

Purpose

The following employment agreement between Sunnybrook Health Sciences Centre and Alison Welch for the position of Vice President, Finance and Chief Financial Officer (CFO) constructed in February 2007.

Over the course of the past several years sections of the contract may have been revised or altered to be compliant with approved recommendations from the Performance & Compensation Committee of the Board and changes that may have occurred through the Ontario Public Sector (OPS) directives.

Revised Employment Agreement Sections

The following reflects changes made to sections of the contract since the original signing date:

Article 3. Total Compensation

As approved by the President & CEO and Performance & Compensation Committee of the Board of Directors, the Hospital will pay the Executive a maximum total annual compensation of \$316,200 less all applicable statutory deductions, which is comprised of the following components:

Base Annual Salary: \$240,000

At Risk Compensation: 21% of base salary (\$50,400), which is held and aligned to overall performance and achievement of performance goals.

Total Annual Maximal Compensation: \$316,200

3.3 At Risk Compensation

The Executive will be eligible for “at risk compensation” annually up to 21% of base salary as set out in Section 3.1. and paid in each fiscal year of this Agreement (pro-rated in the event of a partial year) if and in such amount as the President & CEO and Performance and Compensation Committee of the Board shall determine and approve. They will take into regard the Executive’s overall achievement of predetermined performance goals and criteria that will be established by the EVP, Chief Administrative Officer and the President & CEO after discussion and agreement with the Executive, prior to the beginning of each fiscal year.

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3.4 Business Expenses

The Hospital shall reimburse the Executive for all reasonable travel and other out of pocket expenses (but not vehicle expenses) actually and properly incurred by the executive on behalf of the Hospital in accordance with applicable Hospital policies and procedures. The Hospital shall provide the executive with an automobile allowance of not more than \$13,000 per annum payable in equal installments in accordance with normal practices of the Hospital.

3.5 Benefits

The Executive shall not be entitled to carry forward any unused vacation into a subsequent year beyond what would be normally accrued in an 18-month period (in accordance to hospital policy) without the concurrence of the President and CEO. Any vacation hours banked that are beyond what the Executive could accrue in an 18-month period will be removed from the bank. The Hospital shall make available to the Executive a benefit allowance of not more than \$12,800 per year.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made this / of March 2007

BETWEEN:

SUNNYBROOK HEALTH SCIENCES CENTRE

(the "Hospital")

- and -

Alison Welch

(the "Executive")

WHEREAS the Hospital owns and operates Sunnybrook Health Sciences Centre, in the City of Toronto and has appointed the Executive to the position of Vice President, Finance & CFO effective February 1, 2007. For purposes of service the Executive is deemed to have a service date identical to that of her hire date with the former Sunnybrook & Women's College Health Sciences Centre.

AND WHEREAS the parties hereto have agreed that the employment of the Executive will be based upon the terms and conditions set out in this Agreement;

IN CONSIDERATION of the mutual premises, agreements and covenants contained in this Agreement, the parties agree as follows:

ARTICLE 1 – EMPLOYMENT

1.1 Agreement to Employ

Subject to the terms and conditions of this Agreement, the Hospital agrees to employ the Executive in the position of Vice President, Finance & CFO and the Executive agrees to work for the Hospital in such capacity and to perform the duties and exercise the powers as may be assigned to her from time to time by the EVP, Corporate Services.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made this of January 2007

BETWEEN:

SUNNYBROOK HEALTH SCIENCES CENTRE

(the "Hospital")

- and -

Alison Welch

(the "Executive")

WHEREAS the Hospital owns and operates Sunnybrook Health Sciences Centre, in the City of Toronto and has appointed the Executive to the position of Vice President, Finance & CFO effective February 1, 2007. For purposes of service the Executive is deemed to have a service date identical to that of her hire date with the former Sunnybrook & Women's College Health Sciences Centre.

AND WHEREAS the parties hereto have agreed that the employment of the Executive will be based upon the terms and conditions set out in this Agreement;

IN CONSIDERATION of the mutual premises, agreements and covenants contained in this Agreement, the parties agree as follows:

ARTICLE 1 – EMPLOYMENT

1.1 Agreement to Employ

Subject to the terms and conditions of this Agreement, the Hospital agrees to employ the Executive in the position of Vice President, Finance & CFO and the Executive agrees to work for the Hospital in such capacity and to perform the duties and exercise the powers as may be assigned to her from time to time by the EVP, Corporate Services.

1.2 Term of Employment

The Executive shall be employed by the Hospital in the capacity of Vice President effective February 1, 2007, but the original hire date will be retained for service purposes. Employment with the hospital shall continue until the earliest of: (a) the Executive's death, Executive's resignation, or (c) termination in accordance with Article 5 of this agreement.

