



CPP
INVESTMENT
BOARD

PROCUREMENT POLICY

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PROCUREMENT POLICY

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1.0 Introduction and Background

The CPP Investment Board is a corporation established by the Canada Pension Plan Investment Board Act (the “Act”). Its objects are to:

1. assist the Canada Pension Plan in meeting its obligations to contributors and beneficiaries under the CPP;
2. manage assets transferred to it by the CPP in the best interests of the contributors and beneficiaries under the CPP; and
3. invest its assets with a view to achieving a maximum rate of return without undue risk of loss having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

The Act prohibits the CPP Investment Board from carrying on any business or activity or exercising any power that is inconsistent with its objects or that it is restricted by the Act from carrying on or exercising, and provides that it shall not exercise any of its powers in a manner which is contrary to the Act.

The CPP Investment Board sets its own principles, policies and procedures in respect of the procurement of goods and services through appropriate Policies and Management Authorities. This Procurement Policy and the related Management Authorities are applicable to all aspects of the CPP Investment Board’s business and supplement other Policies and Management Authorities.

Policies are approved by the Board or a Board Committee and Management Authorities are approved by the President.

Capitalized terms used are defined in this document or in the Glossary which is attached as Schedule A.

2.0 Principles

The CPP Investment Board recognizes the following principles:

1. The CPP Investment Board believes that, in many cases, procurement of goods and services from more than a single supplier is preferable to single sourcing; and
2. The CPP Investment Board believes that, where more than one viable source for goods or services exists and where conditions permit, competition among suppliers can produce a more favourable result for the purchaser of the goods or services.

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3.0 Policy

In procuring goods or services to fulfill its mandate the CPP Investment Board will:

1. qualify and select suppliers on a reasoned basis which appropriately balances the considerations relevant to a decision such as nature of goods or services being procured, timeframe for selection, universe of potential suppliers, past procurement experience, available information about potential suppliers, likely price variations etc., acting at all times in accordance with the parameters of its mandate.
2. select the supplier by way of:
 - (a) directed source selection; or
 - (b) request for proposal; or
 - (c) request for quotation.

The Management Authorities – Procurement provide further guidance on these selection processes.

When using directed source selection Management shall ensure that it undertakes appropriate due diligence and selection processes.

When using a request for proposal or a request for quotation, Management will qualify the supplier through a competitive process, which process may be open to all suppliers, open to pre-qualified suppliers, or to a combination thereof¹.

3. perform sufficient and appropriate due diligence in accordance with the Management Authorities – Procurement;
4. enter into an appropriate written agreement with the supplier of goods or services which may include:
 - (a) a statement of work or requirements which describes:
 - (i) the goods or services to be provided (including scope, quantity and quality);
 - (ii) the individual(s) responsible (where applicable) for delivering the goods or services;
 - (iii) the objectives to be attained (where applicable); and

¹ Requests for Requests for Proposals (or equivalent process) may be open to all suppliers. The responses are then used to pre-qualify suppliers for the request for proposal process.

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- (iv) the time frame for completion or delivery (where applicable);
- (b) the price (including, where appropriate, fees and expenses) agreed to;
- (c) the billing and receipt requirements;
- (d) where appropriate, details of the CPP Investment Board's operational and policy constraints (for example Authorities Policy and general confidentiality expectations); and
- (e) other applicable terms considered appropriate in the circumstance.

Management will conduct itself in each procurement in accordance with other applicable Policies and Management Authorities.

4.0 Compliance and Reporting Responsibilities

4.1 Compliance

Employees are required to comply with the Procurement Policy and Guidelines. Each Senior Vice President is responsible for ensuring that Employees with his or her department comply with the Procurement Policy and Management Authorities – Procurement.

4.2 Reporting

The COO will report on compliance with this Procurement Policy and the Management Authorities – Procurement through internal control reports to the Audit Committee not less frequently than annually.

SCHEDULE A

GLOSSARY OF TERMS

Authorities Policy	A policy that articulates appropriate authorities in connection with the management and investment of the assets of the CPP Investment Board, and in the approval of Expenditures required to fulfill its mandate
Board	The board of directors of the CPP Investment Board
Board Committee	A committee of the Board that operates in accordance with Board approved terms of reference
COO	The Chief Operations Officer of the CPP Investment Board
CPP	Canada Pension Plan
CPP Investment Board	Canada Pension Plan Investment Board
Employee(s)	Person(s) employed by the CPP Investment Board
Management	Officers designated by the Board from time to time
Management Authorities	Acceptable or required actions by Officers and Employees which require President's approval, but not Board approval
Officers	Employees who are either the President, a Senior Vice President or the Chief Operations Officer
Policies	Acceptable or required actions by Officers and Employees which require Board approval
President	The President and Chief Executive Officer of the CPP Investment Board