

MANDATE OF THE INVESTMENT AND RISK MANAGEMENT COMMITTEE

1. Constitution

There is hereby established a committee of the Board of Directors (hereinafter the “Board”) of Caisse de dépôt et placement du Québec (hereinafter “CDPQ”) called the Investment and Risk Management Committee.

(Section 13.3 of the Act)

2. Composition

The Committee is composed of Board members designated amongst independent members.

(Section 13.4 of the Act)

3. Guests

Other Board members may be invited to take part in committee meetings on a regular or occasional basis without being members of the Committee or having voting rights.

The Chair of the Board may take part in any meeting of the Committee.

(Section 13.7 of the Act)

Upon invitation by the Committee, any other person may attend, in whole or in part, a meeting, when the Committee considers it necessary or desirable.

4. Meetings

Regular meetings are held on the dates, at the times and locations set by the Board. They are called through a notice sent to members by the Secretary or the Assistant Secretary on behalf of the Committee Chair. They are held without notice if the members consent to the holding of such meetings. The presence of a member at a meeting indicates his consent.

An extraordinary meeting may be called at any time by the Committee Chair, the Chair of the Board, the President and Chief Executive Officer, one of the Committee members or the Executive Vice-President and Chief Risk Officer.

5. Quorum

A majority of members must be present to form a quorum of a board Committee.

In the absence of a quorum, the Chair of the Board may, if he is not a member of the Committee, and at the request of the Committee Chair, serve as a member for this meeting and have voting rights.

(Section 20 of the Internal by-law)

6. Chair

The Committee Chair, as designated by the Board from among independent members, chairs the Committee meetings. When the Committee Chair is unable to attend a meeting, the Chair of the Board or a member of the Committee may act as Chair for this meeting.

7. Secretariat

The Secretary or Assistant Secretary of CDPQ may serve as secretary.

8. Mandate

The Committee ensures compliance with CDPQ's risk identification and management process. In this role, it reviews risk management orientations and policies and studies investments recommended to the Committee, in accordance with the oversight policies.

The responsibilities of the Investment and Risk Management Committee include:

Risk management oversight

- a) Ensuring that CDPQ's obligations to its depositors are met
(Sections 22.1 and 45 of the Act / section 33 of the Internal by-law)
- b) Periodically evaluating the risk culture at CDPQ by examining the results of the independent review of the effectiveness of the risk management carried out by a third party every five years
- c) Ensuring that a process is implemented to identify and manage risks, including identifying and evaluating priority and emerging risks and examining the risk management structure
(Sections 13.12 (1) of the Act)
- d) Ensure that CDPQ Infra employ a risk management that is aligned with CDPQ's
- e) Overseeing the risk profile with respect to CDPQ's risk appetite and review the risk/return ratios that include the summary of the main risks and their evolution as well as the results of simulations created by stress tests carried out in connection with CDPQ's activities
- f) At the request of the Board, examining the risk posed by strategic decisions being contemplated by the Board, including evaluating whether these decisions exceed the level of risk that is appropriate for CDPQ, and advising the Board on these issues
- g) Regularly obtaining reasonable assurance that CDPQ's risk management policies are being followed
- h) Examining and submitting to the Board for approval, when appropriate, departures and exemptions from policy that the Committee has recommended for approval

- i) Review with the Executive Vice-President, Legal Affairs, Compliance and Secretariat, reports on compliance with the holding limits set by the Act, the risk limits stipulated in the Integrated Risk Management Policy and investments policies, as well as the requirements of the depositors' investment policies

Risk management framework

- j) Periodically examine and recommend to the Board for approval the orientations, risk appetite and policies governing risk management and regularly revise and recommend to the Board any changes that should be made
(Section 13.12 (2) of the Act and section 29 of the Internal by-law)
- k) Periodically examine and recommend to the Board for approval investment policies, standards and procedures, including the investment policies for specialized portfolios
(Sections 13.12 (3) and 37.1, last paragraph, of the Act)
- l) Examine, at least every three years, and recommend to the Board for approval the investment policy for each specialized portfolio that includes, notably, for each portfolio:
 - 1. return on investment targets
 - 2. benchmark indices
 - 3. risk tolerance limits
 - 4. qualifying securities
 - 5. currencies
(Section 36.2 of the Act)
- m) Periodically examine and recommend to the Board for approval a regulation on the use of derivative products
(Section 33.1 of the Act)
- n) Examine, annually, and recommend to the Board for approval investment policy return targets, taking into account the performance objectives of specialized portfolios and CDPQ as a whole

