

# Risk Committee Mandate

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## 1.0 Introduction

The objects and powers of CPP Investments are outlined in the **CPPIB Act**. The **CPPIB Act** outlines 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 Risk Committee in accordance with its authority to do so under the **CPPIB Act**.

This mandate is designed to articulate the responsibilities of the Risk Committee.

## 2.0 Purpose

The purpose of the Risk Committee is to assist the Board in fulfilling its obligations to oversee risk management and risk governance by receiving reports and/or making recommendations to the Board on matters including:

- (a) the Risk Policy which incorporates CPP Investments' integrated risk framework and risk appetite (in the form of risk limits, statements and targets);
- (b) other material risk management policies and exceptions thereto;
- (c) overall risk governance; and
- (d) such other matters as may be determined by the Board.

### 3.0 Committee Membership

#### 3.1 APPOINTMENTS AND RE-APPOINTMENTS

The Risk Committee shall be composed of not fewer than three Directors.

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.

Committee members shall have or be willing to acquire soon after joining the Committee, sufficient understanding of risk management issues. Committee membership will reflect a balance of experience and expertise required to fulfill the Committee's mandate.

#### 3.2 REMOVAL OR REPLACEMENT

A Risk Committee member may be removed or replaced at any time by the Board. Risk Committee 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 Risk 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 Risk Committee will meet at least four times a year, with additional meetings at the discretion of the Committee Chair. The Risk Committee'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.

#### 4.2 QUORUM

A quorum for the transaction of business at a Risk Committee 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 & CEO, the Corporate Secretary or the Officer most closely associated with the Committee in relation to the agenda and information packages for each Committee meeting.

Reports may be presented during Board meetings by Directors, Management or Employees, or by invited outside attendees.

#### 4.4 ATTENDANCE BY THE CHAIRPERSON

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

#### 4.5 ATTENDANCE BY MANAGEMENT

The President & CEO will be invited to attend all Risk Committee meetings, recognizing that from time to time the Committee Chair may request a meeting without Management present.

Other members of Management may also be invited to attend Risk 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 Risk Committee meeting, unless it is agreed by the Risk Committee not to be necessary (such as a special Risk Committee meeting held for a single matter).

#### **4.7 MINUTES**

The Corporate Secretary will ensure that minutes of each Risk Committee 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 Risk Committee will report through the Committee Chair in a timely manner to the Board on the results of its meetings including by distributing the minutes of its meetings and where appropriate, by an oral report by the Committee Chair at the next regularly scheduled Board meeting following each Risk Committee meeting.

### **5.0 Operations**

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

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

The Risk Committee will be provided with the resources necessary to carry out its responsibilities. The Risk Committee may engage independent counsel and other advisors and set and pay the compensation for any advisors so engaged.

## 6.0 Duties and Responsibilities

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

### 6.1 RISK POLICIES, FRAMEWORKS AND APPETITES

The Risk Committee will:

- (a) review and recommend to the Board at least annually the Risk Policy, including an annual assessment of the appropriateness thereof;
- (b) review and recommend to the Board, as required, other material risk management policies;
- (c) review any exceptions to the Risk Policy or other material risk management policies including exceptions to risk appetite limits;
- (d) monitor, at least semi-annually, CPP Investments' risk profile against its risk appetite;
- (e) receive reports from the CRO, at least quarterly, on:
  - (i) the key existing and emerging risks to which CPP Investments is exposed, including market, credit, liquidity, leverage, operational (including model and information security & cyber), regulatory and legal, and strategic, risks, taking into consideration interconnectivity between risks;
  - (ii) potential financial and reputation impacts; and
  - (ii) scenario analysis and stress testing results across business activities and risk types; and

- (f) receive reports: jointly with the Investment Strategy Committee, on the implementation of the Risk Policy; and on other material risk management policies;
- (g) periodically review the processes and controls developed by Management to evaluate risks in relation to CPP Investments' risk profile, recognizing that the Audit Committee has primary responsibility for the review of internal control procedures; and
- (h) periodically receive reasonable assurance on the effectiveness of the Risk Policy including the integrated risk framework and appetite.