ARTICLE 2 - EXECUTIVE'S COVENANTS

2.1 Exclusive Service

During the term of this Agreement, the Executive agrees to faithfully perform the assigned duties and apply her best efforts to promote the interests of the Hospital. The Executive shall devote the whole of her working time and attention to the business affairs of the Hospital and shall not, unless the Executive has the consent of the EVP, Corporate Services engage either directly or indirectly in any other business or occupation of a permanent, temporary or part-time nature, which consent will not be unreasonably withheld.

2.2 Non-Disclosure and Confidentiality

The Executive acknowledges that, in the course of performing and fulfilling the duties and obligations as Vice President, Finance & CFO, the Executive may have access to and may be entrusted with information concerning the Hospital's activities and operations which is not generally known in the hospital industry or any other industries or businesses in which the Hospital participates ("Confidential Information"). The Executive acknowledges that the unauthorized disclosure of any Confidential Information would be detrimental to the Hospital. The Executive further acknowledges and agrees that the right to maintain confidential such Confidential Information is a proprietary right that the Hospital is entitled to protect.

The Executive therefore agrees not to disclose (either during the term of employment or at any time after leaving the employ of the Hospital) any such Confidential Information to any person or use any such Confidential Information except as required in the normal course of employment by the Hospital, or as required by law. The Executive shall not be prohibited by this non-disclosure provision from using personal skills and knowledge developed prior to and during her employment with the Hospital.

2.3 Policies and Regulations

The Executive agrees to be bound by and agrees to faithfully observe and abide by all the policies and regulations of the Hospital that are in force from time to time and which are brought to her attention or of which the Executive should reasonably be aware. Without limiting this covenant, the Executive expressly acknowledges and agrees to be bound, to observe and to abide by the Hospital's policy regarding "Conflict of Interest and Ethical Business Practices," as this policy may be amended from time to time.

2.4 Hospital's Property

The Executive acknowledges that all items of any kind created or used by the Executive on behalf of the Hospital during the course of employment with the Hospital, or provided by the Hospital to the Executive, including but not limited to, all equipment, credit cards, books, records, reports, files, diskettes, manuals, literature, confidential information or other materials, shall remain and be considered the exclusive property of the Hospital at all times and which the Executive agrees to deliver to the Hospital or at any other time, upon reasonable request.

The Executive will be permitted to reproduce and utilize a copy or reproduce presentations, reports, files, manuals or literature that she created and used for the purpose of conference presentations, publications and related academic activity during the tenure of her employment during and following her employment with the Hospital.

The Executive will be responsible for taking reasonable precautions to safeguard any hospital information and property (i.e. laptop computer, cell phone) that may be in the Executive's home environment.

ARTICLE 3 – COMPENSATION

3.1 Base Salary

The Hospital will pay the Executive a starting base salary of \$185,256.00 per year, less all applicable statutory deductions. The Executive shall be paid in accordance with the Hospital's usual payroll practices.

3.2 Annual Salary Increases

Annual salary increases beyond the executive salary review referred to in Article 3.1, will be based upon: The Executive's performance, the Hospital's financial resources and the dictates of any applicable legislation, and will be consistent with compensation policies across the Hospital. Any proposed increase in the Executive's base salary will be governed by the Compensation Committee of the Board and the EVP, Corporate Services.

3.3 At Risk Compensation

The Executive will be eligible for an annual amount of up to 19% of base salary, as set out in Section 3.1, paid in each fiscal year of this Agreement (pro-rated in the event of a partial year) to be paid if and in such amount as the EVP, Corporate Services and Board Compensation Committee shall determine, having regard to the Executive's achievement of predetermined performance criteria to be mutually established by the EVP, Corporate Services and the Executive prior to the beginning of each fiscal year, or within a month of commencement of employment under this Agreement.

3.4 Business Expenses

The Hospital shall reimburse the Executive for all reasonable travel and other out-of-pocket expenses (but not vehicle expenses) actually and properly incurred by her on behalf of the Hospital in accordance with applicable Hospital policies and procedures.

The Hospital shall provide the Executive with an advance against automobile expenses of not less than \$11,000.00 per annum payable in equal installments in accordance with the normal practices of the Hospital. The executive will provide the Hospital with a statement annually of kilometers driven on behalf of the Hospital. The Executive will be responsible for any tax liabilities which may arise from this arrangement.

3.5 Benefits

The Executive shall continue to be included, to the extent eligible, in any and all plans providing benefits of the Hospital, including but not limited to: group life insurance; pension, extended health care and dental benefits, short term and long term disability benefits; and any and all other similar or comparable benefits available to senior management employees of the Hospital. The Executive shall be eligible for continued participation in the Hospitals of Ontario Pension Plan (HOOPP).

