

PRESS RELEASE

For immediate release

Working Group proposes principles for the governance of Quebec universities

Montreal, September 18, 2007 – In order for universities to achieve good governance, their Boards of Directors must include a majority of members who are independent of internal stakeholders. Boards must also enjoy autonomy in carrying out their functions – a prerequisite for accountability. They must follow clearly-established reporting requirements, and act with transparency. Moreover, the process of appointing the Executive Head of a university should be simplified, and should ensure that external, as well as internal, candidates will be considered.

These are a few of the findings of the Working Group on university governance in Quebec, made up of ten prominent public figures (see attached for a full list). Chaired by Jean-Marie Toulouse, former Director of the HEC Montréal business school, the Working Group was formed under the auspices of the Institute for Governance of Private and Public Organizations (IGPPO). The Working Group has put forward 12 principles that, while flexible enough to accommodate the individual traditions of each institution, should serve as a guide for improving governance practices in the university milieu:

- **Boards composed primarily of independent members:** Members should be chosen through a process that ensures a diversity of points of view and adequate representation of different constituencies (principles 5 and 6). Members should be appointed to a three-year term, renewable twice, for a maximum of nine years, in order to strike a balance between stability and renewal (principle 7). The Board should carry out six essential functions (principle 4).
- **Three essential Board committees - Audit, Human Resources, and Governance and Ethics:** The members of these committees should be drawn from the independent members of the Board. The mandate of each of these committees should be clearly defined (principle 8).

- **Number of decision-making bodies and adoption of a code of ethics for Board members:** Decision-making bodies should be as few and as streamlined as possible and effective mechanisms for coordination among them should be established (principle 10). All members of the Board must act in the interests of the university as a whole, rather than advancing particular interests (principle 9).
- **Selection of an Executive Head:** The selection process should be designed to promote the selection of an Executive Head with the standing required to carry out the duties associated with the position and to meet the challenges facing the university: The selection committee should invite candidacies from both members of the university community and those external to the community. The process should be carried out with discretion and rigour, and with respect for the individual candidates (principle 11).
- **Comprehensive, transparent processes ensuring accountability:** Mechanisms to ensure accountability must address efficiency and effectiveness in using financial and other resources. Performance indicators should be developed to measure the quality of teaching and research, draw comparisons with peer institutions and assess results as a function of the university's mission, values and strategy (principle 12).

“These recommendations are clearly consistent with the notion that an institution cannot seek increased autonomy without first showing a commitment to good governance. The Working Group has come up with 12 principles that respect the diverse traditions and values of different universities,” said Yvan Allaire, chair of the IGPPO board of directors.

“The impact of these principles will stem from the fact that they respect each university's mission, (principle 1), and the variety of cultures, values and traditions within each institution (principle 2). These principles emphasise institutional autonomy and the accountability of Board members and of university executives (principle 3),” added Jean-Marie Toulouse, chair of the Working Group.

The Working Group consulted a number of current members of the Boards of Quebec universities, individuals who have previously served on Boards, and others interested in sharing their opinions on governance issues. It undertook an analysis of the legal frameworks of the various institutions, as well as research on governance in universities and other public-sector organizations. Members of the Working Group were selected for the personal experience each could bring to bear on issues of university governance.

Established in September of 2005, the **Institute for Governance of Private and Public Organizations (IGPPO)** is a joint initiative of HEC Montréal and Concordia University (The John Molson School of Business) whose primary goal is to improve the understanding of governance practices in Quebec and Canadian companies. The Institute is a non-profit organization dedicated to coordinating research activities, undertaking intellectual initiatives, offering customized solutions, strengthening governance capabilities, building partnerships and promoting knowledge dissemination. The directors of the Institute represent an impressive cross-section of people from the financial sector, private-sector board members and academics. The board of the Institute is chaired by Professor Yvan Allaire, Ph.D. (MIT), MSRC, a leading authority on corporate strategy and governance.

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