Investments

- o) Examine the investment strategies as well as investments recommended, approve those under the committee's authority and recommend to the Board for approval those that are under the Board's authority
(Section 13.12 (4) of the Act)
- p) Ensuring that the risks faced by CDPQ for investments recommended to the Committee are clearly identified and measured and, when required, examining the measures taken by management to manage them appropriately

- q) Ensuring that climate change is factored into investment decisions in line with CDPQ's commitment to reducing the carbon intensity of its overall portfolio
- r) Examining the management accountability concerning the implantation of investment strategies, regarding, in particular, the nature, characteristics, concentration and quality of CDPQ's portfolios trends with respect to portfolio quality, market, credit and liquidity risks, the economy, and other data on risks, as well as the accountability on the retrospective analysis of the transactions

Risk Management group

- s) Discuss the appointment and the termination of the Executive Vice-President and Chief Risk Officer
- t) Review annually the Risk Management group's business plan and strategic priorities
- u) Annually communicate to the President and Chief Executive Officer its assessment of the performance of the Executive Vice-President and Chief Risk Officer
- v) In collaboration with the Human Resources Committee and the President and Chief Executive Officer, review the succession plan for the Executive Vice-President and Chief Risk Officer
- w) Assessing the independence of the Risk Management group by requiring in particular that it be free of all influence that could compromise its ability to assume its responsibilities objectively, that the responsibilities assigned to it allow for risk management to be fully assumed and that the Executive Vice-President and Chief Risk Officer reports directly to the President and Chief Executive Officer
- x) Ensuring that the Executive Vice-President and Chief Risk Officer has direct access to the Committee Chair and meets with him regularly in the absence of management

Mandate and assessment of Committee performance

- y) Together with the Governance and Ethics Committee, carry out every other year an assessment of the adequacy of its mandate and carry out annually an assessment of its performance

9. Other mandates

The Committee carries out other mandates entrusted to it by the Board.

10. Resources

The President and Chief Executive Officer shall see that the Committee has adequate human, material and financial resources, particularly as regards external experts, to perform its functions.

(Section 5.13 of the Act)

When the Committee wishes to use the services of external experts, it shall send, for information purposes, prior notice to the Chair of the Governance and Ethics Committee, with copies to the Chair of the Board and the President and Chief Executive Officer. This notice shall include a description of the mandate and the budget. The Chair of the Board shall inform the Board when such mandates are granted.

To fulfill its responsibilities, the Committee may consult all CDPQ records and contact any officer, employee or auditor, if that is justified to exercise its duties.

(Section 17 of the Internal by-law)

11. Private meetings

As part of its mandate, the Committee holds a private discussion session with the Executive Vice-President and Chief Risk Officer. It may, if necessary, hold private discussion sessions with the President and Chief Executive Officer.

The Committee members regularly meet at the beginning or end of a meeting, with or without management being present.

Any Committee member may ask the Chair that a Committee meeting, or any part of it, be held without management being present.

12. Reports

The Committee shall report to the Board on the results of its work after each of its meetings. This report contains in particular the recommendations that it considers necessary.

(Section 18 of the Internal by-law)

The Committee shall also submit to the Board a summary of its proceedings to be included in CDPQ's annual report.

(Sections 13.6 and 46 (m) of the Act)

Records of deliberations of the Committee are made available to members of the Board for information once approved.

(Section 19 of the Internal by-law)

The numbers in parentheses refer to the corresponding sections in the *Act respecting the Caisse de dépôt et placement du Québec* or the *Internal by-law of Caisse de dépôt et placement du Québec*.