



# Municipal Pension Board of Trustees

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March 31, 2011

Mr. John Stevenson  
Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor Box 55  
Toronto, Ontario M5H 3S8

via email: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

Dear Mr. Stevenson:

**Re: Comments on OSC Staff Notice 54-701 – Shareholder Democracy Reforms**

I am writing on behalf of the Municipal Pension Board of Trustees (the Board) in response to the Ontario Securities Commission (OSC) staff notice regarding its review of issues relating to shareholder democracy. According to the notice, the OSC is considering the development of regulatory proposals relating to director elections, shareholder votes on executive compensation or “say on pay”, and the effectiveness of the proxy voting system.

The Municipal Pension Plan (the Plan) is the largest pension plan in British Columbia and the sixth largest pension plan in Canada with about 220,000 members. Our investment portfolio is currently valued at approximately \$26.7 billion, with \$4.9 billion of the assets invested in publicly traded Canadian equities. The Plan is a public sector, multi-employer, defined benefit pension plan governed by a joint board of trustees. The Plan’s investment agent is the British Columbia Investment Management Corporation (bcIMC), and the Municipal Pension Board of Trustees supports bcIMC’s belief in good corporate governance.

As a large, diversified investor, the Municipal Pension Board of Trustees believes that effective share ownership lies not in divesting or avoiding companies who may not have strong governance practices, but in helping them make positive and lasting change for the long-term benefit of the company. As a result, consistent with our fiduciary duty and belief in the active role of shareholders in governance, we support improved corporate practices, disclosure and regulation where necessary.

Canadian securities law should be amended where necessary to ensure that all shareholders can have their voices heard in a democratic and effective way. To that end, we support three key changes:

1. prohibition of slate voting
2. requirement for “say on pay” advisory votes
3. requirement for detailed confirmation to shareholders of vote instructions.

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A majority of Canadian public companies allow shareholders to vote individually on directors, instead of voting for or against an entire slate. Companies have voluntarily adopted this best practice largely because members of the Canadian Coalition for Good Governance (CCGG) have encouraged the change. Eliminating slate voting is a modest and reasonable reform, which gives shareholders slightly more say on the important issue of who will act for them. Unfortunately, some companies still use slate voting.

We also believe that the OSC should introduce mandatory shareholder votes on executive compensation or “say on pay” as an advisory input to decision-making with respect to executive compensation.

In addition, we believe that securities law should require companies to return a detailed confirmation to shareholders of vote instructions received.

We believe that these three changes will improve corporate governance and accountability to shareholders.

Finally, thank you for providing the opportunity for the Municipal Pension Board of Trustees to share our views.

Sincerely,



Brendan Dick  
Board Chair

pc: Doug Pearce, CEO/CIO, British Columbia Investment Management Corporation  
Richard Taylor, Vice-Chair, Municipal Pension Board of Trustees  
Municipal Pension Board of Trustees  
Vicky Grabb, Senior Administrative Officer, Municipal Pension Board of Trustees  
Karen James, Board Secretary, Municipal Pension Board of Trustees