

October 13, 2016

Ms. Kari Horn
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Alberta Securities Commission
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Mr. Samir Sabharwal
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Alberta Securities Commission
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Dear Ms. Horn and Mr. Sabharwal:

**Re: ASC Notice and Request for Comment – Proposed Amendments to National Instrument 58-101
*Disclosure of Corporate Governance Practices***

We are writing in response to the request for comments on the Proposed Amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) with respect to disclosure on the representation of women on boards and in management.¹ With approximately \$6 billion in assets under management, NEI Investments' approach to investing incorporates the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategy and operations will build long-term sustainable value for all stakeholders and provide higher risk-adjusted returns to shareholders.

We appreciate ASC's decision to reconsider its position on possible implementation of the Proposed Amendments. It is very much the case that, as referenced in the consultation document, disclosure on diversity assists us in making investment and voting decisions. We have long included diversity considerations within our proxy voting guidelines, not only in relation to gender but also other aspects of identity diversity.² Our current guidelines direct us to withhold support for members of the nominating committee of the board at companies where there is no representation of women on the board, unless there is evidence that the issuer is taking steps to address this gap through a strong, time-bound commitment to enhance diversity. Disclosure provided under NI 58-101 is a key input to our deliberations on how and when to exercise our diversity guidelines. Companies in our holdings providing meaningful disclosure on efforts to enhance diversity can benefit in terms of director election vote outcomes, even if they have not yet succeeded in recruiting women to the board. We note in this context that the number of Canadian institutional investors following similar specific diversity voting guidelines is increasing.³

¹ http://www.albertasecurities.com/Regulatory%20Instruments/5317052-v1-ASC_Note_Re_Proposed_Amendments_to_NI_58-101.PDF

² Our proxy voting guidelines can be found here:

<https://www.neiinvestments.com/documents/FlippingBooks/Proxy%20Voting%20Guidelines%202016/index.html>

³ Institutional investors that have updated their proxy voting guidelines recently to include specific diversity voting considerations include RBC Global Asset Management <http://funds.rbcgam.com/investor-information/assets-custom/pdf/rbc-gam-proxy-voting-guidelines-2012.pdf> and

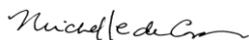
We urge ASC to harmonize its diversity disclosure requirements with those adopted by other CSA members (the 2014 Amendments). This will minimize the cost to companies, as the same disclosure will meet the requirements of any other CSA member to which an issuer is obliged to report. We do not believe that adopting such harmonized diversity disclosure requirements would represent a hardship or additional regulatory burden for Alberta companies, as most non-venture companies domiciled in Alberta appear to have an obligation to report to regulators that have adopted the 2014 Amendments. Indeed, based on a rapid review of Bloomberg and SEDAR information, we identified only three non-venture companies domiciled in Alberta that were not profiled as being obliged to report to a jurisdiction that has adopted the 2014 Amendments, appeared to be reporting currently on corporate governance practices under NI 58-101, and were not providing information in response to the diversity disclosure requirements already.

Although it appears that few companies would face new requirements if the ASC adopted the Proposed Amendments, nevertheless we believe it would be a positive step. It would help emphasize to Alberta-domiciled companies, in particular to oil and gas companies and associated issuers, the importance of addressing the diversity challenge. The energy sector continues to lag in terms of representation of women on boards: according to the recent CSA Staff Review⁴ on compliance with the 2014 Amendments, 60% of non-venture oil and gas issuers surveyed reported having no women on the board, compared to 45% across all issuers. The apparent correlation between board diversity and better corporate performance has been widely discussed, but we believe that lack of diversity is a specific risk for energy companies in light of changing expectations and challenges facing the sector. This lack of diversity encompasses both diversity of identity (gender, ethnicity and other personal attributes) and diversity of expertise - particularly with regard to environmental and social risks and opportunities that are material to the sector. In widening the search for directors to include more female candidates, we believe issuers can and should be looking beyond corporate networks to include consideration of qualified candidates with other backgrounds including academia, public service or the not-for-profit sector. More generally, we believe ASC's adoption of diversity disclosure requirements would contribute to building Alberta's reputation as a progressive energy jurisdiction.

Please do not hesitate to contact me if you have any questions in relation to this submission.

Sincerely,

NEI Investments



Michelle de Cordova

Director, Corporate Engagement & Public Policy

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cc:

Board of Directors, NEI Investments

ESG Committee, NEI Investments

Robert Walker, Vice President, ESG Services, NEI Investments

Jamie Bonham, Manager, Corporate Engagement, NEI Investments

the BC Investment Management Corporation <http://read.uberflip.com/i/500877-proxy-voting-guidelines>.

⁴ Canadian Securities Administrators (2016). CSA Multilateral Staff Notice 58-308: Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 *Disclosure of Corporate Governance Practices* http://www.osc.gov.on.ca/documents/en/Securities-Category5/sn_20160928_58-308_staff-review-women-on-boards.pdf

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