

Board Mandate

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1.0 Introduction and Purpose

This Board Mandate is designed to clarify the Board's responsibilities, with reference to the objects and powers of CPP Investments outlined in section 5 and 6 of the **CPPIB Act**, and in furtherance of the Board's duty in section 8 of the **CPPIB Act** to manage or supervise the management of the business and affairs of CPP Investments.

The Board will receive reports and recommendations from Management and Board Committees and will make decisions in the best interests of CPP Investments at all times.

Subject to the CPPIB Act and the By-laws, the Board may delegate its powers, duties and responsibilities to the Chairperson, Board Committees or to Management. The Board operates by delegating to Management certain of its authorities, and by reserving certain other powers to itself including those set out in section 7(2) of the CPPIB Act.

2.0 Board Membership

2.1 CHAIRPERSON

The Chairperson is designated from among the Directors by the Governor in Council on the recommendation of the Minister of Finance following consultation with the Directors and the Appropriate Provincial Minister of each Participating Province.

The Chairperson performs the duties and responsibilities outlined in the **Chairperson Role Description**.

2.2 DIRECTORS

Directors are appointed by the Governor in Council on the recommendation of the Minister of Finance.

Directors perform the duties and responsibilities outlined in the **Director Role Description**.

2.3 TERM OF SERVICE

Directors are normally appointed to hold office for a term of three years, for a maximum of three terms.

The Chairperson can serve a fourth term as a Director.

2.4 SIZE OF BOARD

The Board size is set at twelve by the **CPPIB Act**.

3.0 Board Committees

3.1 BOARD COMMITTEE STRUCTURE

The current Board Committee structure includes the following committees, with each operating according to a Board-approved mandate outlining its duties and responsibilities:

- Audit Committee (**Audit Committee Mandate**);
- Risk Committee (**Risk Committee Mandate**);
- Governance Committee (**Governance Committee Mandate**);
- Human Resources and Compensation Committee (**Human Resources and Compensation Committee Mandate**);
and
- Investment Strategy Committee (**Investment Strategy Committee Mandate**).

This committee structure is subject to change from time to time as the Board considers which of its responsibilities will best be fulfilled through more detailed review of matters in a Board Committee.

3.2 AD HOC COMMITTEES

Ad Hoc Committees are Board Committees, but differ from the standing Board Committees in that an ad hoc committee is established for a specific period of time to undertake a specific task, and is then disbanded.

Each Ad Hoc Committee operates according to a Board-approved mandate which outlines its duties and responsibilities.

3.3 BOARD COMMITTEE MEMBERSHIP AND CHAIRS

Board Committee members must be Directors. The Board Chairperson will be an *ex officio* member of the Audit Committee, Risk Committee, Governance Committee and Human Resources and Compensation Committee.

The Chairperson is responsible for annually proposing the leadership and membership of each Board Committee, or as needed to fill vacancies during the year. In preparing recommendations, the Chairperson will consult with the Governance Committee and take into account the preferences, skills and experience of each Director, together with desirable board leadership succession planning. The Chairperson should consider the issue of memberships of Directors on more than one Committee and possible benefits to be derived in that regard.

4.0 Board Meetings

4.1 FREQUENCY, FORMAT AND LOCATION

The Board will meet a minimum of four times per year. A schedule for planned Board meetings is developed on a forward basis to assist Directors and Management to plan for Board meetings.

In-person meetings are usually held at the CPP Investments head office in Toronto, although they may from time to time be held elsewhere. Video or teleconference meetings may also be held at the discretion of the Chairperson, provided the relevant electronic, telephonic or other communication facilities permit all persons participating in the meeting to communicate adequately with each other.

4.2 QUORUM

A quorum for the transaction of business at a Board meeting will be a majority of appointed directors. Questions arising at a meeting will be determined by a majority of votes of the Directors who cast a vote.

4.3 INFORMATION

Board meeting agendas and material will be distributed to Directors with sufficient time to ensure there is an opportunity to review. Material will be prepared in accordance with the **Guidelines for Board Materials**.

4.4 ATTENDANCE BY MANAGEMENT

The President & CEO will be invited to attend all Board meetings, recognizing that from time to time the Chairperson may request a meeting without Management present. There will normally be an in camera session during each Board meeting where the President & CEO does not attend.

Other members of Management may also be invited to attend Board meetings to provide information and opinions to assist the Directors in their deliberations.

