



**CPP  
INVESTMENT  
BOARD**

**Tab No. F-5**

**TERMS OF REFERENCE FOR THE  
INVESTMENT COMMITTEE**

**AUGUST 13, 2008**

**TERMS OF REFERENCE FOR THE  
INVESTMENT COMMITTEE**

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# 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 all other Investment Transactions (as defined in the Authorities Policy) other than as specifically governed 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**

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### **4.0 COMMITTEE MEETINGS**

The Investment Committee shall meet at least five 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) specifically outlined in 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 oral reports at Board meetings.

## **7.0 COMMITTEE TIMETABLE**

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

**TERMS OF REFERENCE FOR THE  
INVESTMENT COMMITTEE**

**INVESTMENT COMMITTEE TIMETABLE**

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

**TERMS OF REFERENCE FOR THE  
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Source			Meeting					
Statute/Reg	Terms of Reference		May	June	Aug	Oct	Nov	Feb
	5.8	<b>INVESTMENT TRANSACTIONS</b>						
		Approve all other Investment Transactions (as defined in the Authorities Policy) other than as specifically governed by the Authorities Policy (as required)						
	5.9	<b>INVESTMENT AUTHORITIES</b>						
		Approve investments beyond delegated limits (ongoing)						
		<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						*