



2015/2016 Annual Report

Governance and Financial Update

September 2016



A Unique Global Network

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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2015/2016 Highlights



39 Research Partners from **11** countries



Partnership with Rotman supports **research excellence**



Collaboration with global pension centres for **cutting-edge research and engaging Discussion Forums**



Fiscal prudence in a year of renewal results in a **modest operating surplus** of C\$63,000 for 2015/2016



Funding awarded for **three research papers** in early 2016



Research expands in 2016/2017 with plans to fund **a major new research project** on risk management



Revitalized services and communications for Research Partners



Discussion Forums

- Events held in Toronto and Helsinki in 2015
- Brought together more than **180 global pension leaders, academics and think-tank authorities**
- Boston and Montreal Forums organized in 2016



Board Effectiveness Program (BEP)

- A unique global governance program designed exclusively for pension fund board members
- Organized by ICPM and Rotman Executive Programs at the University of Toronto
- Two programs delivered in 2015/2016
- 227 participants representing 64 organizations from 12 countries in 8 programs to date

Upcoming Discussion Forums

Montreal: Oct. 17 - 19, 2016 with
La Caisse de dépôt et placement du Québec
Register online at:
www.icpmnetwork.com/discussion-forums

Toronto: June 5 - 7, 2017 with
Global Risk Institute at Rotman School
of Management

Amsterdam: Oct. 16 - 18, 2017 with Netspar

BEP Program Dates

Accepting Applications — Apply online at:
www.icpmnetwork.com/BEPApplications

BEP 9: Nov. 28 - Dec. 2, 2016

BEP 10: Apr. 3 - 7, 2017

We welcome your comments

ICPM has changed its annual reporting based on feedback from Research Partners. This condensed *Annual Report* focuses on ICPM's financial status and governance activities. It follows the inaugural *Year in Review*, issued in April, that reviewed ICPM's revitalized research program, services and communications, including a branding refresh and the launch of icpmnetwork.com.

Contact icpm@icpmnetwork.com with feedback on our new, semi-annual reporting process.

Message from the Chair



A new partnership agreement with the Rotman School of Management and evolution at the organizational level provide a strong foundation for ICPM's continued research excellence and future success.



Barbara Zvan
Chair of the Board



Setting the Stage for ICPM's Future

ICPM has a bold vision to be the preferred global network for the highest calibre pension organizations. Board members made important strides in the past year to strengthen ICPM's governance and organizational footing, and harness the potential of its close relationship with the Rotman School of Management.

Rotman Partnership Agreement

Substantial work was done in 2015/2016 toward creating a new partnership agreement with Rotman School of Management at the University of Toronto to clarify our respective roles and accountabilities. The agreement was finalized in summer 2016. Our longstanding relationship with Rotman's academics has helped ICPM produce high-quality pension and investment management research over the years, and deliver the world's leading governance education program for pension board members.

This milestone agreement demonstrates Rotman's continued commitment to ICPM's advancement. We were very pleased to work with our counterparts at Rotman – in particular, Rotman's Dean, Tiff Macklem who sits on ICPM's Board – and the University of Toronto to take this vital step forward. Additionally, seed funding has been awarded through the Rotman Catalyst Fund, a new endowment fund, to create a professorship that will augment Rotman's strength in the pension field. We greatly appreciate Dean Macklem's support and initiative to further strengthen the Rotman/ICPM relationship.

New Board Committees

The Board established two new sub-committees – a Research Partner Committee and an Audit and Governance Committee – to strengthen ICPM's governance framework in fall 2015. The Research Partner Committee is building relationships with prominent pension organizations globally to support ICPM's goal to attract 40 to 50 high-quality Research Partner organizations by 2020. The Audit and Governance Committee oversees the annual audit, and has developed a new board member selection and nomination process, approved by the Board in June 2016, to foster broad representation and expertise among board members. In addition, an ad hoc organizing committee is formed for each Discussion Forum.

Advancing the ICPM Organization

The partnership agreement and governance improvements are part of a larger priority: to establish ICPM as a fully independent organization. The Rotman agreement allows ICPM to evolve from an entity under the auspices of the University of Toronto to a fully independent not-for-profit organization, while maintaining the same board of directors, office location and strong ties with Rotman. This change streamlines ICPM's financial management, enabling us to be more nimble and responsive in delivering high-quality services.

I would like to recognize all board members for their tremendous energy and commitment to ICPM throughout the year, and thank outgoing 2015/2016 board members, Rosemary Vilgan, Ole Beier Sørensen, Alexander Dyck and Tim Jones, for their service and wise counsel.