4.5 ATTENDANCE BY THE AUDITOR

The auditor of CPP Investments:

- (a) is entitled to receive notice of and attend meetings of the Board, and be heard at those meetings on matters relating to the auditor's duties; and
- (b) shall attend meetings of the Board if requested to so do by a Director.

4.6 IN CAMERA SESSIONS

The Chairperson shall hold an in camera session at each Board meeting, unless it is agreed by the Board not to be necessary (such as a special Board meeting held for a single matter).

4.7 BOARD RELATIONS WITH MANAGEMENT

The Board's key interface with Management occurs through the President & CEO, those members of Management who work with each Board Committee and the Corporate Secretary.

Directors who have questions or concerns regarding Management performance may direct these to the Chairperson or to the President & CEO, or raise them in the course of Board and Board Committee meetings.

Directors must respect the organizational structure of Management. A Director has no authority to direct any staff member.

Administrative support for the Board and the Board Chairperson, and as required for Directors (e.g. for the purpose of correspondence by Directors related to their responsibilities as Directors, and for making travel arrangements for Directors traveling at CPP Investments' request), is organized through the Corporate Secretary.

4.8 MINUTES

The Corporate Secretary will ensure that minutes of each Board meeting are prepared and made available in a timely manner to the Chairperson and to the Board.

5.0 Duties and Responsibilities

5.1 BOARD AFFAIRS

The Board has the responsibility to manage its own affairs including:

- (a) approving priorities for the Board and Board Committees for each fiscal year;
- (b) establishing Board Committees and appointing Board Committee members and chairs;
- (c) establishing the competencies, skills and experience required for the Board, establishing the specific competencies, skills and experience required for a new director where a director appointment is to be made, approving the names of proposed director appointments and reappointments to be submitted to the External Nominating Committee, and being prepared to consult with the Minister of Finance regarding the selection of the Chairperson;

- (d) ensuring that all new Directors receive a comprehensive orientation and that the Board provides continuing development opportunities for Directors (**Director Orientation and Development Processes**);
- (e) ensuring that the Board and Board Committees , the Chairperson and each individual Director are regularly assessed regarding effectiveness and contribution (**Board Evaluation Processes**) and that the Board is adequately prepared to determine whether a Director whose term is expiring should be recommended for reappointment;
- (f) determining Chairperson and Director compensation which is established by **By-Law No. 2**, as amended from time to time;
- (g) engaging and compensating any outside advisor that it determines to be necessary to permit it to carry out its duties, and
- (h) receiving recommendations from one or more Board Committees, or Management, and approving changes annually to this **Board Mandate** and the mandate for each standing Board Committee.

5.2 GOVERNANCE MODEL

The Board has the responsibility to ensure that any legislative or other changes which affect the statutory governance framework of CPP Investments are implemented in accordance with applicable law and that the views of CPP Investments as to the effects of the proposed change on that governance framework and the ability of CPP Investments to fulfill its statutory mandate are appropriately communicated.

5.3 CONDUCT AND CULTURE

The Board has the responsibility to:

- (a) foster an inclusive culture of ethics and integrity throughout CPP Investments;
- (b) review and approve the **Code of Conduct** and **Conflicts of Interest Policy** when warranted;

- (c) designate a Board Committee to monitor application of the **Code of Conduct** and **Conflicts of Interest Policy**; and
- (d) review and approve the appointment or reappointment of the Conduct Review Advisor when warranted.

5.4 MANAGEMENT OVERSIGHT

The Board has the responsibility to:

- (a) to the extent feasible, satisfy itself as to the integrity of Management and that Management creates a culture of integrity throughout CPP Investments;
- (b) develop a position description for the President & CEO (**President & CEO Role Description**);
- (c) annually approve the corporate goals and objectives that the President & CEO is responsible for meeting, and monitor and evaluate the President & CEO's performance against those goals and objectives;
- (d) annually approve the compensation (including proposed salary adjustments and Incentive Compensation Awards) of the President & CEO and other Officers, and approve when warranted any changes to the compensation framework including the Incentive Compensation Plan;
- (e) regularly review succession planning processes including the succession plans for the President & CEO and other Officers;
- (f) review and approve major changes in the organizational structure of Management;
- (g) review and approve appointments, early retirements and terminations of the President & CEO and other Officers;
- (h) review and approve the President & CEO's acceptance of significant outside directorships or other outside commitments.

