

chapter C-2, r.4

**Internal by-law of Caisse de dépôt et placement du Québec**

**An Act respecting the Caisse de dépôt et placement du Québec**

(chapter C-2, ss. 3, 15.2, 23 (par. a.), 41 and 42)

**DIVISION I**

**DEFINITIONS**

1. In this Regulation, unless the context indicates otherwise:
  - (a) "Fund"; means the Caisse de dépôt et placement du Québec;
  - (b) "Act"means the Act respecting the Caisse de dépôt et placement du Québec (chapter C-2);
  - (c) "closing"means of the last day of a fiscal period;
  - (d) "deposit"means all moneys deposited with the Fund under an Act;
  - (e) "fiscal period" means the period corresponding to the months in the calendar year, in as much as the general fund, the individual funds and the segregated funds are concerned, and to the periods defined in the accounting policy established for each case, in as much as the specific portfolios are concerned;
  - (f) "clear day" means any working day other than that on which a notice is sent or a meeting of the board of directors is held;
  - (g) "working day" means any day other than Saturday, Sunday or holidays;
  - (h) "members" or "members of the board" means members of the board of directors having the right to vote;
  - (i) "opening": the first day of a fiscal period;
  - (j) "board committees" means the audit committee, human resources committee, governance and ethics committee, risk management committee and any other committee established by the board of directors under section 13.5 of the Act.

R.R.Q., 1981, c. C-2, r. 2, s. 1; O.C. 3569-81, s. 1; O.C. 2505-82, s. 1; O.C. 1869-87, s. 1; O.C. 32-88, s. 1; O.C. 1414-2000, s. 1; BD.2006-11; BD 2011-12-12, s. 1.

## **DIVISION II**

### **HEAD OFFICE**

**2.** The Fund may maintain offices in such places as the board of directors may determine.

R.R.Q., 1981, c. C-2, r. 2, s. 2; O.C. 1414-2000, s. 2; BD. 2011-12-12, s. 2.

## **DIVISION III**

### **SEAL**

**3.** The seal, an impression of which appears hereon, is the seal of the Fund.

R.R.Q., 1981, c. C-2, r. 2, s. 3; BD. 2011-12-12, s.3.

## **DIVISION IV**

### **BOARD OF DIRECTORS**

**4.** The board of directors meets as often as the interests of the Fund may require but at least once every 2 months, at the head office or at any other place in Québec fixed by a notice of meeting.

R.R.Q., 1981, c. C-2, r. 2, s. 4; BD. 2011-12-12, s. 4.

**5.** The board of directors is convened by the chair of the board of directors or, in the case provided for in section 5.9 of the Act, by the substitute appointed in accordance with this section.

R.R.Q., 1981, c. C-2, r. 2, s. 5; BD. 2006-11; BD. 2011-12-12, s. 5.

**6.** The chair of the board of directors shall call a meeting upon written request of 4 members. Should the chair fail to comply with their request within 48 hours following its receipt, the petitioners may themselves call such meeting.

R.R.Q., 1981, c. C-2, r. 2, s. 6; BD. 2011-12—12, s. 6.

**7.** A notice of meeting of the board of directors shall be given in writing and sent by mail, fax or email to the last given civic or email address of the members at least 3 clear days before the meeting is to be held. Notwithstanding the foregoing provisions, the chair of the board of directors or the substitute appointed under section 5.9 of the Act may, in case of emergency, call a meeting of the board of directors by any method of telecommunications. In such cases, a notice of only 3 hours shall apply.

R.R.Q., 1981, c. C-2, r. 2, s. 7; O.C. 1414-2000, s. 3; BD. 2006-11; BD. 2011-12-12, s. 7.

**8.** A meeting of the board of directors may be postponed until a later time or date by simply notifying members verbally or otherwise prior to the meeting.

A meeting of the board of directors may be adjourned to a later time the same day or to another day; no further notice of meeting is necessary if the date, time and location of the adjourned meeting are announced at the original meeting.

R.R.Q., 1981, c. C-2, r. 2, s. 8; BD. 2006-11; BD. 2011-12-12, s. 8.

**9.** A director may waive the notice of meeting in writing, before or after the meeting; his attendance at the meeting is a waiver of notice of the meeting. A meeting may be held without prior notice if all members are present or waive this notice.

R.R.Q., 1981, c. C-2, r. 2, s. 9; BD. 2006-11; BD. 2011-12-12, s. 9.

**10.** A majority of members must be present to form a quorum of the board of directors.

Members may take part in a meeting of the board of directors by means of any telephonic, electronic or other facility that allows the members to communicate adequately with each other.

