



December 13th, 2016

Business Law Policy
Consumer and Business Policy Unit
Ministry of Government and Consumer Services
6th Floor, 56 Wellesley Street West
Toronto ON M7A 1C1

Via e-mail: businesslawpolicy@ontario.ca

Dear Sir/Madam:

Re: Comments on Business Law Advisory Council Report to Ontario Minister of Government and Consumer Services, November 2016 (the “2016 Report”)

This letter is written on behalf of Alberta Investment Management Corporation (“AIMCo”). As one of Canada’s largest and most diversified institutional investment managers, with over \$90 billion of assets under management, AIMCo is a global investor and active participant in Canada’s equity markets. Our clients include 31 pension, endowment and government funds in the Province of Alberta. AIMCo is a member of several responsible investment initiatives including the UN-backed Principles of Responsible Investment, International Corporate Governance Network, Pension Investment Association of Canada and the Canadian Coalition of Good Governance (“CCGG”). We fully support the corporate governance principles of shareholder voice, director accountability and board quality. It is in this spirit that we offer our thoughts as an institutional investor with respect to the absence of provisions in the Ontario Business Corporations Act (“OBCA”) to provide for majority voting in uncontested director elections for public companies governed by the OBCA.

AIMCo shares CCGG’s concern that the Business Law Advisory Council has backtracked from the June 2015 Priority Findings and Recommendations Report stating that: “Shareholders should have the ability to effectively choose their boards. For example, they should be entitled to vote against candidates for election to the board.” The right to vote ‘for’ or ‘against’ director nominees is a fundamental principle which should be addressed by the OBCA, and by corporate law generally. Interesting Canada and the U.S. appear to be the only remaining jurisdictions globally that do not ensure majority voting as a legal requirement in their corporate statutes.

Currently the Ontario Business Corporations Act (“OBCA”), like the Canadian Business Corporations Act (“CBCA”) provides for a plurality voting system which allows for a director to be elected with as little as one vote ‘for’ in an uncontested election. In practice this is rare, due to the 2014 Toronto Stock Exchange (TSX) requirements that TSX listed issuers adopt majority voting, except for majority-controlled issuers. However, significant loopholes remain which should be addressed. Notably, a director that does not enjoy majority support may remain on the board if the board chooses not to accept the director’s resignation. This is contrary to the principles of sound corporate governance, according to which boards of directors should duly consider shareholder voice to make decisions in the best interests of the company and its stakeholders.

AIMCo strongly supports the principle of shareholder voice in director elections, complete with the ability to vote ‘for’, ‘against’ or to ‘withhold’ from a director. Each of these voting options reflect differing shareholder rationale. Currently, in Canada, shareholders are restricted in their director vote options, as they may only vote ‘for’ or ‘withhold’. AIMCo considers this

restriction of vote options to be an unjustifiable impediment to shareholder voice and the passage of good corporate governance. In our home country market, we have been consistently denied the opportunity to vote against individual directors and instead must withhold our vote from certain directors we may ordinarily have voted against.

As it currently stands, the TSX majority voting policy is in the form of a policy which can be changed easily, as opposed to being enshrined in corporate law. AIMCo broadly supports the efforts of Federal Minister Navdeep Bains in proposing Bill C-25, which, if enacted, will require majority voting for issuers governed by the CBCA, affording shareholders the option of voting 'against' directors, thereby empowering them and improving the Canadian corporate governance landscape. We suggest that the Minister of Government and Consumer Services align any majority voting proposals under consideration with the provisions of Bill C-25 and consult with Minister Bains' Office regarding the best way to proceed.

We echo the CCGG's comments that the best way to strengthen the confidence of institutional investors in Canadian capital markets is to enshrine majority voting in law, in keeping with the 2015 Report's recommendation to "consider opportunities to strengthen corporate governance and investor confidence". Thank you for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact Alison Schneider below.

Sincerely,



Kevin Uebelein
Chief Executive Officer



Peter Pontikes
Executive Vice-President, Public Equities



Alison Schneider
Director, Responsible Investment