



CPP
INVESTMENT
BOARD

**TERMS OF REFERENCE FOR THE
INVESTMENT COMMITTEE**

February 9, 2011

**TERMS OF REFERENCE FOR THE
INVESTMENT COMMITTEE**

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1.0 INTRODUCTION

The objects and powers of the CPP Investment Board 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 Committee in accordance with the requirements of the **Act**.

These terms of reference are designed to articulate and clarify the responsibilities of the Investment 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 Committee is to meet the requirements of 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 policies;
- (b) procedures to monitor the application of and compliance with the investment policies by Officers, Employees and the CPP Investment Board's agents;
- (c) approval of the engagement of investment managers;
- (d) selection of custodian(s);
- (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 the CPP Investment Board; and
- (g) such other matters as may be determined by the Board.

3.0 COMMITTEE MEMBERSHIP

The Investment Committee shall be composed of the full Board.

The Chairperson shall serve as the Committee Chair.

TERMS OF REFERENCE FOR THE INVESTMENT COMMITTEE

4.0 COMMITTEE MEETINGS

The Investment 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 Committee will perform the following duties:

5.1 Investment Statements and Risk Policy

Review and recommend to the Board at least annually:

- (a) the Investment Statements; and
- (b) the Risk Policy.

5.2 Implementation of Investment Policies

Receive reports on the implementation of the Investment Statements and the Risk Policy.

5.3 Compliance with Investment Statements and Risk Policy

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.

5.4 External Managers – Criteria and Process for Selection

Oversee the criteria and process for the selection of external investment managers with discretionary authority to invest the assets of the CPP Investment Board.

5.5 Engagement of External Managers

Approve the engagement of investment managers with discretionary authority to invest the assets of the CPP Investment Board.

5.6 External Managers – Monitoring

Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of the CPP Investment Board.

5.7 Custodian

Approve the selection of custodians.

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5.8 Investment Transactions

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

5.9 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.

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INVESTMENT COMMITTEE TIMETABLE

Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Oct	Nov	Feb
	5.1	INVESTMENT POLICIES						
		Review and recommend to the Board at least annually:						
s. 34	(a)	the Investment Statements					*	
	(b)	the Risk Policy					*	
	5.2	IMPLEMENTATION OF INVESTMENT POLICIES						
s. 34 (c)		Receive reports on the implementation of: the Investment Statements and the Risk Policy						
s. 34 (d)	5.3	COMPLIANCE WITH INVESTMENT STATEMENT AND INVESTMENT POLICIES						
		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 annually	*					
	5.4	EXTERNAL MANAGERS – CRITERIA AND PROCESS FOR SELECTION						
s. 34 (b)		Oversee the criteria and process for selection of external investment managers with discretionary authority to invest the assets of the CPP Investment Board (ongoing)						
	5.5	ENGAGEMENT OF EXTERNAL MANAGERS						
s. 34 (b)		Approve engagement of investment managers with discretionary authority to invest the assets of the CPP Investment Board (ongoing)						
	5.6	EXTERNAL MANAGERS – MONITORING						
		Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of the CPP Investment Board (ongoing)						
	5.7	CUSTODIAN						
		Approve the selection of custodians (ongoing)						

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Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Oct	Nov	Feb
	5.8	INVESTMENT TRANSACTIONS						
		Approve Investment Transactions (as defined in the Authorities Policy) as provided by the Authorities Policy (as required)						
	5.9	INVESTMENT AUTHORITIES						
		Approve investments beyond delegated limits (ongoing)						
		GUIDELINES FOR BOARD COMMITTEES (S. 2.3)						
		Review Terms of Reference for the Investment Committee annually and recommend changes to the Board when warranted						*