R.R.Q., 1981, c. C-2, r. 2, s. 10; BD. 2006-11; BD. 2011-12-12, s. 10.

**11.** The agenda of a meeting of the board of directors is set by the chair of the board of directors or the substitute appointed under section 5.9 of the Act and submitted at the beginning of each meeting to the members who may make changes in it before it is adopted.

R.R.Q., 1981, c. C-2, r. 2, s. 11; BD. 2006-11; BD. 2011-12-12, s. 11.

**12.** A meeting of the board of directors is presided over by the chair or, in his absence, by the substitute appointed under section 5.9 of the Act. If both are absent, the members present elect from among themselves a chair of the meeting. The chair of the meeting ensures that it is conducted smoothly and runs every aspect of the proceedings.

R.R.Q., 1981, c. C-2, r. 2, s. 12; BD. 2006-11; BD. 2011-12-12, s. 12.

**13.** The records of the deliberations of a meeting of the board of directors are approved at the following meeting. All records of the deliberations are signed by the chair of the meeting at which they are adopted and are countersigned by the secretary.

The records of the deliberations indicates the members who participated in the meeting, either in person or by the use of any other means provided in section 10, and it contains a summary of the deliberations of the board of directors, and, on the request of a member, the remarks that such member asks to have entered. It also mentions dissents or abstentions by members who are present or attending by the use of any means provided for in section 10 from a vote taken verbally, by a show of hands, by fax or by any other means.

R.R.Q., 1981, c. C-2, r. 2, s. 13; O.C. 1414-2000, s. 4; BD. 2006-11; BD. 2011-12-12, s. 13.

**14.** Decisions of the board of directors are made by resolution by majority vote of the members present; in the event of a tie vote, the chair shall have a casting vote. The chair of the board of directors or the substitute appointed under section 5.9 of the Act may exercise his right to a casting vote.

The vote is taken verbally, by a show of hands, by fax or by any other means agreed on in advance, or, on the request of a member, by secret ballot.

Unless a vote by secret ballot is requested, the declaration by the chair of the meeting that a resolution has been adopted unanimously or by a majority or has not been adopted constitutes *prima facie* evidence of the adoption or rejection of such resolution without there being any need to prove the number or proportion of the votes recorded.

R.R.Q., 1981, c. C-2, r. 2, s. 14; BD. 2006-11; BD. 2011-12-12, s. 14.

**15.** A resolution signed by all the members is as valid as if it had been passed at a meeting of the board of directors; a copy of such resolution shall be kept with the records of the deliberations of the board of directors.

BD. 2006-11; BD. 2011-12-12, s. 15.

**16.** A member may not take part in the deliberations about or vote on any issue in which he has an interest.

He may be counted, however, for the purposes of calculating the majority of members mentioned in section 10 of this Regulation.

In the event of an objection, the board of directors shall decide if the member has an interest and this member shall not be entitled to vote on the matter.

BD. 2006-11; BD. 2011-12-12, s. 16.

**17.** A member has the right to obtain verbally or in writing, at any time, the information he may require to perform his functions, through the chair of the board of directors, the president and chief executive officer or the secretary.

BD. 2006-11; BD. 2011-12-12, s. 17.

## DIVISION V

### BOARD COMMITTEES

**18.** A board committee may make any report or any recommendation it considers appropriate on matters that concern it.

BD. 2006-11; BD. 2011-12-12, s. 18.

**19.** The records of the deliberations of a board committee are sent to the board of directors.

BD. 2006-11; BD. 2011-12-12, s. 19.

**20.** A majority of members must be present to form a quorum of a board committee.

However, when a majority of members is not obtained, the committee chair, with the consent of the chair of the board, may appoint a member to allow a majority of members to be reached. The appointment is valid for that meeting only. It is reported at the next meeting of the board of directors.

BD. 2006-11; BD. 2011-12-12, s. 20.

**21.** The chair of a board committee is chosen by the board of directors from among the members of that committee. If the chair of the board committee is absent, the members present may appoint one of the committee members to chair the meeting.

BD. 2006-11; BD. 2011-12-12, s. 21.

**22.** Sections 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17 of this Regulation apply to board committee meetings after making the necessary modifications.

BD. 2006-11; BD. 2011-12-12, s. 22.

## **DIVISION VI**

### **STAFF OF THE FUND**

**23.** The standards and scales of remuneration and other working conditions of the officers and other employees of the Fund and of its wholly-owned subsidiaries shall be determined by the board of directors in accordance with Schedule A, which is an integral part of this Regulation.

