

CANADIAN SCHOLARSHIP TRUST FOUNDATION

INVESTMENT COMMITTEE

TERMS OF REFERENCE

1. Mandate

The Investment Committee is a standing committee of the board of directors of Canadian Scholarship Trust Foundation (the “Foundation”). Its mandate is to assist the board in fulfilling its oversight responsibilities in respect of the investment of the assets of the Foundation and the entities it controls, including the trusts, plans, funds and investment vehicles it promotes from time to time (collectively, the “CST Group”), so that such assets are prudently invested in a manner which (a) fulfils applicable regulatory requirements, (b) meets the objectives of the CST Group to third parties, including subscribers, and (c) achieves the policy objectives of the Foundation.

2. Duties

In order to discharge its mandate the Investment Committee shall:

- 2.1 Regularly review the public policy and regulatory frameworks applicable to the investment of assets of the CST Group and the policies and practices adopted to fulfil those requirements.
- 2.2 Recommend to the board investment policies so that the assets of the CST Group are invested:
 - (a) in a manner which meets the requirements of all applicable laws, regulations, policies and guidelines of regulatory bodies.
 - (b) prudently and in a manner which will provide for the provision of financial assistance in accordance with the commitments of the CST Group to its subscribers.
 - (c) within a framework designed to (i) preserve capital, (ii) obtain a reasonable return within policy guidelines and risk tolerances, (iii) provide reasonable liquidity, (iv) provide reasonable asset/liability matching, and (v) maintain a diversified portfolio within policy guidelines.

- 2.3 Establish criteria for the selection of external managers, recommend the appointment of the managers, provide oversight in respect of the terms and conditions of the engagement of the managers, and monitor their performance (including making recommendations, if the committee considers it desirable, in respect of a change of manager).
- 2.4 Define performance goals and the method for measuring the performance of investment managers, both internal or external.
- 2.5 Establish guidelines within which each manager is expected to operate, including discretionary limits and diversification criteria.
- 2.6 Establish practices and policies in respect of conflict of interest, business ethics and other market conduct and compliance issues relating to the investment management activities of the CST Group and provide regular oversight in respect thereof.

The committee may, with the approval of the chair of the board, engage independent advisors in respect of matters within its mandate if it determines that this is necessary to enable it to properly discharge its responsibilities.

3. Membership

- 3.1 The Investment Committee shall be comprised of a minimum of four directors appointed by the board.
- 3.2 A director appointed by the board shall serve as chair of the committee. If the committee chair is not present at a meeting or is unable to act as chair, the committee shall select a chair for the meeting in question.
- 3.3 The appointment of the committee chair will be on an annual basis. However, the normal rule will be that a committee 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 committee chair overseen by the Corporate Governance and Human Resources Committee.

4. Meetings

- 4.1 The Chief Executive Officer, at the direction of the committee chair, shall call meetings of the Investment Committee upon notice as required in the bylaws. The committee chair shall call a meeting if requested by the Chief Executive Officer or the chair of the board.
- 4.2 Meetings may be held in person, by telephone or videoconference hook-up, or by any individual member participating by telephone or videoconference hook-up.

- 4.3 A quorum of any meeting of the committee shall be a majority of its members and decisions taken by a majority of those present shall constitute a decision of the committee.
- 4.4 The Chief Executive Officer and the immediate past Chair of the Board shall be entitled to receive notice of, and attend, all meetings of the Investment Committee, unless the board chair determines that it would be appropriate for the meeting, or an item of business at the meeting, to proceed in their absence. This could occur, for example, if the item of business relates to some possible conflict of interest. Neither the Chief Executive Officer nor the immediate past Chair of the Board are members of the Committee and shall not be counted for the purposes of determining whether a quorum is present.
- 4.5 Each meeting of the committee shall include an in-camera session with only committee members and the immediate past Chair of the Board present. If any material issue arises during such a session the Investment Committee Chair shall discuss it with the Chief Executive Officer.

5. Reporting

- 5.1 Minutes of meetings of the committee shall be maintained in such fashion as the committee shall direct and copies of the minutes shall be distributed to the board prior to its next regular meeting. The committee may determine that minutes of its private sessions shall not be made available to management, including management directors.
- 5.2 At each meeting of the board, the chair shall report on the work of the committee which has been undertaken since the last report.