

Terms of Reference for the Governance Committee

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1.0 Introduction

The objects and powers of CPP Investments 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 CPP Investments’ 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 Investments’ 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 Investments, 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 CPP Investments.¹
- (d) Review periodic reports from Management on governance best practices, including with respect to conduct and culture, and CPP Investments' 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

- (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.
- (b) Where the Committee deems it desirable to form a search committee to nominate candidates to serve as Directors, recommend the formation of any such search committees and receive regular reports regarding the search process; and
- (c) Approve the search firms(s) used for the Director search process.

¹ As per items 22(1) and 22(4) of CPP Investments' **Regulations**.
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5.5 CHAIR APPOINTMENTS

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

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 DIVERSITY POLICY

Oversee the implementation of the Board Diversity Policy and monitor progress towards the achievement of its objectives.

5.8 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.**

5.9 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.

5.10 INDEPENDENT ADVICE

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

5.11 REVIEW OF POLICIES

Review all major policies which govern CPP Investments' operations and material amendments thereto², including but not limited to those specific policies referenced in these Terms of Reference.

5.12 AUTHORITIES POLICY

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

5.13 GOVERNANCE POLICY FOR CPPIB GROUP COMPANIES

- (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.

5.14 PROCUREMENT POLICY

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

5.15 PROXY VOTING PRINCIPLES AND GUIDELINES

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

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" and whether the amendments are "material".

5.16 PRIVACY POLICY

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

5.17 ANTI-BRIBERY/ANTI-CORRUPTION POLICY

- (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.

5.18 DIRECTORS' COMPENSATION

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

5.19 BOARD AND COMMITTEE PRIORITIES

- (a) 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) Review annual priorities for the Board and Board Committees holistically to ensure Committee priorities are aligned with Board priorities and with those of other Committees.

5.20 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.

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		Mar/ April	June	Sept	Nov	Feb
	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 Investments, 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 Code of Conduct, Conflict of Interest Policy, Personal Trading Policy 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 Code of Conduct annually and Conflict of Interest Policy	*				
	(d)	Monitor, recommend amendments to and annually review the Code of Conduct and Conflict of Interest Policy , including receiving an annual report from the Conduct Review Advisor, and Conflict of Interest Policy	*				
	(e)	Monitor, approve and annually review the Personal Trading Policy	*				
	(f)	Receive a comprehensive report on conduct and culture issues and initiatives at least annually	*		*		
	(g)	Where appropriate, refer matters to the Conduct Review Advisor for his or her advice	As required				
	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: 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 (including receiving information about director orientation sessions which have occurred in the past year); Board of Directors Diversity Policy ; and such other aspects of the Governance Manual as may require review	As required				

Source			Meeting				
Statute/Reg	Terms of Reference		Mar/ April	June	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 Protocol Governing Appointment of Former CPPIB Directors to Investee Entity Boards	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	Board and Board Committee Meetings					
		Assess the needs of the Board and the Board Committees regularly and make recommendations to the Board when warranted	Ongoing				
	5.4	Director Appointments					
		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; overseeing the process of individuals self-nominating for new Director appointments ; and evaluating the competencies and skills that each new nominee would bring to the boardroom; recommend the formation of a search committee, if desirable; and approve the search firms(s) used for the director search process	Ongoing				
	5.5	Chair Appointments					
		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	Director Development and Orientation					
		Develop overall approach to director orientation and development and outline the approach in the Director Orientation and Development Policy , 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				

Source			Meeting				
Statute/Reg	Terms of Reference		Mar/ April	June	Sept	Nov	Feb
	5.7	Board Diversity Policy					
		Oversee the implementation of the Board Diversity Policy and monitor progress towards the achievement of its objectives.	Ongoing				
	5.8	Board Effectiveness Assessment Processes					
		Recommend to the Board, and annually implement, appropriate processes as follows: Board and Committee Evaluation; Individual Director Evaluation and Chairperson Evaluation					*
	5.9	Committee Appointments					
		Participate in Board Committee and Committee Chair appointments				*	
	5.10	Independent Advice					
		Be available for any review required by section 7.2 of the Guidelines for the Board	As required				
	5.11	Review of Policies					
		Review all major policies which govern CPP Investments' operations and material amendments thereto, including but not limited to those specific policies referenced in these Terms of Reference.	As required				
	5.12	Authorities Policy					
		Review and recommend to the Board at least annually the Authorities Policy.					*
	5.13	Governance Policy for CPPIB Group Companies					
		Receive Management's recommendations and approve Governance Policy for CPPIB Group Companies	As required				
	5.14	Procurement Policy					
		Receive Management's recommendations and approve Procurement Policy	As required				
	5.15	Proxy Voting Principles and Guidelines					
		Review and recommend to the Board at least annually the Proxy Voting Principles and Guidelines					*

Source			Meeting				
Statute/Reg	Terms of Reference		Mar/ April	June	Sept	Nov	Feb
	5.16	Privacy Policy					
		Receive Management’s recommendations and approve Privacy Policies	As required				
	5.17	Anti Bribery/Anti-Corruption Policy					
		Review and recommend to the Board the Anti-Bribery/Anti-Corruption Policy when warranted	As required				
	5.18	Directors’ Compensation					
		Review the Directors’ and Chairperson’s compensation at least every two years and recommend changes to the Board	As required				
	5.19	Board and Governance Committee Priorities					
		In consultation with the Chairperson, formulate annual priorities for the Governance Committee for each fiscal year and review progress against them at least annually. Review Board and Committee priorities holistically to ensure Committee priorities are aligned with Board priorities and with those of other Committees.		*			
		Guidelines for Board Committees (S. 2.3)					
		Review Terms of Reference for the Governance Committee and other Board Committees annually and recommend any changes to the Board		*			