



**VIA EMAIL**

April 16th, 2014

John Stevenson, Secretary  
Ontario Securities Commission  
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Toronto, Ontario M5H 3S8  
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Dear Mr. Stevenson:

**Re: OSC Request for Comment – Proposed Amendments to Form 58-101F1  
Corporate Governance Disclosure of National Instrument 58-101**

Alberta Investment Management Corporation (AIMCo) welcomes the opportunity to respond to the Ontario Securities Commission's (OSC) request for comments on these Proposed Amendments to Form 58-101 and to contribute to the debate on this important topic.

AIMCo invests \$80 billion of assets under management on behalf of 28 Albertan pension plans and government funds, and is an active participant in Canada's equity markets. AIMCo is a signatory member to several important responsible investment initiatives including the UNPRI, ICGN, PIAC, and CCGG. AIMCo takes our role in the furtherance of good corporate governance seriously. This submission is made by AIMCo, and not on behalf of any of its clients or the AIMCo Board or any other stakeholders.

AIMCo is fully supportive of the intent behind the Proposed Amendments to improve Canadian corporate governance processes by promoting the conditions for board diversity. The rate of change for percentages of women on public company boards in Canada is basically stagnant. This is partially due to the slow progression of women up the corporate ladder into executive officer positions, and partially to a lack of concerted effort by boards to widen their search. AIMCo supports the view that board diversity fosters robust board composition, which correlates with improved financial performance. AIMCo furthermore supports the principle of disclosure of women on boards and for director selection processes.

AIMCo's responses to each of the 7 recommendations and 5 questions are below as follows:

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**Feedback on OSC Recommendations:**

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

AIMCo supports this recommendation. Board term limits promote board renewal, and encourage board diversity, which are fundamental tenants of good governance.

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

AIMCo supports this recommendation. It follows that boards which adopt policies advancing gender diversity should be more successful in achieving this objective.

**OSC 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.*

AIMCo supports this recommendation as it increases the probability that disclosed processes will be based upon objective criteria. However, requiring disclosure of recruitment processes does not pro-actively address the question of the board's underlying commitment to gender diversity.

AIMCo furthermore suggests that the 'comply or explain' strategy may be bolstered by requiring reporting of search criteria, such as the board skills matrix.

**OSC 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.*

AIMCo supports the principle of this recommendation which contributes to the progression of women into executive officer positions, thus widening the pool for potential board candidates.

**OSC 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.*

For representation of women on boards and executive officer positions AIMCo prefers the concept of target ranges to quotas. AIMCo suggests that targets should be set within a range rather than aiming for absolute percentages. The goal should be to demonstrate evidence of a rate of increase of women on the board across a reasonable length of time, such as a 5-year period. This strategy may encourage improvement even in industries where there has historically been low diversity.

**OSC Recommendation 6):** *Require disclosure of the number of women on the board and in executive officer positions.*

AIMCo supports this recommendation. While most public companies already disclose the names of executive officers as a matter of course in their annual reports, to require disclosure of the number of women for all publically traded companies may more easily facilitate industry comparisons to positively effect change.

**OSC Recommendation 7:** *Conduct an (OSC) review of compliance with any new disclosure requirements after issuers have provided this disclosure for three annual reporting periods.*

AIMCo supports this recommendation. AIMCo suggests the OSC consider measures to encourage and enhance compliance in the event of lack of progress. If targets are reasonable, then compliance within a reasonable time frame and/or a phasing in approach should be expected. The final review or 'audit' must be fully defensible with a thorough evaluation process of what the company has done, and what it is going to do before a decision to enact any sanctions.

**Our comments on the specific questions for which comments are requested are set out below:**

*1. Are the scope and content of the Proposed Amendments appropriate? Are there additional or different disclosure requirements that should be considered?*

The scope and content thus described are appropriate. Additional considerations could include the appropriate method of disclosure for each target audience, such as within the issuers' annual proxy circular, or in the annual report.

*2. Should the Proposed Amendments be phased in, with only larger non-venture issuers being required to comply with them initially? If so, which issuers should be required to comply with the Proposed Amendments initially? Should the test be based on an issuer's market capitalization or index membership? When should smaller non-venture issuers be required to comply with the Proposed Amendments?*

We agree that it is appropriate to phase-in any new reporting requirements gradually, beginning, in the first year, with larger issuers in TSX 60 index; followed by the application to all TSX Composite index issuers the following year. Smaller venture issuers should be encouraged to comply but should not be required to do so just yet.

*3. Do you agree that the Proposed Amendments requiring non-venture issuers to provide disclosure regarding term limits will encourage an appropriate level of board renewal?*

Yes.

*4. In support of disclosure regarding director term limits, should there be greater transparency regarding the number of new directors appointed to an issuer's board and whether those new appointees are women? Specifically, should there be an additional disclosure requirement that non-venture issuers disclose: (i) the number of new directors appointed to the issuer's board at its last annual general meeting and (ii) of these new appointments, how many were women?*

AIMCo supports disclosure of all the above.

5. *Item 11 of the Proposed Amendments requires disclosure of policies regarding the representation of women on the board or an explanation for the absence of such policies. The term "policy" can be interpreted broadly. Should the proposed disclosure item explicitly indicate that the term "policy" can include both formal written policies and informal unwritten policies? What are the challenges for non-venture issuers reporting publicly on informal unwritten policies adopted by their boards?*

AIMCo suggests that the OSC clarify that in the strict sense of the word, the term 'policy' refers to formal written policies; while the term 'practices' may be used to refer to normative, unwritten practices. More-over, we believe that written, board approved policies which encourage gender diversity will better foster the conditions for change; and so are preferable to board and company reliance upon normative practices which may perpetuate the status quo. Issuers should disclose whether they rely upon written policy, or normative practices.

We trust that our responses have been helpful. Thank you again for this opportunity to comment on this discussion paper. Please do not hesitate to contact us if you have any further questions or concerns.

Yours sincerely,



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