## 6.2 RISK GOVERNANCE

The Risk Committee will:

- (a) review annually the objectives and resourcing of the Risk department;
- (b) be involved in the selection and appointment of the CRO;
- (c) review with the CEO the CRO's performance annually (this will be performed by the Chair of the Risk Committee on behalf of the Committee);
- (d) ensure that direct and open communication exists between the Risk Committee and the CRO;
- (e) meet periodically with the CRO in the absence of Management; and
- (f) monitor the soundness of CPP Investments' risk culture.

## 6.3 RISK COMMITTEE PRIORITIES

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

#### 6.4 OTHER

The Risk Committee will:

- (a) review at least annually CPP Investments' crisis management approach to monitor, respond, recover and communicate before, during and immediately after disruptions affecting CPP Investments' business or operations;
- (b) review at least annually insurance coverage of significant business risks and uncertainties;
- (c) review and recommend to the Board the material sections of the Annual Report relating to risk management practices and risk governance; and
- (d) at the request of the Chairperson or the Board, undertake such other risk-related initiatives as may be necessary or desirable to contribute to the success of the Board.

#### 7.0 Committee Timetable

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

Risk Committee Timetable

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

Source			Meeting						
Statute/Reg	Mandate		Feb		May	June	Sept	Nov	
	<b>6.1</b>		<b>Risk Policies, Frameworks and Appetites</b>						
		(a)	Review and recommend to the Board at least annually the Risk Policy	*					
		(b)	Review and recommend to the Board, as required, other material risk management policies	*					
		(c)	Review any exceptions to the Risk Policy or other material risk management policies including exceptions to risk appetite limits	<b>As required</b>					
		(d)	Monitor, at least semi-annually, CPP Investments’ risk profile against its risk appetite			*		*	
		(e)	Receive reports from the CRO, at least quarterly, on: (i) the key existing and emerging risks to which CPP Investments is exposed, including market, credit, liquidity, leverage, operational (including model and information security & cyber), legal and regulatory, and strategic, risks, taking into consideration interconnectivity between risks; (ii) potential financial and reputation impacts; and (ii) scenario analysis and stress testing results across business activities and risk types	*		*		*	
		(f)	receive reports: jointly with the Investment Strategy Committee, on the implementation of the Risk Policy; and on other material risk management policies	<b>As required</b>					
		(g)	Periodically review the processes and controls developed by management in relation to the risk profile (with Audit Committee having primary responsibility for internal control procedures)	<b>As required</b>					
		(h)	Periodically receive reasonable assurance on the effectiveness of the Risk Policy including the integrated risk management framework and appetite	<b>As required</b>					
	<b>6.2</b>		<b>Risk Governance</b>						
		(a)	Review annually the objectives and resourcing of the Risk department				*		

Source			Meeting					
Statute/Reg	Mandate		Feb		May	June	Sept	Nov
	(b)	Be involved in the selection and appointment of the CRO	<b>As required</b>					
	(c)	Review with the CEO the CRO's performance annually			*			
	(d)	Ensure that direct and open communication exists between the Risk Committee and the CRO	<b>Ongoing</b>					
	(e)	Meet periodically with the CRO in the absence of Management	<b>Ongoing</b>					
	(f)	Monitor the soundness of CPP Investments' risk culture	<b>Ongoing</b>					
	<b>6.3</b>	<b>Risk Committee Priorities</b>						
	(a)	Formulate Risk Committee priorities for each fiscal year				*		
	<b>6.4</b>	<b>Other</b>						
	(a)	Review at least annually CPP Investments' crisis management approach				*		
	(b)	Review at least annually insurance coverage of significant business risks and uncertainties			*			
	(c)	Review and recommend to the Board the material sections of the Annual Report relating to risk management practices			*			
	(d)	At the request of the Chairperson or the Board, undertake such other risk-related initiatives as may be necessary or desirable to contribute to the success of the Board	<b>As required</b>					