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



As a long-term ICPM partner, the Rotman School of Management is reinforcing its strength as a leader in pension and risk management research. We have created a new Associate Professor in Finance position, and look forward to bringing on an accomplished academic with strong pension-related research expertise.



Tiff Macklem
Dean,
Rotman School of Management,
University of Toronto (Canada)



Message from the Executive Director



ICPM launched icpmnetwork.com, an ICPM e-Newsletter, a webinar series and global research scanning program in early 2016, and will expand its research program this year. It's all part of our commitment to deliver innovative pension research and keep Research Partners better connected and informed.



Rob Bauer
ICPM Executive Director



A Big Year for ICPM

ICPM enjoyed a productive year in 2015/2016 with numerous initiatives focused on building a vibrant network of international pension organizations.

Financially, ICPM ended the fiscal year in a healthy position with a modest C\$63,000 surplus. (See page 10 for financial details.) At year end, the ICPM network included 39 Research Partners and we continue to reach out to selected pension organizations worldwide that can contribute to and benefit from involvement in the ICPM network. This proactive outreach is important for ICPM's long-term sustainability and we look forward to building our global network in the future.

New Communications and Research Scanning Program

Building on the strong momentum reported in our 2015/2016 *Year in Review*, the ICPM team has rolled out several service and communication improvements in 2016 and revamped the reporting process to keep in touch with Research Partners more effectively.

We also recently introduced a global research scanning service to alert Research Partners to compelling new findings. Under my direction, academics at Maastricht University review and summarize a relevant academic paper each month from a range of influential sources. Summaries and key findings are distributed to the ICPM network and posted in the Research section of our website. We encourage Research Partners to take advantage of this service and share new research with colleagues in their organizations.

As well, ICPM features research from Research Partners at Discussion Forums, through webinars and on its website and Twitter feed. We invite you to contact us to access this important platform for sharing new research across the ICPM network.

As always, our 2015/2016 Discussion Forums in Helsinki and Toronto drew international participants and were highly rated by attendees, as was our most recent gathering in Boston. We look forward to our Fall 2016 event in Montreal, and planning is well underway for the Toronto and Amsterdam events in 2017.

Research Activities Expand

In 2016, ICPM will expand its research activities by funding a research project on risk management. As such, the Research Committee will issue two calls for research this fall – one for the major research project and one to fund three to five recent research papers.

Sponsoring a major project is a unique opportunity to support transformative research on risk management – very top-of-mind in a time of volatility. I thank the members of the Research Committee for their expertise and dedication to advancing ICPM's research program.



Message from the Executive Director

Collaboration with Global Research Centres

In addition to its close partnership with Rotman, ICPM is building relationships with prominent centres for pension research, such as Netspar (Netherlands), OECD (Paris), Global Risk Institute (Toronto), Finnish Centre for Pensions (Finland), the Center for Retirement Research (U.S.) and pension research institutes at universities.

These connections support collaborative, cutting-edge research and allow us to access compelling new work that we can share with ICPM Research Partners. They also help us attract top-quality researchers to Discussion Forums and forge relationships with pension organizations around the world.

We look forward to keeping you informed as we move ahead, and welcome your feedback on this report.



Rob Bauer
ICPM Executive Director

Professor of Finance, Chair Institutional Investors,
Maastricht University School of Business and
Economics (Netherlands)



Strategic Plan Priorities 2015-2020

- ✓ Creating an engaged, global network of high-calibre pension organizations
- ✓ Delivering highly relevant services and research for Research Partners
- ✓ Building a strong foundation for the ICPM organization
- ✓ Harnessing the potential of our joint ICPM/Rotman relationship

Read more about ICPM's Strategic Plan at
icpmnetwork.com



Board of Directors 2015/2016

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 two from the Rotman School of Management.



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)
Joined October, 2015



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 (USS) (U.K.)

The Audit and Governance Committee developed a formalized board selection and nomination process in early 2016. This process identified several strong candidates to support ongoing board renewal. Visit www.icpmnetwork.com for a list of 2016/2017 board members.



Alexander Dyck
Rotman School of Management
(Canada)
Resigned September, 2016



Ole Beier Sørensen
Danish Labour Market
Supplementary Pension (ATP)
(Denmark)
Resigned August, 2016



Tim Jones
NEST (U.K.)
Resigned October, 2015



Rosemary Vilgan
QSuper (Australia)
Resigned March, 2016

We thank Rosemary Vilgan, Tim Jones, Alexander Dyck and Ole Beier Sørensen for their dedication and service on the board.

