



2016/2017 Annual Report

Governance and Financial Update

ICPM achieved an historic milestone in 2016 — signing a new partnership agreement with the Rotman School of Management and transitioning into an independent, not-for-profit organization.

September 2017



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The **International Centre for Pension Management (ICPM)** is a global, research-based network of pension delivery organizations that stimulates leading-edge thinking and practice about pension design and management. ICPM brings together an influential community of pension industry professionals to share knowledge and interact with academic researchers pursuing pension-related research.

ICPM organizes interactive Discussion Forums involving practitioners and researchers, and provides funding for objective and transformative research to support effective management and innovation in pension and investment organizations. With its partner, the Rotman School of Management at the University of Toronto, ICPM is proud to offer a highly respected pension governance education program – the Board Effectiveness Program – for board members of international pension and long-horizon investment institutions.

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2016/2017 Highlights



39 Research Partners from **12** countries

- ✓ **Global network expands in key geographic areas**, including Chile, US, and Australia
- ✓ Second annual Research Partner (RP) Satisfaction Survey **results show major strides**:
 - 97% of RPs agree **ICPM stimulates leading-edge, global thinking** and practice about pension design and management (90% in 2016)
 - 79% of RPs perceive **ICPM provides innovative research**, up significantly from 51% in 2016
- ✓ ICPM team expands with **newly-created roles**: Communications Associate focuses on Research Partner services and engagement, and Associate Director of Research strengthens key pension research initiatives
- ✓ Audit and Governance Committee develops its **new Governance Handbook and Financial Policies**
- ✓ **Funding awarded** for two research papers in early 2017
- ✓ **Operating surplus** of \$49,671 keeps ICPM on solid footing



Discussion Forum

- Events held in Boston and Montreal in 2016. Following each event, two new Research Partners joined ICPM. We are grateful to our co-hosts in Boston, the Center for Retirement Research at Boston College, and in Montreal, the Caisse de dépôt et placement du Québec.
- More than 170 global pension leaders, academics and think-tank representatives gathered to connect with peers.
- Forums will be held in Toronto and Amsterdam in 2017, and Toronto and Chile in 2018



Board Effectiveness Program (BEP)

- A unique global governance program designed exclusively for board members and trustees of pension funds and long-horizon investment firms
- Organized by ICPM and the Rotman School of Management at the University of Toronto
- Two offerings in 2016/2017 attracted 43 pension board members and executives from 8 countries
- 269 participants representing 81 organizations from 14 countries in 10 programs since 2011

Upcoming Discussion Forums



Amsterdam, Netherlands – Oct. 15-17, 2017
We're delighted to partner with Dutch think-tank Netspar. Register online at:
icpmnetwork.com/discussion-forums



Toronto, Canada – June 10-12, 2018



Santiago, Chile – October 22-24, 2018

Board Effectiveness Program

Accepting applications at:
www.icpmnetwork.com/BEPApplications
BEP 11: Nov. 27 – Dec. 1, 2017



Only real way to meet our global peers, efficiently!



ICPM Satisfaction Survey, 2017

Let us know what you think

This condensed *Annual Report* focuses on ICPM's financial results and governance activities, and follows the *Year In Review* published in April that reviewed ICPM's research program, RP services and communications. Give us your feedback: icpm@icpmnetwork.com.

Message from the Chair



The partnership between ICPM and the Rotman School of Management continues to exemplify our shared commitment to pension research excellence, as we bring together renowned academics and pension sector leaders.



Barbara Zvan
Chair of the Board

ICPM Builds a Strong Foundation

When the Board re-evaluated and refreshed ICPM in 2015, we established a five-year vision and asked ourselves, "What did we want our organization to look like in 2020?" ICPM will be a strong global network, providing support through networking opportunities, relevant research and access to leading pension experts. To achieve this, we knew we needed to take the time to build a strong foundation. Now at the mid-point of our five-year strategy, we are reviewing our progress and assessing future needs to meet or exceed the goals we set for 2020.

Growing ICPM Globally

New Research Partner communications and outreach efforts introduced in 2016 are paying dividends and expanding ICPM's global footprint. We're delighted to welcome new Research Partners to our network: AAFP Chile, AFP Habitat, PEW and UniSuper joined in 2016. And this spring, Oregon Investment Council and New York State Teachers' Retirement System were also approved as RPs for 2017/18.

