

# Director Role Description

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### 1.0 Standards for Directors

#### 1.1 STATUTORY STANDARDS

The **CPIB Act** requires Directors, in exercising their powers and discharging their duties, to:

- (a) act honestly and in good faith with a view to the best interests of CPP Investments;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) employ the level of knowledge or skill that he or she possesses or ought to possess by reason of their profession or business.

The **CPIB Act** deems Directors to have complied with the standard of care imposed by the **CPIB Act** if they rely in good faith on:

- (a) financial statements of CPP Investments represented by an Officer, or in a written report of CPP Investments' auditor, to be a fair reflection of CPP Investments' financial condition; or
- (b) reports by accountants, lawyers, notaries or other professional persons whose professions lend credibility to their statements.

Directors have specific statutory duties and obligations under employment, environmental, occupational health and safety, and financial reporting law as well as under the withholding provisions of taxation laws. Such statutes either impose additional responsibilities on corporate directors or make such directors directly liable for the actions or failure to act of the corporation.

#### 1.2 ELIGIBILITY

Each director must certify annually their eligibility to serve as a Director in accordance with the **CPIB Act**. (See form of certificate attached as Appendix A.)

## 2.0 Conflicts of Interest

### 2.1 STATUTORY STANDARDS

Pursuant to the conflict of interest standards and procedures in the **CPPIB Act**, each Director must:

- (a) make full disclosure of their interest in a transaction or proposed transaction; and
- (b) refrain from voting on a resolution or participating in a discussion to approve any transaction involving the interest, subject to specified exemptions.

A general notice in writing provided to the Board is a sufficient declaration of interest in relation to any transaction made, and Directors are expected to periodically provide such notice. (See form of notice attached as Appendix B which also includes key statutory considerations relating to conflicts of interest and particulars of Directors' ability to vote on transactions.)

### 2.2 CODE OF CONDUCT

CPP Investments has established a **Code of Conduct** that goes beyond the minimum established in the **CPPIB Act**. Each Director is obligated to adhere to the **Code of Conduct**.

### 2.3 RELATED PARTY TRANSACTIONS

The **CPPIB Regulations** set out rules for transactions between CPP Investments and related parties. The term "Related Parties" is defined in the **CPPIB Regulations** to include Directors, their spouses and children and any corporation directly or indirectly controlled by such persons or entities in which they would have a substantial interest. CPP Investments may enter into a transaction with a related party if:

- (a) the transaction is required for the operation or administration of CPP Investments; and
- (b) the terms and conditions are not less favourable to CPP Investments than market terms and conditions.

Directors are obligated to advise CPP Investments should a transaction arise which, to their knowledge, would involve a related party so that the above requirements are complied with.

### 3.0 Duties and Responsibilities

#### 3.1 DIRECTORS' ACTIVITY

In addition to other specific duties and responsibilities deemed appropriate by the Board, including those set out in the Board Mandate and applicable Board Committee mandates, each Director has the responsibility to:

- (a) act with integrity, respect confidentiality and otherwise act in compliance with the **Code of Conduct**;
- (b) attend all Board and applicable Committee meetings<sup>1</sup> well prepared, in order to fully participate in Board and Committee deliberations and discussions, and otherwise devote sufficient time to their responsibilities as a Director;
- (c) apply their experience, knowledge and influence to Board issues, acting independently of Management;
- (d) communicate persuasively and logically, and working effectively and constructively with fellow Directors;
- (e) raise questions in a manner that encourages free and open discussion of CPP Investments' affairs by the Board;
- (f) demonstrate a willingness and availability for individual consultation with the Chairperson and with the President & CEO as needed, and be available as a resource to Management and the Board;
- (g) continuously advance their knowledge of the business of CPP Investments and its industry, including developing an understanding of emerging market trends and significant strategic and reputational issues and risks, and participating in Director orientation and development programs developed or supported by CPP Investments;
- (h) demonstrate financial literacy; and
- (i) keep abreast of developments in the field of governance, particularly as they affect CPP Investments and its business.

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<sup>1</sup> Barring illness or other compelling circumstances, a director is expected to attend all Board and relevant Committee meetings and, failing that, to discuss with the Chairperson whether continuing as a director is appropriate.

**3.2 CPPIB GROUP COMPANY AND INVESTEE BOARD MEMBERSHIPS**

Current Directors may not sit on the boards of CPPIB Group Companies or investee companies on which CPP Investments is given board representation. Former Directors may sit on the boards of investee companies in accordance with the Protocol Governing Appointment of Former Directors to Investee Entity Boards.

**3.3 OTHER APPOINTMENTS**

Prior to accepting an appointment to a board or as an executive of any business or enterprise (including public service and not-for-profit organizations), a Director must consult with the Chairperson (or, in the case of the Chairperson, the Chair of the Governance Committee) who will assess, in consultation with the President & CEO, whether the appointment will preclude the Director from carrying out their duties as a CPP Investments director.