Research Committee 2015/2016

Delivering relevant and valuable pension research is central to ICPM's mandate

The Research Committee oversees ICPM's research funding program and involves leading academics and practitioners from around the world. Members are appointed from among Research Partners and the Rotman faculty, and ICPM's Executive Director, Rob Bauer, participates as a non-voting member.

The committee issues calls for research, conducts rigorous peer reviews and awards funding to innovative researchers. It meets twice yearly and attends ICPM's semi-annual Discussion Forums where selected academics are invited to present their research.

As members of this committee, Research Partners have an opportunity to shape ICPM's research agenda and influence the investment of research funding on innovative research featured at ICPM Discussion Forums.



Co-Chair: Onno Steenbeek

Algemene Pensioen Groep (APG) (Netherlands)



Bing Han

Rotman School of Management (Canada)



Co-Chair *ad interim*: Alan White

Rotman School of Management (Canada)



Omneia Ismail

Global Risk Institute (Worldwide)



Jaap van Dam

PGGM (Netherlands)



Stephen Lerch

Washington State Investment Board (WSIB) (U.S.)



James Davis

OPTrust (Canada)



David Richardson

TIAA-CREF Investment Management (U.S.)



Jack Gray

Sydney University of Technology (Australia)



Will Sandbrook

NEST (U.K.)

We thank outgoing committee member **Jack Gray** and interim member **Omneia Ismail** for their contributions to the committee. Visit icpmnetwork.com for a list of 2016/2017 committee members.

ICPM Research Activities

- ✓ Three research papers were awarded funding in early 2016 after an international call for research and peer reviews. Congratulations to the deserving researchers whose work was selected and is available at icpmnetwork.com/research
 - Do Long-Term Investors Improve Corporate Decision Making?
 - Pension Fund Board Composition and Investment Performance: Evidence from Private Equity
 - Private Equity Portfolio Company Fees
- ✓ Proposals are evaluated in priority research topics: risk; pension fund investment; engagement of plan participants; pension design; and governance. Details on calls for research will be posted on icpmnetwork.com/call-for-research
- ✓ C\$10K research grants awarded for 3 - 5 research papers annually; winning researchers are invited to present at Discussion Forums and in webinars
- ✓ Award for a new major research project on risk management planned for fall 2016



Board Sub-Committees

The Board established two standing sub-committees – the Research Partners Committee and Audit and Governance Committee – in 2015/2016. As well, an organizing committee is formed for each Discussion Forum to provide local knowledge and subject matter expertise around each event theme.

Research Partners Committee

The committee measures Research Partner satisfaction and has implemented a pro-active outreach and renewal process, to help ICPM grow to 40 to 50 high-calibre pension organizations by 2020.

Committee members include Else Bos, PGGM (Netherlands); Sudhir Rajkumar, World Bank (Worldwide); Rob Bauer, ICPM; and Danielle O'Rourke, ICPM.

Audit and Governance Committee

The committee monitors the audit process and financial reporting to the Board. As well, it provides oversight on policies and governance. Committee members met in spring 2016 to review the audited financial statements and proposed a new board member selection and nomination process which was approved by the Board.

Committee members include Marcie Frost, Washington State Department of Retirement Systems (U.S.); Barbara Zvan, Ontario Teachers' Pension Plan (Canada); and Danielle O'Rourke, ICPM.

Discussion Forum Committees

Organizing committees with ad-hoc 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.

Helsinki, Fall 2015 Committee: Tiina Tarma, Finland State Pension Fund / Valtion Eläkerahasto (Finland); Jaakko Kiander, Ilmarinen (Finland); and Will Sandbrook, NEST (U.K.).

Boston, Spring 2016 Committee: Alexander Dyck, Rotman School of Management (Canada); David Russell, Universities Superannuation Scheme (USS) (U.K.); and Alicia Munnell, Center for Retirement Research at Boston College (U.S.).

Montreal, Fall 2016 Committee: Alexander Dyck, Rotman School of Management (Canada); Bernard Morency, Caisse de dépôt et placement du Québec (Canada); and David Russell, USS (U.K.).

Toronto, Spring 2017 Committee: Laurence Booth, Rotman School of Management (Canada); Lloyd Komori, OMERS (Canada); Richard Nesbitt, GRI (Worldwide); Arjen Pasma, PGGM (Netherlands); and David Russell, USS (U.K.).