R.R.Q., 1981, c. C-2, r. 2, s. 21; O.C. 1340-96, s. 7; BD. 2006-11; BD. 2011-12-12, s. 23.

**24.** The remuneration of the officers and other employees of the Fund shall be adjusted by the board of directors in accordance with the standards and scales provided in section 23. More specifically, as regards the variable remuneration plan and the long-term remuneration plan, the board of directors shall set the targets to be achieved, study the annual results and, if applicable, approve the distribution of the sums generated.

O.C. 1340-96, s. 8; BD. 2006-11; BD. 2011-12-12, s. 24.

**25.** Section 15 of the Act is added to the list of sections stipulated in the second paragraph of section 37.1 of the Act. It shall be applied by the board of directors of the Fund, taking this division into account and making the necessary adaptations thereto.

O.C. 1340-96, s. 10; BD. 2011-12-12, s. 25.

**26.** Any officer must, in the performance of his functions, make decisions independently of any partisan political considerations.

Any officer or other employee must demonstrate political neutrality in the performance of his functions.

Any officer or other employee must show reserve in the public demonstration of his political opinions.

Any officer or other employee of the Fund wishing to be a candidate in a federal, provincial or municipal election must give prior notice of his intent to do so in a letter of resignation which would take effect, should the need arise, the day he is officially proclaimed elected. Between the date he hands in his resignation and either his official election or his return to work as provided for below, he shall be considered as being on leave without pay. He is entitled to return to his post the day after nomination

day if he is not a candidate or on the eighth day following the date on which a person other than himself is proclaimed elected in the election.

Nothing in this Regulation states that an officer or another employee, who is member of a political party, shall not attend a political meeting or make a contribution, in accordance with the law, to a political party, to a political party authority or to a candidate in an election.

Officers and other employees of the Fund are not required to divulge their political allegiance and their personal record shall contain no indication as to their allegiance except when required for the enforcement of this section.

R.R.Q., 1981, c. C-2, r. 2, s. 24; BD. 2011-08; BD. 2011-12-12, s. 26.

## DIVISION VII

### ADMINISTRATION OF THE FUND

**27.** The members, employees and officers of the Fund are not liable for any damages or losses sustained by the Fund owing to their decisions, acts or omissions, unless such damages or losses result from a grievous and intentional offence.

The Fund shall indemnify and hold them harmless against all costs, charges and expenses incurred and against all losses and damages sustained by them owing to any action, lawsuit or proceeding brought against them or for any other case arising from any act done in the performance of their functions, unless such member, employee or officer is charged with a criminal act or a grievous and intentional offence, in which case the Fund reserves all rights or recourse against such member, employee or officer, and it does not undertake to assume the costs of his defence. The Fund may decide to assume the costs of the defence of a member, employee or officer for the duration of the proceedings. If the member, employee or officer of the Fund is found guilty or liable for the offences, the Fund reserves all rights or recourse against him.

BD. 2006-11; BD. 2011-12-12, s. 27.

**28.** The Fund undertakes to indemnify, in the manner stated in section 27 of this Regulation, any member, employee or officer who acts at its request as director for a legal person of which it is a shareholder or creditor, or for a subsidiary or affiliated company of such legal person, or acts as a member of any management, supervisory or other committee or arm of the Fund.

BD. 2006-11; BD. 2011-12-12, s. 28.

**29.** As part of his management responsibilities provided in section 5.12 of the Act, the president and chief executive officer may recommend that the board of directors adopt administrative policies concerning internal control, optimization of resources, compliance and integrated risk management.

BD. 2006-11; BD. 2011-12-12, s. 29.

**30.** The secretary must serve all notices of meetings of the board of directors. He must draw up and retain the records of the deliberations of the meetings of the board of directors, keep the records and registers prescribed by the president and chief

executive officer and keep the documents which may be entrusted to him by the board of directors. He is responsible for safekeeping of the seal of the Fund.

Any of the secretary's duties may be performed by an assistant secretary appointed by the board of directors.

R.R.Q., 1981, c. C-2, r. 2, s. 28; BD. 2006-11; BD. 2011-12-12, s. 30.

## **DIVISION VIII**

### SPECIALIZED ENTITIES

O.C. 1414-2000, s. 6; BD. 2011-12-12.

**31.** Sections 24 to 36.2 of the Act do not apply to the principal activities of the legal persons referred to in subparagraphs g and h of the first paragraph of section 37.1 of the Act.

