

April 15, 2014

VIA EMAIL: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario M5H 3S8

Dear Sir:

**RE: Proposed Amendments to 58-101F1 of National Instrument 58-101**

British Columbia Investment Management Corporation (bcIMC) welcomes the opportunity to respond to the proposed amendments to 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices Regarding Women on Boards and in Senior Management (the "Proposed Amendments").

bcIMC is one of the largest Canadian institutional investors and manages a C\$110 billion portfolio of globally diversified investments on behalf of the public sector pension plans of British Columbia and publicly-administered trust funds, as well as other public sector bodies. Almost half of bcIMC's overall portfolio is invested in the public markets and in connection with this share ownership, bcIMC places significant value on good corporate governance which includes gender diversity on boards of directors and in senior management.

While bcIMC made a detailed submission to the OSC in October 2013, we welcome the opportunity to state our views once again on this important issue. Below is a response to the specific recommendations in the Proposed Amendments.

**Recommendation #1: Require disclosure regarding director term limits or an explanation for the absence of such limits**

bcIMC agrees that term limits are one way to encourage board refreshment and open up opportunities to increase diversity levels on boards of directors. In some markets outside of Canada, directors are no longer considered independent after 10 or more years. While we would not advocate for the OSC to establish a preferred term limit, it would be useful for the OSC to indicate that term limits are an important piece of ensuring Board renewal.

The addition of term limits would improve the director evaluation process because in our opinion it is rare for directors to be removed by peers serving on the same board. Having term limits in place would necessitate a conversation around succession and ensure that underperforming directors are not able to remain in place for an excessive period of time.

**Recommendation #2: Require disclosure of policies regarding the representation of women on the board or an explanation for the absence of such policies**

bcIMC supports additional disclosure on diversity policies but as stated in our earlier submission, we encourage the OSC to go further by requiring that a formal written policy be in place. The lack of a policy can easily be explained leaving shareholders no better off than prior to a new rule being implemented.

Given the lack of progress on this issue, bcIMC feels that comply or explain is insufficient at this time and that targets must be established if we are to make progress. In fact, the 'comply or explain' model proposed for diversity is not an entirely accurate description as there is no outlined policy that needs to be complied with. The proposed amendments are strictly focused on the disclosure element. If a diversity policy was made mandatory, there would be a requirement to comply with or explain the absence of such a policy.

**Recommendation #3: Require disclosure of the board's or nominating committee's consideration of the representation of women in the director identification and selection process or an explanation for the absence of such consideration**

bcIMC fully supports this recommendation as it will allow us to assess a company's intentions regarding greater diversity. Based on all of the available research, it seems apparent that companies could simply begin searching for qualified candidates in a broader arena than what has traditionally been done. However, if diversity is never a consideration in the process, these less traditional networks will never be tapped into and therefore, qualified female directors will continue to be overlooked.

**Recommendation #4: Require disclosure of the consideration given to the representation of women in executive officer positions when making executive officer appointments or an explanation for the absence of such consideration**

bcIMC also supports disclosure of the process involving executive officer appointments in the hopes that this will encourage additional action on the part of issuers to identify barriers to advancement and solutions to such barriers. It is our preference that a diversity policy for senior management be mandatory similar to our position on Board diversity with a minimum target of 30%, consistent with bcIMC's earlier submission.

If we can make progress on increasing diversity among the most senior level of executives, it will also have a positive direct impact on the potential pool of candidates for Board service.

**Recommendation #5: Require disclosure of targets adopted regarding the representation of women on the board and in executive officer positions or an explanation for the absence of such targets**

As stated above, it is our preference that the OSC mandate the adoption of some sort of target in order to spur action and progress. Previously we have suggested that a 30% target to be achieved in 3 years time would be ambitious but achievable. The issuer community should be very comfortable with the notion of targets as guidance is continuously provided to the market in the area of financial disclosure.

As proposed, issuers are still able to explain why a target is not relevant for them and investors will have little to no information about how they are addressing the issue.

**Recommendation #6: Require disclosure of the number of women on the board and in executive officer Positions**

bcIMC is supportive of making this information easy to find and analyze for investors. In our experience, this information is often already being reported by many companies in Canada as diversity disclosure is captured within the requirements of the Global Reporting Initiative (GRI), a global framework for reporting on environmental, social and governance risks. There are also companies in Canada subject to the *Employment Equity Act* that must report similar data.

The proposed disclosure requirements proposed by the OSC appear consistent with the above requirements with one exception. The requirement to report on all subsidiaries could be rather onerous for issuers and disclosure for hundreds of subsidiaries would have limited use for the investor community.

**Recommendation #7: Conduct a review of compliance with any new disclosure requirements after issuers have provided this disclosure for three annual reporting periods**

As stated in our earlier submission, we support the idea of a compliance review along with the publishing of the results so we can monitor progress and the impact of these new disclosure requirements. However, it is our preference that an annual review take place given the slow progress on the issue of diversity to date. An annual review would place the OSC in a better position to take further action in three years time if adequate progress is not occurring under the comply or explain model.

bcIMC would also like to see the OSC comment on the quality of disclosure seen as a result of the new requirements. The danger of a 'comply or explain' based framework is boilerplate language that is not useful for investors and undermines the intent of the disclosure requirements. Any compliance review must, therefore, include an assessment of disclosure quality.

## Final Comments

In order to address some of the OSC's additional questions in the Proposed Amendments paper, bcIMC offers some additional comments. bcIMC does not support any phase-in period and also supports the disclosure requirements being applicable to venture issuers as well as non-venture issuers. As stated many times by ourselves and others, a voluntary approach has so far failed to lead to real improvements on gender diversity so delaying action would not be the recommended course of action.

Finally, we would like to underscore our support for the additional comments made by the Canadian Coalition for Good Governance (CCGG) on amendments to National Policy 58-201 as well as proxy access for shareholders.

bcIMC supports the OSC's efforts to improve gender diversity in boards and senior management in Canada and encourages the OSC to take these additional steps to ensure that companies will make substantial progress.

bcIMC would like to thank you again for considering our comments and recommendations. Please feel free to contact Jennifer Coulson at [jennifer.coulson@bcimc.com](mailto:jennifer.coulson@bcimc.com) if you require any clarification on the above points.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Bryan Thomson', with a stylized flourish at the end.

Bryan Thomson  
SVP, Public Equity Investments

CC: Jennifer Coulson, Manager Shareholder Engagement, bcIMC