



UNIVERSITAS  
FOUNDATION



UNIVERSITAS  
MANAGEMENT

## Statement of Corporate Governance Practices

### **Preamble**

The Universitas Foundation of Canada (the "Foundation") is a non-profit organization constituted in 1964. The Foundation's mission statement is: "We offer the stepping stone to a bright future for those who dare to dream!"

It is the promoter of the education savings plans issued by the REFLEX Plan, the UNIVERSITAS Plan and the INDIVIDUAL Plan (the "Plans").

Under an agreement dated November 15, 1985, the Foundation appointed its Subsidiary, Universitas Management Inc. (the "Subsidiary") as exclusive manager of its affairs and the sole distributor of its savings products. Since 2010, the Subsidiary is the investment fund manager of the education savings products promoted by the Foundation.

The Foundation and its Subsidiary make it their duty to comply with all legal and regulatory governance standards, and ensure they adopt the best industry practices.

The Foundation's Governance Committee recommended the Foundation and its Subsidiary adopt the *Statement of Corporate Governance Practices*.

The proximity of the Foundation and its Subsidiary, as well as the similarity of their governance made it possible to develop a single statement of corporate governance practices.

### **Members of the Foundation**

Anyone who believes in the Foundation's mission with an interest in the development of education in Canada can be a member of the Foundation, provided this person's application is approved by the Foundation's Board of Directors.

### **Composition of the Foundation's Board of Directors**

The Board of Directors comprises a maximum of thirteen (13) directors, all of whom must be members of the Foundation.

The following individuals currently hold a seat on the Foundation's Board of Directors: Isabelle Grenier and Geneviève Verrier, as well as Albert Caponi, André Caron, François Grégoire, Pierre Hamel, Yves Lacasse, François Lavoie, Jean Marchand, Gaston Roy and Jacques Topping. Isabelle Grenier, the Subsidiary's president and CEO is a member of the Board. Director mandates are renewable every two (2) years; the maximum term is twelve (12) years.

In the opinion of the Foundation's Board of Directors, no current director has an interest in or a business relationship with the Foundation or its Subsidiary which could – under the adopted conflict of interest management policies and standards – be reasonably perceived as likely to interfere with the director's ability to act in the best interest of the Foundation and the Plans.

### **Composition of the Subsidiary's Board of Directors**

The Subsidiary's Board of Directors consists of five (5) to ten (10) directors.

The following individuals currently hold a seat on the Subsidiary's Board of Directors: Isabelle Grenier and Geneviève Verrier, as well as Albert Caponi, Pierre Hamel, Yves Lacasse, François Lavoie, Jean Marchand, Gaston Roy and Jacques Topping. The Subsidiary's president and CEO is a member of the Board. Director mandates are renewable every two (2) years; the maximum term is twelve (12) years.

### **Quorum**

To reach quorum during a meeting held by either board, over 50 percent of the members must be in attendance. In the event of a tie vote, the Chair has an overriding vote.

### **Recruiting and Appointing Directors**

The procedure adopted by the Foundation's Governance Committee to recruit and appoint directors serves as a guideline to determine the composition of the Board of Directors of the Foundation and that of the Subsidiary. The Governance Committee assesses the competencies and skills of potential directors and evaluates each candidate's contribution as a board member while considering of the board's composition and which qualifications further enhance the group.

### **Independence of the Directors**

The majority of the directors serving on the Foundation's Board, its Subsidiary's Board and their respective committees are independent, as defined under sections 1.4 and 1.5 of *Regulation 52-110 respecting Audit Committees*. The Board of Directors of the Foundation (through its Governance Committee) assesses the independence of directors regularly using information provided annually in a written statement disclosing its business relations with the Foundation or Subsidiary, as well their nature and costs. It then reviews, as needed, the independence assessment made by the Governance Committee.

To favour frank and open discussions, it is expected that independent board and committee members hold part of their meetings without management officers in attendance.

The Subsidiary's Board of Directors ensures that the roles of Chair of the Board and President and CEO are distinct.

