



CPP
INVESTMENT
BOARD



April 8, 2015

VIA EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Re: CSA Staff Notice 54-303 Progress Report on Review of the Proxy Voting Infrastructure

Alberta Investment Management Corporation, British Columbia Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, OMERS Administration Corporation, Ontario Teachers' Pension Plan and Public Sector Pension Investment Board (collectively, the **Funds, we** or **our**) are writing in response to the CSA Staff Notice 54-303 *Progress Report on Review of the Proxy Voting Infrastructure* (the **Staff Notice**).¹

¹ CSA Staff Notice 54-303 *Progress Report on Review of the Proxy Voting Infrastructure* (January 29, 2015), 38 OSCB 772.

Collectively, the Funds represent approximately \$990 billion of assets under management (as of December 31, 2014) and are active participants in Canada's equity markets.

The Funds would like to thank the Canadian Securities Administrators (CSA) for their work and appreciate the publication of a status report on their findings following the review process undertaken a few months ago. As a group, we wish to reiterate the importance of a functional proxy voting system in exercising our shareholder rights as well as the overall integrity of that system. It is important that this remains on the agenda for regulators as more details are learned and precise challenges are uncovered.

In addition, we are encouraged by the development of industry protocols as these will address some of the technical deficiencies identified by the CSA including cross-border and communications challenges. We note the Staff Memo references six meetings that were studied in detail. Based on these six meetings, the CSA identified issues with the proxy voting system and from that derived the recommendations provided. While we agree that the issues identified as a result of the study are real and pertinent, given the complexity of the proxy voting system and the variability of conditions surrounding meetings, we also believe that a more comprehensive study using a larger sample size must be conducted. In our view conclusions drawn from a study of a limited number of meetings do not suggest that other problems are not present in the proxy voting system. We can appreciate the time and effort that will be needed to undertake a more comprehensive study but feel strongly that the benefits to the Canadian Capital Markets in having a reliable and accurate proxy voting system that holds participants accountable is worth the effort and resources.

The Staff Notice makes reference to materiality of vote discrepancies a number of times. While it may be true that in terms of total shareholder votes incidents of over-voting or over-reporting may not material, to individual shareholders having their votes diluted in any manner is material. From the beginning of our discussions with the CSA, we have stressed the increasing importance of the shareholder vote, particularly with reference to issues such as majority voting and say-on-pay. Therefore, it is in the best interests of both shareholders and issuers that there is integrity in the proxy voting system; that the system is reliable, accurate and provides for accountability. Accepting over-voting or over-reporting in any form is in our view contrary to the type of proxy voting system shareholders and issues should expect.

In closing, we would like to reiterate our appreciation for the work done by the CSA to date. However, we believe more work needs to be done to ensure that at the end of this process Canada has a world leading proxy voting system. We understand that for Canada to get to that point, it will take time, effort and resources but we believe it is a necessary investment.

Yours very truly,

**ALBERTA INVESTMENT
MANAGEMENT CORPORATION**

by 

Darren Baccus
Chief Client Relations and Legal Officer

**BRITISH COLUMBIA INVESTMENT
MANAGEMENT CORPORATION**

by 

Bryan Thomson
Senior Vice President, Equity
Investments

**CAISSE DE DÉPÔT ET
PLACEMENT DU QUÉBEC**

by 

Ginette Depelteau
Senior Vice-President, Compliance and
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**CANADA PENSION PLAN
INVESTMENT BOARD**

by 

Stephanie Leait
Managing Director, Head of
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**OMERS ADMINISTRATION
CORPORATION**

by 

Michael Kelly
Executive Vice President & General
Counsel

**ONTARIO TEACHERS' PENSION
PLAN BOARD**

by 

Jeff Davis
General Counsel, Senior Vice
President, Corporate Affairs &
Corporate Secretary

**PUBLIC SECTOR PENSION
INVESTMENT BOARD**

by 

Stéphanie Lachance
Vice President, Responsible
Investment and Corporate Secretary