

# RESPONDING TO THE CALL



2013/14 GOVERNANCE REPORT



**STARS**<sup>®</sup>

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## STARS Governance

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STARS is committed to the principles of strong governance. It strives to lead in the area of voluntary and non-profit sector governance with a commitment to stewardship of the STARS organizations through effective and best practices.

Effective governance requires sound, ethical and legal processes and direction consistent with the organization's vision and mission, and adequate controls to ensure appropriate oversight of the organization's resources. For non-profit, charitable organizations, this includes appropriate guidance and protection of the benefits and services provided to the community and sound stewardship of the resources, whether funding, volunteer time, financial or other expertise, or other skills committed to the organization.

The STARS Boards of Directors recognize their governance responsibilities to all stakeholders including our patients, provincial governments, health regions, emergency service providers, corporate and community donors, volunteers, employees and the general public.

STARS is committed to the ongoing evaluation and application of best practices in governance to promote a healthy, productive, transparent, accountable and effective organization. We regularly assess emerging best practices and annually review our governance and financial disclosure practices to ensure we meet or exceed the requirements for non-profit organizations.

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## Charitable Status and Organizational Structure

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There are three entities that carry out the operations of STARS.

- 1) *Shock Trauma Air Rescue Society* (the "STARS Society") is a society under the *Societies Act* (Alberta) that was formed on March 26, 1986. It is a registered charity under the *Income Tax Act* (Canada). Instead of shareholders, the STARS Society has voting members who are entitled to notice of and to vote at all meetings of the members of the STARS Society. In addition to the STARS Society Members, the STARS Society also has associate members and honorary members; however, they are not entitled to notice of or the right to vote at a meeting of the members of the STARS Society.

As at the date hereof, each of the STARS Society Members also serves as a director of the STARS Society. All of these directors act in a volunteer capacity.

The primary services and activities of the STARS Society are to provide emergency medical helicopter transport services to critically ill and injured patients in Alberta, Saskatchewan, Manitoba, and Eastern British Columbia.

- 2) *Shock Trauma Air Rescue Service Foundation* (the "STARS Foundation") is a foundation that was formed as a company with objects other than the acquisition of gain under Part 9 of the *Companies Act* (Alberta) on April 18, 1991. It is also a registered charity under the *Income Tax Act* (Canada). Instead of shareholders, the STARS Foundation has voting members who are entitled to notice of and to vote at all meetings of the members of the STARS Foundation. In addition to the STARS Foundation Members, the STARS Foundation also has associate members and honorary members; however, they are not entitled to notice of or the right to vote at a meeting of the members of the STARS Foundation.

As at the date hereof, each of the STARS Foundation Members also serves as a director of the STARS Foundation. Like the directors of the STARS Society, all of the directors of the STARS Foundation, are independent, outside, directors, and serve in a volunteer capacity.

The STARS Foundation is primarily responsible for the fundraising activities carried out in support of the STARS Society's services and activities, as described above.

- 3) *STARS Aviation Canada Inc.* ("STARS Aviation") is a corporation that was incorporated on August 29, 1985 under the *Canada Business Corporations Act* (Canada). The sole shareholder of STARS Aviation is the STARS Society. Pursuant to a declaration and unanimous shareholders agreement dated March 24, 2006, the powers of the board of directors of STARS Aviation are abrogated and the STARS Society, as sole shareholder of STARS Aviation, is granted the right to exercise and perform all the rights, powers and duties of the directors of STARS Aviation to manage the business and affairs of STARS Aviation, including those rights, powers and duties set forth in the *Canada Business Corporations Act* (Canada). This means that effectively, the business and affairs of STARS Aviation are managed by the Board of Directors of the STARS Society, which is the decision making body of the STARS Society.

STARS Aviation does not have any employees and the only business that it carries on is to hold ownership of certain helicopters that are used to provide emergency medical transport services, which helicopters are leased by STARS Aviation to the STARS Society.

