

Human Resources and Compensation Committee Mandate

APRIL 1, 2024



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1.0 Introduction

The objects and powers of CPP Investments are outlined in the **CPPIB Act**. The **CPPIB Act** articulates certain responsibilities for the Board. The **Board Mandate** clarifies the Board’s responsibilities.

The **CPPIB 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 Human Resources and Compensation Committee (“HRCC”) in accordance with its authority to do so under the **CPPIB Act**.

This mandate is designed to articulate the responsibilities of the HRCC.

2.0 Purpose

The primary purposes of the HRCC are (a) to ensure that CPP Investments’ compensation and human resources programs and practices enable it to attract, retain, and develop the executives and employees it needs to succeed, and specifically to oversee the human resources policies required to ensure the health and sustainability of the organization, and (b) to ensure the alignment of organizational and stakeholder interests through the design and oversight of a performance-driven executive compensation framework.

3.0 Committee Membership

3.1 APPOINTMENTS AND RE-APPOINTMENTS

The HRCC shall be composed of not fewer than three Directors.

All members of the HRCC shall be independent of management as defined by Canadian regulatory standards. All members of the Committee shall have an understanding of issues related to human resources and executive compensation, or, upon appointment to the Committee, be willing and able to rapidly develop such an understanding.

The Committee Chair and members are appointed and/or re-appointed by the Board, on the recommendation of the Chairperson after consultation with the Governance Committee.

3.2 REMOVAL OR REPLACEMENT

An HRCC member may be removed or replaced at any time by the Board. HRCC membership will cease when an individual ceases to be a Director or at the time of their resignation from the committee.

3.3 DELEGATION TO MEMBERS AND SUB-COMMITTEES

The Committee may delegate matters under its jurisdiction to a subcommittee or individual committee member. All work performed by such subcommittee and/or individual committee member must be reported at each committee meeting.

4.0 Committee Meetings

4.1 FREQUENCY, FORMAT AND LOCATION

The HRCC will meet at least four times a year, with additional meetings at the discretion of the Committee Chair or if called by two or more Committee members. The HRCC's meeting schedule will be determined by the Committee Chair based on the committee's mandate and timetable.

In-person meetings are usually held at the CPP Investments head office in Toronto, although they may from time to time be held elsewhere. Video or teleconference meetings may also be held at the discretion of the Committee Chair, provided the relevant electronic, telephonic or other communication facilities permit all persons participating in the meeting to communicate adequately with each other.

In consultation with the President, the Committee may invite any Officer or non-Officer Employee to attend HRCC meetings in order to assist in the discussion and examination of the matters under consideration by the Committee. The Committee may also invite external advisors to attend HRCC meetings for the same purpose.

4.2 QUORUM

A quorum for the transaction of business at a HRCC meeting will be a majority of the authorized number of members. Questions arising at a meeting will be determined by a majority of votes cast by the members present.

4.3 INFORMATION

Committee meeting agendas and material will be distributed to Directors with sufficient time to ensure there is an opportunity to review. Material will be prepared in accordance with the Guidelines for Board Materials. The Committee Chair is expected to be consulted in advance by one or more of the Chairperson, the President, the Corporate Secretary or the Officer most closely associated with the Committee in relation to the agenda and information packages for each Committee meeting.

4.4 ATTENDANCE BY THE CHAIRPERSON

The Chairperson will be invited to attend Governance Committee meetings, as an *ex officio* member of the HRCC.

4.5 ATTENDANCE BY MANAGEMENT

The President will be invited to attend all HRCC meetings. There will normally be an in camera session during each HRCC meeting where the President does not attend.

Other members of Management may also be invited to attend Committee meetings to provide information and opinions to assist the Directors in their deliberations.

4.6 IN CAMERA SESSIONS

The Committee Chair shall hold an in-camera session at each Governance Committee meeting, unless it is agreed by the HRCC not to be necessary (such as a special Committee meeting held for a single matter).

4.7 MINUTES

The Corporate Secretary will ensure that minutes of each HRCC meeting are prepared and made available in a timely fashion to the Committee Chair, each committee member and to the Board.

4.8 REPORTING

The HRCC will report through the Committee Chair in a timely manner to the Board on the results of its meetings including an oral report by the Committee Chair at the next regularly scheduled Board meeting following each Governance Committee meeting.

5.0 Operations

The Chair of the HRCC may ask the Chairperson to call a meeting of the Board to consider any matter of concern.

The HRCC will have access to Management and CPP Investments' documents as may be required to fulfill its responsibilities.

