

CANADIAN SCHOLARSHIP TRUST FOUNDATION

Terms of Reference for Board Committees: 2.4

2.4.1 Corporate Governance and Human Resources Committee

TERMS OF REFERENCE

1. **Mandate**

The Corporate Governance and Human Resources Committee is a standing committee of the board of directors of Canadian Scholarship Trust Foundation (the “Foundation”). Its mandate is (a) to ensure that 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”) maintain good governance practices, (b) to provide oversight in respect of human resource management and compensation policy and practices of the CST Group, (c) to provide oversight over the controls and activities of the CST Group in managing those risks delegated to the committee by the board of directors, and (d) other functions as may be assigned to it by the board.

2. **Specific Duties**

In order to discharge its mandate, the Corporate Governance and Human Resources Committee shall:

2.1 In respect of its governance responsibilities:

- (a) Regularly review selection criteria for members of the board, having regard to the mission and the strategic focus of the Foundation.
- (b) Recommend candidates for consideration as directors of the Foundation and its controlled entities based on a nomination process recommended by the committee and accepted by the board.
- (c) Provide guidance to management so that an appropriate orientation and continuing education program for directors is in place.
- (d) On a regular basis, review the compensation policy and practices of directors of the Foundation and recommend any required changes.
- (e) Regularly review the committee structure of the board and the terms of reference of board committees to ensure that they meet the needs

of the Foundation and recommend any needed changes to the committee structure or terms of reference.

- (f) Recommend the membership (including chair responsibilities) of board committees.
- (g) After consultation with board members, propose directors for appointment by the board to serve as Chair of the Board.
- (h) Review the frequency and scheduling of board and committee meetings, the nature of board agendas, and the quality, timeliness and sufficiency of information provided by management to the board and board committees.
- (i) At regular intervals determined by the committee, undertake an evaluation of the effectiveness of the board and its committees.
- (j) Take responsibility for the design of an evaluation framework for the Chair of the Board and all other directors and undertake annual evaluations in accordance with the framework.
- (k) Establish and promote the development of high standards of market conduct and business ethics in the affairs of the CST Group for directors and officers of CST.
- (l) After consultation with board members, review the size, composition and membership of the C.S.T. Committee;
- (m) Make recommendations in respect of other corporate governance matters that the committee deems appropriate.

2.2 In respect of its human resource management and compensation responsibilities:

- (a) Conduct an annual process in which (i) the committee appraises the performance of the Chief Executive Officer for the preceding year and makes recommendations to the board in respect of the compensation and terms and conditions of employment of the Chief Executive Officer, and (ii) the Chief Executive Officer establishes, with the approval of the board, performance objectives for the forthcoming year.
- (b) Review and report to the board in respect of succession planning for the Chief Executive Officer and key senior management positions.

- (c) Provide oversight in respect of the senior management compensation policies and practices of the CST Group; and, on the basis of consultation with the Chief Executive Officer, make recommendations to the board in respect of the compensation of the senior officers and the terms and conditions of their employment.
- (d) Provide oversight in respect of significant benefit, pension and compensation plans, and any proposed amendments thereto, for senior officers and other employees of the CST Group.
- (e) Periodically review and monitor adherence to human resource policies including corporate codes of conduct.
- (f) Establish and promote the development of high standards of market conduct and business ethics in the affairs of the CST Group for staff of CST. Review policies and procedures to better assure that the mission of the CST Group, the standard of business ethics expected of employees, and, if and when established, all codes of conduct are well articulated and properly disseminated throughout CST.
- (g) Ensure that proper policies and procedures are implemented and adhered to with respect to employee treatment in accordance with legal requirements and industry standards including with respect to matters of equity and human rights.

2.3 In respect of its risk management responsibilities:

- (a) Provide oversight in respect of the risks delegated to the committee by the board of directors, including the review of the status of the risks and the monitoring of processes and actions taken to mitigate risks and the specific controls and activities in the management of those risks. See Appendix A for a listing of the assigned risks.

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 Corporate Governance and Human Resources Committee shall be comprised of the Chair of the Board and a minimum of two other directors who shall be appointed by the board.
- 3.2 A director appointed by the board shall serve as chair of the Corporate Governance and Human Resources Committee. If the chair is not present at a meeting or is unable to act as chair, a director determined by the committee shall serve as 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 Corporate Governance and Human Resources 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, if not appointed to the committee as a member, shall be entitled to receive notice of, and attend, all meetings of the Corporate Governance and Human Resources Committee. The Chair of the Board or committee chair may determine that it would be appropriate for an item of business at the meeting to proceed in the Chief Executive Officer's absence. This could occur, for example, if the item of business relates to the Chief Executive Officer's compensation or some possible conflict of interest. The Chief Executive Officer is not a member of the Committee unless appointed by the Board and shall not be counted for the purposes of determining whether a quorum is present.

- 4.5 Each meeting of the committee shall include a private session with only committee members present. If any material issue arises during such a session the Chair of the Board 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 committee chair shall report on the work of the committee which has been undertaken since the last report.

