

**Canadian Coalition for
GOOD GOVERNANCE**
THE VOICE OF THE SHAREHOLDER

May 27, 2013

Mr. Robert Day
Senior Specialist, Business Planning and Performance Reporting
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Dear Mr. Day,

**Re: Ontario Securities Commission (“OSC”) Draft 2013-2014 Statement of
Priorities**

We have reviewed the OSC’s draft 2013-2014 Statement of Priorities and thank you for the opportunity to provide you with our comments.

CCGG’s members are Canadian institutional investors that together manage approximately \$2 trillion in assets on behalf of pension fund contributors, mutual fund unit holders, and other institutional and individual investors. CCGG promotes good governance practices in Canadian public companies, as well as the improvement of the regulatory environment to best align the interests of boards and management with those of their shareholders and to promote the efficiency and effectiveness of the Canadian capital markets. A list of our members is attached to this submission.

General

We agree that the five areas set out in the Statement of Priorities on which the OSC intends to focus its resources in 2013-2014 are important. We note, however, that this year the draft Statement of Priorities does not make any reference to corporate governance concerns or issues of shareholder democracy. This fact is surprising in light of (i) the fundamental importance of these issues to the OSC’s statutory mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets; and (ii) last year’s Statement of Priorities which included a commitment to facilitating shareholder empowerment as part of its stated goals. In particular, the OSC’s goals last year included:

- (i) advocating for the elimination of slate voting, the adoption of majority voting policies for director elections and enhanced disclosure of voting results for shareholder meetings; and

- (ii) a focus on reform of the proxy voting system

These two very important issues remain unresolved. While our comments last year expressed the view that the OSC's goals did not go far enough and that its commitment should go beyond 'advocating' and 'facilitating' to taking active and concrete steps towards making reform in these areas a reality, we now have the more fundamental concern that these issues should not be allowed to drop off the OSC's agenda. In fact, we would argue that they should be at the top of that agenda and take precedence, as both have serious implications for the proper workings of the market and underlie or impact many other issues upon which the OSC currently is focussing (for example, shareholder rights plans and shareholder power in the face of a takeover bid).

Majority Voting

We recognize that some progress has been made in Canada in advancing majority voting, which is a critical focus of shareholder democracy. At the end of 2012, the TSX adopted its 'comply or explain' model which requires listed issuers to put in place a majority voting policy or explain why they do not have one. The TSX has made individual, as opposed to slate, voting mandatory, as well as the disclosure of detailed voting results. The TSX has also released a proposal for comment that would make the adoption of a majority voting policy mandatory for all listed companies. This proposal, if enacted, would constitute a significant improvement, although its adoption is uncertain, as is its ultimate form. We believe the CCGG majority voting policy provides an appropriate basis for reform in this regard. To date, however, the goal of universal majority voting, and hence effective and meaningful shareholder democracy, has not been met. We believe the OSC should not lose its focus on this important issue. As we stated in our submission on last year's draft Statement of Priorities, we maintain that the law should be changed so that in uncontested elections, directors cannot be elected without the support of a majority of the company's shareholders who vote on the matter. We believe that the OSC should implement a majority voting standard for all reporting issuers in Ontario and should spearhead reform initiatives with other regulators and lawmakers so that a majority voting standard for uncontested director elections is required for all Canadian public companies.

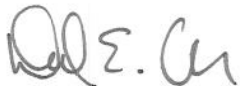
Reform of the Proxy Voting System

Last year we agreed with the statement in the OSC's 2012-2013 draft Statement of Priorities that it should be a priority for the OSC to focus on the reform of the proxy voting system. We also expressed the view that the OSC's role should go beyond its stated goal of conducting an empirical analysis to review concerns about the accountability, transparency and efficiency of the proxy voting system, given that the concerns have been identified and are well known by market participants. We continue to believe that the OSC should assume a leadership role by taking concrete steps to develop proposals that would address systemic problems in the proxy voting system. The problems endemic to our proxy voting system, including over-voting, hidden ownership and the complexities of securities lending, continue unabated. We are aware of the OSC's initiative to address certain aspects of these complex issues in its recent proposal on the Early Warning System (with that proposal's provisions on including derivatives and securities lending arrangements when calculating ownership levels). However, we encourage the OSC to

take a broader approach and work with other regulators and market participants to address the systemic problems with our proxy voting system head on.

We thank you again for the opportunity to provide you with our comments. Please feel free to contact our Executive Director, Stephen Erlichman (416.868.3585 or serlichman@ccgg.ca) or our Director of Policy Development, Catherine McCall (416-868-3582 or cmccall@ccgg.ca) if you would like to discuss this matter further or if we can be of any assistance.

Yours very truly,

A handwritten signature in black ink, appearing to read "D.E. Chornous". The signature is written in a cursive, somewhat stylized font.

Daniel E. Chornous, CFA
Chair of the Board
Canadian Coalition for Good Governance

CCGG MEMBERS

Alberta Investment Management Corporation (AIMCo)
Alberta Teachers' Retirement Fund Board
Aurion Capital Management Inc.
BlackRock Asset Management Canada Limited
BMO Harris Investment Management Inc.
BNY Mellon Asset Management Canada Ltd.
British Columbia Investment Management Corporation (bcIMC)
Burgundy Asset Management Ltd.
Canada Post Corporation Registered Pension Plan
CIBC Global Asset Management
Colleges of Applied Arts and Technology Pension Plan (CAAT)
Connor, Clark & Lunn Investment Management
CPP Investment Board
Franklin Templeton Investments Corp.
GCIC Ltd.
Greystone Managed Investments Inc.
Healthcare of Ontario Pension Plan (HOOPP)
Jarislowsky Fraser Limited
Leith Wheeler Investment Counsel Ltd.
Lincluden Investment Management
Mackenzie Financial Corporation
Manulife Asset Management
NAV Canada (Pension Plan)
New Brunswick Investment Management Corporation (NBIMC)
NEI Investments
Nova Scotia Pension Agency
Ontario Municipal Employees Retirement Board (OMERS)
Ontario Pension Board
Ontario Teachers' Pension Plan (Teachers')
OPSEU Pension Trust
Public Sector Pension Investment Board (PSP Investments)
RBC Global Asset Management Inc.
Régimes de retraite de la Société de transport de Montréal
Russell Investments
SEAMARK Asset Management Ltd.
Sionna Investment Managers Inc.
Standard Life Investments Inc.
State Street Global Advisors, Ltd.
TD Asset Management Inc.
Teachers' Retirement Allowance Fund
UBS Global Asset Management (Canada) Co.
United Church Pension Plan (Pension Board)
University of Toronto Asset Management Corporation
Workers' Compensation Board - Alberta
York University