- (i) review and approve when warranted material¹ changes to Employee Benefits; and
- (j) review and approve when warranted any plan design change(s) to Employee Pension Plans that constitute a material change in the amount or nature of the retirement benefit.

5.5 STRATEGY AND BUSINESS PLANS

The Board has the responsibility to:

- (a) oversee the strategic planning process and approve the Strategy when warranted, and review material elements of the Strategy at least annually;
- (b) review and approve the Business Plan annually;
- (c) review progress in achieving the goals established in the Strategy and Business Plan;
- (d) establish CPP Investments' investment structure for managing amounts transferred to it in respect of bCPP and aCPP, including review and approval of the Investment Structure Policy at least annually; and
- (e) establish CPP Investments' investment objectives, including review and approval of the Investment Statements at least annually.

¹ Material for these purposes means any change which produces a change in the relevant costs which exceeds \$5 million in aggregate, as well as any change which is of strategic importance.

5.6 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to:

- (a) require Management to have in place a comprehensive risk management framework covering all principal risks and in that regard:
 - (i) identify the principal risks of CPP Investments' business; and
 - (ii) take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
- (b) review and approve at least annually the Risk Policy;
- (c) direct Management to ensure systems are in place for maintaining the integrity of and implementing CPP Investments' internal control and management information systems;
- (d) approve and monitor compliance with all major² policies which govern CPP Investments' operations; and
- (e) direct Management to implement systems designed to ensure CPP Investments operates at all times within applicable laws and regulations.

5.7 COMPLIANCE REPORTING AND CORPORATE COMMUNICATIONS

The Board has the responsibility to:

- (a) annually appoint an auditor of CPP Investments and cause an auditor's report to be prepared;

² The General Counsel & Corporate Secretary shall be consulted by the member of Management ultimately responsible for a policy to assist in determining whether the policy is "major".

- (b) approve the release of quarterly and annual financial statements issued by CPP Investments;
- (c) approve the Annual Report;
- (d) ensure CPP Investments holds a public meeting once every two years in each Participating Province in accordance with the requirements of the **CPPIB Act** to discuss CPP Investments' most recent Annual Report and to give interested persons an opportunity to comment on it;
- (e) ensure the financial performance of CPP Investments is adequately and promptly reported and the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (f) ensure the timely reporting of any other developments that have a material effect on the performance of CPP Investments and as required under the **CPPIB Act** and the **CPPIB Regulations**; and
- (g) ensure CPP Investments has the strategies and resources in place to enable it to communicate effectively with the general public and governments.

6.0 Board Timetable

The timetable on the following pages outlines the Board's annual schedule of activities.

Board Timetable

* means “usual” or “approximate” timing that may be adjusted with agreement of the Chairperson.

Cross Reference to Committee	Source			Meeting						
	Statute/ Reg	Mandate		Mar/ Apr	May	June	Aug	Sept	Nov	Feb
		5.1	BOARD AFFAIRS							
Governance		(a)	Annually approve priorities of the Board and Board Committees for each upcoming year			*				
		(b)	Establishing Board Committees and appointing Board Committee members and chairs						*	
Governance		(c)	Establish the competencies, skills and experience required for the Board and, where a director appointment is to be made, establish the specific competencies, skills and experience required of the new director, and approve the names to be submitted to the External Nominating Committee (including the names of any Directors being recommended for reappointment)	As required						
Governance		(d)	Ensure that all new directors receive a comprehensive orientation and that the Board provides continuing development opportunities for directors	As required						
Governance		(e)	Ensure that the Board, the Chairperson, Board Committees and each individual Director is regularly assessed regarding effectiveness and contribution		*					
Governance	10(10) 12(5)	(f)	Determine Directors’ and Chairperson’s Compensation (every two years)			*		*	*	
		(g)	Engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties	As required						
Governance		(h)	Receive recommendations from one or more Board Committees, or Management, and approving changes annually to this Board Mandate and the mandate for each standing Board Committee			*				