*\*\*The Boards of STARS Foundation and STARS Society are hereinafter referred to as the Boards or Boards of Directors.*

The Boards of Directors of STARS Society and STARS Foundation, along with the dates of appointment, city/province of residence, and Committees as of March 31, 2014 are set out as follows:

Name	Title & Organization	Date of Election	City, Province of Resident	Society Board	Foundation Board
Lloyd Axworthy	President and Vice-Chancellor, University of Winnipeg	22-Jun-12	Winnipeg, MB	S	
Linda Banister	President, Banister Research & Consulting Inc.	22-Jun-12	Edmonton, AB	S	
Robert Brennan	Corporate Director	22-Jun-12	Winnipeg, MB	S	
Lyle Carlstrom	Partner, KMSC Law LLP	19-Jun-08	Grande Prairie, AB	S	F
Dino DeLuca	Partner, Burnet, Duckworth and Palmer LLP	27-Jun-13	Calgary, AB	S	
Dr. Anne Doig	Family Physician	22-Jun-12	Saskatoon, SK	S	
Randy Garvey	Executive Vice President, Corporate Support, Canadian Western Bank	17-Jun-10	Edmonton, AB		F
Michael Hoffort	President and CEO, Farm Credit Canada	27-Jun-13	Regina, SK	S	F
Kent Kaufield	Managing Partner, Ernst & Young LLP	27-Jun-13	Calgary, AB	S	
Rod Kennedy	Investment Advisor, RBC Securities Inc.	17-Jun-10	Red Deer, AB	S	F
Dr. John Kortbeek	Professor, Surgery and Critical Care, Foothills Medical Center	22-Jun-12	Calgary, AB	S	
Dan MacLean	President and CEO, Tundra Oil and Gas Ltd.	22-Jun-12	Winnipeg, MB		F
Sean McBurney	Sr. Client Partner, Korn Ferry International	27-Jun-13	Calgary, AB		F
Greg Melchin	Corporate Director	17-Jun-10	Calgary, AB	S	
Dave Mowat	President and CEO, ATB Financial	19-Jun-09	Edmonton, AB		F
Irene Pfeiffer	President, Moorgate Holdings Ltd.	16-Jun-11	Okotoks, AB		F
Dale Riddell	Corporate Director	22-Jun-12	East. St Paul, MB		F
Lionel Robins	Independent Entrepreneur, Grande Prairie Mazda	27-Jun-13	Grande Prairie, AB		F

Name	Title & Organization	Date of Election	City, Province of Resident	Society Board	Foundation Board
Evan Saugstad	Community Coordinator, Spectra Energy	16-Jun-11	Fort St. John, BC	S	
Scott Saxberg	President and CEO, Crescent Point Energy Corp.	27-Jun-13	Calgary, AB	S	
Brian Vaasjo	President and CEO, Capital Power Corporation	19-Jun-08	Edmonton, Alberta	S	
Pat Youzwa	Corporate Director	16-Jun-11	Regina, SK	S	F

### Boards of Directors – Volunteer Governance

As charitable and non-profit entities, STARS Society and STARS Foundation have no shareholders and are each effectively governed by volunteer Boards. The volunteer members of the respective Boards and Board Standing Committees do not receive any remuneration, consideration, or fees for undertaking the responsibilities, risks and the significant time commitment involved in being a volunteer director. Between the fiscal period April 1, 2013 to March 31, 2014, the Boards volunteered over 1,400 hours. This number does not take into the account the significant amount of time the Boards dedicate to events, such as fundraising events or meetings with staff members outside of regularly scheduled Board or Committee meetings.

A Governance and Nominating Standing Committee stewards the governance process and culture. Board approved Mandates for the Board of Directors and Standing Board Committees are regularly reviewed and revised as required. These Mandates can be found on [www.stars.ca](http://www.stars.ca).

### Mandate of the Boards of Directors

The fundamental responsibility of the Boards of Directors is to oversee the management of the organization, with a view to maximizing benefit and value to the community in carrying out the Vision, Mission and Strategic Objectives and to assure the ongoing continuity and strength of its programs.

#### ***Strategic Planning***

STARS' Boards of Directors have the responsibility for setting and monitoring overall strategic direction with management. In assuming this responsibility, the Boards of Directors undertake an annual strategic planning session with the STARS Executive Team to review

and approve the strategic direction of the organizations. The STARS Executive Team regularly prepare reports that are reviewed and discussed with the Boards. Strategic plans are reviewed and budgets are approved by the Boards prior to implementation. Key objectives of the strategy are incorporated into the annual budget processes.

### ***Safety and Risk Management***

The Boards work with management to ensure that a system is in place to identify the principal risks to the organizations and that appropriate procedures are in place to monitor and mitigate the risks. This includes:

- establishing the risk tolerance;
- making sure STARS identifies principal risks at least once a year;
- ensuring the implementation of appropriate systems to manage risks;
- monitoring STARS risk management programs; and
- seeking assurance that the internal control systems and management information systems are in place and operating effectively.

STARS is committed to the health and safety of STARS personnel, volunteers, and patients, and takes appropriate remedial and preventative actions as required, and supports wellness initiatives.