### **Role and Responsibilities of the Chair of the Board**

Both the Chair of the Foundation's Board and the Chair of the Subsidiary's Board are the guardians of their respective organization's mission and corporate values. They see to the preparation and proper running of the boards. They guide the directors in the exercise of their functions to ensure sound decision-making regarding business strategies and policies. They ensure the proper supervision of the organization's activities.

### **Role and Responsibilities of the President and CEO**

The President and CEO of the Subsidiary reports to its Board of Directors and is responsible for the ongoing administration of the company. The President and CEO also assumes the duties delegated to him or her by the board.

### **Mandate of the Foundation's Board of Directors**

The main duty of the Foundation's Board of Directors is to protect the Foundation's mission. To do so, the board:

1. determines strategic directions;
2. ensures the Subsidiary adopts and implements a realistic strategic plan;
3. monitors the management and administrative activities of the Foundation and the Plans; and
4. establishes policies, procedures and disclosure mechanisms to protect the subscribers and beneficiaries of the Plans, as well as the assets invested.

## Mandate of the Subsidiary's Board of Directors

The main duty of the Subsidiary's Board of Directors is to monitor the Subsidiary's activities as scholarship plan dealer, distributor and investment fund manager of the Plans. To do so, the Board:

1. ensures the strategic directions determined by the Foundation are implemented; and
2. ensures the Subsidiary's viability, sound financial management and long-term development.

## Ethical Standards of Business Conduct applicable to Foundation and Subsidiary Directors

Following the recommendations of the Foundation's Governance Committee, its Board of Directors and that of the Subsidiary adopted certain ethical standards that directors must observe.

These rules are in addition to the obligations of the directors pursuant to the laws and regulations governing the Foundation or its Subsidiary, as applicable, and enacted by regulatory organizations.

The Ethical Standards of Business Conduct are available upon request by contacting Customer Service in writing at [info@universitas.ca](mailto:info@universitas.ca), or by calling the toll-free number 1-877-710-RESP.

## Guiding of the New Directors

The Foundation's Governance Committee oversees the direction of new directors to ensure they fully comprehend the nature of the organization and its procedures, and understand the expectations inherent to their new functions.

The new directors meet with certain members of the Subsidiary's senior management to discuss the mission, organizational structure and activities of the Foundation and its Subsidiary.

## Performance Reviews of the Foundation's Board, the Subsidiary's Board and Individual Directors

The boards and directors are evaluated regularly by their members and peers, as applicable.

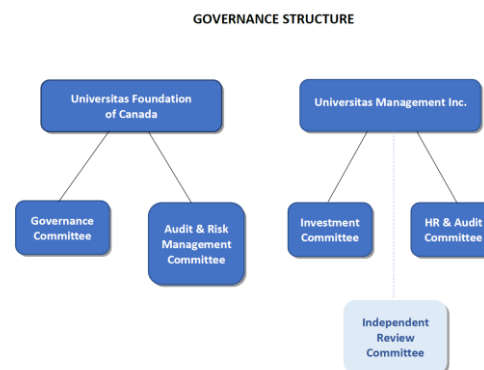
Evaluating the boards allows the directors to express their opinion regarding the effectiveness of the boards, whereas individual reviews allow the directors to express their opinion on the contribution of each director to the different boards.

The review process is overseen by the Foundation's Governance Committee and the results are compiled by its corporate Secretary.

## Continuous Update Reports

Directors regularly attend presentations to keep them informed of any changes within the Subsidiary and/or the requirements of the legislative standards and regulations to which it must comply.

## Committees of the Foundation's Board of Directors and the Subsidiary's Board of Directors and their respective mandates



## Governance Committee: Mandate and Composition

The Governance Committee operates under the oversight of the Foundation's Board of Directors. Its mandate is to monitor and ensure the quality of the governance structures and mechanisms in place, and make recommendations to the boards in this regard. The Committee stays

informed of the latest trends in corporate governance best practices.

