

# Terms of Reference for the Investment Strategy Committee

Effective April 1, 2021

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## 1.0 Introduction

The objects and powers of CPP Investments are outlined in the **Act**. The **Act** describes 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** requires that the Board create an investment committee to fulfill certain responsibilities. The Board has established the Investment Strategy Committee as the investment committee required under, and in accordance with the requirements of, the **Act**.

These terms of reference are designed to articulate and clarify the responsibilities of the Investment Strategy 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 Investment Strategy Committee is to meet the requirements of the investment committee under the **Act** and thereby assist the Board in fulfilling its obligations by receiving reports and approving or making recommendations to the Board on matters as follows:

- (a) investment strategy and portfolio construction including regular investment performance reviews of both;
- (b) investment policies;
- (c) procedures to monitor the application of and compliance with the investment policies by Officers, Employees and CPP Investments' agents;
- (d) approval of the engagement of investment managers as provided by the Authorities Policy;
- (e) approval of Investment Transactions (as defined in the Authorities Policy) as provided by the Authorities Policy;

- (f) the effectiveness of the investment policies and the achievement of the objects of CPP Investments; and
- (g) such other matters as may be determined by the Board.

### 3.0 Committee Membership

The Investment Strategy Committee shall be composed of the full Board.

The Chairperson shall serve as the Committee Chair.

### 4.0 Committee Meetings

The Investment Strategy 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 Investment Strategy Committee will perform the following duties:

#### 5.1 PORTFOLIO CONSTRUCTION AND PERFORMANCE

- (a) Review annually the Investment Framework and approach to portfolio construction.
- (b) Review at least once every three years the Reference Portfolios and Strategic Portfolios, and at least annually the Governance Portfolios.
- (c) Review semi-annually Total Fund performance including attribution of key drivers of risk and return.

- (d) Review annually Investment Department performance and portfolios.
- (e) Receive quarterly reports on portfolio performance and pipelines.
- (f) Undertake deep dives on key portfolio design/performance drivers.
- (g) Receive at least semi-annually updates on relevant market trends and opportunities.

## 5.2 INVESTMENT STATEMENTS

Review and recommend to the Board at least annually the Investment Statements.

## 5.3 IMPLEMENTATION OF INVESTMENT POLICIES

Receive reports on the implementation of the Investment Statements and, jointly with the Risk Committee, the Risk Policy.

## 5.4 COMPLIANCE WITH INVESTMENT POLICIES

Review, evaluate and approve procedures that Management has implemented to monitor compliance with the Investment Statements and the Risk Policy by receiving Management's annual report on specified internal controls audited by the external auditor.

## 5.5 EXTERNAL MANAGERS

- (a) Oversee the criteria and process for the selection of external investment managers with discretionary authority to invest the assets of CPP Investments.
- (b) As specified in the Authorities Policy, approve the engagement of external investment managers with discretionary authority to invest the assets of CPP Investments.
- (c) Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of CPP Investments.

**5.6 INVESTMENT TRANSACTIONS**

Approve Investment Transactions (as defined in the Authorities Policy) as provided by the Authorities Policy.

**5.7 POLICY ON SUSTAINABLE INVESTING**

Review and recommend to the Board annually the Policy on Sustainable Investing.

**5.8 OTHER**

Carry out other duties as may be determined from time to time by the Board.

**6.0 Accountability**

The Investment 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.

**7.0 Committee Timetable**

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

### Investment Committee Timetable

Source			Meeting					
Statute/Reg	Terms of Reference		Mar/ Apr	May	June	Sep	Nov	Feb
	<b>5.1</b>	<b>Portfolio Construction and Performance</b>				*		
		Review the Investment Framework and approach to portfolio construction						
		Review at least once every three years the Reference Portfolios and Strategic Portfolios, and at least annually the Governance Portfolio					*	
		Review semi-annually Total Fund performance including attribution of key drivers of risk and return		*			*	
		Review annually Investment Department performance and portfolios			*	*		
		Receive quarterly reports on portfolio performance and pipelines		*		*	*	*
		Undertake deep dives on key portfolio design/performance drivers						*
		Receive at least semi-annually updates on relevant market trends and opportunities	*			*		
	<b>5.2</b>	<b>Investment Statements</b>						
s. 34		Review and recommend to the Board at least annually the Investment Statements						*
	<b>5.3</b>	<b>Implementation of Investment Policies</b>						
s. 34 (c)		Receive reports on the implementation of the Investment Statements and, jointly with the Risk Committee, the Risk Policy		*		*	*	*
	<b>5.4</b>	<b>Compliance with Investment Policies</b>						
s. 34 (d) and (e)		Review, evaluate and approve procedures that Management has implemented to monitor compliance with the Investment Statements and Risk Policy by receiving Management's annual report on specified internal controls		*				

Source			Meeting					
Statute/Reg	Terms of Reference		Mar/ Apr	May	June	Sep	Nov	Feb
	<b>5.5</b>	<b>External Managers</b>						
s. 34 (b)		Oversee the criteria and process for selection of external investment managers with discretionary authority to invest the assets of CPP Investments	<b>Ongoing</b>					
s. 34 (b)		As specified in the Authorities Policy, approve engagement of external investment managers with discretionary authority to invest the assets of CPP Investments (ongoing)	<b>As required</b>					
		Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of CPP Investments	<b>Ongoing</b>					
	<b>5.6</b>	<b>Investment Transactions</b>						
		Approve Investment Transactions (as defined in the Authorities Policy) as provided by the Authorities Policy	<b>As required</b>					
	<b>5.7</b>	<b>Policy on Sustainable Investing</b>						
		Review and recommend to the Board annually the Policy on Sustainable Investing				*		
		<b>Guidelines for Board Committees (S. 2.3)</b>						
		Review Terms of Reference for the Investment Committee annually and recommend changes to the Board when warranted			*			