### ***Communications***

STARS is committed to ongoing transparent communications with its stakeholders. Key communications issues are reported to the Boards of Directors. STARS issues regular newsletters and communicates ongoing and annual activities through the STARS Report to the Community, the STARS website, and other electronic communication tools. Communications are also reported through our medical and community outreach programs. Information is released to the public on a regular basis on issues of impact to our stakeholders.

### ***President and Chief Executive Officer***

The Boards' responsibilities include, among others, the appointment of the President and Chief Executive Officer and all other officers, review of Executive benchmarking, and approval of the President and Chief Executive Officer's compensation, and monitoring the performance of the President and Chief Executive Officer

### ***Succession Planning***

The Boards ensure that a process is established that adequately provides for succession planning, both within the Boards, and for the President and Chief Executive Officer. The President and Chief Executive Officer also discusses succession planning with the Boards for the STARS Executive Team, as necessary.

### ***External Advisors***

The Boards, including Board Committees or an individual director, may engage an outside advisor at the expense of the organizations to assist them in the execution of their directors' responsibilities. From time to time, the organizations may use professional services from a business affiliated with a Director, recognizing the expertise the business brings to STARS. At this time, the engagement of such services has been on an arms-length basis and has been accomplished in compliance with applicable conflict of interest rules (*see below*).

### ***Internal Controls***

The Boards seek assurance at least annually that our internal control systems and management information systems are operating effectively.

The Boards have delegated responsibility for reviewing our quarterly and annual financial statements to the Audit and Finance Committee which recommends them to the Boards for approval.

### ***Declaration of Conflict of Interest***

A conflict of interest of a Director of STARS would occur where a Director:

- Is a party to a material contract or transaction or a proposed material contract or transaction with STARS;
- Is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or a proposed material contract or transaction with STARS.

These requirements apply regardless of whether the material contract or transaction or proposed material contract or transaction require approval by the Boards.

Directors in such circumstances must disclose in writing to the organizations or must request to have entered into the minutes of a meeting of the Board the nature and extent of the Director's interest.

A Director must make such disclosure:

- at the meeting at which a proposed contract or transaction is first considered;
- if the Director was not then interested in a proposed contract or transaction, at the first meeting after he or she becomes so interested;
- if the Director becomes interested after a contract is made or a transaction is entered into;
- at the first meeting after he or she becomes so interested; or

- if a person who is interested in a contract or transaction later becomes a Director, at the first meeting after he or she becomes a Director.

Directors must not attend any part of a meeting of the Board during which the contract or transaction is discussed and must not vote on a resolution to approve the contract or transaction.

This prohibition against Directors is subject to the exception wherein the contract or transaction is one for Directors' indemnities or insurance.

***Limits to Management Authority***

The Board establishes guidelines that identify areas of responsibility that require the involvement of the Board, including organizational changes and policy, budgets, plans and financially material commitments, financial and certain personnel matters. These guidelines are developed based upon the nature and size of the proposed action.

The Boards and the Standing Board Committees meet independently of management on a regular basis.

**Attributes Required of all STARS Board Members**

Each STARS director is expected to possess not only the skills and experience required to add value to our organization, but also the following eight behavioral attributes associated with effective boardroom dynamics and decision-making processes.

Integrity and accountability	Independent-mindedness	Business judgment	Communication
Demonstrates high ethical standards, avoids conflicts of interest, acts in the best interests of STARS and maintains public confidence and goodwill of STARS stakeholders.	Willingness to formulate or maintain one’s own, or challenge prevailing, opinion and objectivity.	Track record of leveraging one’s own experience and wisdom in making sound strategic and operational business decisions. Demonstrates business acumen and a mindset for risk oversight.	Ability to listen carefully, raise questions constructively and encourage and build upon open discussion of key issues.

Teamwork	Commitment	Analytical	Diversity
Works effectively, collaboratively and resiliently with orientation toward resolving conflict and maintaining healthy relationships.	Availability and willingness to travel, attend and contribute to board functions and take leadership roles as required.	Uses conceptual and problem-solving skills to make sound decisions recognizing possible biases in board discussions with an orientation to acquire knowledge.	Contributes to the Boards in a way that encourages and respects other perspectives and enhances perspectives through their own differences in gender, age, ethnicity, culture, personality, skill, training, educational background and life experience.

**Composition of the Boards of Directors**

***Composition***

The Board of STARS Society had 15 Directors as of March 31, 2014 and the Board of STARS Foundation had 11 Directors. As of March 31, 2014, the membership of the Board of STARS Foundation included an overlap of four members of the STARS Society Board.