Cross Reference to Committee	Source			Meeting						
	Statute/Reg	Mandate		Mar/Apr	May	June	Aug	Sept	Nov	Feb
		5.2	GOVERNANCE MODEL							
Governance			Ensure that any legislative or other changes which affect the statutory governance framework of CPP Investments are implemented in accordance with applicable law and that the views of CPP Investments as to the effects of the proposed change on that governance framework and the ability of CPP Investments to fulfill its statutory mandate are appropriately communicated	Ongoing						
		5.3	CONDUCT AND CULTURE							
Governance		(a)	Foster an inclusive culture of ethics and integrity throughout CPP Investments	Ongoing						
Governance	8(2)	(b)	Review and approve the Code of Conduct and Conflicts of Interest Policy when warranted	*						
Governance	8(2)	(c)	Designate a Board Committee to monitor application of the Code of Conduct and Conflicts of Interest Policy	Ongoing						
Governance		(d)	Review and approve the appointment or reappointment of the Conduct Review Advisor when warranted	As required						
		5.4	MANAGEMENT OVERSIGHT							
HRCC		(a)	Satisfy itself as to the integrity of Management and that Management creates a culture of integrity throughout CPP Investments	Ongoing						
HRCC		(b)	Develop a position description for the President (President & CEO Role Description)	As required						
HRCC		(c)	Annually approve the corporate goals and objectives that the President & CEO is responsible for meeting, and monitor and evaluate the President & CEO's performance against those goals and objectives							*

Cross Reference to Committee	Source			Meeting							
	Statute/Reg	Mandate		Mar/Apr	May	June	Aug	Sept	Nov	Feb	
HRCC		(d)	Annually approve the compensation (including proposed salary adjustments and Incentive Compensation Awards) of the President & CEO and other Officers, and approve when warranted any changes to the compensation framework including the Incentive Compensation Plan		*						
HRCC		(e)	Regularly review succession planning processes including the succession plans for the President & CEO and other Officers			*				*	
HRCC		(f)	Review and approve major changes in the organizational structure of Management	As required							
HRCC	13(1)	(g)	Review and approve appointments, early retirements and terminations of the President & CEO and other Officers	As required							
HRCC		(h)	Review and approve the President & CEO's acceptance of significant outside directorships or other outside commitments								*
HRCC		(i)	Review and approve when warranted material changes to Employee Benefits								*
HRCC		(j)	Review and approve changes to the Employee Pension Plans design if the change constitutes a material change in the amount or nature of the retirement benefit								*
		5.5	STRATEGY AND PLANS								
		(a)	Oversee the strategic planning process and approve the Strategy when warranted, and review material elements of the Strategy at least annually	Ongoing							
		(b)	Review and approve Business Plan annually								*
		(c)	Review progress in achieving the goals established in the Strategy and Business Plan		*		*		*	*	*

Cross Reference to Committee	Source			Meeting						
	Statute/Reg	Mandate		Mar/Apr	May	June	Aug	Sept	Nov	Feb
ISC		(d)	Establish CPP Investments' investment structure for managing amounts transferred to it in respect of bCPP and aCPP, including review and approval of the Investment Structure Policy at least annually			*				
ISC	35	(e)	Establish CPP Investments' investment objectives, including review and approval of the Investment Statements at least annually							*
		5.6	RISK MANAGEMENT AND INTERNAL CONTROLS							
Risk		(a)	Identify principal risks and implement appropriate systems to manage them					*		
Risk		(b)	Approve the Risk Policy annually		*					
Audit		(c)	Maintain and implement internal financial control and management information systems		*					
Audit		(d)	Approve and monitor compliance with all major policies which govern operations	As required						
Audit		(e)	Ensure operation within applicable laws and regulations, and to the highest ethical and moral standards (ongoing)		*		*		*	*
		5.7	COMPLIANCE REPORTING AND CORPORATE COMMUNICATIONS							
Audit	42	(a)	Appoint auditor and cause auditor's report to be prepared annually				*			
Audit	39(4) and 39(6)	(b)	Approve the release of quarterly and annual financial statements		*		*		*	*
Audit, Risk, Governance & HRCC	51(1)	(c)	Approve Annual Report		*					
	52(1)	(d)	Ensure that public meetings held once every two years in accordance with the CPPIB Act	As required						

Cross Reference to Committee	Source			Meeting						
	Statute/Reg	Mandate		Mar/Apr	May	June	Aug	Sept	Nov	Feb
Audit		(e)	Ensure that financial performance is adequately and promptly reported and the financial results are reported fairly and in accordance with generally accepted accounting principles		*		*		*	*
Audit		(f)	Ensure timely reporting of any developments that have a material effect on the performance of CPP Investments	Ongoing						
		(g)	Ensure communications strategies and resources in place	Ongoing						