



October 12th, 2016

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Samir Sabharwal  
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Dear Ms. Horn and Mr. Sabharwal:

**Re: Alberta Securities Commission Request for Comments on Proposed Amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices and Form 58-101F1 Corporate Governance Disclosure regarding Gender Diversity and Term Limits**

Alberta Investment Management Corporation (AIMCo) would like to take this opportunity to offer support to the Alberta Security Commission's (ASC) proposal to adopt the Ontario Securities Commission's (OSC) amendments to National Instrument (NI) 58-101, in alignment with nine other provinces in Canada. AIMCo welcomes the opportunity to comment on this important topic. AIMCo invests \$90 billion on behalf of 31 clients comprising Albertan pension plans and government funds, and, as such, is an active participant in Canada's equity markets. AIMCo takes our role in the furtherance of good corporate governance seriously. This submission is made by AIMCo, and not on behalf of any particular client or any other stakeholders.

AIMCo believes that gender diversity is a core attribute of a well-functioning board which supports greater long-term value for shareholders and companies, and which promotes effective governance, leadership development and enhanced corporate reputation. Furthermore, while this request for comment is focused on gender diversity, AIMCo fully recognizes that the notion of board diversity encompasses not only gender, but also ethnicity, age and other key attributes as interpreted by the board to appropriately reflect the company's stakeholder base.

In October 2014, when AIMCo first engaged with the ASC regarding OSC 58-101, the ASC was hesitant to support the disclosure requirement for issuers within a comply or explain context. The ASC sentiment at the time was that board gender diversity was not within ASC's mandate. We commend the ASC on revisiting their prior stance. We would like to affirm that we believe the ASC's adoption of the Proposed Amendments properly falls within the ASC's purview and the mandate to foster fair and efficient capital markets in Alberta.

Although the rate of change for percentages of women on public company boards in Canada remains low, overall percentages have improved from 13.1% in 2013 to 19.4% in 2015 (based on MSCI data). This rate of progress is inhibited by the length of board terms in the short to medium-term, while improvement over the longer-term will demonstrate boards' overall commitment to improve gender diversity. AIMCo encourages companies to develop and disclose gender diversity objectives for their boards and across the organization. Boards also play an overarching role in fostering diversity across the organization and in senior management by overseeing human resource management strategies.

Globally, securities regulators and an increasing number of developed country governments recognize that increased board diversity is necessary to properly reflect changes in the workplace and in companies' customer base, as women make up 50% of the workforce in these markets. Many countries are adopting policies to encourage gender diversity, such as voluntary targets, mandated quotas, and/or a disclosure requirement. The business case for gender diversity on boards is being recognized, with many studies demonstrating material outperformance for companies with higher percentages of women on their boards (E.g. McKinsey & Company, 'Why Diversity Matters', January 2015).

AIMCo remains supportive of the intent behind the Proposed Amendments to improve Canadian corporate governance processes by promoting the conditions for board diversity. Our comments are listed below.

The ASC Notice and Request for Comment states that the Proposed Amendments would require non-venture reporting issuers to disclose the following information when filing Form 58-101F1:

1. *Whether or not the issuer has adopted a policy for the identification and nomination of women directors; and if so, the issuer is asked to provide a short summary of the policy's objectives and key provisions.*

AIMCo supports this recommendation. It follows that boards which adopt policies advancing gender diversity for both the representation of women on the board and in executive officer positions should be more successful in achieving this objective.

2. *Whether or not the issuer's board or nominating committee considers the level of representation of women on the board in identifying and nominating board candidates;*

AIMCo supports this recommendation, which refers to disclosure of the consideration of women in recruitment processes. However, requiring disclosure of recruitment processes does not pro-actively address the question of the board's underlying commitment to gender diversity. Issuers that include gender in their search criteria will likely be more successful in achieving a more gender diverse board. AIMCo furthermore suggests that the 'comply or explain' strategy may be bolstered by requiring reporting of search criteria, such as the board skills matrix.

3. *Whether or not the issuer considers the level of representation of women in executive officer positions in the appointment of executive officers;*

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. Progressive Human Resource management strategies may also serve to propel women to more senior levels in the organization.

4. *Whether or not the issuer has adopted any targets (numbers or percentages) regarding women on the issuer's board or in executive officer positions of the issuer, and if so, the issuer is asked to disclose what those targets are;*

AIMCo still prefers the concept of flexible target ranges to hard quota for representation of women on boards and executive officer positions. 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 encourages improvement even in industries historically exhibiting low diversity. Progress in achieving targets should be reviewed by the board and reported to shareholders on a regular basis.

5. *The number and proportion (in percentage terms) of directors on the issuer's board who are women;*

AIMCo supports this recommendation. While most public companies already disclose the names of their directors in their annual reports, making this information more readily accessible may assist investors in their investment monitoring and decision making.

6. *The number and proportion (in percentage terms) of executive officers of the issuer who are women;*

AIMCo supports this recommendation. While most public companies already disclose the names of their executive officers as a matter of course in their annual reports, making this information more readily accessible may assist investors in their investment monitoring and decision making.

7. *Whether or not the issuer has any term limits or other mechanisms of board renewal in place for its board of directors.*

AIMCo supports this recommendation. Board term limits promote board renewal, and encourage board diversity, which are fundamental tenets of good governance. We furthermore recommend that issuers develop, and then disclose, other mechanisms and protocols to promote board refreshment such as inviting observer members, or widening search criteria.

We trust that our responses will be helpful and provide support to the successful adoption of the proposed amendments to NI 58-101 and Form 58-101F1. Please do not hesitate to contact us if you have any further questions or concerns.

Yours sincerely,



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