***Independence***

The Boards believe that having a majority of independent directors brings assurance to our stakeholders that decisions are being made in the best interests of the organizations. The independence of the Boards is reviewed on at least an annual basis, and the Boards take into account the independence of potential nominee directors during the succession planning process. Board members are also expected to inform the organizations when they may have a potential conflict of interest.

100% of our Directors are independent. We define a director as independent if he or she does not have a direct or indirect material relationship with STARS. The Boards believe that a relationship is material if it could reasonably interfere with a director’s ability to make independent decisions, regardless of any other association he or she may have.

## ***Separate Chair and President and Chief Executive Officer Positions***

Both Chairs of the STARS' Boards are independent, non-executive Chairs of the Boards who are responsible for leading the Boards.

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### **Board Processes**

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#### ***Nomination of Directors***

Annually, the Governance and Nominating Committee reviews the recruitment criteria for candidates to be considered for nomination to the Boards. The objective of this review is to ensure that the composition of the Boards provides the best mix of skills and experience to guide the long term strategy and ongoing operations and community service of the organizations. This review takes into account diversity of background, skills and experience. These skills include, but are not limited to, government relations, public relations, operational risk management, investments, finance, legal, oilfield services, oil & gas /utilities, human resources, transportation, economics, aviation, and medical expertise.

As STARS currently provides services in Alberta, Saskatchewan, Manitoba and eastern British Columbia, the Boards also recognize the importance of having Board representation in each of those geographical areas. Please see the section below regarding the current skills of our Board members.

The Governance and Nominating Committee, together with the Chairs and the President and Chief Executive Officer, identify potential nominees, screen their qualifications, and make recommendations for interviewing, consideration as nominees, and eventual nomination to the Boards. The Boards are ultimately responsible for recommending suitable candidates for election to the Boards by the voting members at the Annual General Meeting.

#### ***Director Terms***

The Governance and Nominating Committee annually, and upon term completion, reviews both the appropriateness of the continuation of the individual directors and potential term renewal. This is to ensure that its review of the size and composition of the Boards and its recruitment of new directors anticipates and addresses the succession planning issues associated with both the loss of the skills and experience provided by retiring directors and the need for continuity on the Boards.

As per the By-laws (STARS Society) or Articles of Association (STARS Foundation) under which the organizations operate, a director's term is three years. Under normal circumstances, the maximum number of terms is two. It has been agreed by the Boards of Directors that after completion of one full Board term, renewal for a second term would occur under normal circumstances, pending review and recommendation of the Governance

and Nominating Committee, and that a director may sit for a third term only under exceptional circumstances at the pleasure of the Boards. A term of less than three years, although not the norm, can occur in compliance with the Bylaws and Articles of Association, under unusual and specific circumstances.

### ***A Culture of Ethical Conduct***

A strong culture of ethical conduct is central to STARS. Our Boards expect all Directors and employees to act with honesty and integrity at all times, to earn and maintain the trust of our stakeholders. On an annual basis, the Boards review and approve the STARS Code of Business Conduct and Ethics which contains the principles for ethical behavior expected of all STARS' employees. It covers the following, among other things:

- Business Ethics
- Accuracy of STARS Records and Reporting
- Confidentiality
- Privacy
- Protection and Proper Use of STARS Assets
- Compliance with Laws, Rules and Regulations
- Use of STARS Information Technology
- Reporting of Illegal or Unethical Behaviour
- Conflicts of Interest
- Non-partisan Representation of STARS, Gifts and Entertainment
- Media and Communications
- Compliance Procedures

The STARS Code of Business Conduct and Ethics can be found on the STARS' website at [www.stars.ca](http://www.stars.ca).

The Boards also annually receive and review the STARS Whistleblower Policy.

### ***Position Descriptions***

The Boards have developed position descriptions for each of the Board Chairs and the President and Chief Executive Officer. The Boards believe that the key accountability of the Chairs of the Boards is the effective stewardship and management of the affairs of the Boards in supporting the vision and mission of the organization. The Chairs' position description includes guidance as to the following: providing leadership to enhance Board effectiveness; managing the Board; acting as a liaison between Board and management; acting in an advisory capacity to the President and Chief Executive Officer; involvement in the President and Chief Executive Officer performance process; and stakeholder interface.

