

CANADIAN SCHOLARSHIP TRUST FOUNDATION

BOARD PROFILE GUIDELINES

1. Background Considerations

Canadian Scholarship Trust Foundation (the “Foundation”) was incorporated as a non-profit corporation to enhance educational opportunities by the provision of financial assistance and through other means. As such, the Foundation is a complex, hybrid institution. On the one hand its raison d’être requires it to be concerned with public policy issues relevant to post-secondary education and the non-profit sector. On the other hand, the Foundation achieves its objectives by conducting operations in an increasingly competitive and rapidly changing commercial environment.

2. Role of the Board

These considerations require a unique blend of skills and personal attributes on the Foundation’s board.

The board of the Foundation provides stewardship in respect of all of the affairs of the Foundation and its subsidiary and related entities. Thus, the board is concerned both with the evolving public policy environment and with the commercial aspect of the Foundation’s operations. The board, collectively, will need to be familiar with (a) financial constraints which impact students seeking access to post-secondary education, (b) issues of federal and provincial policy as they impact the mission of the Foundation, and (c) market issues relevant to the achievement of the Foundation’s goals, particularly in respect of the distribution of savings plans and the effective investment of large pools of money.

3. Governance Standards

The board of the Foundation is committed to exercising its stewardship by applying best practices in its governance. Its objective is not merely to meet minimum legal and regulatory standards, but also to add value to the success of the Foundation in achieving its mission. Although the Foundation is a non-profit organization the board nonetheless has determined that its standards of governance should be not less than those applicable to listed public corporations. Membership on the Foundation’s board entails a recognition by the director both

of the standard of stewardship and the individual commitment of experience, time and energy which is required to achieve that goal.

4. Core Attributes and Competencies

Each director should possess the following key personal attributes:

- A keen interest in eliminating financial barriers to post-secondary education.
- Sound judgment.
- A high standard of ethics and integrity.
- The interest and commitment to participate in the business of the board, regularly and actively.
- Good communication skills.
- The ability to work in a collegial fashion, respecting the views of others.

5. Specific Skills, Knowledge and Experience

To be effective, the board needs a group of individuals whose skills and backgrounds are diverse and will complement one another. Taken together, the skills and experience of the members should equip the board to deal well with both the public policy issues and the business side of the Foundation's activities, especially product distribution, fund investment and personnel and financial management.

All directors should share a passion for ensuring access to the advantages of post-secondary education, regardless of financial means. The increased complexity in the competitive and regulatory environment for RESP providers demands a board composed of directors who are equipped to handle challenging strategic and operational issues. However, it would benefit the Foundation to have one or two directors with a deeper knowledge of post-secondary access and public policy issues.

The ideal board would include directors with experience in:

- Post-secondary education policy issues, especially as regards financial barriers to access.
- Public policy formation and process.
- Marketing of financial sector products, especially in a direct sales mode.
- Capital markets and money management.

- Accounting, financial controls and budgeting.
- Human resource practices, including compensation and pensions.
- Legal matters.
- Risk identification and management practices.
- Strategic planning.
- Technology in a business context.
- Communications.
- Governance.

The primary factor in the selection of directors will be merit, bearing in mind the foregoing board profile. An effort will be made to ensure that there is some board representation reflective of, and sensitive to, the particular interests of significant regional markets and subscribers served by the Foundation. For that reason and to ensure balance and perspective in board deliberations, consideration will also be given to geography, gender, and linguistic and ethnic diversity factors.

The skills set required for the board chair are less functional in nature than those required of a director or committee chair. The board chair must bring a broader set of organizational and interpersonal relationship skills to the role. In addition the board chair would be expected to have the ability to devote a substantial amount of time to the position.

The essential qualities for a board chair would be:

- Substantial experience in the management of a business or other organization.
- A very clear commitment to the importance of reducing financial access barriers to post-secondary education.
- Strong business instincts, including if possible recent experience in the management or oversight (board role) of a services business.
- An open attitude with a skill for mentoring and problem solving.
- A clear recognition that the job of a board (and the board chair as its leader) is to understand, but not interfere with, operations.
- Familiarity with good governance practices in a public company context.

6. Renewal

The renewal of the board over time is an important objective. In order that such renewal can take place in an orderly manner:

- (a) All directors are elected on an annual basis at a meeting of the Foundation's members. Directors ought not to assume that they will be proposed for re-election for any particular number of one-year terms. Periodic changes in the composition of the board are in the interests of the Foundation, bearing in mind these board profile guidelines and the particular needs of the Foundation at the time. Directors to be proposed for election will be determined by the Corporate Governance and Human Resources Committee of the board, after consultation with the full board. In reaching its conclusions the Corporate Governance and Human Resources Committee will balance board renewal considerations with the strengths that flow from continuity of board membership. However, it is important to note that the Corporate Governance and Human Resources Committee may propose that members of the existing board not be reappointed and any such recommendation should not be considered to be a reflection upon the quality of service of such members.
- (b) Directors ought not to anticipate that their tenure on the board will extend for more than 10 years.
- (c) The general rule is that a director would not expect to be renominated for election to the board at the Foundation's annual meeting following the end of the Foundation's fiscal year in which the director's 72nd birthday occurs.
- (d) Where a director is not able to regularly attend meetings of the board and its committees, and otherwise fulfil the duties and responsibilities of the role, it is expected that the director would resign from the board. The board chair has the responsibility to monitor the participation in board affairs by individual directors, to meet with directors to discuss any concerns and, after discussion with the Corporate Governance and Human Resources Committee, to request a director's resignation if that is thought to be appropriate.
- (e) It is recognized that the balance of representation which is desired for the board can be disturbed when there are significant changes in a director's personal circumstances or business credentials, for example a change in the jurisdiction of residence or a change of principal occupation. In such circumstances and in the circumstances described in paragraph 6(b) [relating to length of term] and 6(c) [relating to age], it is expected that the affected director would meet with the board chair to discuss the circumstances and would offer to submit the director's resignation. The board chair would then discuss the issue with the Chief Executive Officer and the Corporate Governance and Human Resources Committee to

determine whether it is in the interests of the Foundation to accept the resignation and appoint a replacement director. In making this determination, factors to be considered would include (a) the importance of the change of circumstances or credentials to the contribution expected of the director; (b) the contribution of the director to the board in respect of matters unrelated to the change; and (c) the need for board renewal to meet the required skill profile of the board on an ongoing basis.

- (f) Directors will vacate their office (i) upon bankruptcy, and (ii) on the effective date of a written resignation delivered to the Foundation.

7. Selection of Board Chair

It is important that a board chair be recruited with a skill set matching a chair mandate. While it is desirable for the board chair to be selected from the incumbent directors, it is not necessary.

The practice in respect of the appointment of the board chair is as follows:

- (a) The board chair will be appointed by the board, after receiving the recommendation of the Corporate Governance and Human Resources Committee.
- (b) The appointment of the board chair will be on an annual basis. However, the normal rule will be that a board chair will serve in the position for three successive one year terms, unless determined otherwise by the board based on an annual evaluation of the board chair overseen by the Corporate Governance and Human Resources Committee.
- (c) At the close of the initial three year term, the normal rule will be that the term of the board chair could be renewed for an additional two years with the approval of the board.