



January 15, 2016

Attention:  
Marlice Johnson  
International Corporate Governance Network (ICGN)

Via Email: [marlice.johnson@icgn.org](mailto:marlice.johnson@icgn.org)

Marlice,

British Columbia Investment Management Corporation (bcIMC) has been an ICGN member since 2005 and we welcome the opportunity to comment on the ICGN draft Global Stewardship Code (ICGN Code).

bcIMC became a founding signatory to the Principles for Responsible Investment (PRI) in 2006. In addition, bcIMC is a founding member of the Canadian Coalition for Good Governance (CCGG) and has been an active member since 2003 in addition to having served on the CCGG board in various capacities over the years. We have also been an active member of the Asia Corporate Governance Association (ACGA) since 2005.

Overall, we view the ICGN Global Stewardship Code framework and principles to be in alignment with ICGN's existing policy framework as well as with the principles and objectives supported by other organizations we are members of or signatories to. More specifically, we are providing below our views and comments on the consultation questions.

1. Do you agree or disagree with the stated purposes of ICGN Global Stewardship Code? Are there other applications you might envisage?

We agree with the stated purposes of the ICGN Code. Considering bcIMC and many of our peers invest in multiple markets with differing stewardship codes or without such codes, we believe the ICGN Code could serve as an international "passport" for institutional investors. bcIMC is not a signatory to any country-specific codes but the ICGN Code could help investors efficiently communicate fundamental stewardship policies and practices in a global context.

We consider the ICGN Code to be aligned with the PRI Principles which are a global reference for responsible investors engaged in stewardship activities. We consider the Code will serve as a complementary point of reference for investors on what stewardship entails and how to implement it in practical terms.

2. Do you believe the draft ICGN Global Stewardship Code is appropriately positioned to complement stewardship codes that are in place in other jurisdictions or to serve as a guide for the development of stewardship codes?

We agree with the positioning of the draft ICGN Code. Considering the many country-specific codes already in place and under consideration in many jurisdictions, it is appropriate to provide an overarching framework.

3. Do you agree with the seven principles of the Code? Is there a principle that should be excluded – or another that should be included?

We would recommend adding a Principle on engagement with policy makers in line with other stewardship frameworks such as the PRI and the CCGG Principles for Governance Monitoring, Voting and Shareholder Engagement (CCGG Principles).

The PRI Principle 2 "*We will be active owners and incorporate ESG issues into our ownership policies and practices*" explicitly mentions participation in the development of policy, regulation, and standard setting as a possible action item. Furthermore, PRI Principle 4 suggests that investors support regulatory or policy developments that enable the implementation of the PRI Principles.

The CCGG's Principles list *Monitoring and Engaging with Regulators and Policy Makers* as a standalone principle. It calls for "*Where possible, institutional investors should engage with regulators and other policy makers to improve the existing regulatory environment and to ensure that the perspectives of shareholders are considered when new laws and policies are being developed.*" See

[http://www.ccg.ca/site/ccgg/assets/pdf/Principles\\_for\\_Governance\\_Monitoring\\_Voting\\_and\\_Shareholder\\_Engagement-Formatted\\_2\\_.pdf](http://www.ccg.ca/site/ccgg/assets/pdf/Principles_for_Governance_Monitoring_Voting_and_Shareholder_Engagement-Formatted_2_.pdf).

The ability to protect the long-term value of investments and to integrate ESG factors in investment management and stewardship activities depends in part on the existence of laws, regulations and locally and internationally recognized best practice standards governing companies' operations and reporting requirements. Having access to comparable and consistent ESG disclosures by companies requires policy makers to take action. We view stewardship as contributing to initiatives that enhance the stability and integrity of global financial markets. As an active participant in capital markets, we address systemic risks through policy engagement with regulators, policy makers and standard setting bodies.

Invoking change through regulation has a far-reaching impact, especially for addressing systemic risks and lack of ESG disclosure. This aspect of engagement requires dedicated resources and has the potential to affect change at a broad level. It is our view that engagement with policy makers should be recognized as an effective way for investors to deliver on their stewardship responsibilities.

4. Are there aspects of the guidance points that you do not agree with or are there further guidance points to consider?

#### Direct and Collaborative Engagement on Policy Matters

Considering that the UK Stewardship Code does not explicitly cover the expectations of investors to engage with policy makers, regulators and standard-setting bodies as a standalone principle, an alternative to an additional principle would be to add an explicit reference to engagement with policy makers in addition to companies under Principle 5.

Additional guidance points could also be added in the form of collaborative engagement. The CCGG's Principles referenced above, also comment on the value of collaborative work on policy matters: "*[...] collaborative engagement with regulators can be a particularly efficient and effective way for them to improve the laws and regulations that affect their interests.*"

The Code for Responsible Investing in South Africa (CRISA) also refers to engaging with regulators under its 3<sup>rd</sup> Principle regarding collaborating with other investors to promote the acceptance and implementation of CRISA and other codes and standards applicable to institutional investors: "*An institutional investor should consider a collaborative approach to work jointly with other shareholders, service providers, regulators, investee companies and ultimate beneficiaries to, where appropriate, promote acceptance and implementation of CRISA and sound governance.*" See

<http://www.lrs.org.za/docs/The%20CRISA%20Code%20summary.pdf>.

Furthermore, a reference to policy engagement could be added under ICGN's Principle 6 requiring investors to ensure a long-term perspective and the integration of ESG factors. The last guidance point under Principle 6 specifies that investor engagement should encourage more robust ESG reporting and disclosures. Addressing this issue by influencing policy makers and stock exchanges for example might deliver systemic results above and beyond individual company engagements.

#### External Assurance

We agree with encouraging and not mandating external assurance of stewardship code activities under the 7<sup>th</sup> Principle. In contrast with the UK Stewardship Code, this flexible approach is appropriate for a code of a global nature considering that investors from different regions are at various levels of stewardship governance and implementation.

5. Are there aspects of the roles of asset owners, asset managers and companies that you do not agree with or are there further guidance points to consider?

We agree with the roles listed and guidance provided.

On a final note, as a Canadian institutional investor member of CCGG, we would like to point out that we do not consider the CCGG's Principles for Governance Monitoring, Voting and Shareholder Engagement to be a country stewardship code as listed under Appendix 2. CCGG members are not bound to commit or to report on compliance against its principles. It would be

more appropriate to list it under the References section or somehow distinguish it from the others that are listed under Stewardship Codes to avoid confusion.

Thanks for your consideration, and please feel free to reach out if you require further clarification.

Regards,

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