### ***New Director Orientation***

New directors are provided with an orientation and education program that includes:

- A tour of the most proximal base, with an eventual tour of all operational bases, as possible.
- Orientation meetings with the Chairs, the President and Chief Executive Officer, the Corporate Secretary, the STARS Executive Team, as well as any other STARS employees deemed necessary. This session includes an overview of history, strategy, challenges, risks, financial status, and future for the organization. A hands-on session can also be incorporated (e.g. simulation, night vision goggles, etc.), if desired.
- A complete Directors' Manual, which includes written information about the duties and obligations of directors, the business and operations of the organization, and minutes and material from recent Board and Committee meetings.

The details of the orientation of each new director are tailored to that director's individual needs and areas of interest, in addition to overall governance accountabilities. It is recognized that schedule conflicts and directors' travel requirements must be taken into account for effective execution of the orientation.

### ***Ongoing Director Education***

Each director assumes responsibility for keeping informed about the business of the organizations. Management assists directors by providing them with regular updates on developments in the industry, political and economic developments, and communications from the President and Chief Executive Officer to employees, and such other information management considers of interest to the Boards.

Furthermore, in addition to scheduled Board meetings, management may engage external speakers to make presentations to the Board and management on matters affecting the organizations and the air medical industry.

Tours of the facilities, as changes occur, are encouraged.

These informal presentations, discussions and tours facilitate increased discussion between management and the Board and provide members of the Board with additional context for exercising their duties.

### ***Other***

Our governance best practices include a separation of duties between the Boards and management and between the Board Chairs and the President and Chief Executive Officer; regularly scheduled in-camera sessions for our Boards and Board Committee meetings; in-

camera sessions with our auditor with Audit & Finance Committee members present only; and a formalized annual work plan calendar for Board and Board Committee meetings.

The Boards carry out an annual review of the effectiveness of board governance practices, which includes overall board assessment and self-assessment. Director attendance at Board and Board Committee meetings is tracked and reviewed. Succession planning processes are in place for our President and Chief Executive Officer, Board Chairs and members of the Boards of Directors. The Boards annually review board terms and the skills, qualifications and characteristics required for future directors and a comprehensive orientation program is carried out for all new directors. Risk assessment is inherent and integrated into board strategic planning and management planning and execution practices.

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### **Our Expectations of our Directors**

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Our directors are expected to act in the best interests of STARS. They have a duty of care to exercise in both decision making and oversight.

#### *Meeting in camera*

Both our Boards and our Board Committees hold in-camera meetings without management present at every regularly scheduled meeting. The Chairs of the Boards provide the President and Chief Executive Officer with a summary of the matters discussed at those in-camera meetings, including any issues that the Board expects Management to pursue.

#### *Meeting Attendance*

Directors strive for perfect attendance at all Board and Board Committee meetings of which they are a member, including the annual general meeting. All directors have been active participants at Board and Board Committee meetings and serve in a volunteer capacity (directors are not compensated for their attendance at Board and Board Committee meeting, or otherwise).

A director may miss a meeting “for good reason”, which we define as a family or medical emergency or a special meeting that conflicts with a previously scheduled commitment that cannot be changed. If a director is unable to attend a meeting, he or she receives a package of materials discussing the business to be covered, and communicates his or her views to the Board Chairs or to the appropriate Committee Chair before the meeting.

Board members have a standing invitation to attend all committee meetings regardless of membership.

A summary of the Board and Board Committee meetings that took place in the fiscal year 2013/2014 (April 1, 2013 to March 31, 2014) is as follows:

Board/Board Committee	Number of Meetings
Board of Directors of Shock Trauma Air Rescue Society	5
Board of Director of Shock Trauma Air Rescue Foundation	5
Audit and Finance Committee	5
Governance and Nominating Committee	6
Human Resources and Compensation Committee	4
Safety and Risk Committee	5

Board attendance for the above meetings is as follows:

Director Name	Society Board (5 meetings)		Foundation Board (5 meetings)	
	#	%	#	%
Lloyd Axworthy	3/5	60%	-	-
Linda Banister	5/5	100%	-	-
Bob Brennan	5/5	100%	-	-
Lyle Carlstrom	3/5	60%	3/5	60%
Dino DeLuca	3/3 ( <i>Mr. DeLuca joined the Boards in June 2013</i> )	100%	-	-
Dr. Anne Doig	5/5	100%	-	-
Randy Garvey	-	-	5/5	100%
Michael Hoffort	3/3 ( <i>Mr. Hoffort joined the Boards in June 2013</i> )	100%	3/3 ( <i>Mr. Hoffort joined the Boards in June 2013</i> )	100%
Kent Kaufield	3/3 ( <i>Mr. Kaufield joined the Boards in June 2013</i> )	100%	-	-
Rod Kennedy	4/5	80%	4/5	80%
Dr. John Kortbeek	4/5	80%	-	-
Dan MacLean	-	-	5/5	100%
Sean McBurney	-	-	3/3 ( <i>Mr. McBurney joined the Boards in June 2013</i> )	100%
Greg Melchin	5/5	100%	-	-
Dave Mowat	-	-	5/5	100%

