



**CPP  
INVESTMENT  
BOARD**

**CODE OF CONDUCT  
AND  
CONFLICT OF INTEREST PROCEDURES  
FOR  
DIRECTORS**

**APRIL 5, 2006**

# CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR DIRECTORS

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## 1.0 INTRODUCTION AND BACKGROUND

### 1.1 Conventions Used

Capitalized terms used in this document have the meanings defined herein or as set forth in the Glossary of Terms which is attached as Appendix A.

When referred to in its entirety, this document may be called the Code of Conduct and Conflict of Interest Procedures for Directors. Section 3.0 of this document may be referred to as the “Code” and Section 4.0 may be referred to as the “Conflict of Interest Procedures”.

### 1.2 Board, Board Committee and Conduct Review Advisor Responsibilities

Pursuant to the **Act**, the Board has responsibility to:

- (a) establish a code of conduct for Officers and Employees;
- (b) establish procedures for identifying potential conflicts of interest and resolving such conflicts; and
- (c) designate a Board Committee to monitor the application of the code of conduct and the conflict of interest procedures.

The Board has approved a Code of Conduct and Conflict of Interest Procedures for Officers and Employees. The Board has approved this Code of Conduct and Conflict of Interest Procedures for Directors. The Board has created the Governance Committee to monitor the application of the Code and the Conflict of Interest Procedures.

The Board has approved the creation of a part-time external role for a Conduct Review Advisor and has appointed an individual to fulfill the role within specified terms of reference.

The Governance Committee, with the assistance of the Conduct Review Advisor, monitors the application of the codes of conduct and conflict of interest procedures for Directors, Officers and Employees, reviews them annually and recommends amendments thereto as appropriate.

### 1.3 Background

In most situations, personal values and honesty will guide decisions and actions. As well, individuals must give consideration to how their actions as Directors may affect the integrity and credibility of the CPP Investment Board.

The Code has been developed to articulate and sustain a governance and corporate culture that reflects the CPP Investment Board’s principles and

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values, and to ensure that Directors have a full understanding of these principles and values.

The Conflict of Interest Procedures in Section 4 exceed the requirements of the Act and are intended to guide decision-making by the Board and throughout the organization. They provide a workable process for identifying, minimizing and resolving conflicts of interest so that Directors can discharge their responsibilities effectively while maintaining their independence and integrity.

It is acknowledged that no articulation of policies, guidelines and procedures to govern conduct or conflicts of interest can anticipate all situations. Accordingly, Directors are expected to raise and respond to the following questions when considering any course of action:

- (a) Is it legal?
- (b) Is it in conflict with the best interests of the CPP beneficiaries and contributors?
- (c) Do you have a Private Economic Interest that you foresee might influence the exercise of your duties and responsibilities?
- (d) Do you have a Private Economic Interest that others might conclude may influence the exercise of your duties and responsibilities?
- (e) Will the action meet or exceed the standard of behaviour that might reasonably be expected of Directors by the Canadian public?

When in doubt about any aspect of the applicability of the Code or the Conflict of Interest Procedures, Directors are encouraged to make appropriate inquiries with the Chair of the Governance Committee, the Chairperson, or the Conduct Review Advisor. If necessary and if a doubt should remain, legal advice may be sought.

### **2.0 ADHERENCE STANDARDS**

The CPP Investment Board is determined to behave as a responsible corporation. The CPP Investment Board also strives to be seen as a responsible corporation.

Compliance with the Code of Conduct and Conflict of Interest Procedures for Directors is a condition of continued service for each Director.

Failure of a Director to comply with the Code and the Conflict of Interest Procedures, or any aspect thereof, will result in sanctions. Sanctions may include recommendation by the Chairperson of removal from the Board and possible civil or

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criminal prosecution that can result in substantial monetary penalties and/or imprisonment, depending on the failure to comply.

Directors are required to review and certify compliance with the Code and the Conflict of Interest Procedures in response to semi-annual requests from the General Counsel.

### 3.0 CODE OF CONDUCT

The fundamental relationship between a Director and the CPP Investment Board is trust. Essential to trust is a commitment to honesty and integrity.

Directors shall act with loyalty in their service on the Board of the CPP Investment Board. In so doing, Directors are expected to support the achievement of the objects of the CPP Investment Board without reference to any other association they may have.