Amsterdam, Fall 2017 Committee: Laurence Booth, Rotman School of Management (Canada); Michael Preisel, ATP (Denmark); David Russell, USS (U.K.); and Theo Nijman, Netspar (Netherlands).



ICPM Research Partners 2015/2016

ICPM is a global research-based network of pension organizations that stimulates leading-edge thinking and practice about pension management. It brings together prominent pension organizations, known as ICPM Research Partners, from around the world.

ICPM global network at April 30, 2016:

Worldwide

- Global Risk Institute (GRI)
- World Bank

Australia

- Australia Future Fund
- Australian Super
- QSuper
- Queensland Investment Corporation (QIC)
- SunSuper

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 Trust Company Ltd.
- Uninvest Company (Unilever)
- Universities Superannuation Scheme (USS)

United States

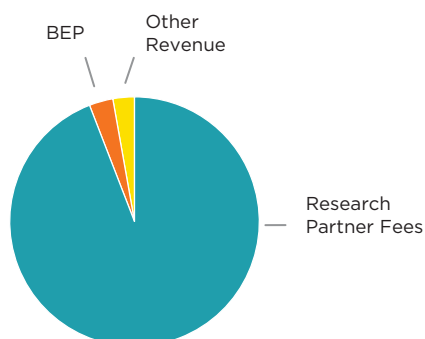
- California Public Employees' Retirement System (CalPERS)
- California State Teachers' Retirement System (CalSTERS)
- State Board of Florida Administration
- TIAA-CREF
- Washington State Investment Board (WSIB)

Financial Summary for FY 2015/2016

For the year ended April 30, 2016; all figures are in Canadian dollars.

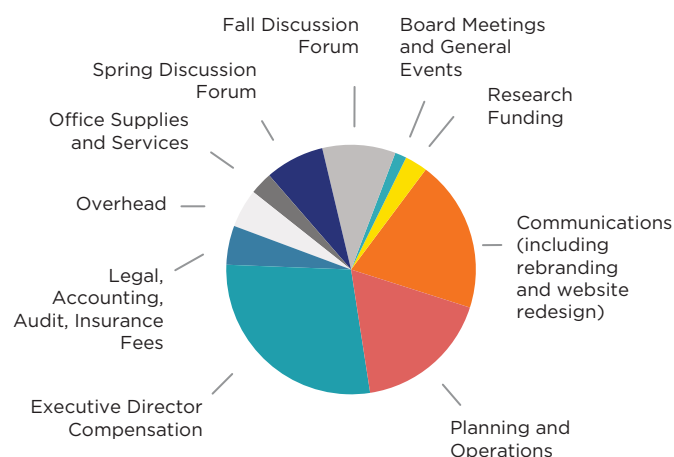
ICPM Operating Revenue

Research Partner Fees	\$ 1,019,400
Board Effectiveness Program (BEP)	33,378
Other Revenue ¹	30,240
	\$ 1,083,018



ICPM Operating Expenses

Executive Director Compensation	\$ 178,164
Planning and Operations ²	286,593
Legal, Accounting, Audit, Insurance Fees	54,071
Overhead	48,717
Office Supplies and Services	30,049
Spring Discussion Forum	78,314
Fall Discussion Forum	96,929
Board Meetings and General Events	15,321
Research Funding	30,000
Communications ³	201,364
	\$ 1,019,522
Surplus April 30	\$ 63,496



Accumulated Surplus

May 1, 2015 ⁴	\$ 243,918
May 1, 2016	\$ 307,414

As reported in the 2014/2015 Annual Report, the audited financial statements of 8734283 Canada Centre, a non-profit entity, are integrated in ICPM's financial statements. The financial summary reflects all ICPM financial information, including audited figures for salaries, professional, legal, accounting and auditing fees managed through 8734283 Canada Centre, along with research, events and communications programs that are managed through Rotman's Financial Services.

¹ Includes F/X gains and other research funding

² Includes salaries and fees for Head of Operations, Associate and Administrative Support

³ Includes one-time expenses for the Communications Plan, website redesign and launch along with ICPM rebranding.

⁴ In the 2014/15 Annual Report, the Accumulated Surplus at May 1/15 was reported to be \$260,145 which was management's best estimate at the time of publication. Actuals can vary from estimates and subsequently, the Accumulated Surplus at May 1/15 was revised to the actual amount of \$243,918.



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