Director Name	Society Board (5 meetings)		Foundation Board (5 meetings)	
	#	%	#	%
<b>(Chair of STARS Foundation)</b>				
Irene Pfeiffer	-	-	4/5	80%
Dale Riddell	-	-	5/5	100%
Lionel Robins	-	-	3/3 (Mr. Robins joined the Boards in June 2013)	100%
Evan Saugstad	3/5	60%	-	-
Scott Saxberg	2/3 (Mr. Saxberg joined the Boards in June 2013)	67%	-	-
Brian Vaasjo <b>(Chair of STARS Society)</b>	4/5	80%	-	-
Pat Youzwa	5/5	100%	5/5	100%

Attendance for the STARS Board Committees for the fiscal year 2013/2014 is as follows:

Director Name	Audit and Finance (5 meetings)		Governance and Nominating (6 meetings)		Human Resources and Compensation (4 meetings)		Safety and Risk (5 meetings)	
	#	%	#	%	#	%	#	%
Lloyd Axworthy	-	-	3/6	50%	-	-	-	-
Linda Banister	-	-	6/6	100%	-	-	-	-
Bob Brennan	5/5	100%						
Lyle Carlstrom	-	-	4/6	67%	-	-	-	-
Dino DeLuca	-	-	-	-	-	-	2/3 (Mr. DeLuca joined the S&R Committee in September 2013)	67%
Dr. Anne Doig	-	-	2/3 (Dr. Doig joined the G&N Committee in 2013)	67%	-	-	5/5	100%

Director Name	Audit and Finance (5 meetings)		Governance and Nominating (6 meetings)		Human Resources and Compensation (4 meetings)		Safety and Risk (5 meetings)	
	#	%	#	%	#	%	#	%
Randy Garvey	5/5	100%	-	-	-	-	-	-
Michael Hoffort	2/3 (Mr. Hoffort joined the Boards in June 2013)	67%	-	-	-	-	3/3 (Mr. Hoffort joined the S&R Committee in September 2013)	100%
Kent Kaufield	3/3 (Mr. Kaufield joined the Boards in June 2013)	100%	-	-	-	-	-	-
Rod Kennedy	1/1 (Mr. Kennedy joined the A&F Committee in 2014)	100%	-	-	-	-	5/5	100%
Dr. John Kortbeek	-	-	-	-	-	-	5/5	100%
Dan MacLean	-	-	-	-	4/4	100%	-	-
Sean McBurney	-	-	-	-	3/3 (Mr. McBurney joined the HR & C Committee in September 2013)	100%	-	-
Greg Melchin	5/5	100%	-	-	-	-	-	-
Dave Mowat (Chair of STARS Foundation)	As Chair of the STARS Foundation, Mr. Mowat does not serve on any Board Committees.							
Irene Pfeiffer	-	-	-	-	4/4	100%	-	-
Dale Riddell	-	-	5/6	83%	-	-	-	-
Lionel Robins	-	-	-	-	3/3 (Mr. Robins joined the HR & C Committee in September)	100%	-	-

Director Name	Audit and Finance (5 meetings)		Governance and Nominating (6 meetings)		Human Resources and Compensation (4 meetings)		Safety and Risk (5 meetings)	
	#	%	#	%	#	%	#	%
Evan Saugstad	-	-	-	-	-	-	2/5	40%
Scott Saxberg	-	-	-	-	-	-	-	-
Brian Vaasjo <b>(Chair of STARS Society)</b>	<i>As Chair of the STARS Society, Mr. Vaasjo does not serve on any Board Committees.</i>							
Pat Youzwa	-	-	4/6	67%	2/3 Ms. Youzwa joined the HR & C Committee in September 2013)	67%	-	-

## Board Committees

The Boards of Directors of the STARS Society and the STARS Foundation have four Joint Standing Committees that assist the Boards in fulfilling their mandates.

The Boards annually review and appoint members to the Joint Standing Committees with mandates as outlined in the Board-approved Terms of Reference for the Committees. All Committees make recommendations to the respective Boards for approval and do not act independently unless specifically authorized to do so by the Boards of Directors and as limited by legislation, as applicable.