The CPP Investment Board expects that Directors will organize their Private Economic Interests in such a manner that:

- (a) public confidence and trust in the integrity, objectivity and impartiality of the CPP Investment Board and its Directors will be maintained;
- (b) Real Conflicts of Interest, Potential Conflicts of Interest and Perceived Conflicts of Interest will be identified, disclosed, managed, and where reasonably possible, eliminated; and
- (c) Systemic Conflicts of Interest will be avoided.

Directors shall:

- (a) conduct themselves in their service on the Board of the CPP Investment Board courteously, and with integrity, and in a manner that reflects positively on the CPP Investment Board;
- (b) comply with the law including the **Act**, the **Regulations** and the **By-laws**;
- (c) maintain the confidentiality of CPP Investment Board Information;
- (d) comply with the Code, the Conflict of Interest Procedures and the **Personal Trading Guidelines for Directors**; and
- (e) as soon as they become aware of or suspect the existence of a breach of any aspect of the Code or the Conflict of Interest Procedures, report such breach or suspected breach to the Chair of the Governance Committee, the Chair of the Audit Committee, the Chairperson or the Conduct Review Advisor. For

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greater certainty, a breach or suspected breach includes, but is not limited to, complaints about, or concerns regarding questionable, accounting, internal accounting controls or auditing matters. Any such report will be taken as good-faith compliance with the Code and the Conflict of Interest Procedures (but shall not, for greater certainty, in any way absolve anyone in respect of any such breach or suspected breach).

Directors may consult with and seek a written opinion from the Conduct Review Advisor with any questions regarding the Code of Conduct and Conflict of Interest Procedures for Directors.

Directors shall not:

- (a) engage in, or give the appearance of being engaged in, any illegal or improper conduct;
- (b) commit or condone any Illegal Act or instruct or encourage another to do so; or
- (c) make inappropriate use of CPP Investment Board Information.

### **4.0 CONFLICT OF INTEREST PROCEDURES**

The Act articulates the requirement for the Board to

... establish procedures for the identification of potential conflicts of interest and procedures to resolve those conflicts ...<sup>1</sup>

The Act thereby anticipates the existence of the potential for conflicts of interest and requires that the CPP Investment Board address the fact of their existence with appropriate procedures.

The CPP Investment Board recognizes the inevitability of the potential for conflicts of interest, the perception of the existence of conflicts of interest and, in some cases, the existence of actual conflicts of interest. These Conflict of Interest Procedures are intended to create a framework for practically managing all such conflicts of interest.

The CPP Investment Board requires Directors to comply with these Conflict of Interest Procedures.

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<sup>1</sup> The Act, ss. 8(2)(b)

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### **4.1 Disclosure of Interests and Enterprises**

Directors shall, as soon as they become aware of it, disclose in writing to the Chair of the Governance Committee or the Chairperson, with a copy to the General Counsel:

- (a) the nature and extent of their Interest in any Transaction or proposed Transaction with the CPP Investment Board; and
- (b) the nature and extent of any Enterprise that they are, they may be perceived to be or they can foresee that they may become involved with that may impact on the CPP Investment Board.

Each such disclosure will be reviewed with the Chairperson.

### **4.2 Participation in the Approval of Transactions**

Directors shall not approve or participate in a discussion to approve a Transaction in which:

- (a) they have a Real Conflict of Interest;
- (b) they have a Potential Conflict of Interest; or
- (c) they have a Perceived Conflict of Interest.

Directors may vote on:

- (a) Transactions relating primarily to their remuneration as Directors;
- (b) Directors' indemnities and insurance; and
- (c) Transactions with a Subsidiary.

### **4.3 Provision of Consulting and Other Services**

Directors shall not offer consulting or other services to the CPP Investment Board by either themselves individually, or by an Entity in which they or a Relative holds a Material Interest.

### **4.4 CPP Investment Board Information**

Directors shall, both during and after their service on the Board of the CPP Investment Board, and for as long as it remains CPP Investment Board Information, maintain the confidentiality of CPP Investment Board Information, except where disclosure of it is:

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- (a) required in the context of discharging their responsibilities as a Director of the CPP Investment Board; or
- (b) required by law.

Directors shall not, either during or after their service on the Board of the CPP Investment Board, and for as long as it remains CPP Investment Board Information, make use of CPP Investment Board Information, other than for the benefit of the CPP Investment Board.

### 4.5 CPP Investment Board Assets

Directors shall:

- (a) respect the investment by the CPP Investment Board in CPP Investment Board Assets;
- (b) preserve CPP Investment Board Assets; and
- (c) abide by all applicable Policies and Guidelines articulated from time to time.

