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VIA EMAIL

May 28, 2018

Robert Day
Senior Specialist Business Planning
Ontario Securities Commission
20 Queen Street West
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Toronto, Ontario M5H 3S8
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Dear Mr. Day

RE: REQUEST FOR COMMENTS REGARDING STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2019

British Columbia Investment Management Corporation (BCI) is an asset manager with more than CAD \$135 billion in assets under management, making it one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 554,000 people in our province. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will provide strong and stable financial returns.

As a long-term investor, BCI relies on well-functioning capital markets. We believe it is our responsibility to contribute to the overall stability of the financial system. As an active participant in the capital markets, we address systemic risks with the expectation that our efforts will lead to greater stability and integrity within the markets. We regularly engage with regulators and advocate for legal and regulatory changes to ensure that principles of good governance are integrated into the regulatory framework.

We appreciate the Ontario Securities Commission's (OSC's) clear articulation of its goals for the coming year, and offer the following comments.

Reducing Regulatory Burden

BCI remains mindful of the impact of regulatory burden on market participants. As we described in our response to **CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers** we are generally supportive of regulatory changes that streamline disclosure requirements. However, any changes should continue to ensure that our interests as investors are adequately protected, and access to the information required for thoughtful, effective decision-making is not compromised. We look forward to the policy initiatives coming from the OSC and its Canadian Securities Administrators (CSA) partners that address the feedback received last year.

Women on Boards and in Executive Officer Positions (WoB)

BCI is pleased to see that the OSC is considering whether changes to the disclosure requirements set out in NI 58-101 *Disclosure of Corporate Governance Practices* regarding women on boards and in executive officer positions are warranted at this time. While we note that since these disclosure requirements were put in place, there has been some improvement in the overall figures (from 11% female directors for TSX issuers in 2015 to 14 in 2017), we feel that the representation of women on corporate boards in Canada is still woefully low. We also note that the CSA study (*CSA 58-309 Staff Review of Women on Boards and in Executive Officer Positions*) indicates the number of TSX-listed issuers that have adopted a gender diversity policy and targets are only 35% and 11%, respectively. The study also concludes that disclosure provided by many companies under the comply or explain regime is often boilerplate and vague.

In previous comment letters, BCI has suggested that if the OSC finds there is a lack of progress, we would support the commission if it considered additional, more prescriptive measures. As we are not overwhelmed by the progress made so far, we recommend that the OSC requires issuers to have a formal, written diversity policy in place that includes the articulation of a specific target to encourage action and progress. We have suggested that a target of 30% representation by 2022 is an ambitious, yet achievable, target. BCI is one of 16 Canadian institutional investors that have signed the **30% Club Canadian Investor Group: Statement of Intent**, supporting this target and calling on companies to take action.

Finally, we have noted that this initiative is now identified as a focus for the OSC rather than a priority. It is unclear to us what the difference is between these two categories and if we should interpret this to mean that the OSC will not be looking as closely at gender diversity going forward. We feel the OSC should continue its efforts in this area, therefore, we strongly believe that gender diversity should remain a stand-alone priority for the OSC.

Systemic Risk

BCI commends the OSC for considering, as part of their review of market stability issues, the need for companies to disclose their exposure to climate change risk, as is indicated in the preamble to the Statement. We are strong supporters of enhanced disclosure of environmental, social and governance factors by Canadian issuers and are happy to continue to participate in the OSC's efforts to engage investors on this matter.

Advisory Vote on Executive Compensation ("Say-on-Pay")

BCI notes that the Statement of Priorities does not include any reference to a consideration of, or any steps toward, implementing a mandatory advisory vote on executive compensation ("say-on-pay") for companies listed on the TSX. BCI believes that a say-on-pay vote is an important mechanism that allows shareholders to articulate a view on executive compensation and also fosters engagement between corporate issuers and investors.

BCI has, for several years, engaged with corporate issuers that do not offer a say on pay vote, encouraging them to voluntarily adopt the practice. This year, in collaboration with a group of Canadian institutional investors, we continued these efforts, and, in certain cases, filed shareholder proposals at

issuers who lacked a say on pay vote. As a result, eight more Canadian issuers have agreed to add say on pay to their AGM ballots. We recognize that there are still some issuers that remain reluctant, but we also believe these results show a willingness from Canadian companies to adopt best practices. This does indicate to us that there was no increased disclosure burden for these companies as the information required was already prepared for the companies' Compensation Discussion and Analysis portion of the annual proxy statements. We are quite confident that there is broad support for mandatory say on pay from institutional investors in Canada as evidenced by these ongoing engagement activities. Therefore, we again request that the OSC include mandatory say-on-pay for issuers on the OSC's final 2018-2019 Statement of Priorities.

Thank you for this opportunity to respond to the proposed Statement of Priorities. Please contact Susan Golyak, Manager, ESG Integration at susan.golyak@bci.ca if you have any questions or you wish to discuss our comments further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel Garant".

Daniel Garant
Senior Vice President, Public Markets

