

CANADIAN SCHOLARSHIP TRUST FOUNDATION

Board of Directors Mandate: 2.2

Canadian Scholarship Trust Foundation (the “Foundation”) was incorporated on December 15, 1960 as a non-profit corporation. Its mission, as articulated by the board of directors in October 2005, is “to advocate, develop, deliver and support solutions that will enable every Canadian resident to have sufficient financial resources to pursue post-secondary education”.

The board of directors is responsible for the stewardship of the Foundation in order to better assure that (a) the Foundation’s mission is achieved, (b) appropriate governance structures and processes of high quality are in place in both the Foundation and its subsidiaries and the other entities it controls, including the plans, funds and investment vehicles it sponsors from time to time (collectively, the “CST Group”), and (c) the activities and affairs of the CST Group are conducted in an effective, efficient and ethical manner.

The Foundation has the primary goal of enhancing access to post-secondary education through the provision of financial assistance to individuals who meet specified criteria. In order to achieve that goal the Foundation establishes, distributes and administers plans, funds and investment vehicles in a competitive marketplace. Thus, the affairs of the Foundation uniquely include both an important social mission and the need to engage in commercial activities.

In discharging its responsibilities, the board of the Foundation must ensure that it dedicates its time, energy and resources both to the social policy aspect of the Foundation’s mission and to the planning, management and administration of the key RESP function.

To discharge its obligations, the board shall:

1. Oversee, objectively and in an independent manner, the management of the activities and affairs of the CST Group.
2. Remain abreast of emerging issues impacting student access to post-secondary education (particularly those of a financial nature) and the distribution of RESPs, and oversee the Foundation’s responses to those issues, including its participation in relevant public policy discussions.
3. Determine the framework and entities, including subsidiaries, plans, funds and investment vehicles, through which the goals of the Foundation are to be achieved and take steps so that the affairs of such entities are conducted in a fashion which is fully transparent to the board.

4. Adopt and supervise an effective strategic planning process, review and approve an annual plan and budget, and monitor performance against the plan and budget.
5. Identify the principal risks to the activities and affairs of the CST Group and oversee the implementation of appropriate systems and processes to manage those risks.
6. Review and approve annual financial statements and prospectuses of the CST Group and its component entities, provide oversight in respect of the integrity of financial information, and monitor the effectiveness of internal control and management information systems.
7. Appoint, monitor the performance of, and determine the compensation for, the Chief Executive Officer.
8. Provide oversight in respect of the human resource management and compensation policies and practices of the CST Group and, amongst other things, ensure that a succession planning process is in place and monitor its application.
9. Adopt policies to ensure high standards of conduct by directors, officers and employees in the activities and affairs of the CST Group, including its distribution practices and its investment management function, and review compliance in respect of such policies.
10. Review subscriber and public communications policies and practices, and provide oversight in their implementation.
11. Provide oversight in respect of the conflict of interest identification and management practices of the CST Group and bring new or unanticipated conflicts of interest matters forward to the attention of the Independent Review Committee;
12. Receive and review the Independent Review Committee's annual written report to CST of the results of its assessment of CST's policies and procedures related to conflicts of interest as well as the Committee's assessment of its effectiveness, its members' independence and compensation.
13. Provide oversight in respect of the education assistance payment adjudication process by receiving and reviewing an annual report from the CST Committee regarding its activities and decisions.
14. Maintain best practices in organizational governance, including the conduct of a regular self-evaluation of the board's stewardship.