One of ICPM's focus areas is growth in key strategic regions, which includes strengthening the network base in the U.S., as well as building a presence in South America. Welcoming these six new Research Partners is an important step in reaching those 2020 goals and provides momentum for further expansion into Latin America and the Asia-Pacific region.

Strengthening the Rotman Partnership

ICPM reached an historic milestone in July 2016, when we signed a new partnership agreement with the Rotman School of Management and transitioned into an independent not-for-profit organization. With continued ties to Rotman, this partnership remains instrumental in growing the organization.

Rotman's academics are invaluable in supporting ICPM's research initiatives, which strive to produce relevant research for the international pension sector and investment community. We're especially proud to welcome Mike Simutin, Associate Professor of Finance at the Rotman School of Management, who formally joins ICPM in September 2017 as the Associate Director of Research, a newly-created position to bolster our mandate to be a global pension research centre. Mike will work closely with Executive Director Rob Bauer and the Research Committee Co-Chair, Onno Steenbeek.

We also cooperate closely on our two signature ICPM events – Discussion Forums and the Board Effectiveness Program – to deliver sought-after board governance acumen, networking opportunities and professional education.

Board Committees Focus on Key Strategies

In 2015, ICPM formed two Board committees to focus on key strategic areas, including our governance framework: the Research Partner Committee and the Audit and Governance Committee. Both have been instrumental to our growth and in implementing association management best practices over the last year.

The Research Partner Committee has introduced a formal RP approval process to efficiently identify, review and welcome new Research Partners to the network. The committee continues to review the services ICPM provides, and plans to introduce new services available exclusively to Research Partners in Fall 2017.

The Audit and Governance Committee continues its financial oversight and is completing an ambitious Policy Review that has already resulted in the adoption of a new Governance Handbook and Financial Policies in March 2017. The Review will be completed later this year once non-financial policies are approved.

Thank you to all of the Board members and RPs who serve on committees and working groups for their dedication this year. The time and expertise each of them invests in ICPM is a testament to the vibrancy of our global network.

Barbara Zvan
Chair, ICPM Board of Directors
Chief Risk & Strategy Officer
Ontario Teachers' Pension Plan (Canada)



Mike is a gifted finance scholar and superb teacher, and we're thrilled he will bring his insight and pension expertise to his new role as Associate Director of Research with ICPM.



Tiff Macklem
Dean of the Rotman School of Management

Executive Director's Message



ICPM connects high-calibre pension organizations that have a genuine interest in stimulating leading-edge thinking, as well as improving design and governance of pension schemes.



Rob Bauer
ICPM Executive Director

2016-2017 has been very productive for ICPM. Building on the new Research Partner communications and services implemented last year, we continue to refine the e-Newsletter, Global Scanning Service, webinars and other programs to provide compelling and relevant research and best practices on issues and topics that matter most to our RPs.

Research Partner Research Initiatives

A cornerstone of ICPM's Mission is to deliver relevant and valuable pension research to the network. In 2016, the Global Research Scanning Service was launched and continues to be well-received. Thanks to the many submissions from RPs and the monthly literature reviews by academics at Maastricht University under my direction, we have curated more than 20 pension research papers which are available at icpmnetwork.com along with succinct summaries. Please share the summaries and papers broadly within your organization.

We have also formed a number of important ICPM Working Groups to address various key challenges: Climate Change, Dutch Pension Reform, as well as a Chilean Case Study. Research Partners are actively working together to evaluate global trends and devise best practices to address the issues. To join any of the Working Groups, contact us at icpm@icpmnetwork.com.

The arrival of Mike Simutin as Associate Director of Research this fall brings added expertise and bench-strength to take ICPM's research program to greater heights. He will also be an invaluable liaison in facilitating knowledge-sharing between Rotman and ICPM.

Connecting Pension Sector Peers Within the Network

ICPM's strength lies with its global network. With 39 leading pension organizations around the world, industry peers connect and learn from each other. To encourage active exchanges and collaboration between Research Partners outside of Discussion Forums, watch for the new searchable ICPM Research Partner Network Directory this fall.