Subject to the approval of the Chairperson, and at CPP Investments' expense, the HRCC may retain compensation consultants and/or other advisors (e.g. legal, tax, actuarial) to provide advice regarding compensation and other human resources matters.

The compensation consultant(s) retained by the HRCC shall be independent of management. Any services provided by the consultant(s) other than in its role as advisor to the Committee will require pre-approval by the Committee, outlining the scope of work and related fees. The Committee shall not approve any such work that, in its view, could compromise the consultant(s)'s independence as an advisor to the Committee.

6.0 Duties and Responsibilities

Subject to the powers and duties of the Board, and to the requirements of the **CPPIB Act**, the HRCC will perform the following duties:

6.1 SUPPORT THE BOARD WITH RESPECT TO APPOINTMENT OF THE PRESIDENT

Develop a recommended compensation quantum and structure for the role of President, including term sheet(s) if required. As appropriate, provide compensation-related advice to any search committee formed by the Board throughout the negotiating process, and review and advise on offers and counter-offers.

6.2 EVALUATION OF THE PRESIDENT

- (a) Work with the Chairperson, the President and the Corporate Secretary in developing an annual **President Evaluation Process** for Board approval.
- (b) Develop and recommend any Director questionnaires or other President evaluation tools for use in implementing the **President Evaluation Process** each fiscal year.
- (c) Require that a President evaluation process is completed by the Board annually, the results from which will be used as input into the development of recommendations regarding the President’s compensation.
- (d) Annually review and recommend to the Board for approval financial performance targets and other goals to be used for determining the President’s compensation.
- (e) Annually review with the President any significant outside commitments of the President. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.

6.3 COMPENSATION OF THE PRESIDENT

Annually review and recommend to the Board:

- (a) the proposed salary adjustment, incentive awards and other compensation for the President, taking into consideration the results of CPP Investments and the performance evaluation of the President;
- (b) the granting of perquisites to the President; and
- (c) severance arrangements for the President, as needed.

6.4 COMPENSATION OF OTHER OFFICERS

Annually review and recommend to the Board:

- (a) the proposed salary adjustments, incentive awards and other compensation for Officers;

- (b) the granting of perquisites to Officers; and
- (c) severance arrangements for Officers, as needed.

6.5 COMPENSATION OF NON-OFFICER EMPLOYEES

- (a) Annually review and recommend to the Board the aggregate level of incentive compensation for non-Officer Employees; and
- (b) When warranted, approve any proposed compensation arrangements for a non-Officer employee that would provide an incentive compensation target that exceeds the then-approved incentive targets for Global Leadership Team Managing Directors in similarly situated roles.

6.6 COMPENSATION PRINCIPLES AND PHILOSOPHY

- (a) Recommend to the Board any changes to the compensation principles and philosophy for CPP Investments relating to Officers, including objectives, pay-for-performance linkages, comparator groups, and competitive positioning.
- (b) Review annual benchmarking of compensation structures and levels for Officers. Benchmarking may be conducted at whatever level of detail the HRCC believes is warranted for the year in question.
- (c) Review and recommend to the Board any changes to incentive compensation plans for Officers and non-Officer employees, as needed.
- (d) Annually review and recommend to the Board the relative and absolute annual performance targets for the Total Fund component of the Incentive Compensation Plan.

6.7 TALENT MANAGEMENT AND DEVELOPMENT

Annually review the approach to attracting, retaining, developing, and motivating talent, and tracking the performance thereof, in order to ensure the ongoing health and long-term sustainability of the organization. More specifically, review the approach to:

- (a) building and strengthening a compelling and valued employee brand for the organization;
- (b) attracting talent through programs that seek to recruit not only experienced and skilled candidates from industry, but also high-potential candidates from top universities;
- (c) identifying high potential Employees early and provide them with career acceleration and other developmental opportunities;
- (d) retaining talent through programs that seek to build a strong organizational culture, valued work experiences, and competitive compensation; and
- (e) developing talent through programs that offer relevant and engaging training and long-range career planning;

6.8 ORGANIZATIONAL STRUCTURE

When warranted, and in consultation with the President, review and recommend to the Board:

- (a) major changes in the organizational structure of management (i.e. the responsibilities and reporting relationships of Officers); and
- (b) appointments, early retirements, and terminations of Officers.

6.9 SUCCESSION

Ensure that the Board annually reviews the President's processes and plans for the executive development and succession of the President and all other Officers and support the Board in carrying out this task.

