



CPP
INVESTMENT
BOARD

BOARD EFFECTIVENESS ASSESSMENT PROCESS

DECEMBER 21, 2005

BOARD EFFECTIVENESS ASSESSMENT PROCESS

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BOARD EFFECTIVENESS ASSESSMENT PROCESS

1.0 INTRODUCTION

The Board, Chairperson and Committee Effectiveness Assessment Process is designed to provide Directors with an opportunity each year to examine how the Board is operating, and to make suggestions for improvement.

The **Terms of Reference for the Board** are used as a basis of the assessment process.

This process is designed primarily to provide constructive input for the improvement of the Board “as a whole or as a unit”. The process focuses on Board and Board Committee performance and provides each Director with an opportunity to comment on the performance of the Chairperson.

2.0 PROCESS

Each year, the Governance Committee Chair asks each Director to complete the attached questionnaire. The input of the Directors is summarized on a confidential basis, provided to each Director and reviewed with the Governance Committee. The Governance Committee Chair reports to the full Board at a subsequent Board meeting. Time will be set aside at that meeting for a full and comprehensive discussion of Board effectiveness. As well the Chairperson meets individually with each Director to discuss Board effectiveness.

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3.0 QUESTIONNAIRE

Part A:

Please read each of the following statements and indicate **the extent to which you agree or disagree** with each statement. (1=strongly disagree, 2=disagree, 3= neither agree nor disagree, 4=agree, 5=strongly agree, dk=don't know.) If your rating is below 4, please explain in the last column.

		Explanation
1. DIRECTORS		
(a) The Board has the necessary range of skills and experience among current Directors.	1 2 3 4 5 dk	
(b) Directors understand the mechanics of CPPIB.	1 2 3 4 5 dk	
(c) The Board is satisfied with the procedures to ensure that Directors do not have affiliations, memberships, contracts, or special interests that may diminish their independent status on the Board.	1 2 3 4 5 dk	
(d) The time commitment required of Directors is appropriate.	1 2 3 4 5 dk	
(e) The Director compensation program meets the needs of the organization.	1 2 3 4 5 dk	
2. MEETING ORGANIZATION		
(a) The number and length of Board meetings is appropriate.	1 2 3 4 5 dk	
(b) Directors have sufficient opportunity to provide input to the meeting agendas.	1 2 3 4 5 dk	
(c) Agenda items that should appear on a regular basis do appear on a regular basis.	1 2 3 4 5 dk	
(d) Directors receive all necessary materials in advance of Board meetings.	1 2 3 4 5 dk	
(e) Directors are provided with up to date and continuing advice and information.	1 2 3 4 5 dk	

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		Explanation
(f) The focus of the Board’s time and energies is in line with its major priorities.	1 2 3 4 5 dk	
3. MEETING EFFECTIVENESS		
(a) Board debate and discussion is frank and open.	1 2 3 4 5 dk	
(b) Agenda items are well structured and complete.	1 2 3 4 5 dk	
(c) Agenda items are adequately completed by the end of meetings.	1 2 3 4 5 dk	
(d) Discussion of key issues has a balance of perspectives including the public perspective.	1 2 3 4 5 dk	
(e) General consensus arises prior to voting.	1 2 3 4 5 dk	
(f) The Board effectively delegates tasks to management and committees.	1 2 3 4 5 dk	
(g) Board debate and discussion is constructive in tone and respectful of differing views.	1 2 3 4 5 dk	
(h) Reports from Committees are sufficient to give non-Committee members an understanding of the key issues.	1 2 3 4 5 dk	
MOVED TO CHAIRPERSON EFFECTIVENESS ASSESSMENT PROCESS		
(i)		
(j)		
(k)		
(l)		

PART B:

Please read each of the following statements and describe the **effectiveness** of the Board in each area. (1=ineffective, 2=somewhat effective, 3=moderately effective, 4=effective, 5=very effective, dk=don't know.) .) If your rating is below 4, please explain in the last column.

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						Explanation
4. BOARD SUCCESSION						
(a) Creating and carrying out an annual update of the Board’s competency requirements and identifying competency gaps.	1	2	3	4	5	dk
(b) Sourcing, assessing and recommending new candidates for the Board is in line with competency needs.	1	2	3	4	5	dk
(c) Orienting Directors in a timely and comprehensive manner.	1	2	3	4	5	dk
(d) Providing opportunities for ongoing education of Directors with respect to governance and operations.	1	2	3	4	5	dk
(e) Carrying out an annual review of each Director against a set of expectations for contribution consistent with the Terms of Reference for a Director.	1	2	3	4	5	dk
5. MANAGEMENT						
(a) Determining the compensation of the President.	1	2	3	4	5	dk
(b) Establishing annual performance objectives for the President.	1	2	3	4	5	dk
(c) Annually, evaluating the performance of the President against the position description and the annual performance objectives.	1	2	3	4	5	dk
(d) Reviewing the job descriptions of officers and approving the appointment and compensation of officers.	1	2	3	4	5	dk
(e) Applying procedures for management succession planning and management development.	1	2	3	4	5	dk

