

Montréal, April 28, 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 third recommendation, due April 30, 2023.

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 3 of 3 from the Special Examination Report.

Original Recommendation: On risk monitoring and reporting – PSP Investments should provide the Committee with a report outlining how the corporation reports specific information on timelines, deliverable and progress updates for each risk mitigation measure to senior management and the Board of Directors.

The attachment provides a mapping of various Board-level reports that provide updates on progress and key information related to mitigation measures.

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

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PSP Investments’ Response to the Standing Committee on Public Accounts

The Standing Committee on Government Public Accounts provided recommendations to PSP Investments based on the Special Examination Report. Recommendation #3 to PSP Investments was “On risk monitoring and reporting – PSP Investments should provide the Committee with a report outlining how the corporation reports specific information on timelines, deliverable and progress updates for each risk mitigation measure to senior management and the Board of Directors.”

The following reports provide the PSP Board of Directors recurring updates on mitigation efforts related to our Top Risks. Mitigation activities listed in our annual Risk and Control Self-Assessment (RCSA) report to the Board represent a combination of initiatives from our Corporate Strategy and from department business plans. Throughout the course of the year, through both periodic reporting and supplemental submissions based on materiality, PSP Investments’ Senior Management receives and routes to the Board the following reports which provide updates on the risks, including timelines, deliverables, and progress updates for activities that mitigate our Top Risks. Reports and mitigation activities are continuously improved on an ongoing basis to adapt to changing internal and external environments.

Top Risk identified in the RCSA	Board Reports that provide updates on mitigating activities	Frequency of Reports
Market Risk and Generating Positive Returns	<ul style="list-style-type: none"> • Strategic Execution Dashboard • Executive Monitoring Report – Total fund returns, long-term performance, asset class performance vs. asset class benchmarks, combined risk rating profiles, currency management • Private Market Valuation Memo 	Semi-Annually Quarterly Quarterly
Cyber Risk	<ul style="list-style-type: none"> • Cybersecurity Strategy & Roadmap • Executive Monitoring Report – Non-Investment Risk section 	Semi-Annually Quarterly
Geopolitical Risk	<ul style="list-style-type: none"> • Geopolitical Reports 	Based on Materiality of Events
Sustainable Investing	<ul style="list-style-type: none"> • Strategic Execution Dashboard • Climate Scenario Stress-Testing • Sustainable Investment Report • Pre-Clearance Memoranda • Investment Recommendations 	Semi-Annually Annually Semi-Annually Based on Materiality of Events Based on Materiality of Events
Organizational Change Impact	<ul style="list-style-type: none"> • Strategic Execution Dashboard • Executive Monitoring Report – Non-Investment Risk section 	Semi-Annually Quarterly
Liquidity & Leverage	<ul style="list-style-type: none"> • Executive Monitoring Report – Recourse debt & total leverage, liquidity risk 	Quarterly
Talent Value Proposition	<ul style="list-style-type: none"> • Annual People Analytics – The People Story • Strategic Execution Dashboard • Executive Monitoring Report – Non-Investment Risk section 	Annually Semi-Annually Quarterly
Fraudulent Activities	<ul style="list-style-type: none"> • Legal Affairs and Compliance Report • Executive Monitoring Report – Non-Investment Risk section 	Quarterly Quarterly
Policy Portfolio Design	<ul style="list-style-type: none"> • Strategic Execution Dashboard • Annual Policy Portfolio Review –Includes stress testing • Executive Monitoring Report – Supporting risk metrics • Annual Statement of Investments Policies, Standards, and Procedures 	Semi-Annually Annually Quarterly Annually
Stakeholder Management and Reputational Perception	<ul style="list-style-type: none"> • Public Affairs and Strategic Communications memo 	Based on Materiality of Events