O.C. 1414-2000, s. 6; BD. 2011-12-12, s. 31.

## **DIVISION IX**

### DELEGATION OF AUTHORITY

**32.** Upon the recommendation of the president and chief executive officer, the board of directors appoints the persons who are authorized to act and to sign all deeds or documents on behalf of the Fund. The board of directors may determine the conditions under which the mandate of such persons may be exercised.

R.R.Q., 1981, c. C-2, r. 2, s. 30; BD. 2006-11; BD. 2011-12-12, s. 32.

## **DIVISION X**

### REPORTS

**33.** Every month, the Fund provides its depositors with a statement of their account of demand deposits, their term deposits, and the number of units of participation they hold in each fund.

At the same time, the Fund shall also provide them with a statement of the assets of their respective funds.

The Fund also provides any other financial information that may be mentioned in any Service Agreement entered into with a depositor, according to the frequency provided in this Service Agreement.

R.R.Q., 1981, c. C-2, r. 2, s. 49; O.C. 1414-2000, s. 19; BD. 2006-11; BD. 2011-12-12, s. 33.

## **DIVISION XI**

### **MISCELLANEOUS PROVISIONS**

**34.** Any information requested by the Minister of Finance pursuant to section 49 of the Act may only be officially communicated to him by the president and chief executive officer.

R.R.Q., 1981, c. C-2, r. 2, s. 51; BD. 2006-11; BD. 2011-12-12, s. 34.

**35.** For purposes of ensuring that section 41 of the Act is observed, once a year, on the recommendation of the governance and ethics committee, the board of directors reviews and approves the rules of ethics and professional conduct for officers and employees relating in particular to the loyalty, honesty and integrity of employees and officers, compliance with legislation and regulations, confidentiality of information obtained in the performance of their duties, conflicts or interest and personal transactions.

R.R.Q., 1981, c. C-2, r. 2, s. 52; BD. 2006-11; 2011-12-12, s. 35.

## **SCHEDULE A**

(s. 23)

### METHOD OF ESTABLISHING STANDARDS AND SCALES OF REMUNERATION AND OTHER WORKING CONDITIONS

1. The remuneration and other working conditions of the officers and other employees of the Fund shall be adjusted annually or on a spot basis according to the provisions of this Schedule.

2. The remuneration and other working conditions of the officers and other employees of the Fund shall fall between the base level corresponding to the conditions in force at the time of adoption of this Regulation, as approved by C.T. 184152 dated November 16, 1993, and the maximum level, which must fall within the upper decile of the reference market. However, for non investment duties, the total remuneration must be within the third quartile of the reference market.

The remuneration and other working conditions of the President an Chief Executive Officer of the Caisse must be between the median and third quartile (75<sup>th</sup> percentile) of the reference market, depending on whether the performance of the Caisse is average or superior.

3. For the purposes of this Schedule, the reference market for non investment duties shall be Québec and includes namely duties in the public sector.

For investment duties, the reference market shall be the Canadian institutional investment market; reference may however be made to the North American institutional investment market for those duties related to foreign or international markets such as managers or analysts of foreign stocks or bonds, as well as any products or securities traded on foreign and international markets and their derivatives, such as foreign currencies and commodities and for the assignments such as the responsibility of portfolios including such securities or products or the responsibility of deciding asset mix between foreign markets.

The reference market shall include a representative sample of entities such as institutions, insurance companies, trust companies, pension funds, investment advisers, brokerage firms and funds or other similar industries managers.

For the purposes of this Schedule, the reference market for the position of President and Chief Executive Officer of the Caisse is that of the major Canadian pension funds.

4. The data reflecting the reference market profile shall be computed by means of an annual or spot survey, conducted by a recognized firm, administered and analyzed according to a methodology and rules generally recognized in this field.

5. Adjustments to the remuneration of the officers and other employees of the Fund shall not exceed, for each officer or employee, except in the case of a promotion in accordance with the rules in force, the amount equivalent to the total remuneration observed for a matching job in the reference market.

6. The total payroll generated shall not exceed 100 % of the midpoint of the salary scales developed in accordance with section 2 above.

R.R.Q. 1981, c. C-2, r. 2, Sch. A; O.C. 980-85, s. 1; O.C. 663-88, s. 1; O.C. 578-89, s. 1; O.C. 359-90, s. 1; O.C. 437-92, s. 1; O.C. 330-94, s. 1; O.C. 1340-96, s. 15.; D. 458-2006; BD. 2011-12-12, Sch. A.

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