Four Joint Standing Committees assist the Boards in their stewardship role: the Governance and Nominating Committee, the Audit & Finance Committee, the Human Resources and Compensation Committee, and the Safety and Risk Management Committee. All members of all Standing Committees are non-management directors and independent. Appropriate skills and expertise are considered in the formation of each respective Committee.

Committee membership is reviewed annually. All Standing Committees meet independently from Management members on a regular basis.

## ***Joint Governance and Nominating Committee***

***# of Meetings Held in the fiscal period 2013/2014: 6***

***# of Independent Directors Serving (as Voting Members) on Committee: 5/5 or 100%***

Members:

- Dr. Lloyd Axworthy
- Linda Banister
- Lyle Carlstrom (Chair)
- Dr. Anne Doig
- Dale Riddell

The purpose of the Committee is to assist the Boards in carrying out responsibilities by reviewing and monitoring Board governance. The Governance and Nominating Committee's responsibilities include making recommendations to the Boards for Board Director and Board Committee membership and monitoring Board performance according to the goals and objectives of the organizations. The Committee also reviews:

- Committee Structure
- Membership and Board Chairs
- Steward nomination process for recruitment for Directors and Committees (members and Chairs)
- Distinction between governance process vs. management and operations
- Conflict resolution
- Steward annual Board effectiveness evaluation process
- Monitoring of Board effectiveness as a whole
- Board orientation
- Review of By-laws every five years, or as required

### ***Evaluation of the Board and the Board / Management Relationship***

The Governance and Nominating Committee is responsible for ensuring an evaluation of the Boards' performance and effectiveness is carried out and results are report back to the Boards. The assessment examines the effectiveness of the Boards as a whole and specifically reviews areas that the Boards and/or management believe could be improved to ensure the continued effectiveness of the Boards in the execution of their responsibilities.

The Board Chairs address individual director issues.

## ***Joint Audit and Finance Committee***

***# of Meetings Held in the fiscal period 2013/2014: 5***

***# of Independent Board Members Serving on Committee: 6/6 or 100%***

Members:

- Bob Brennan
- Randy Garvey (Chair)
- Michael Hoffort
- Kent Kaufield
- Rod Kennedy
- Greg Melchin

The purpose of the Committee is to assist the Boards in fulfilling their oversight responsibilities with respect to financial accountability, reporting, adequacy of internal controls, financial risk and financial integrity of the organization, regulatory compliance related to financial matters, audit process, performance of the external auditors, monitoring investment returns, reviewing the investment strategies of the Boards, and making recommendations to the Boards on investment policy and overall strategy. The Committee reviews:

- Finances
- External audit
- Direct reporting relationship with auditor
- Financial communications to stakeholders
- Financial risk
- Annual, and as necessary, investment policy review
- Monitoring of fund manager performance and compliance to policy
- Recommendations to Board regarding investment policy and overall strategy
- Recommendations to Board regarding cash investment outside of management's authority

### ***Financial Expertise***

STARS defines a financial expert as one that must: 1) understand Generally Accepted Accounting Principles and financial statements; 2) be experienced in preparing or auditing financial statements of comparable organizations; 3) have experience accounting for estimates, accruals, and reserves; 4) understand internal accounting controls; and 5) understand the functions of an audit committee.

STARS has determined that 100% of the Audit and Finance Committee are financial experts.

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**Joint Safety and Risk Committee**

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**# of Meetings Held in the fiscal period 2013/2014: 5**

**# of Independent Directors (as Voting Members) Serving on Committee: 6/6 or 100%**

Members:

- Dino DeLuca
- Dr. Anne Doig
- Michael Hoffort
- Rod Kennedy
- Dr. John Kortbeek (Chair)
- Evan Saugstad

The purpose of the Safety & Risk Management Committee is to assist the Boards in carrying out their responsibilities by monitoring and regularly re-evaluating risk identification and risk management practices and in reinforcing the STARS culture of “Safety is an Attitude.” The Committee also reviews:

- Insurance
- Safety and operations
- Occupational Health and Safety
- Processes to ensure Safety Policies and Controls are in place
- Risk identification (Enterprise Risk Management)

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**Joint Human Resources and Compensation Committee**

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**# of Meetings Held in the fiscal period 2013/2014: 4**

**# of Independent Directors (as Voting Members) Serving on Committee: 5/5 or 100%**

Members:

- Dan MacLean
- Sean McBurney
- Irene Pfeiffer (Chair)
- Lionel Robins
- Pat Youzwa

