



CPP  
INVESTMENT  
BOARD

# Terms of Reference for the Governance Committee

**February 13, 2019**

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## 1.0 INTRODUCTION

The objects and powers of the CPP Investment Board are outlined in the **Act**. The **Act** outlines certain responsibilities for the Board. The **Terms of Reference for the Board** clarify the Board's responsibilities, and the **Guidelines for the Board** elaborate upon the **Terms of Reference for the Board**.

The **Act** permits the Board to establish such committees as it deems necessary, and to assign to them such duties as it considers appropriate. The Board has established the Governance Committee in accordance with its authority to do so under the **Act**.

These terms of reference are designed to clarify the responsibilities of the Governance Committee.

The Board has adopted **Guidelines for Board Committees**, which provide elaboration upon each Board Committee's terms of reference.

## 2.0 PURPOSE

The purpose of the Governance Committee is to assist the Board in fulfilling its obligations by providing a focus on governance that is intended to enhance the CPP Investment Board's performance, at all times taking into consideration established governance best practices. Further, the Governance Committee shall receive reports and make recommendations on matters including:

- (a) the **Terms of Reference for the Board**, the terms of reference for each Board Committee, the **Guidelines for the Board** and the **Guidelines for Board Committees**;
- (b) the Board's composition and effectiveness;
- (c) CPP Investment Board's conduct and culture, including the **Code of Conduct, Conflict of Interest Policy** and **Personal Trading Policy** and their application;
- (d) maintenance and review of the Governance Manual at least every five years; and
- (e) such other matters as may be determined by the Board.

### 3.0 COMMITTEE MEMBERSHIP

The Governance Committee shall be composed of not fewer than three Directors.

### 4.0 COMMITTEE MEETINGS

The Governance Committee shall meet at least four times a year, with additional meetings at the discretion of the Committee Chair.

### 5.0 DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, and to the requirements of the **Act**, the Governance Committee will perform the following duties:

#### 5.1 Conduct and Culture

- (a) Review on an ongoing basis the effectiveness of conduct- and culture-related policies, procedures and programs (including with respect to conflicts of interest and personal trading) in fostering a culture of ethics and integrity throughout CPP Investment Board, and report its findings to the Board as warranted.
- (b) Be available to receive reports of, investigate, discuss and make recommendations in respect of:
  - (i) significant breaches or suspected breaches of the **Code of Conduct, Conflict of Interest Policy or Personal Trading Policy**;
  - (ii) significant whistleblower reports; and
  - (iii) other significant conduct and culture (including integrity and personal conduct) issues,

it being understood that all such matters are intended to be brought before the Committee in this regard.

- (c) Review a report from the Conduct Review Advisor on his/her review of the **Code of Conduct and Conflict of Interest Policy** annually.
- (d) Monitor, recommend amendments to and annually review the **Code of Conduct** and the **Conflict of Interest Policy**, including

receiving the aforesaid annual report from the Conduct Review Advisor.

- (e) Monitor, approve and annually review the **Personal Trading Policy**;
- (f) Review reports from Management on conduct and culture issues and initiatives, including:
  - (i) on the **Code of Conduct, Conflict of Interest Policy and Personal Trading Policy**;
  - (ii) with respect to reports made through the whistleblower hotline; and
  - (iii) with respect to legislative or internal policy compliance items relating to conduct or culture,at least annually.
- (g) Where appropriate, refer matters to the Conduct Review Advisor for his or her advice.

## 5.2 Governance Documents and Initiatives

- (a) Recommend changes (other than those of a housekeeping nature which may be approved by the Corporate Secretary) to the Board when warranted to:
  - (i) **Terms of Reference for the Board**;
  - (ii) **Terms of Reference for a Director**;
  - (iii) **Terms of Reference for the Chairperson**;
  - (iv) **Terms of Reference for Committee Chairs**;
  - (v) **Terms of Reference for the President**;
  - (vi) **Terms of Reference for the Governance Committee**;
  - (vii) **Director Orientation and Development**;
  - (viii) **Board of Directors Diversity Policy**; and
  - (ix) such other aspects of the Governance Manual as may require review and the process for review of which is not covered elsewhere in these Terms of Reference.
- (b) Approve changes (other than those of a housekeeping nature which may be approved by the Corporate Secretary) when warranted to the **Protocol Governing Appointment of Former**

**CPPIB Directors to Investee Entity Boards;**

- (c) Prepare and recommend to the Board an annual statement of governance practices for publication in the Annual Report, and any summary of procedures, as required, and otherwise review any other public disclosure of the corporate governance policies and practices of the CPP Investment Board.<sup>1</sup>
- (d) Review periodic reports from Management on governance best practices, including with respect to conduct and culture, and the CPP Investment Board's performance and practices compared to those standards.
- (e) Recommend to the Board any reports on corporate governance that may be required or considered advisable.

**5.3 Board and Board Committee Meetings**

Assess the needs of the Board and Board Committees regularly in terms of the frequency of Board and Board Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings, taking into consideration the results of the **Board and Committee Evaluation**. Make recommendations to the Chairperson as required.

