

# Investment Committee Terms of Reference

May 14, 2024

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The PSPP Corporation Board of Directors (the Board) established an Investment Committee (IC) to assist the Board in discharging its fiduciary, due diligence, and other obligations with respect to the investment management of the Public Service Pension Plan Fund (the Fund).

The IC will operate in compliance with this Terms of Reference, the Funding Policy, Statement of Investment Policies and Procedures, Investment Management Agreement and applicable legislation.

The IC is a standing committee of the Board and reports to the Board.

## 1. Responsibilities

The IC shall prepare an annual IC Activities Schedule to ensure that the following responsibilities are scheduled and fully addressed.

- a) Monitor and analyze the investment performance of the Fund.
- b) Meet with the investment manager, Alberta Investment Management Corporation (AIMCo), quarterly to review performance of the Fund and to discuss investment strategy and other emerging investment topics.
- c) Review and receive updates periodically on asset class strategies, performance and forecasts from AIMCo for each asset class held within the Fund.
- d) Monitor investment risks.
- e) Monitor the implementation of changes to the asset mix.
- f) Monitor and work with investment manager to implement changes to asset class structure.
- g) Monitor the development and implementation of new investment strategies.
- h) Monitor investment activities for compliance with the Statement of Investment Policies and Procedures, Investment Management Agreement and applicable laws and regulations.
- i) Review and evaluate the performance of AIMCo as investment manager, and communicate evaluations to AIMCo, as considered appropriate by the IC.
- j) Review and evaluate the performance of external investment advisors, and communicate such evaluations, as considered appropriate by the IC.
- k) Undertake special projects, such as asset/liability studies, as authorized by the Board.
- l) Review these Terms of Reference annually.
- m) Review the Statement of Investment Policies and Procedures annually.
- n) Advise and make recommendations to the Board, for direction or final approval by the Board, on:
  - A statement of investment policies that is compliant with the *Employment Pension Plans Act*, having given regard to the provisions of the Funding Policy respecting investment risk and other risks.
  - A statement of investment beliefs.
  - Investment risk tolerance.
  - Asset Class structures.
  - The frequency and scope of asset/liability studies.
  - Asset mix policy and ranges.
  - Asset class performance benchmarks.

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- Agreements with AIMCo.
- Amendments to these Terms of Reference.
- o) Fulfill such other investment-related duties as may be assigned to the IC by the Board.

## 2. IC Chair and Vice-Chair

The IC shall designate an IC Chair and may designate a Vice-Chair. Offices must be held by a Director of the Board. Unless otherwise stated, the term of office for the Chair and Vice-Chair shall be three years. Where practical, and at the discretion of the IC, the Chair and Vice-Chair may rotate between a Director nominated by an employee sponsor organization and a Director nominated by an employer sponsor organization.

### 2.1 Duties of the IC Chair

- a) Provide leadership to enhance the IC's effectiveness by:
  - ensuring its responsibilities are understood and respected by IC members; and
  - overseeing the discharge of IC responsibilities.
- b) Carry out the IC's Activities Schedule.
- c) Set meeting dates and the agenda for each meeting.
- d) Preside over the IC meeting.
- e) Provide verbal and/or written reports to the Board.
- f) Review the minutes of the IC meeting.
- g) Lead the recruitment and selection of external IC members in accordance with Board direction.
- h) Lead the annual evaluation of the performance of external IC members and make recommendations to the Board regarding appointment and termination of external IC members.
- i) Participate in meetings with AIMCo or the AIMCo Board, as may be necessary, in between IC meetings.

In the absence of the Chair, the Vice-Chair shall assume the duties of the Chair.

## 3. External Resources

In instances where the IC deems it necessary to obtain the advice of external advisors to carry out its responsibilities, the IC may recommend to the Board that the Corporation engage the necessary advisors.

## 4. Composition

The IC shall be composed of up to five Directors of the Board, including two Directors nominated by an employer sponsor organization and two Directors nominated by an employee sponsor organization, and three external institutional investment professionals (external IC members) chosen for their ability to bring extensive institutional investment experience and knowledge to the work of the IC. The Board shall appoint members of the IC and may appoint additional members temporarily as deemed necessary for special projects.

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## 5. External IC Members

External IC members shall be appointed by the Board for a term of three years, renewable at the discretion of the Board and subject to a maximum of two consecutive terms. These terms may be staggered and shorter or longer than three years where necessary (e.g. to fill an interim vacancy) to support succession planning and continuity.

External IC members are permitted to make recommendations, bring forward motions, and vote on IC business only.

## 6. Meetings

The IC shall be responsible for scheduling meetings and may meet as frequently as it determines necessary but no less than once per calendar quarter.

IC business shall be conducted separate from Board business. A separate meeting package shall be prepared for the IC, and IC meetings shall be recorded in separate minutes. The IC shall maintain minutes of its meetings, which shall record all decisions and actions taken by the IC. IC minutes shall be approved by the IC.

The IC may establish rules governing the conduct of IC meetings. The IC shall generally follow the rules of order of the Board unless the IC has otherwise established its own rules.

## 7. Quorum and Voting

A majority of IC members, including at least as many Directors as External IC members, constitutes quorum. IC members may make recommendations, bring forward motions, and vote on IC business. The IC shall reach a decision by a majority vote of IC members present. In the case of a tie vote, the motion shall be brought forward to the Board for final decision, unless the IC members in attendance at the meeting unanimously agree that the motion does not need to be brought forward to the Board for decision.

Directors of the PSPP Corporation, who are not IC members and on providing written notice to the IC Chair, may attend any IC meeting as a non-voting participant.

## 8. Reporting

Following each IC meeting, the IC shall report its activities, discussions and recommendations to the Board by distributing the minutes of its meetings once reviewed by the Chair. The Chair may be asked to provide a verbal report at the Board's next scheduled meeting.

## 9. Compensation

IC members shall be compensated in accordance with the Director Remuneration policy, as amended from time to time by the PSPP Sponsor Board.

External IC members shall be compensated in accordance with the Board's External IC Member Remuneration policy, as amended from time to time.

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## **10. Review**

The IC shall review these Terms of Reference annually.

Approved by the Board: May 14, 2024, March 21, 2023, March 23, 2022, April 14, 2021,  
May 22, 2020, April 9, 2019