Directors should notify the Chairperson and the General Counsel immediately:

- (a) of any material changes to their employment; or
- (b) upon accepting or resigning from executive or board positions,

so that the appropriateness of the Director's continued service on the Board will be considered, including in view of any reputational, competitive or conflict of interest considerations, and so that CPP Investments' records can be updated, including any relevant general notices of conflict of interest.

**Appendix A – Director’s Certificate of Eligibility**

**I have read section 10 of the Canada Pension Plan Investment Board Act, and advise that I would not be disqualified from being a director of the Canada Pension Plan Investment Board under the various subsections.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Signature)

**SUMMARY**

Section 10 of the Canada Pension Plan Investment Board Act deals with the appointment of directors to CPP Investments, and specifies the following as persons who are disqualified from being directors:

- a person who is less than 18 years of age;
- a person who is of unsound mind and has been so found by a court in Canada or elsewhere;
- a person who has the status of bankrupt;
- a person who is not a natural person;
- a person who is an agent or employee of Her Majesty in right of Canada or in right of a province;
- a person who is a member of the Senate or House of Commons of Canada or a member of a provincial legislature; and
- a person who is an agent or employee of the government of a foreign country or any political subdivision of a foreign country.

**Appendix B – Director’s General Notice of Disclosure of Interest Form**

**Pursuant to subsection 22(6) of the Canada Pension Plan Investment Board Act, I hereby give notice and declare that as of the date hereof I am a director or officer of, or have a material interest in, the entity or entities listed below, and I am to be regarded as interested in any transaction made with any such entity or entities.**

A. LIST OF CORPORATIONS OF WHICH I AM A DIRECTOR OR OFFICER AND FIRMS OF WHICH I AM A MEMBER.

B. LIST OF CORPORATIONS AND FIRMS IN WHICH I HAVE A MATERIAL INTEREST.

*(Note: It is not necessary to list corporations and firms already disclosed in Section A)*

C. LIST OF CORPORATIONS AND FIRMS WITH WHICH I AM IN SOME WAY CONNECTED, ALTHOUGH NOT AS DIRECTOR OR OFFICER OR BY WAY OF MATERIAL INTEREST, AND DURING THE DISCUSSION OF WHOSE AFFAIRS I WISH TO WITHDRAW.

*(Note: While not a regulatory or Board requirement, Directors may indicate they do not wish to be present at any Board or committee meeting during the time when discussion of a particular corporation or firm takes place.)*

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Signature)



### SUMMARY

A summary of the relevant sections of the Canada Pension Plan Investment Board Act (the “CPPIB Act”), as well as the By-Laws of the Canada Pension Plan Investment Board (“CPP Investments”), is set out below. This summary is not intended to be exhaustive, and it is recommended that a Director consult with the General Counsel & Corporate Secretary should there be any questions concerning the interpretation of either document or the proper course to be taken in respect of a conflict of interest.

Pursuant to subsection 22(1) of the CPPIB Act, Directors have an ongoing duty to disclose in writing to CPP Investments, or to request to have entered in the minutes of the meetings of Directors, the nature and extent of a Director’s interest in any transaction or proposed transaction with CPP Investments, (a) to which the Director is a party, or (b) to which any entity of which the Director is a director or officer is a party or (c) in which the Director has a material interest in any entity which is a party. Section 4.14 of By-Law No. 1 mirrors this provision of the CPPIB Act.

Subsection 22(5) of the CPPIB Act precludes a Director from being present or voting on any resolution in which the Director has an interest, provided that Director may vote on: (a) transactions relating primarily to their remuneration as Directors; (b) Directors’ indemnities and insurance; and (c) transactions with a CPPIB Group Company.

Subsection 22(6) of the CPPIB Act provides Directors with a mechanism for “continuing disclosure.” It states that “a general notice to the board of directors or to one of its committees by a director or officer, declaring that the director or officer is a director or officer of, or has a material interest in, an entity and is to be regarded as interested in any transaction made with that entity, is a sufficient declaration of interest in relation to any transaction so made.” In addition to annually completing a general notice of disclosure of interest form, Directors are reminded to advise of any changes to this information as they occur during the year.

Section 2 of the CPPIB Act defines “entity” to include a body corporate, trust, partnership, fund, association or government agency.

Subsection 22(9) of the CPPIB Act defines “transaction” to include a contract, a guarantee and an investment.

The CPPIB Act has not defined the term “material interest”. A “material” interest in an entity is not restricted to the minimum 10% investment threshold which securities legislation uses to define insiders for the purposes of insider reports and trading. The use of the expression “material interest” indicates that disclosure is required when either the transaction or proposed transaction with CPP Investments, or the Director’s interest in a party to such contract, is of such significance as to cause a potential conflict between the Director’s fiduciary duty and their personal interest. For example, a Director should be considered to have a material interest in a company having, or proposing to enter into, a transaction with CPP Investments if the Director owns or controls, directly or indirectly, substantial shareholdings in that company or such shareholdings represent an important portion of their total assets, whether or not the Director is a director or officer of that company. It is a question of fact as to whether or not a particular transaction or the interest of a Director in a party to such transaction is material.