The purpose of the Committee is to assist the Boards in carrying out their responsibilities by reviewing the President and Chief Executive Officer’s goals and objectives, evaluating the President and Chief Executive Officer’s performance, developing and monitoring a

succession plan for the President and Chief Executive Officer, monitoring the organization’s human resources policies, and reviewing compensation and human resources issues in support of the achievement of the Organization’s strategies. The Committee also reviews the following:

- President and Chief Executive Officer succession planning/management effectiveness
- President and Chief Executive Officer compensation
- Oversight to ensure Human Resources Policies are in place
- Steward CEO evaluation process
- Officer appointments

### ***Executive Compensation***

The Human Resources and Compensation Committee annually reviews Executive compensation. The remuneration for the President and Chief Executive Officer is regularly evaluated by the Human Resources and Compensation Committee utilizing periodic regular market assessments and various industry and professional benchmarks, including those for charitable and non-profit organizations, and by periodic independent consultation. The Committee’s conclusions for compensation for the President and Chief Executive Officer are reviewed with the Boards of Directors and are recommended to the Boards of Directors for approval.

The volunteer members of the organization’s Boards of Directors are not reimbursed for their service on the STARS Boards or Standing Committees.

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## **Skills and Experience**

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The Boards and the Governance and Nominating Committee review the experience, qualifications and skills of our directors once a year, to ensure that the composition of our Boards and Board Committees is appropriate and includes essential areas of expertise. A skills matrix is used to ensure our strategic direction is supported by the relevant expertise and behavioral attributes.

Directors use the skills matrix to review and self-assess their skills each year. The results are used to enhance the development of the board, assist in the recruitment process and identify potential areas for training or education.

The chart below illustrates which areas each director has indicated they have skilled or expert application.

Name	Functional Skills and Competencies																	
	Exec/Management	Service Community	Governance Corporate	Education	Engineering	Financial Expertise	Financial Literacy	Fundraising	Government Relations	Human Resources	Information Systems	Investment	Leadership - Strategic Planning	Legal	Medical	PR/Communication	Aviation	Risk Management
Axworthy, Lloyd	•	•	•	•			•	•	•	•		•	•			•		•
Banister, Linda	•		•				•	•	•				•					
Brennan, Bob	•	•	•			•	•	•	•				•					•
Carlstrom, Lyle	•	•	•											•				
DeLuca, Dino							•							•			•	•
Doig, Anne	•	•	•	•			•		•		•		•		•			•
Garvey, Randy	•	•	•			•	•		•			•						•
Hoffort, Michael	•						•											•
Kaufield, Kent	•		•			•					•		•					•
Kennedy, Rod	•	•	•			•	•					•	•					•
Kortbeek, John	•			•											•			
MacLean, Dan	•	•	•		•								•					•
McBurney, Sean	•								•					•				
Melchin, Greg	•	•	•			•	•		•				•					•
Mowat, Dave	•	•	•			•	•				•		•					
Pfeiffer, Irene	•	•	•					•		•			•				•	
Riddell, Dale	•	•	•	•				•	•				•			•		
Robins, Lionel	•	•						•	•				•					
Saugstad, Evan	•	•	•				•		•			•	•			•		•
Saxberg, Scott					•		•						•					
Vaasjo, Brian	•	•	•			•	•		•				•					
Youzwa, Pat	•	•	•				•	•	•				•					

STARS also believes in the importance of having geographical diversity on our Boards, in order to effectively represent all stakeholders in all jurisdictions in which we operate. The following table represents this diversity:

	Regional Perspective								
Name	Calgary	Red Deer	Edmonton	Grande Prairie	British Columbia	Regina	Winnipeg	Saskatoon	Rural
Axworthy, Lloyd							•		
Banister, Linda			•						
Brennan, Bob							•		
Carlstrom, Lyle				•					
DeLuca, Dino	•								
Doig, Anne								•	
Garvey, Randy			•						
Hoffort, Michael						•			
Kaufield, Kent	•								
Kennedy, Rod		•							
Kortbeek, John	•								
MacLean, Dan							•		
McBurney, Sean	•								
Melchin, Greg	•								
Mowat, Dave			•						
Pfeiffer, Irene	•								
Riddell, Dale							•		
Robins, Lionel				•					
Saugstad, Evan					•				•
Saxberg, Scott	•								
Vaasjo, Brian			•						
Youzwa, Pat						•			

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## **Board of Directors Contact Information**

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For further information on the STARS Boards of Directors, or to contact any one of them, please contact the STARS Corporate Secretary at [likness@stars.ca](mailto:likness@stars.ca).