



CPP
INVESTMENT
BOARD

Director Compensation, Travel and Expense Policy

June 19, 2018

DIRECTOR COMPENSATION, TRAVEL AND EXPENSE POLICY

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DIRECTOR COMPENSATION, TRAVEL AND EXPENSE POLICY

1.0 DIRECTOR COMPENSATION

1.1 Overview

Subsection 10(10) of the **Act** provides as follows:

A Director is entitled to receive from the Board such remuneration and benefits as may be fixed by the by-laws, which remuneration and benefits shall be fixed having regard to the remuneration and benefits received by persons having similar responsibilities and engaged in similar activities.

On November 9, 2017, the Board approved, effective April 1, 2018, By-law No. 2, a by-law to establish the remuneration of Directors, a copy of which is attached as Appendix A.

2.0 DIRECTOR TRAVEL AND EXPENSE POLICY

2.1 Objective

The objective of this policy is to establish the procedures by which the CPP Investment Board (“CPPIB”) will reimburse reasonable travel and related expenses of Directors incurred in the course of carrying out their activities related to CPPIB.

2.2 Approach

Directors shall exercise good judgement and act prudently when incurring expenses for the account of CPPIB. The applicable provisions of the Code of Conduct shall apply.

Travel on CPPIB business should be managed in a cost effective manner while maintaining high safety and reasonable comfort and taking into account the other professional and personal demands on individual Directors.

2.3 Air Travel

- (a) Business class airfare will be reimbursed;
- (b) Directors will be eligible for reimbursement of the air fare and other transportation costs actually incurred to attend a given event or meeting which they are required to attend, but not exceeding such costs between their Canadian place of permanent

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residence and the location of such event or meeting unless the prior written consent of the Chair (who shall notify the Chair of the Governance Committee that such consent has been granted) in respect of that event or meeting has been obtained; and

- (c) CPPIB will pay for the use of a private automobile to and from either office or home to an airport and return.

2.4 Ground Transportation

- (a) CPPIB will reimburse expenses for transportation required between airports, event or meeting locations and hotels;
- (b) Car rental at destination required primarily for the purpose of CPPIB business may also be reimbursed;
- (c) CPPIB will provide an allowance to Directors for the use of a personal vehicle for business purposes at CPPIB's approved rate which is the Canada Revenue Agency's prescribed rate as amended from time to time; and
- (d) CPPIB will reimburse parking expenses incurred while carrying out duties while on travel status, including airports, hotels or event or meeting locations.

2.5 Accommodation

- (a) Where an overnight stay is necessary, reasonable out-of-pocket accommodation expenses will be reimbursed. Directors are encouraged to stay in hotels with which CPPIB has negotiated a corporate rate; and
- (b) Reasonable valet and telephone charges will be paid by CPPIB.

2.6 Meals

- (a) CPPIB will reimburse Directors for reasonable and appropriate expenses relating to meals while travelling or engaged on CPPIB business. Itemized receipts must be provided for meal expense reimbursement.
- (b) Without receipts, meal expenses may be claimed as follows:
 - Breakfast \$10.00
 - Lunch \$15.00
 - Dinner \$20.00
 - Daily total \$45.00

2.7 Telephone

CPPIB will reimburse Directors for CPPIB business calls incurred and for reasonable personal calls incurred while traveling or engaged on CPPIB business.

2.8 Miscellaneous

- (a) Directors may be reimbursed for other reasonable expenses they incur in the course of carrying out their duties (examples: periodic conference or course attendance). Approval by the Chairperson (and the Chair of the Governance Committee in the case of the Chairperson) for significant or unusual expenses should be obtained prior to incurring them.
- (b) Directors may be reimbursed for reasonable tips and goods and services or other sales tax related to reimbursable expenses.

2.9 Reimbursement of Expenses

- (a) Expense claims should be submitted in a timely manner. A claim form is attached as Appendix B for your use;
- (b) A quarterly summary of each Director's expenses, prepared by Management, will be reviewed by the Chairperson;
- (c) An annual summary of the Chairperson's expenses, prepared by Management, will be reviewed by the Chair of the Audit Committee;
- (d) Detailed receipts (not just credit card receipts or statements) are to be attached to the claims; and
- (e) Claims must be dated and signed by the claimant.