The Executive shall be entitled to 7 weeks vacation consistent with the Hospital's policy in each calendar year during the term of this Agreement, (pro-rated if the commencement of employment is mid-year). The Executive shall take vacation at a time or times mutually agreeable to the Executive and the EVP, Corporate Services.

The Hospital shall make available to the Executive a flexible benefit allowance of not less than \$12,800.00 per year which the Executive may use to fund any of the following items or any such similar items: financial and legal counseling, and mortgage subsidy, supplementary health programs, health care deductibles, clubs, professional development etc. The payments will be taxable as income to the Executive where required by law. The Executive shall provide receipts for each claim against this account prior to the release of any funds for reimbursement. Any part of the allowance which is not used for these purposes will be paid out to the Executive at the end of the year as a taxable benefit with the applicable taxes withheld at source.

ARTICLE 4 – PERFORMANCE EVALUATION

4.1 Performance Evaluation – Process

The process of the Executive's performance evaluation will be established by the EVP, Corporate Services. The system may include a 360 degree process in which those impacted by the performance may participate in the evaluation and include a behavioural component to ensure that behaviour consistent with the values of the organization is practiced. Annual goals and objectives will be set with the EVP, Corporate Services. Performance evaluation will be conducted annually by the EVP, Corporate Services and may include quarterly reviews.

4.2 Personal Development

It is expected that the Executive will develop and complete a personal continuing education agenda related to the Mission, Vision, and portfolio components and, in addition, incorporate the outcome of the personal performance appraisal process. It is further expected that the Executive will identify and implement a national or provincial role within the financial profession in the health system.

ARTICLE 5 – TERMINATION OF EMPLOYMENT

5.1 Resignation By Executive

The Executive may resign from her position at any time provided the Executive gives the Hospital 3 months' notice, in writing. Upon receipt of notice of resignation, the Hospital may, in its sole discretion, waive or abridge the notice period. Should the Hospital waive or abridge the notice period then the Executive will be paid as if he had worked during the waived or abridged period. Should the Hospital require reasonable further assist beyond the 3 months' notice, the Executive and the Hospital may mutually agree on how this is best achieved.

5.2 Termination of Employment by Hospital for Cause

The Hospital may terminate this Agreement at any time for cause by written communication, without payment of any compensation, either by way of anticipated compensation or damages of any kind except for any compensation or other amount accrued or earned to date of termination. "Cause" for the purpose of this Agreement shall be as generally defined in Common Law.

5.3 Termination Without Cause by the Hospital

The Hospital may terminate the employment of the Executive without cause at any time during the term of this Agreement as follows:

(a): by giving 12 months' written notice to the Executive, plus 1 month for each completed year of service in excess of 10 years to a maximum of 24 months (the Severance Period). In which case, the Executive will be given adequate time off during the Severance Period to pursue alternate employment; or

(b): in lieu of notice, the Hospital may terminate the Executive immediately, and, in this event, the Hospital shall pay to the Executive, in satisfaction of all claims and demands against the Hospital whether arising out of any statute or common law, 12 months' compensation, plus 1 month for each completed year of service in excess of 10 years to a maximum of 24 months based upon the current year's base salary, benefits as described in sections 3.4 (advance against automobile expenses) and 3.5 (executive benefits allowance) above (other than group benefits which are addressed in Article 5.5) and an average of bonus amounts paid under this Agreement to the date of termination (but excluding any months in the year of termination from the denominator in calculating

of the average). The Hospital will also pay, as a lump sum payment to the Executive, any unpaid salary or bonus earned by the Executive up to and including the date of such termination, and any unpaid vacation pay earned by the Executive in the current year up to and including the date of termination. The Hospital will maintain the Executive's health, dental and life insurance coverage, to the extent permitted by the respective carriers, excluding short term and long term disability, from date of dismissal until term of severance is complete under Article 5.3

(c); Where payment is made in lieu of notice under Article 5.3 (b), a duty to mitigate on the part of the Executive is triggered as follows:

- (i) The Executive acknowledges and agrees that he will have a duty to mitigate damages; and,
- (ii) The Executive further acknowledges and agrees that in the event that he finds alternative employment or engages in self employment during the Severance Period, the employer will then pay out 50% of the amount the Executive would otherwise have received for the remainder of the Severance Period. In any event the Executive will not receive less than 8 months compensation where a duty to mitigate exists.

In addition, the Hospital will reimburse the Executive for expenses, which he may incur in outplacement services, tuition fees or other education expenses to a maximum of \$10,000.

