

**PUBLIC SECTOR PENSION INVESTMENT BOARD DETAILED ACTION PLAN**  
to the recommendations of the 2021 Special Examination Report of the Auditor General of Canada

Report Ref. No.	OAG Recommendation	Corporation's Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible / Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee Use Only)
26	The corporation should ensure that its strategic objectives are supported by performance indicators with targets that are specific and measurable. It should also regularly and consistently monitor and report on its performance against these indicators.	Agreed. In support of its next 5-year strategic plan, the corporation is developing performance indicators to monitor the achievement of its strategic objectives. In the course of the 2021-22 fiscal year, the corporation will set targets for the indicators and will regularly monitor and report on progress against these indicators. The corporation will complete these matters by the end of 2021-22.	<ul style="list-style-type: none"> <li>• Development of measurable Key Results and 5-year target, which monitor the corporation's performance vs. its strategic objectives and are reported to the Board annually.</li> <li>• Development &amp; validation of PSP's KPI, which serve as supporting indicators for the 10 Key Results and are reported on a quarterly basis.</li> </ul>	March 31 <sup>st</sup> , 2022	<p><i>Action plans should be completed as expected, by March 31, 2022</i></p> <ul style="list-style-type: none"> <li>• Validate Key Results and 5-year targets with Board (1st wave completed at August Board Meeting, 2nd and final wave completed after the November Board Meeting), and reported on a quarterly basis to ExCo and on an annual basis to the Board <b>Completed</b></li> </ul> <p>1st Annual Reporting on 5-year targets (will be completed for FY22 and presented at the May Board Meeting) <b>On track</b></p>	Jean-François Bureau	
32	The corporation should set risk appetite metrics and thresholds or limits for significant non-investment risks.	Agreed. The corporation is establishing tolerances or thresholds for non-investment risks, as an initiative to provide additional assurance on its management and monitoring of key non-investment risks for management and the board, as appropriate. The corporation will identify the appropriate tolerances or thresholds for the significant non-investment risks, recognizing that these may in some cases be best expressed qualitatively. The corporation will complete these matters by the end of the 2021-22 fiscal year.	<ul style="list-style-type: none"> <li>• Risk Appetite Statement (RAS) to be updated to cover significant non-investment risks and contain thresholds/limits for these areas</li> <li>• Thresholds/limits for significant non-investment risks will be reported to management or the Board, as appropriate</li> </ul>	Nov 2021	<p><b>Completed</b></p> <ul style="list-style-type: none"> <li>• Jun 2021 – Thresholds/limits for significant non-investment risks were developed, reviewed, and approved. Thresholds/limits are included in Board and management reports on KRIs.</li> <li>• Nov 2021 – Updated RAS includes revised appetite statements and thresholds/limits for significant non-investment risk areas</li> </ul>	Jean-François Bureau	

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33	The corporation should complete compliance risk assessments, using a risk-based approach, to evaluate its adherence to the regulations relevant to its operations.	Agreed. The corporation intends to continue to complete compliance risk assessments of its business units in accordance with its internal schedule and before the end of the 2021-22 fiscal year.	<ul style="list-style-type: none"> <li>Completion of the compliance risk assessments (CRAs) exercise for all asset classes / business units by the end of FY22</li> </ul>	March 31 <sup>st</sup> , 2022	<p><b>Completed</b></p> <ul style="list-style-type: none"> <li>CRAs have been completed for each investment unit.</li> <li>Recommendations have been identified and improvements implemented, with no significant or severe issues detected.</li> <li>Periodic review/update expected to be performed every 2 years</li> </ul>	Mélanie Bernier	
34	The corporation should develop and apply, enterprise-wide, a model risk management framework comprising model governance, a model risk assessment methodology, and model validation methodology and model risk management activities. The corporation could leverage and expand its current model validation procedure to develop this framework.	Agreed. During the 2020-21 fiscal year, the corporation reviewed and enhanced its model governance framework with an emphasis on the framework ownership, roles and responsibilities, and scope of the framework - including model definition, model inventory and materiality assessment linked to the review cycle, model documentation, and validation requirements. In 2021-22, the corporation will determine priority areas to expand the application of the framework, based on materiality.	<ul style="list-style-type: none"> <li>The purpose of the quantitative Model Governance Framework is to control the corporation's exposure to quantitative model risk, improve collaboration and knowledge sharing between different groups, and adopt a continuous improvement process.</li> <li>The framework is initially applicable to Risk Management group. The intention is to gradually expand the framework throughout the corporation starting with the CIO group and further expand after.</li> </ul> <p>A permanent, transversal independent advisory working group is constituted with model specialist designated by each group. The working group convenes regularly to review each other's models</p>	FY23	<p><b>Q3 update: Action plans should be completed as expected, by FY2023</b></p> <ul style="list-style-type: none"> <li>Presentation of framework and initiative to the CIO group – COMPLETED</li> <li>Consultation within the CIO group to gather feedback, determine issues and modification proposals– COMPLETED</li> <li>Review, enhancement and adaptation of the existing model governance framework to expand its applicability to the CIO group – 03/31/2022</li> <li>Approval of the framework by Management – 06/30/2022</li> <li>Establishment of a preliminary list of models and classification by the CIO group – COMPLETED</li> <li>Establishment of a detailed implementation plan by the CIO group – 06/30/2022</li> <li>Assessment to determine application of the framework to other groups – FY23</li> </ul>	Jean-François Bureau	

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			and governance practices, opines on all related matters, and makes recommendations for improvements ultimately approved by Management.				
37	The corporation should continue to enhance its reporting to the board on implementation of mitigation measures, to identify clear timelines and deliverables, and provide a periodic update on progress and completion as part of its risk and control self-assessment process.	Agreed. The corporation prioritizes the continued enhancement of its reporting to the board, to ensure that the information is effective, streamlined, and appropriate. The corporation will consider augmenting its periodic board updates with regard to progress and completion of key mitigation measures, where relevant. The corporation will complete these matters by the end of the 2021-22 fiscal year.	<ul style="list-style-type: none"> <li>Following a review of internal reporting, management believes that existing reports (pre and post Special Examination) provide the necessary oversight to the Board encompassing mitigation measures and consider their respective risks, controls, and mitigating activities outlined in its risk and control self-assessment process. These updates are reported at varying frequency throughout the year and provide recurring updates on deliverables, timelines, and progress on relevant initiatives.</li> </ul>	Feb 2022	<p><b>Completed</b></p> <ul style="list-style-type: none"> <li>A review of board reports confirms both regular and ad-hoc coverage of risk areas exists in numerous board-level documents. No major adjustments are required at this time, but PSP will continue to review and enhance board reports on progress and completion of key mitigation measures, where relevant.</li> </ul>	Jean-François Bureau	