

Montréal, March 30, 2023

Mr. John Williamson, M.P.  
Chair, Standing Committee on Public Accounts  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON K1A 0A6  
Canada

**Re: Public Sector Pension Investment Board's response to the Standing Committee on the Public Sector Pension Investment Board's Special Examination with regards to the January letter, due March 31, 2023.**

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Dear Mr. Williamson,

Please find enclosed the Public Sector Pension Investment Board's response to the House of Commons Standing Committee on Public Accounts regarding Recommendation 1 of Report 10 - Special Examination Report.

**Original Recommendation:** The Public Sector Pension Investment Board (PSP Investments) should provide the House of Commons Standing Committee on Public Accounts (the Committee) with a report on the new performance indicators used to monitor the achievement of its strategic objectives; and its progress against these indicators at May 2022.

The Committee was concerned that in the May 2022 progress report, out of ten indicators, six were rated as either "too soon to tell" or "needs attention." We are pleased to report that we are executing on our long-term strategy and that we are progressing against our FY26 strategic objectives and targets.

Should you wish to discuss any aspect of our report, we would be pleased to meet with you.






Respectfully submitted,











Deborah Orida

President and Chief Executive Officer  
Public Sector Pension Investment Board

This table shows the Public Sector Pension Investment Board's (PSP) Key Results which support the tracking of progress against our **FY26 strategic objectives and targets**. PSP is executing its strategy and is pleased with the progress made towards its long-term objectives. Monitoring and reporting is done at the Board level.

| Strategic Objectives   | Key Result measure  | Progress Assessment   | Key Result Definition   |
|--|---|---|---|
| Our vision for the strategy is to be an insightful global investor and valued partner that is selective across markets and focused on the long term                      | 1) 10-year value add vs Reference Portfolio                   |    | PSP's value-add investment performance versus the reference portfolio as measured on a 10-year annualized basis.  |
| Increase the sophistication of our Total Fund approach, through a focus on improving Policy Portfolio construction and investigating alternative diversifying strategies | 2) Increased probability of outperforming Reference Portfolio |    | This is the increased probability of outperformance vs the Reference Portfolio's expected return driven by Total Fund enhancements. Chief Investment Officer (CIO) group simulations annually assess the probability of outperformance vs. the Reference Portfolio. The source of that outperformance can be isolated and will be used to calculate this measure as various total fund enhancements are deployed. |
| Refine our focus and use of resources by building convictions and incubating strategies that leverage our scale, time horizon and multi-asset class nature               | 3) Assets Under Management (AUM) in Asia-Pacific              |    | PSP assets under management in Asia-Pacific (includes Asia and Australasia) as an indicator of our initial focus area to build on our convictions by leveraging our scale and multi-asset nature.   |
| Effectively integrate Environment Social and Governance (ESG) considerations into our investment decisions & portfolio management as key value drivers                   | 4) Green Assets   |    | Investments in low carbon activities that lead to positive environmental impacts, with best efforts to understand and avoid carbon lock-in effect, including 'enabling' assets in activities or technologies that aid the transition to a low carbon economy.   |
| Enable efficient, cost-effective and scalable global investment operations by modernizing and simplifying our operating model  | 5) Operating Model Modernization                              |  | PSP director level employees-and-up will be surveyed via a third-party in FY24 and FY26 to understand if they believe our operating model modernization has added-value. "Added-value" will be measured on: Information flow (access to and sharing of data), insight generation, process efficiency, talent empowerment and performance of new technology.   |

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|--|---|---|--|
| Optimize and leverage our portfolio of relationships and strategic partnerships by holistically assessing and managing our ecosystem                                       | <b>6) Partner Perception</b>  |  | In July 2019, an external firm conducted a partner perception survey where they concluded that PSP was viewed as top-tier amongst its peers, not yet 'leading and valued'. We will engage a third-party to repeat the survey in FY23 and FY26.   |
| Become more data-driven and forward-looking in our decision-making by building shared capabilities in advanced analytics   | <b>7) Advanced Analytics in decision-making</b>                             |  | This key result reflects that we have successfully embedded advanced analytics into the decision-making process in three focus areas of our investment activity.   |
| Strengthen PSP's Talent Value Proposition in the context of a new hybrid work reality  | <b>8) Peakon Engagement Score – Flexibility and Remote Work sub-drivers</b> |  | Peakon surveys of our workforce are conducted regularly, providing an overall engagement score in which Flexibility and Remote Work drivers are tracked.   |
| Strengthen PSP's resilience by ensuring we can identify and meet our future talent needs, while leveraging the full potential of our diverse, agile, and engaged workforce | <b>9) Senior Leadership Diversity</b>                                       |  | A measure of the overall diversity gap between PSP's overall population vs the Managing Director-and-up population measured on eight key attributes of diversity – (1) gender, (2) ethno-cultural background, (3) cultural origins, (4) immigration status, (5) religious beliefs, (6) sexual orientation, (7) disability, mental health condition or neurodiversity status, and (8) veteran status. |
|  | <b>10) Culture Index – Peakon Engagement Score</b>                          |  | A Culture Index, as part of the Peakon Engagement Score, measures the health of our organizational culture.  |

**Progress Assessment Legend:**  Too Soon To Tell  On Track  Needs Attention