6.10 EQUITY, DIVERSITY & INCLUSION

Ensure that the Board annually reviews progress against the Equity, Diversity and Inclusion strategy and any adjustments to the strategy.

6.11 EMPLOYEE BENEFITS AND HUMAN RESOURCES POLICIES

- (a) Review and recommend to the Board material¹ changes to Employee Benefits.
- (b) Review and recommend to the Board major² policies relating to human resources matters and material¹ changes thereto.
- (c) Receive reports annually as to other changes made to Employee Benefits and human resources policies.

6.12 EMPLOYEE PENSION PLANS

In connection with the Employee Pension Plans:

- (a) approve design changes, unless the change(s) constitutes a material¹ change in the amount or nature of the retirement benefit, in which case the change(s) must be approved by the Board;
- (b) review and approve changes to the plans' Governance Policy when warranted; and
- (c) receive the Pension Committees' reports annually and from time to time.

6.13 EMPLOYEES SERVING ON OUTSIDE BOARDS AND OFFICES

Review and approve requests for Employees to serve on boards of directors and as officers of non-CPP Investments related entities to the extent required by the Protocol Regarding Employees Serving on Outside Boards and Offices.

¹ Material for these purposes means any change which produces a change in the relevant costs which exceeds \$5M in aggregate, as well as any change which is of strategic importance.

² The General Counsel and Corporate Secretary shall be consulted by the member of Management ultimately responsible for a policy to assist in determining whether the policy is "major".

6.14 DISCLOSURE

Review and recommend to the Board the Compensation Discussion and Analysis section in the Annual Report, and the disclosure of any other executive compensation information required to be publicly released.

6.15 COMMITTEE MANDATE REVIEW, PERFORMANCE ASSESSMENT AND EDUCATION

- (a) Annually review the HRCC Mandate and recommend changes to the Board when warranted.
- (b) Annually review the objectives, resourcing and budget of the Human Resources group.
- (c) Annually review the performance of the compensation and/or other advisors to the HRCC and recommend changes when warranted.
- (d) Annually provide members with a market review of executive compensation trends and practices, and, as appropriate, of trends and practices relating to the HRCC's other areas of oversight.

6.16 HRCC PRIORITIES

In consultation with the Chairperson, formulate annual priorities for the HRCC for each fiscal year and review progress against them at least annually.

6.17 OTHER

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

7.0 Committee Timetable

The detailed timetable on the following pages outlines the HRCC's planned annual schedule of activities. Additionally, such other meetings will be scheduled throughout the course of the year as are necessary to carry out the HRCC's responsibilities under this mandate.

Human Resources and Compensation Committee Timetable

* means “usual” or “approximate” timing that may be adjusted with agreement of the Committee Chair

Source			Meeting				
Statute/Reg	Mandate		May	June	Sept	Nov	Feb
	6.1	Support the Board with Respect to Appointment of the President					
		Develop a recommended compensation quantum and structure for the role of President, including term sheet(s) if required. As appropriate, provide compensation-related advice to any search committee formed by the Board throughout the negotiating process, and review and advise on offers and counter-offers.	AD HOC				
	6.2	Evaluation of the President					
	(a)	Work with the Chairperson, the President and the Corporate Secretary in developing an annual President Evaluation Process for Board approval.					*
	(b)	Develop and recommend any director questionnaires or other President evaluation tools for use in implementing the President Evaluation Process each fiscal year.					*
	(c)	Require that a performance evaluation process for the President is completed by the Board annually, the results from which will be used as input into the development of recommendations regarding the President’s compensation.					*
	(d)	Annually review and recommend to the Board for approval financial performance targets and other goals to be used for determining the President’s compensation.		*			
	(e)	Annually review with the President any significant outside commitments of the President. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.		*			

Source			Meeting				
Statute/Reg	Mandate		May	June	Sept	Nov	Feb
	6.3	Compensation of the President					
		Annually review and recommend to the Board:					
	(a)	the proposed salary adjustment, incentive awards and other compensation for the President, taking into consideration the results of CPP Investments and the performance evaluation of the President;	*				
	(b)	the granting of perquisites to the President; and	AD HOC				
	(c)	severance arrangements for the President, as needed.	AD HOC				
	6.4	Compensation of Other Officers					
		Annually review and recommend to the Board:					
	(a)	the proposed salary adjustments, incentive awards and other compensation for Officers;	*				
	(b)	the granting of perquisites to Officers; and	AD HOC				
	(c)	severance arrangements for Officers, as needed.	AD HOC				
	6.5	Compensation of Non-Officer Employees					
		Annually review and recommend to the Board:					
	(a)	the aggregate level of incentive compensation for non-Officer Employees; and	*				
	(b)	When warranted, approve any proposed compensation arrangements for a non-Officer employee that would provide an incentive compensation target that exceeds the then-approved incentive targets for Global Leadership Team Managing Directors in similarly situated roles	AD HOC				
	6.6	Compensation Principles and Philosophy					
	(a)	Recommend to the Board any changes to the compensation principles and philosophy for CPP Investments relating to Officers, including objectives, pay-for-performance linkages, comparator groups, and competitive positioning	AD HOC				