Directors shall not use CPP Investment Board Assets other than for the benefit of the CPP Investment Board.

### 4.6 Performance of Duties

Directors shall commit their best efforts, knowledge, and skill, to their service on the Board of the CPP Investment Board.

Directors shall notify the Chairperson in advance of accepting an appointment to the board or executive of any business or Enterprise that might benefit from or be in conflict with the activities of the CPP Investment Board.

Directors shall not:

- (a) engage in any Enterprise which is or may be construed as negatively affecting, competing with, or being in conflict with the interests of the CPP Investment Board;
- (b) be seen to be speaking on behalf of the CPP Investment Board when they are, in fact, speaking on behalf of another association; or
- (c) bring influence on behalf of another party on matters that lie within the authority of Management.



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Directors recognize that the CPP Investment Board does not tolerate Systemic Conflicts of Interest at the Board, and that should a Systemic Conflict of Interest be present for a Director, he or she will resign from the Board.

### 4.7 Benefits, Entertainment, Gifts and Favours

The CPP Investment Board expects that Directors will, in the course of performing their service on the Board of the CPP Investment Board, act with sensitivity to the Canadian public's perception of their conduct in both their receipt of and offering of benefits, entertainment, gifts and favours.

#### 4.7.1 Prohibitions

Directors and their Associates shall not:

- (a) accept benefits, entertainment, gifts or favours which create or appear to create a favoured position for Entities that, or other persons who, either are or aspire to be vendors or suppliers to the CPP Investment Board unless such benefits, entertainments, gifts or favours are associated with their official duties and are Appropriate;
- (b) offer benefits, entertainment, gifts or favours which
  - (i) would reasonably be perceived as having as their primary purpose the securing of preferential treatment for the CPP Investment Board; or
  - (ii) while not subject to Section 4.7.1 (b)(i) might reasonably be perceived as having as an ancillary purpose the securing of such treatment and which are not Appropriate.
- (c) accept or offer cash, preferred pricing, preferred loans, securities or secret commissions in exchange for preferential treatment;
- (d) solicit or accept benefits, entertainment, gifts or favours in exchange for or as a condition of the exercise of their duties or as an inducement for performing an act associated with their duties or responsibilities with the CPP Investment Board; or
- (e) accept any gift to the CPP Investment Board.

#### 4.7.2 Obligations

Directors and their Associates shall:

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- (a) discourage any vendor or supplier and any potential vendor or supplier from offering inducements in contravention of this Code or these Conflict of Interest Procedures;
- (b) communicate to any vendor or supplier and any potential vendor or supplier that a sustained business relationship with the CPP Investment Board is conditional on compliance with this Code and these Conflict of Interest Procedures;
- (c) return inappropriate gifts to the donor with a copy of the Code of Conduct and Conflict of Interest Procedures for Directors; and
- (d) make enquires, if in doubt, of the Chair of the Governance Committee, the Chairperson or the Conduct Review Advisor as to whether any benefit, entertainment, gift or favour is Appropriate.

### 4.8 Trading in Securities

Section 4.2.7 of the Investment Policies prohibits or restricts trading by the CPP Investment Board in certain Securities and mandates that the issuer of those Securities be added to special sections of the Restricted List applicable to trading by the CPP Investment Board. In situations involving issuers added to the “CPP Investment Board Special Relationship Prohibited Trades” or “CPP Investment Board Insider Status Restricted Trades” sections of the Restricted List as described in such section 4.2.7, because securities laws extend possible insider trading criminal sanctions and civil liability to Directors, and to ensure that no potential liability or embarrassment in that regard might arise, the relevant issuer shall be placed on the Restricted List for Directors for the appropriate time period (as determined by the General Counsel with appropriate consultation). In circumstances where a Director holds securities of the relevant issuer at the time it is added to the “CPP Investment Board Insider Status Restricted List” section of the Restricted List, the General Counsel, with appropriate consultation, may make an exception to the foregoing for the purposes of allowing that Director to dispose of such Securities. With respect to an issuer added to the Restricted List as a “special entry” as contemplated by such section 4.2.7, such issuer shall be added to the Restricted List for Director if so specified by such special entry.