**5.4 Director Appointments**

The Committee shall:

- (a) in consultation with the Chairperson lead the Board in assessing and planning for Board composition and succession, including:
  - (i) considering the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
  - (ii) considering the competencies and skills that the Board considers each existing Director to possess;
  - (iii) overseeing the process of individuals self nominating for Director appointments; and
  - (iv) evaluating the competencies and skills that each new nominee would bring to the boardroom.

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<sup>1</sup> As per items 22(1) and 22(4) of the CPP Investment Board **Regulations**.

- (b) highlight the need for new nominees to be able to devote sufficient time and resources to their duties as a Director including the expectation, set out in the **Terms of Reference for a Director**, of attendance at all Board and Board Committee meetings; and
- (c) approve the search firms(s) used for the Director search process.

### 5.5 Chair Appointments

The Committee shall work with the Board, and the Chairperson as required, to ensure the Board is considering the issue of Chairperson succession planning.

### 5.6 Director Development and Orientation

The Committee shall, in consultation with the Chairperson, and the Board as required:

- (a) Develop the overall approach to director orientation and development and outline the approach in the **Director Orientation and Development Policy**.
- (b) Oversee the design and implementation of the director orientation and development programs working closely with the Corporate Secretary and Management.

### 5.7 Board Effectiveness Assessment Processes

Annually recommend to the Board, and implement, appropriate processes as follows:

- (a) **Board and Committee Evaluation;**
- (b) **Individual Director Evaluation; and**
- (c) **Chairperson Evaluation.**

### 5.8 Committee Appointments

Act as a sounding board for the Chairperson in reviewing the Chairperson's recommendations to the Board for appointing Board Committee members and Committee Chairs.

**5.9 Independent Advice**

Be available for any review required by section 7.2 of the **Guidelines for the Board**.

**5.10 Review of Policies**

Review all major policies which govern the CPP Investment Board's operations and material amendments thereto<sup>2</sup>, including but not limited to those specific policies referenced in these Terms of Reference.

**5.11 Authorities Policy**

Review and recommend to the Board at least annually the Authorities Policy.

**5.12 Governance Policy for CPPIB Group Companies**

The Governance Committee will:

- (a) receive Management's recommendations regarding an appropriate Governance Policy for CPPIB Group Companies; and
- (b) review and approve the Governance Policy for CPPIB Group Companies when warranted.

**5.13 Procurement Policy**

The Governance Committee will:

- (a) receive Management's recommendations regarding an appropriate Procurement Policy; and
- (b) review and approve the Procurement Policy when warranted.

**5.14 Proxy Voting Principles and Guidelines**

Review and recommend to the Board at least annually the Proxy Voting Principles and Guidelines.

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<sup>2</sup> 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" and whether the amendments are "material".



#### **5.15 Privacy Policy**

The Governance Committee will:

- (a) receive Management's recommendations regarding appropriate Privacy Policies; and
- (b) review and approve Privacy Policies when warranted.

#### **5.16 Anti-Bribery/Anti-Corruption Policy**

The Governance Committee will:

- (a) receive Management's recommendations regarding an appropriate Anti-Bribery/Anti-Corruption Policy; and
- (b) review and approve the Anti-Bribery/Anti-Corruption Policy when warranted.

#### **5.17 Directors' Compensation**

Review the Directors' and Chairperson's compensation at least every two years and recommend changes to the Board when warranted.

#### **5.18 Governance Committee Objectives**

In consultation with the Chairperson, formulate annual objectives for the Governance Committee for each fiscal year and review progress against them at least annually.

#### **5.19 Other**

At the request of the Chairperson or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Board.

### **6.0 ACCOUNTABILITY**

The Governance Committee shall report its discussions to the Board by distributing the minutes of its meetings and where appropriate, by an oral report at the next Board meeting.

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**7.0 COMMITTEE TIMETABLE**

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

**GOVERNANCE COMMITTEE TIMETABLE**

Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Sept	Nov	Feb
	5.1	<b>CONDUCT AND CULTURE</b>						
	(a)	Review on an ongoing basis the effectiveness of conduct- and culture-related policies, procedures and programs (including with respect to conflicts of interest and personal trading) in fostering a culture of ethics and integrity throughout CPP Investment Board, and report its findings to the Board as warranted	As required					
	(b)	Be available to receive reports of, investigate, discuss and make recommendations in respect of significant breaches or suspected breaches of the <b>Code of Conduct, Conflict of Interest Policy, Personal Trading Policy</b> and other conduct and culture (including integrity and personal conduct) issues.	As required					
	(c)	Review report from the Conduct Review Advisor on his/her review of the <b>Code of Conduct</b> annually and <b>Conflict of Interest Policy</b>						*
	(d)	Monitor, recommend amendments to and annually review the <b>Code of Conduct</b> and <b>Conflict of Interest Policy</b> , including receiving an annual report from the Conduct Review Advisor, and Conflict of Interest Policy						*
	(e)	Monitor, approve and annually review the <b>Personal Trading Policy</b>						*
	(f)	Receive a comprehensive report on conduct and culture issues and initiatives annually				*		
	(g)	Where appropriate, refer matters to the Conduct Review Advisor for his or her advice	As required					
	5.2	<b>GOVERNANCE DOCUMENTS AND INITIATIVES</b>						
	(a)	Recommend changes (other than those of a housekeeping nature which may be approved by the Corporate Secretary) to the Board when warranted: <b>Terms of Reference for the Board; Terms of Reference for a Director; Terms of Reference for the Chairperson; Terms of Reference for Committee Chairs; Terms of Reference for the President; Terms of Reference for the Governance Committee; Director Orientation and Development</b> (including receiving information about director orientation sessions which have occurred in the past year); <b>Board of Directors Diversity Policy</b> ; and such other aspects of the Governance Manual as may require review	As required					

Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Sept	Nov	Feb
	(b)	Approve changes (other than those of a housekeeping nature which may be approved by the Corporate Secretary) when warranted to the <b>Protocol Governing Appointment of Former CPPIB Directors to Investee Entity Boards</b>	As required					
	(c)	Prepare and recommend to the Board an annual statement of governance practices for publication in the Annual Report, and any summary of procedures, as required	*					
	(d)	Receive periodic reports from Management on governance best practices	*		*		*	*
	(e)	Recommend corporate governance reports to the Board where appropriate	Ongoing					
	5.3	<b>BOARD AND BOARD COMMITTEE MEETINGS</b>						
		Assess the needs of the Board and the Board Committees regularly and make recommendations to the Board when warranted	*					
	5.4	<b>DIRECTOR APPOINTMENTS AND REAPPOINTMENTS</b>						
		In consultation with Chairperson, lead the Board in assessing and planning for board composition and succession, including considering the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; considering the competencies and skills that the board considers each existing director to possess; <b>overseeing the process of individuals self-nominating for new Director appointments</b> ; and evaluating the competencies and skills that each new nominee would bring to the boardroom; and approve the search firms(s) used for the director search process	Ongoing					
	5.5	<b>CHAIR APPOINTMENTS</b>						
		Work with the Board, and the Chairperson as required, to ensure the Board is considering the issue of Chairperson succession planning	As required					
	5.6	<b>DIRECTOR DEVELOPMENT AND ORIENTATION</b>						
		Develop overall approach to director orientation and development and outline the approach in the <b>Director Orientation and Development Policy</b> , including annual reporting by directors on education and development activities; and oversee design and implementation of orientation and development programs working closely with Corporate Secretary and Management	Ongoing					
	5.7	<b>BOARD EFFECTIVENESS ASSESSMENT</b>						

Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Sept	Nov	Feb
		Recommend to the Board, and annually implement, appropriate processes as follows: <b>Board and Committee Evaluation; Individual Director Evaluation and Chairperson Evaluation</b>						*
	5.8	<b>COMMITTEE APPOINTMENTS</b>						
		Participate in Board Committee and Committee Chair appointments					*	
	5.9	<b>INDEPENDENT LEGAL ADVICE</b>						
		Be available for any review required by section 7.2 of the <b>Guidelines for the Board</b>	<b>As required</b>					
	5.10	<b>REVIEW OF POLICIES</b>						
		Review all major policies which govern the CPP Investment Board's operations and material amendments thereto, including but not limited to those specific policies referenced in these Terms of Reference.	<b>As required</b>					
	5.11	<b>AUTHORITIES POLICY</b>						
		Review and recommend to the Board at least annually the Authorities Policy.						*
	5.12	<b>GOVERNANCE POLICY FOR CPPIB GROUP COMPANIES</b>						
		Receive Management's recommendations and approve Governance Policy for CPPIB Group Companies	<b>As required</b>					
	5.13	<b>PROCUREMENT POLICY</b>						
		Receive Management's recommendations and approve Procurement Policy	<b>As required</b>					
	5.14	<b>PROXY VOTING PRINCIPLES AND GUIDELINES</b>						
		Review and recommend to the Board at least annually the Proxy Voting Principles and Guidelines						*
	5.15	<b>PRIVACY POLICIES</b>						
		Receive Management's recommendations and approve Privacy Policies	<b>As required</b>					
	5.16	<b>ANTI BRIBERY/ANTI-CORRUPTION POLICY</b>						

Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Sept	Nov	Feb
		Review and recommend to the Board the Anti-Bribery/Anti-Corruption Policy when warranted	As required					
	5.17	<b>DIRECTOR COMPENSATION</b>						
		Review the Directors' and Chairperson's compensation at least every two years and recommend changes to the Board	As required					
	5.18	<b>GOVERNANCE COMMITTEE OBJECTIVES</b>						
		In consultation with the Chairperson, formulate annual priorities for the Governance Committee for each fiscal year and review progress against them at least annually	*	*				
		<b>GUIDELINES FOR BOARD COMMITTEES (S. 2.3)</b>						
		Review Terms of Reference for the Governance Committee and other Board Committees annually and recommend any changes to the Board		*				