Source			Meeting				
Statute/Reg	Mandate		May	June	Sept	Nov	Feb
	(b)	Review annual benchmarking of compensation structures and levels for Officers.	*				
	(c)	Review and recommend to the Board any changes to incentive compensation plans for Officers and non-Officer employees, as needed	*				
	(d)	Annually review and recommend to the Board the relative and absolute annual performance targets for the Total Fund component of the Incentive Compensation Plan	*				
	(e)	In conjunction with any recommended changes to incentive compensation or at the request of the HRCC, review modeled compensation scenarios that illustrate the impact of various future performance outcomes on compensation.	AD HOC				
	6.7	Talent Management and Development					
		Annually review the approach to attracting, retaining, developing, and motivating and tracking the performance of Employees to CPP Investments' success, in order to ensure the ongoing health and long-term sustainability of the organization.	AD HOC				
	6.8	Organizational Structure					
		When warranted, and in consultation with the President, review and recommend to the Board:					
	(a)	major changes in the organizational structure of the organization (i.e. the responsibilities and reporting relationships of Officers);	AD HOC				
	(c)	appointments, early retirements, and terminations of Officers.	AD HOC				
	6.9	Succession					
		Ensure that the Board annually reviews the President's processes and plans for the executive development and succession of the President and all other Officers, and support the Board in carrying out this task. (To be scheduled for full Board meeting)					*

Source			Meeting				
Statute/Reg	Mandate		May	June	Sept	Nov	Feb
	6.10	Equity, Diversity & Inclusion					
		Ensure that the Board annually reviews progress against the Equity, Diversity and Inclusion strategy and any adjustments to the strategy.				*	
	6.11	Employee Benefits and Human Resources Policies					
	(a)	Review and recommend to the Board material changes to Employee Benefits to the Board.	AD HOC				
	(b)	Review and recommend to the Board major human resources policies and material changes thereto.	AD HOC				
	(c)	Receive reports annually as to other changes made to Employee Benefits and human resources policies					*
	6.12	Employee Pension Plans					
		In connection with the Employee Pension Plans:					
	(a)	approve design changes, unless the change(s) constitutes a material change in the amount or nature of the retirement benefit, in which case the change(s) must be approved by the Board;	AD HOC				
	(b)	review and approve changes to the plans' Governance Policy as warranted; and					*
	(c)	receive the Pension Committee's reports annually and from time to time.					*
	6.13	Employees Serving on Outside Boards and Offices					
		Review and approve requests for Employees and Officers to serve on boards of directors and as officers of non-CPP Investments related entities to the extent required by the Protocol Regarding Employees Serving on Outside Boards and Offices.	AD HOC				

Source			Meeting				
Statute/Reg	Mandate		May	June	Sept	Nov	Feb
	6.14	Disclosure					
		Review and recommend to the Board the Compensation Discussion and Analysis section in the Annual Report, and the disclosure of any other executive compensation information required to be publicly released.	*				
	6.15	Committee Terms of Reference Review, Performance Assessment, and Education					
	(a)	Annually review the HRCC Mandate and recommend changes to the Board when warranted.		*			
	(b)	Annually review the performance of the compensation and/or other advisors to the HRCC and recommend changes when warranted.					*
	(c)	Orient new members of the Committee to the duties and responsibilities of the HRCC.	AD HOC				
	(d)	Provide the Governance Committee, on an as required basis, with any changes in terms of the competency requirements for prospective new Committee members.	AD HOC				
	(e)	For the purpose of keeping the knowledge of HRCC members up-to-date, on an annual basis provide members with a market review of executive compensation trends and practices, and, as appropriate, of trends and practices relating to the HRCC's other areas of oversight.	*				
	6.16	HRCC Priorities					
		In consultation with the Chairperson, formulate annual priorities for the HRCC for each fiscal year and review progress against them at least annually.	*	*			