The Governance Committee makes recommendations to the Boards regarding the compensation of their respective directors based on their responsibilities and the risks they take, without compromising the independence of a director. Any director who is also a member of corporate management does not receive compensation for the work performed during board or committee meetings.

The following directors currently sit on the Foundation's Governance Committee: Isabelle Grenier, Geneviève Verrier, André Caron and Yves Lacasse (Chair). The majority of the committee's members are independent, unrelated directors.

#### **Audit and Risk Management Committee: Mandate and Composition**

The Audit and Risk Management Committee operates under the oversight of the Foundation's Board of Directors. Its mandate is to ensure the integrity of the financial reporting of the Foundation and the Plans. It represents the Foundation in matters with the external auditors and oversees the risk management of the Foundation and Subsidiary.

The following directors currently sit on the Audit and Risk Management Committee: Albert Caponi (Chair), Yves Lacasse and Jacques Topping. All committee members are independent, unrelated directors:

#### **Committees of the Subsidiary's Board of Directors and their respective mandates**

##### **Investment Committee: Mandate and Composition**

The Investment Committee operates under the oversight of the Subsidiary's Board of Directors. Its mandate is to develop the investment policies of the Plans. It is responsible for recommending

the appointment or, if necessary, the dismissal of a portfolio manager, as well as for the performance reviews of portfolio managers. The Committee oversees the implementation of the investment policies that are in the best interest of the subscribers and beneficiaries of the Plans.

The following directors currently sit on the Investment Committee: France Bilodeau (outside member), Gilles Bernier (outside member), Pierre Hamel (Chair), and François Lavoie. All committee members are independent, unrelated directors.

##### **Human Resources and Audit Committee: Mandate and Composition**

The HR and Audit Committee operates under the oversight of the Subsidiary's Board of Directors. Its mandate is to review the policies, practices and organizational structures in terms of human resources and remuneration, and to ensure the integrity of the Subsidiary's financial reporting.

The following directors currently sit on the HR and Audit Committee: Albert Caponi, François Lavoie (Chair) and Jean Marchand. The majority of the committee's members are independent, unrelated directors.

##### **Description and Composition of the Investment Fund's Independent Review Committee (IRC)**

The Independent Review Committee reviews actual or potential conflict of interest matters (or any situation that could be perceived as such) referred to the IRC by the Subsidiary. The IRC gives its recommendation to the Subsidiary's Board of Directors or issues a standing instruction in accordance with *Regulation 81-107 respecting Independent Review Committee for Investment Funds*.

The IRC has the authority to retain the services of an outside advisor for any issue related to its mandate. The IRC can also contact the *Autorité*

*des marchés financiers* directly regarding any issue.

The IRC's current members are Roger Demers (Chair), Pierre Lapointe and Luc Paradis. All members declare themselves to be independent of the Foundation and the Subsidiary.

### **Indemnification**

The Foundation shall indemnify any director or officer who is party to a proceeding, whether civil, criminal, administrative, investigative or of any other nature by virtue of being a director, including:

1. an amount paid to settle an action or satisfy a judgment;
2. expenses and fees reasonably incurred to ensure the director's defense.

The following conditions must be met for the fees and expenses incurred to be reimbursed to the director or officer:

- has acted honestly and in good faith with a view to the best interest of the Foundation, the Subsidiary and the Plans;
- there was no reasonable cause to believe his or her conduct was unlawful.

### **Liability Insurance**

The Foundation maintains liability insurance for its directors, officers and the Foundation itself against any losses incurred that the Foundation may be authorized or obligated to cover, under the law, to indemnify its directors and officers. This policy also covers the Subsidiary and its directors and officers, as well as members of the Independent Review Committee.

### **Appointing Auditors**

The current auditor of the Foundation, the Plans and the Subsidiary is the firm Deloitte, LLP. Auditors of the Foundation and the Plans are appointed by members of the Foundation, while the Subsidiary's auditors are appointed by its sole shareholder, the Universitas Foundation.

### **Approval of the Directors**

The directors of the Foundation and the Subsidiary approve this Statement of Corporate Governance Practices.