Directors must ensure that they, and those whose investment decisions they influence, direct or control, do not trade in Securities the issuer of which appears on the Restricted List for Directors. The issue of whether or not there is influence, direction or control is one of fact but can be complicated. For instance, in the ordinary course all of the following would be accounts which would be covered by this concept:

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- (a) any account where the Director participates in investment or voting decisions regardless of whether the Director has any beneficial interest therein;
- (b) accounts held by a corporation, partnership or other entity in which the Director participates in the investment or voting decisions;
- (c) accounts held in trust for the Director or a Relative of same unless the Director does not exercise investment or voting control over the account; and
- (d) accounts held by an investment club or similar entity in which the Director is a participant.

Any Director who is in doubt as to whether there is any such influence, direction or control in any particular circumstance should consult with the General Counsel.

Directors shall:

- (a) make appropriate enquiries in accordance with the **Personal Trading Guidelines for Directors** before undertaking a trade in Securities, other than a trade in Exempt Securities;
- (b) disclose all personal trading to the CPP Investment Board Third Party regularly; and
- (c) submit confirmations of their compliance with the **Personal Trading Guidelines for Directors** as they relate to trading in Securities to the CPP Investment Board Third Party and the General Counsel regularly

The **Personal Trading Guidelines for Directors** further supplement trading in Securities by Directors and will be made available to Directors upon appointment, and as they may be amended from time to time.

The definition of what is a “trade” for the purposes of this Code of Conduct and Conflict of Interest Procedures for Directors and the **Personal Trading Guidelines for Directors** is broad and includes any change in legal or beneficial ownership of Securities, including gifts and donations. Any Director in doubt as to whether or not a trade will occur as a result of a proposed action should consult in advance with the General Counsel.

### 4.9 Other Prohibited Trading

The Restricted List for Directors is a prophylactic measure designed, among other things, to protect Directors from the risk of being perceived as

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violating applicable insider trading laws or becoming subject to civil liability thereunder. Regardless, however, of whether the issuer of a Security is on the Restricted List for Directors, Directors shall not take any action, including trading on or informing others of information, in contravention of such insider trading provisions or which gives rise to civil liability thereunder. These insider trading provisions are complicated and evolving but for the most part involve trading when having knowledge, or informing others, of a material undisclosed fact or change about a reporting issuer when in, or when CPP Investment Board is in, certain specified relationships with that issuer. In light of that complexity, and with reference to the other standards applicable to Directors pursuant to this Code of Conduct (including in particular those set out in section 4.4), Directors must consult in advance with the General Counsel before undertaking any action which has any possibility of being in contravention of, or giving rise to liability under, such insider trading provisions or otherwise breaching this Code of Conduct.

### **4.10 Insider Reporting**

Directors are deemed Insiders of issuers of Securities in respect of which the CPP Investment Board is an Insider.

Under normal circumstances Directors would have independent reporting requirements in connection with their own trades of such Securities. On August 6, 2003 the Canadian securities regulators issued an order exempting Directors and Officers of the CPP Investment Board from the requirement to file insider reports in cases where they are insiders of a reporting issuer solely as a result of being a Director or Officer of the CPP Investment Board. A copy of the order is attached as Appendix B. Other situations could arise where Directors become insiders of issuers of Securities and any such possible situation should be discussed and clarified with the General Counsel.

### **4.11 Disclosure of Personal Information**

#### **4.11.1 To the General Counsel**

Directors shall, upon their appointment and regularly thereafter, provide to the General Counsel:

- (a) the names and registered office addresses of all Entities of which they serve as a director, trustee, or over which they exercise any control or have any duty with respect to investment or other major decisions;
- (b) details of any Private Economic Interest that may be relevant to public confidence and trust in the integrity, objectivity and

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impartiality of the CPP Investment Board and its Directors;  
and

- (c) an acknowledgement of their compliance with and agreement to comply with the Code, the Conflict of Interest Procedures and the **Personal Trading Guidelines for Directors**.

### 4.11.2 To the CPP Investment Board Third Party

Directors shall:

- (a) upon their appointment and semi-annually thereafter, provide to the CPP Investment Board Third Party (on a confidential basis) in respect of themselves and any Associates over which or over whose investments they exercise any influence, direction or control, or to whom they give investment advice or direction, with either:
  - (i) a list of personal trades by name of security and date of trade; or
  - (ii) a copy of brokers' statement(s) for the period.

Directors are not required to report trades in Exempt Securities.

Directors may:

- (a) include in their disclosure the trades in Securities, other than Exempt Securities, of any Associate over whom they are unsure about the extent to which they influence, direct or control investment decisions; and
- (b) declare in their disclosure that they do not influence, direct or control a particular Associate and make no further disclosure of investment activities of that Associate.