Discussion Forums continue to be ICPM's signature event. Nothing compares with connecting Research Partners in person. Discussion Forum Committees continuously review the format, location and content to ensure that each conference delivers the optimal networking, research platform and learning opportunity. This year, we introduced a new mobile app to facilitate connections at

the event, which allowed attendees to post messages, chat with fellow participants, and share photos. The app garnered much positive feedback. At the 2017 Fall Forum, look for a new platform that encourages Research Partners to share their own organization's research with the rest of the network. We look forward to introducing the "Share Your Research" session in October.

Organizational Stability and Growth

As we position ourselves to achieve our 2020 goals, we have grown the ICPM team. In Spring 2017, we welcomed Jamie MacLean in the new role of Communications Associate. Jamie brings added resources to RP communications, outreach and engagement within the Research Partner network. We are also excited to announce in September 2017 ICPM's new Head of Operations Peter Waite. Peter brings the support of a firm that will provide deeper infrastructure to ICPM, as well as extensive experience in pension issues and international conference management. ICPM's Board of Directors is excited about this next step in ICPM's evolution.

ICPM continues to work with like-minded organizations like the Global Risk Institute and Netspar, cooperates with major think-tanks and welcomes opportunities to co-fund research initiatives.

We have many exciting initiatives in store, and by collaborating with Rotman and other strategic partners, look forward to continued global expansion of ICPM's RP network and compelling pension research.

Rob Bauer
ICPM Executive Director
Professor of Finance, Chair Institutional Investors,
Maastricht University School of Business and Economics
(Netherlands)



Board Members

The Board of Directors approves and oversees the implementation of ICPM's strategic and operating plans. Eight members are appointed from among ICPM's Research Partners and the Rotman School of Management is represented by the Dean and one other academic.



Chair: Barbara Zvan

Ontario Teachers' Pension Plan
(Canada)



Chris Hitchen

Railways Pension Trustee
Company (U.K.)
Joined August, 2016



Vice-Chair: Sudhir Rajkumar

World Bank (Worldwide)



Tiff Macklem

Rotman School of Management
(Canada)



Laurence Booth

Rotman School of Management
(Canada)
Joined September, 2016



Bernard Morency

Caisse de dépôt et placement
du Québec (Canada)



Else Bos

PGGM (Netherlands)



Sarah Owen

New Zealand Superannuation
Fund (New Zealand)
Joined September, 2016



Marcie Frost

Washington State Department of
Retirement Systems (U.S.)



David Russell

Universities Superannuation
Scheme (U.K.)

Research Committee

The Research Committee oversees ICPM's research funding program and involves 11 leading academics and practitioners from 5 countries. Members are appointed from Research Partner organizations and Rotman faculty, and ICPM's Executive Director, Rob Bauer, participates as a non-voting member. The committee, co-chaired by Onno Steenbeek and Alan White, issues Calls for Research, conducts rigorous peer reviews and awards funding to innovative researchers. As members of this committee, Research Partners have an opportunity to shape ICPM's research agenda and influence the investment of research funding on leading-edge research featured at ICPM Discussion Forums. The Research Committee also works with partner organizations that co-fund research initiatives.



Co-Chair: Onno Steenbeek

Algemene Pensioen Groep (APG) (Netherlands)



Co-Chair *ad interim*: Alan White

Rotman School of Management (Canada)



Jaap van Dam

PGGM (Netherlands)



James Davis

OPTrust (Canada)



Brian O'Donnell

Global Risk Institute (Worldwide)



Lars Mueller

CPP Investment Board (United Kingdom)



Bing Han

Rotman School of Management (Canada)



Will Sandbrook

NEST (U.K.)



Stephen Lerch

Washington State Investment Board (WSIB) (U.S.)
Resigned November, 2016



David Richardson

TIAA-CREF Investment Management (U.S.)



Michael Preisel

Danish Labour Market Supplementary Pension (ATP) (Denmark)

We thank outgoing committee Co-Chair **Alan White** and committee member **Stephen Lerch** for their longstanding contributions to the committee.