5.4 Constructive Dismissal

If the termination of the Executive's employment is initiated by the Executive in circumstances which constitutes Constructive Dismissal, the conditions as set out in Article 5.3 (b) will apply.

For the purpose of this Agreement, "Constructive Dismissal" means a substantial change in the duties and status of the Executive which the Executive has neither accepted nor condoned.

5.5 Group Benefits Upon Termination

- (i) If the Executive's employment is terminated in accordance with Articles 5.1 (Resignation) or 5.2 (Cause), all group benefits shall terminate at the end of the month in which the termination occurs;
- (ii) If termination occurs in accordance with Article 5.3 (Notice) or Article 5.4 (Constructive Dismissal), and where permitted by law and the applicable benefits plans of the Hospital, the Hospital shall pay its normal contributions necessary to maintain the Executive's coverage pursuant to all group benefits plans normally provided to the Executive immediately prior to such termination, for the Severance Period (or such greater period as the Executive may be entitled to under Article 5.3 or 5.4 above as applicable) following notice of such termination;

- (iii) The only exceptions are in the case of short term disability and life insurance in respect of which the Hospital shall continue to pay its normal contributions for the period prescribed by the Employment Standards Act;
- (iv) In the case of termination pursuant to Articles 5.3 or 5.4, there shall be deducted from any payment payable to the Executive, the amount of any normal employee contributions necessary to maintain such coverage for the applicable period of time; and
- (v) Notwithstanding the provisions set out in this Article, in the event the Executive secures alternative employment prior to the end of the said Severance Periods, the Hospital's obligations under this Article respecting benefit continuation shall cease upon the commencement of such alternative employment.

5.6 Death

This Agreement shall end without notice upon the death of the Executive, and any outstanding salary or at risk compensation payments will be paid out to the Estate of the Executive.

ARTICLE 6 - GENERAL PROVISIONS

6.1 Confidentiality

The parties agree that, if at any time in the future a dispute arises in relation to the termination of the Executive's employment, any settlement of the dispute and all negotiations leading up to the settlement will remain confidential. The parties agree not to disclose the terms and conditions of any such settlement to any other party except their legal and financial advisors, or as required by law, and in the case of the Executive, disclosure to the Executive's partner is also permitted.

6.2 Binding Agreement

This Agreement constitutes the entire agreement between the parties and all promises, representations understanding, arrangements and prior agreements are merged into and superseded by this Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express or implied, between the parties other than as expressly set forth in this Agreement. This Agreement revokes and supersedes any prior agreement between the Executive and the Hospital or a legacy institution respecting the employment of the Executive.

6.3 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

6.4 Amendments and Waivers

This Agreement may be amended by mutual agreement in writing of the Hospital and the Executive, and no amendment to this Agreement shall be valid or binding unless in writing and executed by both parties to this Agreement. No waiver of any breach of any provision of 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.

6.5 Severability

Should any provision of this Agreement become invalid, illegal or unenforceable, it shall be considered separate from the Agreement and the remaining provisions shall remain in force and binding upon the parties as though such provisions had not been included.

6.6 Governing Law

This Agreement shall be deemed to have been made in and shall be construed in accordance with the laws of Ontario and the parties irrevocably attorn to the jurisdiction of the Courts of Ontario.

6.7 Enurement

The Executive may not assign, pledge or encumber the Executive's interest in this Agreement nor assign any of the rights or duties of the Executive under this Agreement without the prior written consent of the Hospital. This Agreement shall be binding on and enure to the benefit of the successors and assigns of the Hospital and the heirs, executors, personal legal representatives and permitted assigns of the Executive.

6.8 Arbitration

If any dispute arises between the parties in connection with this Agreement that they are not themselves able to resolve, then the matter shall be referred to arbitration in accordance with the *Arbitrations Act* of Ontario.

6.9 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery or by registered mail addressed to the recipient as follows:

To the Executive: Alison Welch

To the Hospital: Sunnybrook Health Sciences Centre
2075 Bayview Avenue
Toronto, Ontario M4N 3M5
Attention: Executive Vice President, Human Resources

Or to such other addresses or individual as may be designated by notice by either party to the other. Any communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery and, if made or given by registered mail, on the fifth day, other than a Saturday, Sunday or statutory holiday in Ontario following deposit in the mail. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery.

6.10 Independent Legal Advice

The Executive acknowledges that he has read and understands this Agreement and acknowledges that he has had the opportunity to obtain independent legal advice with respect to it. The Hospital will reimburse the invoiced legal expenses of the Executive with respect to this Agreement to a maximum of \$750.00 plus GST.

6.10.1 Copy of Agreement

The Executive acknowledges receipt of a copy of this Agreement executed by both parties.