

## CANADIAN SCHOLARSHIP TRUST FOUNDATION

### BOARD POLICY GUIDELINE

#### Directors' and Officers' Conduct

A. Policy Objective:

A.1 To ensure (a) that high standards of conduct are established for, and observed by, the directors and officers of the Foundation and its subsidiary and related entities, and (b) that appropriate processes are in place to resolve questions relating to conduct and other ethical issues.

B. Policy Principles:

B.1 High standards of conduct must be observed by the directors and officers of the Foundation. This is appropriate not only to ensure that compliance is made with legal and regulatory requirements, but also because subscribers to the plans distributed by the Foundation entrust their monies with the expectation of scrupulous integrity in the Foundation's governance and affairs so that the Foundation's commitments will be fully met.

B.2 It is recognized that no written code of conduct can cover every situation; rather the expectations are stated in broad "principle" terms.

B.3 It is expected that directors and officers will comply both with the spirit as well as the letter of this policy guideline.

B.4 Directors and officers should be open and transparent with the Foundation prior to embarking on a course of conduct which might be suspect. Where any doubt exists as to a particular course of action, directors and officers should have access to appropriate persons within the Foundation or, if required, outside expertise in order to determine the appropriate course of action.

C. Implementation Details:

C.1 The conduct standards which are expected are as follows:

(a) In respect of legal and regulatory requirements: directors and officers shall ensure full compliance and shall not, directly or indirectly, participate in any improper, illegal or proscribed conduct.

(b) In respect of confidentiality: directors and officers shall maintain the confidentiality of all information that comes to them in the course of their

activities on behalf of, or in relation to, the Foundation. This obligation of confidentiality shall not apply to information that is readily available to the public or that is disclosed in the normal course of business as a requirement of conducting the same, or to a disclosure which is required by law.

- (c) In respect of the use of information: no director or officer shall use information obtained in the course of his/her service to the Foundation for personal benefit or gain or for the benefit or gain of another person who is a family member, friend or business associate of the director or officer.
- (d) In respect of gifts and benefits:
  - (i) No director or officer shall accept, or arrange for another person to accept, a gift or benefit of any kind (including any form of entertainment) from any customer, supplier or other party, other than a modest gift of entertainment arising in the ordinary course of business.
  - (ii) No director or officer shall provide, or request that another person provide, a gift or benefit of any kind (including any form of entertainment) to a customer, supplier or other party which is paid for by the Foundation, other than a modest gift of entertainment arising in the ordinary course of business.

C.2 The general principle is that a director or officer should not compromise his/her objectivity in relation to the Foundation's affairs by having a personal interest (financial or otherwise) in, or the prospect of gain from, contracts to which the Foundation is a party or transaction in which the Foundation has an interest. If circumstances arise in which a director or officer believes this general principle should be waived:

- (a) Upon discovering that a contract may be entered into or that a transaction is proposed which involves such an interest, the director or officer shall immediately advise both the Chief Executive Officer and the board chair of the nature of the contract or transaction and the interest of the director or officer.
- (b) If, notwithstanding such disclosure, the Chief Executive Officer and the board chair determine that the contract or transaction is in the best interests of the Foundation, the contract or transaction will be presented to the board for consideration (and, if thought fit, approval) notwithstanding that the contract or transaction is of a size or nature that would not have come to the board for approval had the interest of the director or officer not existed. The director or officer shall declare the interest in a full and complete fashion as required by law and this policy, shall absent himself or herself from the board discussion of the issue, and shall refrain from

voting or in any other way participating in the board's consideration of the matter.

- (c) If the director or officer discovers the interest after the contract has been entered into or the transaction undertaken, the disclosure will nonetheless be made immediately in the manner described in paragraph C.2(a) and the matter shall then be considered by the board with a view to developing an appropriate course of action, for example, the application of Chinese walls in the administration of a contract.

- C.3 For purposes of this policy guideline, a conflict of interest exists where the circumstances are such that the director or officer may not be able to remain impartial or maintain objectivity in choosing between the interests of the Foundation and his or her personal interest (including the interests of friends, family or business associates).

If any circumstance arises in which a director or officer believes that there may be an actual conflict of interest, or a conflict of interest as perceived by a reasonable observer, not otherwise dealt with in these guidelines, the director or officer shall immediately advise the Chief Executive Officer and the board chair of the issue and fully describe the circumstance. The director or officer shall then be guided in his or her conduct by the advice of the board chair (in the case of a director) and the Chief Executive Officer after consultation with the board chair (in the case of an officer).

- C.4 If the board, on the recommendation of the board chair, concludes that a director or officer has acted in a manner contrary to this policy guideline (i) the director or officer shall take such steps as the board may direct to resolve the circumstances, including the removal of any conflict of interest and (ii) if such steps are not taken the director or officer shall tender his or her resignation and shall remain responsible for such recourse as may be available to the Foundation or other person at law.

D. Accountability:

- D.1 Each director and officer is accountable for his or her personal conduct and to ensure full compliance with this policy guideline.
- D.2 The board chair is accountable for resolving issues arising out of this policy guideline which come to the attention of the board chair in respect of the conduct of directors.
- D.3 The Chief Executive Officer, in consultation with the board chair, is accountable for resolving issues arising out of this policy guideline which come to the attention of the Chief Executive Officer in respect of the conduct of officers.