The CPP Investment Board Third Party will fulfill the CPP Investment Board Third Party's Mandate in connection with personal trading by Directors.

## 5.0 ACKNOWLEDGEMENT

Upon their appointment, and in response to regular requests from the General Counsel thereafter, Directors shall submit:

- (a) Acknowledgement and Agreement substantially in the forms of Appendix C;

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- (b) Disclosure of Directorships and Trustee Positions and Private Economic Interests substantially in the form of Appendix D; and
- (c) Such other certification or acknowledgement as may be reasonably requested from time to time.

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**APPENDIX A**

**GLOSSARY OF TERMS**

<b>Act</b>	The Canada Pension Plan Investment Board Act, 1997, c. 40, as amended 1999, c.3.
<b>Appropriate</b>	<p>Appropriate benefits, entertainment, gifts and favours, as used in section 4.7:</p> <ul style="list-style-type: none"><li>(a) are within the bounds of propriety (a normal expression of courtesy or within the normal standards of hospitality);</li><li>(b) would not bring suspicion on the Director's, Associate's, the CPP Investment Board's or, in the case of section 4.7.1(b), another relevant person's objectivity and impartiality;</li><li>(c) would not compromise the integrity of the CPP Investment Board, or in the case of section 4.7.1(b), such other relevant person's integrity;</li><li>(d) are gifts the value in each case of which is less than \$100; and</li><li>(e) are reasonable and, when taken together with all benefits, gifts, entertainments and favours from the same source, would not lead, or be reasonably perceived as leading, to a sense of obligation.</li></ul> <p>Examples include:</p> <ul style="list-style-type: none"><li>(a) business lunches;</li><li>(b) the exchange of modest items between business associates; and</li><li>(c) the presentation of small tokens or inexpensive mementos at public functions and on other occasions.</li></ul>
<b>Associate</b>	<p>An Associate of a Director is:</p> <ul style="list-style-type: none"><li>(a) a corporation of which the Director owns or controls, directly or indirectly, shares carrying more than 10% of the voting rights;</li><li>(b) a partner of the Director acting on behalf of the partnership of which they are partners;</li><li>(c) a trust or estate in which the Director has a substantial beneficial interest or in respect of which he or she serves as a trustee or in a similar capacity; or</li><li>(d) a Relative.</li></ul>

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<b>Audit Committee</b>	A Board Committee created to meet the requirements of the Act and thereby assist the Board in fulfilling certain of its financial obligations.
<b>Board</b>	The board of directors of the CPP Investment Board.
<b>Board Committee</b>	A committee of the CPP Investment Board which is comprised of Directors and operates in accordance with a Board approved terms of reference.
<b>Chairperson</b>	The Chairperson of the CPP Investment Board.
<b>Conduct Review Advisor</b>	A part-time external contact for and advisor to the CPP Investment Board's Directors, Officers and Employees, and relevant third parties, with respect to ethical issues arising under the Code of Conduct and Conflict of Interest Procedures for Directors and the Code of Conduct and Conflict of Interest Procedures for Officers and Employees on the basis contemplated therein.
<b>CPP Investment Board Assets</b>	Physical, electronic and staff resources of the CPP Investment Board, including work produced by Officers and Employees during their employment with the CPP Investment Board or to which they had access during their employment with the CPP Investment Board.



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### CPP Investment Board Information

Means:

- (a) information relating to the business and affairs of the CPP Investment Board and third parties; and
- (b) records that belong to the CPP Investment Board which are not public.

CPP Investment Board Information includes proprietary, technical, business, financial, human resources and other information.

Examples of CPP Investment Board Information include: information regarding investments under consideration or not completed, third party confidential information, “tips” which may be received improperly or with the expectation that the information be kept confidential by Directors from corporate insiders, and personal information of Directors and Officers and Employees.

CPP Investment Board Information may be received by Directors from: other Directors, Officers and Employees, or third parties.

### CPP Investment Board Third Party

A party which is at arm’s length from the CPP Investment Board and has been appointed by the CPP Investment Board to fulfill the CPP Investment Board Third Party Mandate.

### CPP Investment Board Third Party Mandate

The Mandate for the CPP Investment Board Third Party includes the responsibility to:

- (a) receive, keep secure and organize the documents sent to them;
- (b) examine all reported trades for compliance with the Code, the Conflict of Interest Procedures, and the **Personal Trading Guidelines for Directors**;
- (c) promptly report any actual or potential breach of the Code, the Conflict of Interest Procedures and the **Personal Trading Guidelines for Directors** to the Chair of the Governance Committee, or the Chairperson, as appropriate; and
- (d) report results to the Audit Committee and the Governance Committee on a semi-annual basis.