ICPM Research Activities

- Two research papers were awarded CAD\$10,000 each in March 2017 after an international Call for Research and peer review. Congratulations to the deserving researchers. Read the submissions: icpmnetwork.com/research
 - Does Corporate Social Responsibility Create Shareholder Value? The Importance of Long-Term Investors**
Ambrus Kecskés, Schulich School of Business at York University; and Sattar Mansi, Virginia Tech and Phuong-Anh Nguyen, Schulich School of Business at York University
 - Connections and Conflicts of Interest: Investment Consultants Recommendations**
Shikha Jaiswal, Goizueta Business School, Emory University
This research paper will be presented at the Fall 2017 Discussion Forum in Amsterdam.
- In 2016, a Major Risk project in collaboration with the Global Risk Institute was originally planned to take place over two years. Regrettably, submissions did not meet academic standards and as such, the Research Committee elected to defer the project until such a time as proposals meet or exceed selection criteria.
- ICPM Global Research Scanning Service has featured more than 20 academic papers since its launch in 2016.
- ICPM Working Groups have been formed to explore key topics: Climate Change, Dutch Pension Reform, and a Chilean Case Study



Board Committees

Research Partner Committee

- The committee measures Research Partner satisfaction and has implemented a pro-active outreach and renewal process to help ICPM expand to up to 50 high-calibre pension organizations by 2020. Chaired by Sudhir Rajkumar, World Bank (Worldwide), committee members include Else Bos, PGGM (Netherlands); Chris Hitchen, Railways Pension Trustee Company (United Kingdom); Rob Bauer, ICPM Executive Director; and Danielle O'Rourke, ICPM Head of Operations.
- The Committee has implemented a process for reviewing and approving new Research Partner applications and introduced the RP Profile in 2016.

Audit and Governance Committee

- The committee monitors the audit process and financial reporting to the Board. It provides oversight on policies and governance. This year, the committee initiated a comprehensive Policy Review which resulted in the adoption of the ICPM Governance Handbook and new Financial Policies. In 2017, the committee will complete the Review and put forward Non-Financial Policies (Communications, HR, Privacy and HR, Code of Conduct) for Board approval.
- Chaired by Barbara Zvan, Ontario Teachers' Pension Plan (Canada), committee members include Marcie Frost, CalPERS (U.S.); Bernard Morency, Caisse de dépôt et placement du Québec (Canada); and Danielle O'Rourke, ICPM Head of Operations.

Discussion Forum Committees

- Organizing committees with Research Partner representatives assist in delivering engaging Discussion Forums with relevant and topical agendas. Rob Bauer, ICPM Executive Director, is a member of all Discussion Forum Committees. All Discussion Forum Committees are chaired by David Russell, Universities Superannuation Scheme (U.K.).
 - Montreal, Fall 2016 Committee: Alexander Dyck, Rotman School of Management (Canada); and Bernard Morency, Caisse de dépôt et placement du Québec (Canada).
 - Toronto, Spring 2017 Committee: Laurence Booth, Rotman School of Management (Canada); Lloyd Komori, OMERS (Canada); Richard Nesbitt, GRI (Worldwide); and Arjen Pasma, PGGM (Netherlands).
 - Amsterdam, Fall 2017 Committee: Laurence Booth, Rotman School of Management (Canada); Michael Preisel, ATP (Denmark); and Theo Nijman, Netspar (Netherlands).
 - Toronto, Spring 2018 Committee: TBD
 - Chile, Fall 2018 Committee: Fernando Larrain, AAFP Chile (Chile); additional members TBD



ICPM Research Partners (2016-2017)



Worldwide

- Global Risk Institute (GRI)
- World Bank



Australia

- Australia Future Fund
- Queensland Investment Corporation (QIC)
- UniSuper



Canada

- Alberta Investment Management Corp. (AIMCo)
- Alberta Local Authorities Pension Plan (ALAPP)
- British Columbia Investment Management Corp. (bcIMC)
- Caisse de dépôt et placement du Québec
- Canada Pension Plan Investment Board (CPPIB)
- Healthcare of Ontario Pension Plan (HOOPP)
- Ontario Municipal Employees Retirement System (OMERS)
- Ontario Teachers' Pension Plan (OTPP)
- OPTrust
- Public Sector Pension Investment Board (PSP)