Appendix A – Risks Assigned by Board of Directors

| Category and Risk | Board | AC | IC | GHR |
|---|-------|----|----|-----|
| Market Risk – Interest Rate Risk | | | ✓ | |
| Market Risk – Other Price Risks | | | ✓ | |
| Market Risk – Currency Risk | | | ✓ | |
| Market Risk – Credit Risk | | | ✓ | |
| Strategy Risk – Competitive Risk | ✓ | | | |
| Strategy Risk – Strategic Change and Disruption | ✓ | | | |
| Strategy Risk – Political Risk | ✓ | | | |
| Strategy Risk – Regulatory Risk | ✓ | | | |
| Strategy Risk – Economic Risk | ✓ | | | |
| Strategy Risk – Governance Risk | ✓ | | | |
| Strategy Risk – Capital Planning and Management | ✓ | | | |
| Operational Risk – Model | | ✓ | ✓ | |
| Operational Risk – Business Disruption | ✓ | | | |
| Operational Risk – Product | ✓ | | | |
| Operational Risk – Physical Security | ✓ | | | |
| Operational Risk – Human Capital | | | | ✓ |
| Operational Risk – Financial Management | | ✓ | | |
| Operational Risk – Technology | ✓ | | | |
| Operational Risk – Change Management | | | | ✓ |
| Operational Risk – Legal | ✓ | | | |
| Operational Risk – Third Party | ✓ | | | |
| Operational Risk – Execution, Delivery and Process Management | | ✓ | ✓ | ✓ |
| Operational Risk – Fraud | | ✓ | | |
| Operational Risk – Sales Channel | ✓ | | | |
| Operational Risk – Records Retention | | ✓ | | |

| Category and Risk | Board | AC | IC | GHR |
|--|-------|----|----|-----|
| Liquidity Risk | | | ✓ | |
| Compliance Risk – Financial Crime Compliance | | ✓ | | |
| Compliance Risk – Integrity Risk | | ✓ | | |
| Compliance Risk – Regulatory Compliance Risk | | ✓ | ✓ | ✓ |
| Reputational Risk – Brand and Image | ✓ | | | |
| Reputational Risk – Failure to identify sources of reputational risk | ✓ | | | |
| Reputational Risk – Failure to manage the message and respond | ✓ | | | |

| CSTF Governance and Human Resources (GHR) Committee Governance | Board of Directors | GHR Committee | Management | Terms of Reference |
|--|---|---|---|--|
| Director - Selection Criteria, Recruitment and Membership | <p>Approves nomination process for directors.</p> <p>Approves new directors.</p> <p>Approves Board Chair appointment.</p> | <p>Regularly reviews selection criteria for members of the Board. Recommends a nomination process.</p> <p>Recommends candidates for consideration as directors.</p> <p>Proposes director to serve as Board Chair.</p> | <p>Chief Executive Officer (CEO) participates and provides input to candidate consideration.</p> <p>CEO provides input to director selection to serve as Board Chair.</p> | <p>2.1.a.b</p> <p>2.1.b</p> <p>2.1.g</p> |
| Committee structure, reporting, terms of reference and membership | <p>Approves Committee structure, terms of reference and membership.</p> | <p>Reviews and recommends changes to Board Committees as well as the C.S.T. Committee including structure, terms of reference and membership including Chair responsibilities.</p> | | <p>2.1.e.f.l</p> |
| Evaluation framework and assessments | | <p>Develops an evaluation framework and at regular intervals assess the effectiveness of the Board and Committees.</p> | <p>Supports the framework design and regular Board assessments.</p> | <p>2.1.i.j</p> |
| Compensation Policy of Directors | <p>Approves any changes to director compensation.</p> | <p>Reviews and recommends changes to director compensation.</p> | <p>Implements changes and administer director fees.</p> | <p>2.1.d</p> |
| Director Orientation and Continuing Education | | <p>Provides guidance to management on new director orientation and continuing education programs.</p> | <p>Administers the orientation program to new directors and the continuing education programs.</p> | <p>2.1.e</p> |
| Oversight of management of risks delegated by the Board | | <p>Oversees and monitors identification and status of risks, mitigation of risk, controls and actions taken for delegated risks.</p> | <p>Chief Human Resources Officer (CHRO) reports on the assessment of risks as well as controls and risk mitigation/action plans.</p> | <p>2.3.a</p> |
| Required Meetings | <p>Board Chair updates CEO if any issues arose from in camera.</p> | <p>Meets privately with only Committee members at each meeting.</p> | | <p>4.5</p> |
| Policies and Procedures | <p>Approves CEO compensation and employment.</p> | <p>Recommends CEO compensation and employment terms and conditions.</p> | <p>Supports and discusses CEO compensation and other terms and conditions.</p> | <p>2.2.a</p> |

| CSTF Governance and Human Resources (GHR) Committee Governance | Board of Directors | GHR Committee | Management | Terms of Reference |
|--|--|--|---|--|
| | | Reviews and monitors adherence to Human Resources policies including codes of conduct, equity and human rights and relevant legislation regarding employees. | CHRO prepares and presents Human Resources policies of the CST Group. | 2.2.e, 2.2.g |
| Human Resources Management | Approves the annual CEO performance objectives. | <p>Conducts annual review of CEO performance and recommends CEO performance objectives.</p> <p>Reviews and reports to the Board, CEO and key Executive succession plans.</p> <p>Oversees significant benefits, pension and compensation plans and any proposed amendments.</p> | <p>CEO establishes annual performance objectives.</p> <p>Provides input to succession planning discussions.</p> <p>CHRO presents and reports on benefits, pension and compensation plans.</p> | <p>2.2.a</p> <p>2.2.b</p> <p>2.2.d</p> |
| Governance Documentation | Receives quarterly reporting at Board meetings from Committee Chair. | <p>Ensures that decisions, policies and activities are documented and approved by the members.</p> <p>Reviews and approves Minutes.</p> | | <p>5.2</p> <p>5.1</p> |