APPENDIX A

Amended By- Law No. 2

a by-law to establish the
remuneration of the directors of

CANADA PENSION PLAN INVESTMENT BOARD

Whereas By-Law No. 2 dated November 11, 2015, with effect as of April 1, 2016, establishes the remuneration of Directors, and the Board of Directors has determined that it wishes to amend such By-Law;

With effect as of April 1, 2018, By-Law No. 2 shall be amended and restated as set out below:

1. Definitions - All terms used but not defined in this amended and restated By-Law (this "By-Law") shall have the meanings ascribed thereto by By-Law No. 1.
2. Directors' Remuneration - In accordance with subsection 10(10) of the Act, each member of the Board of Directors (a "Director") other than the Chairperson shall receive as remuneration during each fiscal year of the Investment Board, the aggregate of the following amounts:
 - (a) an annual retainer of \$70,000;
 - (b) an annual retainer of \$25,000 for each committee of the Board of Directors of which a Director is the Chair;
 - (c) except as provided in section 2(d) below, a fee of \$2,000 for each meeting of the Board of Directors or of any of the standing or ad hoc committees of the Board of Directors or any formal orientation meeting attended by a Director;
 - (d) a fee of \$1,000 for each teleconference meeting of the Board of Directors or any of its standing or ad hoc committees or any formal orientation meeting attended by a Director; and
 - (e) the travel and other allowances set out in paragraph 4.
3. Chairperson's Remuneration - In accordance with subsection 12(5) of the Act, a Director appointed as Chairperson shall receive as remuneration during each fiscal year of the Investment Board the aggregate of the following amounts:
 - (a) an annual retainer of \$245,000;

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- (b) except as provided in section 3 (c) below, a fee of \$2,000 for each meeting of any ad hoc committee of the Board of Directors or any formal orientation meeting attended by the Chairperson;
 - (c) a fee of \$1,000 for each teleconference meeting of any ad hoc committee of the Board of Directors or any formal orientation meeting attended by the Chairperson; and
 - (d) the travel and other allowances set out in paragraph 4.
4. Travel and Other Allowances – Each Director shall receive during each fiscal year the aggregate of the following amounts, as applicable:

- (a) a travel time allowance for each occasion when travel to attend a meeting of the Board of Directors or any of its standing or ad hoc committees or any formal orientation meeting is required by the Director, based upon the time taken to travel between the Director's residence and the location of the meeting (ordinarily being the head office of the Investment Board), as follows:

| One-way travel time | Fee (per meeting) |
|----------------------------|--------------------------|
| Between 1 and 3.5 hours | \$500 |
| Between 3.5 and 6.5 hours | \$1,500 |
| Greater than 6.5 hours | \$2,500 |

- (b) in relation to public meetings held by the Investment Board in accordance with subsection 52(1) of the Act, a fee of \$2,000 for each such meeting chaired by the Director and a fee of \$1,000 for each such meeting attended by the Director, and a travel time allowance set out in section 4 (a) in conjunction therewith; and
 - (c) an annual allowance of \$20,000 if the Director resides outside Canada to address the additional overall travel time and complexities associated with residing outside Canada and serving as a Director.
5. Timing of Payment - The annual retainers and fees contemplated by paragraphs 2, 3 and 4 of this By-Law shall be paid quarterly in arrears or on such other basis as the Board of Directors may determine from time to time.

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6. Amendment - Subject to the provisions of the Act, this By-Law may be amended or repealed at any time by the Board of Directors and such amendment or repeal shall be effective as soon as it is approved by the Board of Directors or on such later date as may be determined by the Board of Directors.
7. Effective Date - This Amended By-Law shall come into force on April 1, 2018. Prior to such time By-Law No. 2 shall remain in force unamended, except as otherwise determined by the Board of Directors.

IN WITNESS WHEREOF this By-Law No. 2 was duly passed at a meeting of the Board of Directors on November 9, 2017.

DATED November 9, 2017



Chairperson

APPENDIX B
SAMPLE EXPENSE CLAIM FORM

| | |
|--|-------------------------------|
|  <h2 style="margin: 0;">Expense Claim Form</h2> | |
| Director's Name: | |
| Date of Expense Report: | |
| Meeting(s) Attended: | |
| Date of Meeting(s): | |
| Expense Details ¹ | Total Expense (Cdn \$) |
| Transportation | |
| Air | |
| Train | |
| Taxi | |
| Parking | |
| Mileage | km x \$0.54/km = |
| Accommodation | |
| Meals | |
| Miscellaneous | |
| Total To Be Reimbursed: | |
| ¹ attach receipts where applicable | |
| Signature of Claimant | Approved By |