Denmark

- Danish Labour Market Supplementary Pension (ATP)
- Pensionskassernes Administrations (PKA)



Finland

- Finland State Pension Fund
- Ilmarinen



France

- Etablissement de Retraite Additionnelle de la Fonction Publique (ERAFP)



Japan

- Nomura Research Institute



Netherlands

- Algemene Pensioen Groep (APG)
- De Nederlandsche Bank (DNB)
- MN
- PGGM
- Stichting Bedrijfstakpensioenfondsvoor de Detailhandel



New Zealand

- New Zealand Superannuation Fund



Sweden

- Forsta Ap-Fonden (AP 1)



United Kingdom

- National Employment Savings Trust (NEST)
- Railways Pension Trustee Company Ltd.
- Unilever
- Universities Superannuation Scheme (USS)



United States

- California Public Employees' Retirement System (CalPERS)
- California State Teachers' Retirement System (CalSTERS)
- State Board of Florida Administration
- TIAA-CREF
- Washington State Investment Board (WSIB)

We also welcome Oregon Investment Council and New York State Teachers' Retirement System who joined effective May 2017.

Financial Summary

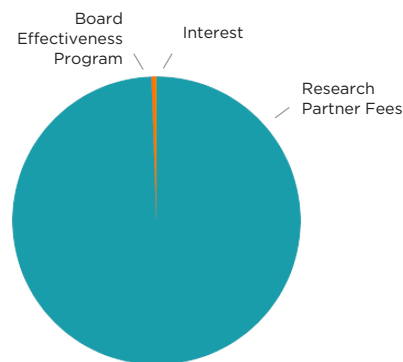
In September 2016, upon concluding a new partnership agreement, Rotman transferred all ICPM funds it previously held on our behalf such that now all revenues and expenses are now fully managed by ICPM with oversight by the Audit and Governance Committee.

The following financial statement is a consolidation of ICPM and the former Canada Centre #8734283 which has been reviewed by our auditors.

For the year ended April 30, 2017, all figures are in Canadian dollars.

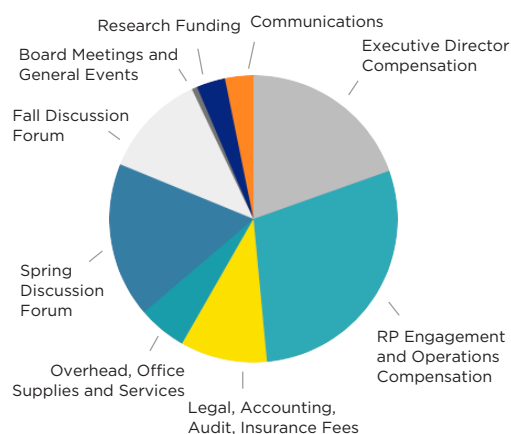
ICPM Operating Revenue

● Research Partner Fees	\$ 949,000
● Board Effectiveness Program	5,000
● Interest	336
Total Revenue	\$ 954,336



ICPM Operating Expenses

● Executive Director Compensation	\$ 181,800
● RP Engagement and Operations Compensation	269,138
● Legal, Accounting, Audit, Insurance Fees ¹	90,661
● Overhead, Office Supplies and Services	51,005
● Spring Discussion Forum	162,403
● Fall Discussion Forum	109,303
● Board Meetings and General Events	5,720
● Research Funding ²	30,000
● Communications	29,635
Total Expenses	\$ 929,665
Operating Surplus at April 30, 2017	\$ 24,671



Accumulated Surplus

May 1, 2016	\$ 314,414
May 1, 2017 ³	\$ 364,085

1. Legal counsel related to the Partnership Agreement and Policy Review resulted in unusually high fees in 2016 which are not expected to recur in future.
2. Research Funding had been expected to reach \$80,000 however, the planned Major Risk Project investment of \$50,000 was deferred by the Research Committee.
3. Following the audit and consolidation of financial results before and after the Partnership Agreement, a one-time adjustment of \$40,315 was recognized in the cumulative surplus.



Visit www.icpmnetwork.com for pension research resources, ICPM news and events.

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