### Director

A member of the board of directors of the CPP Investment Board.

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<b>Employee</b>	Persons employed by the CPP Investment Board.
<b>Enterprise</b>	A project, undertaking or task which may be taken on and carried out by an individual, or by an association, a trust, a partnership, or a corporation. It may be for profit or not-for-profit.
<b>Entity</b>	Section 2 of the Act defines Entity as follows: “a body corporate, a trust, a partnership, a fund, an unincorporated association or organization, Her Majesty in right of Canada or of a province or an agency of Her Majesty in right of Canada or of a province and the government of a foreign country or any political subdivision or agency of the government of a foreign country”.
<b>Exempt Securities</b>	Securities which are not subject to the pre-clearance requirement pursuant to the Conflict of Interest Procedures or the Personal Trading Guidelines for Directors. A list of Exempt Securities is set out in the Personal Trading Guidelines for Directors.
<b>General Counsel</b>	The Vice President – General Counsel and Corporate Secretary of the CPP Investment Board.
<b>Guidelines</b>	Acceptable or required actions by Officers and Employees which require the President’s approval, but not the Boards’s approval.
<b>Illegal Act</b>	Any action or failure to act, which constitutes an offence under the laws in effect from time to time.
<b>Insider</b>	A person who beneficially owns or exercises control or direction over voting Securities of a reporting issuer carrying more than 10% of the voting rights attached to all outstanding voting Securities of that reporting issuer.
<b>Interest</b>	Directors have an “Interest” in a Transaction or a proposed Transaction with the CPP Investment Board if they: (a) are a party to it; (b) are a director or officer of any Entity that is a party to it; or (c) hold a Material Interest in a Transaction referred to in (a) or an Entity referred to in (b).

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### **Investment Policies**

A document that contains the investment policies that the CPP Investment Board will adhere to in managing its portfolio, and which document has been approved by the Board.

### **Material Interest**

Directors are required to make a qualitative judgement regarding a circumstance in which they have an Interest to determine whether it is a Material Interest for the purposes of the Code and the Conflict of Interest Procedures. A relevant question in making such a judgement is:

**“Would a well informed and reasonable person, knowing the CPP Investment Board’s policies and procedures, reasonably conclude that a Director’s Interest in an Entity must have influenced his or her exercise of a power or performance of a duty on behalf of the CPP Investment Board?”**

The following also constitute a Material Interest:

- (a) The Director is a Relative of the person or persons being considered for a Transaction;
- (b) The Director is a Relative of an officer or an employee of the Entity being considered for a Transaction; or
- (c) The Entity being considered for a Transaction is an Associate of the Director.

Directors shall consider the foregoing and, if necessary, consult with the Chair of the Governance Committee, the Chairperson or the Conduct Review Advisor to make their determination in all applicable circumstances. (See also definition of Private Economic Interest.)

### **Officer**

An Employee who is either the President or a Vice President.

### **Perceived Conflict of Interest**

A Perceived Conflict of Interest is deemed to exist where a well informed and reasonable person, knowing the CPP Investment Board’s policies and procedures, would reasonably conclude that a Director’s behaviour must have been influenced by his or her Private Economic Interest.

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<b>Personal Trading Guidelines for Directors</b>	Personal Trading Guidelines for Directors in Respect of Code of Conduct and Conflict of Interest Procedures for Directors and approved by the Board from time to time. This document supplements the Code in respect of personal trading for Directors and outlines procedures to enable Directors to fulfill the related compliance requirements.
<b>Policies</b>	Acceptable or required actions by Officers and Employees which require Board approval
<b>Potential Conflict of Interest</b>	A Potential Conflict of Interest exists where a Director can foresee that a Private Economic Interest may influence the exercise of his or her duties or responsibilities.
<b>President</b>	The President and Chief Executive Officer of the CPP Investment Board.
<b>Private Economic Interest</b>	A right, entitlement or benefit to a commercial or financial advantage. A Director has a Private Economic Interest where he or she has, or foresees having such a right, entitlement or benefit. (See also definition of Material Interest.)
<b>Real Conflict of Interest</b>	A Real Conflict of Interest exists where a Director has a Material Interest in a Transaction.
<b>Relative</b>	A spouse or equivalent, and any child, step-child, parent, foster parent, mother-in-law, father-in-law, grandparent, brother, sister or any other person with whom a Director ordinarily resides in the same household or who may be considered a dependent of the Director.
<b>Restricted List</b>	A confidential list of issuers of Securities maintained by the General Counsel and which shall include Securities specified in Section 4.2.7 of the Investment Policies and section 4.8 of the Code of Conduct and Conflict of Interest Procedures for Directors.
<b>Securities</b>	Shares, bonds, debentures and other evidences of indebtedness of any corporation, trust or limited partnership, including options and other rights and interests held therein

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### **Subsidiary**

The Act defines "subsidiary" as: ...a corporation that is wholly owned by the Board directly or indirectly through any number of subsidiaries each of which is wholly owned directly or indirectly by the Board.<sup>2</sup>

### **Systemic Conflict of Interest**

A Systemic Conflict of Interest exists where a Director either has or assumes executive responsibilities with an organization whose objectives and mandates may, or may be perceived by a well informed and reasonable person who knows the CPP Investment Board's policies and procedures to be in conflict with the objects of the CPP Investment Board.

### **Transaction**

Subsection 22(9) of the Act defines Transaction as including "a contract, a guarantee and an investment".

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<sup>2</sup> Act, section 2

**CODE OF CONDUCT AND CONFLICT OF INTEREST  
PROCEDURES FOR DIRECTORS**

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**APPENDIX B**

**EXEMPTION ORDER**

**IN THE MATTER OF THE SECURITIES LEGISLATION OF  
SASKATCHEWAN, BRITISH COLUMBIA, ALBERTA, QUÉBEC, ONTARIO,  
MANITOBA, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
THE CANADA PENSION PLAN INVESTMENT BOARD**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the **Decision Maker**) in each of Saskatchewan, British Columbia, Alberta, Ontario, Manitoba, Québec, Nova Scotia and Newfoundland and Labrador (the **Jurisdictions**) has received an application from the Canada Pension Plan Investment Board (**CPP Investment Board** or the **Applicant**) for a decision under the securities legislation (the **Legislation**) of the Jurisdictions that the Applicant's directors and senior officers be exempt from the Insider Reporting Requirements in cases where they are insiders of a reporting issuer solely as a result of being a director or senior officer of the Applicant;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the **System**), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS**, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 - Definitions or in Québec Commission Notice 14-101;

**AND WHEREAS** the Applicant has represented to the Decision Makers that:

(a) The CPP Investment Board was established as a corporation under the *Canada Pension Plan Investment Board Act* (the **CPP Investment Board Act**) and is governed by the CPP Investment Board Act and the Regulations made thereunder (**Regulations**). All of the share capital of the CPP Investment Board is held by the Minister of Finance of Canada (the **Minister of Finance**).

(b) The objects of the CPP Investment Board under the CPP Investment Board Act are to manage amounts that are transferred to it by the Canada Pension Plan and to invest its assets with a view to achieving a maximum rate of return,

## CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR DIRECTORS

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without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan and the ability of the Canada Pension Plan to meet its financial obligations. The CPP Investment Board does not manage any assets, other than those that are transferred to it under the Canada Pension Plan.

(c) The CPP Investment Board is the sole provider of investment management services to the Canada Pension Plan. It currently manages approximately \$14.6 billion, mostly invested in index funds, and expects to manage in excess of \$130 billion in assets by 2012.

(d) The CPP Investment Board has the capacity of a natural person and its business is managed and supervised by a board of directors (the **Board of Directors**) appointed by the Governor in Council on the recommendation of the Minister of Finance. The Board of Directors is required to establish, and has established, an audit committee and an investment committee.

(e) The CPP Investment Board provides investment management services to the Canada Pension Plan which are comparable to the services provided by "investment managers", as that term is defined in National Instrument 62-103 – Early Warning System and Related Take-Over Bid and Insider Reporting Issues (**NI 62-103**). The CPP Investment Board is not an investment manager for purposes of NI 62-103 because the CPP Investment Board is not, and is not required to be, registered as an "adviser" under the Legislation. Therefore, the CPP Investment Board is not an "eligible institutional investor" under NI 62-103.

(f) On October 25, 2002, the Decision Makers have granted a decision relieving the Applicant from (i) the requirements triggered by the acquisition of 10% or more of a class of voting or equity securities under the provisions of securities legislation listed in Appendix B of NI 62-103; (ii) the restrictions regarding further acquisitions of securities under the provisions of securities legislation listed in Appendix C of NI 62-103; and (iii) the requirement for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of a reporting issuer, in each case, as if the Applicant is an "eligible institutional investor" under NI 62-103.

(g) As the CPP Investment Board is not an "eligible institutional investor" under NI 62-103, its directors and senior officers are not entitled to the exemption from the Insider Reporting Requirements available to directors and senior officers of "eligible institutional investors" in Section 8.3 of NI 62-103. Consequently, the directors and officers of the CPP Investment Board are subject to the Insider Reporting Requirements in cases when they become insiders of a reporting issuer solely as a result of being a director or senior officer of the CPP Investment Board.

**AND WHEREAS** pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the **Decision**);

## CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR DIRECTORS

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**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers under the Legislation is that every director or senior officer of the Applicant who is an insider of a reporting issuer solely as a result of being a director or senior officer of the Applicant, who is itself an insider of the reporting issuer, is exempt from the Insider Reporting Requirements, provided that the Applicant continues to comply with, and to meet, the applicable reporting and filing requirements and other applicable conditions enumerated in NI 62-103 as if the Applicant is an "eligible institutional investor" thereunder.

**DATED** this 6<sup>th</sup> day of August, 2003.

"W. S. Wigle"

"P.K. Bates"

### **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – directors and senior officers of Government-owned investment manager who are insiders of a reporting issuer solely as a result of being directors or senior officers of the investment manager exempted from the insider reporting requirements provided that the investment manager complies with reporting and filing requirements as if it were an "eligible institutional investor" under National Instrument 62-103.

### **Applicable Ontario Statutory Provisions**

*Securities Act*, R.S.O. 1990, c.S.5, as am. ss. 107 and 121(2).



**CODE OF CONDUCT AND CONFLICT OF INTEREST  
PROCEDURES FOR DIRECTORS**

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**APPENDIX C**

Upon appointment:

**CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR  
DIRECTORS**

**ACKNOWLEDGEMENT AND AGREEMENT**

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Procedures for Directors of the CPP Investment Board (the “Code”) and the Personal Trading Guidelines for Directors (the “Guidelines”).

I AGREE to conduct myself, in my capacity as a Director of the CPP Investment Board, in accordance with the Code and the Guidelines.

I UNDERTAKE to affirm in writing, at least semi-annually during the term of my appointment, that I have read, understood and complied with the Code and the Guidelines.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
[First Name] [LastName]

\_\_\_\_\_  
Date

**CODE OF CONDUCT AND CONFLICT OF INTEREST  
PROCEDURES FOR DIRECTORS**

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Semi-annually:

**CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR  
DIRECTORS**

**To: Vice President - General Counsel and Corporate Secretary**

**ANNUAL ACKNOWLEDGEMENT AND AGREEMENT**

I ACKNOWLEDGE that I have read and understood:

- (a) the Code of Conduct and Conflict of Interest Procedures for Directors (the “Code”);  
and
- (b) the Personal Trading Guidelines for Directors (the “Guidelines”).

I CONFIRM that I have complied with the Code and the Guidelines from \_\_\_\_\_  
to \_\_\_\_\_.

I AGREE to conduct myself in accordance with the Code and the Guidelines.

\_\_\_\_\_  
[First Name] [LastName]

\_\_\_\_\_  
Date

**CODE OF CONDUCT AND CONFLICT OF INTEREST  
PROCEDURES FOR DIRECTORS**

**APPENDIX D**

<b>CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES FOR DIRECTORS</b>	
<b>To: Vice President – General Counsel and Corporate Secretary</b>	
<b>ANNUAL DISCLOSURE OF DIRECTORSHIPS AND TRUSTEE POSITIONS AND PRIVATE ECONOMIC INTERESTS</b>	
Reporting Period: _____ to _____	
Name: <u>          [First Name] [Last Name]          </u>	
A. During the Reporting Period, I held the following Directorship/Trustee Positions:	
<input type="checkbox"/> None; or	
<b>Name of Corporation/Trust</b>	<b>Position Held</b>
<b>[NTD: Update to include Associate disclosure if JB agrees to amendment at section 4.11.1.]</b>	
B. During the Reporting Period, I had the following Private Economic Interests that may be relevant to public confidence in the integrity, objectivity and impartiality of the CPP Investment Board and its Directors:	
<input type="checkbox"/> None; or	
Signature: _____	Date: _____