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						Explanation
6. PLANNING AND APPRAISAL						
(a) Reviewing the strategic plan and annual business plan.	1	2	3	4	5	dk
(b) Reviewing progress on strategic and business plans throughout the year.	1	2	3	4	5	dk
(c) Thoroughly and comprehensively reviewing the annual report.	1	2	3	4	5	dk
7. MANAGEMENT/ORGANIZATION COMPLIANCE						
(a) Ensuring that the Code of Conduct reflects appropriate ethical and moral standards and that conduct is monitored and reported to the Board.	1	2	3	4	5	dk
(b) Ensuring that management exercises its duty to identify and manage principal risks to the organization.	1	2	3	4	5	dk
(c) Monitoring and approving compliance with all major policies and procedures.	1	2	3	4	5	dk
(d) Ensuring that management establishes effective internal financial controls and information systems.	1	2	3	4	5	dk
(e) Ensuring the timely reporting of any developments that may have a material effect on performance or reputation.	1	2	3	4	5	dk
(f) Ensuring a current and comprehensive communication strategy, plan and policies that enables the organization to communicate effectively with the public and government and anticipates potential problems.	1	2	3	4	5	dk
(g) Ensuring that best practices are expressed and met by the Annual report.	1	2	3	4	5	dk

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		Explanation
(h) Ensuring that the management and investment of assets are in the best interest of members and beneficiaries of the <i>Canada Pension Plan</i> .	1 2 3 4 5 dk	
(i) Ensuring that management monitors and reports on specific statutory duties that are met with regard to employment, environmental, occupational health and safety, and financial reporting and taxation law.	1 2 3 4 5 dk	
8. INVESTMENT		
(a) Thoroughly reviewing and amending, if required, the investment policies, standards, and procedures document at least annually.	1 2 3 4 5 dk	
(b) Fully understanding and supporting the process by which investment strategy comes into place.	1 2 3 4 5 dk	
(c) Fully understanding the investment strategies.	1 2 3 4 5 dk	
9. DECISION MAKING		
(a) In its discussions and implementation of strategy does not engage in any activity or exercise any power that is inconsistent with or contrary to the <i>Canada Pension Plan Investment Board Act</i> .	1 2 3 4 5 dk	
(b) There has been no pressure brought to bear on the Board, any Director or Management in the investment, procurement or recruitment decisions of the CPP Investment Board.	1 2 3 4 5 dk	
10. ANNUAL OBJECTIVES		
(a) Strategic Planning Process Board's Role: Ensure that the Board provides useful input to facilitate a successful process and outcome.	1 2 3 4 5 dk	

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		Explanation
<p>(b) Conduct Review Advisor</p> <p>Board’s Role: Under the leadership of the Governance Committee, identify the next Conduct Review Advisor with the expertise, stature and judgment to command the trust and respect of employees and directors.</p>	<p>1 2 3 4 5 dk</p>	
<p>(c) Investment Performance in Incentive Compensation</p> <p>Board’s Role: Under the leadership of the HRCC, ensure that a mechanism for including investment performance in incentive compensation is achieved. (This objective was deliberately carried over from last year so that decisions could be made by the incoming CEO.)</p>	<p>1 2 3 4 5 dk</p>	
<p>(d) Nomination Process for Board Chair</p> <p>Board’s Role: Under the leadership of the Governance Committee, develop the process by which the directors will identify the Board nominee for Board Chair that will be presented to the federal government for consideration.</p>	<p>1 2 3 4 5 dk</p>	
<p>(e) Nomination Process for Directors</p> <p>Board’s Role: Under the leadership of the Governance Committee, formulate a position on appropriate Board turnover.</p>	<p>1 2 3 4 5 dk</p>	

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The Board's top 2 or 3 objectives going forward should be:

The Board's most significant accomplishments this past year have been:

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Part D: Committees

Please read each of the following statements and indicate **the extent to which you agree or disagree** with each statement. (1=strongly disagree, 2=disagree, 3= neither agree nor disagree, 4=agree, 5=strongly agree, dk=don't know.) If your rating is below 4, please explain in the last column.

		Explanation
Name of Committee: _____		
11. COMMITTEE MANDATE		
(a) The mandate of the Committee continues to be appropriate.	1 2 3 4 5 dk	
(b) The Committee is effective in carrying out its mandate.	1 2 3 4 5 dk	
(c) The Committee is confronting important, meaningful issues.	1 2 3 4 5 dk	
(d) The Committee is effective in making collective judgments about important matters.	1 2 3 4 5 dk	
(e) The Committee has effectively laid out a full year's agenda.	1 2 3 4 5 dk	
(f) Members of the Committee receive adequate material in advance of committee meetings, in sufficient time and detail to permit members to effectively consider issues to be dealt with.	1 2 3 4 5 dk	
(g) The Committee composition is appropriate.	1 2 3 4 5 dk	
(h) The Committee allocates the right amount of time for work.	1 2 3 4 5 dk	
(i) I am able to make a significant contribution to this Committee.	1 2 3 4 5 dk	
(j) The Committee reports to the Board in a clear and succinct manner highlighting the important issues it faces.	1 2 3 4 5 dk	

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What suggestions do you have about how to improve the effectiveness of the Committee?

The Committee's top 2 or 3 objectives going forward should be:
