



May 22, 2012

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By email: rday@osc.gov.on.ca

Re: OSC Notice 11-766 – Statement of Priorities

This submission is made by the Public Sector Pension Investment Board (“PSP Investments”) in reply to the request for comments by the Ontario Securities Commission (the “OSC”) regarding the Statement of Priorities for Financial Year to End March 31, 2013 (the “Statement of Priorities”).

By way of background, PSP Investments is a Canadian Crown corporation established to invest the amounts transferred by the federal government since April 1, 2000, for the pension plans of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police, and since March 1, 2007, for the Reserve Force Pension Plan. As at September 30, 2011, PSP Investments’ assets under management were approximately \$57.3 billion.

PSP Investments would like to comment in particular two sections of the Statement of Priorities set out under Goal #1 – Deliver Responsive Regulation.

The first section reads as follows:

- *Facilitate shareholder empowerment in director elections by advocating for the elimination of slate voting, the adoption of majority voting policies for director elections and enhancing disclosure of voting results for shareholder meetings.*

PSP Investments encourages the OSC to move forward as quickly as possible with shareholder empowerment in director election.

PSP Investments strongly believes that shareholders should be given the opportunity to elect directors individually, on an annual basis, as opposed to being presented with a slate of director nominees. We also believe that a majority voting policy for the election of directors should be adopted by all issuers. The individual voting and the implementation of a majority voting policy will hold directors accountable for their performance and ensure that members of the board have the full confidence of shareholders.

PSP Investments also believes that detailed voting results for all meeting agenda items should be disclosed to the public as soon as possible following all shareholder meetings, regardless of whether the vote was by way of a show of hands or ballot. Shareholders already have a reasonable expectation that issuers who have adopted or committed to adopt a majority voting policy will publically disclose detailed voting results setting out the level of support that a director received. Consequently, PSP Investments is strongly of the view that the requirement to make public disclosure of voting results should be formalized in a rule and that the required disclosure should be by way of a press release and a filing on SEDAR.

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The other section we wish to comment on reads as follows:

- *Improve the proxy voting system by:*
 - *conducting an empirical analysis to review concerns raised about the accountability, transparency and efficiency of the voting system*
 - *facilitating discussions amongst market participants on improving the functioning of the proxy system, taking into account the needs and concerns of retail investors, and*
 - *working with the CSA to review the role of proxy advisers in our capital markets by soliciting feedback from issuers, investors and other market participants*

In our view, improvements to the proxy voting system are long overdue and are critical to the credibility of shareholders votes. We would therefore like to respond to each of the points set out above.

PSP Investments agrees that the OSC or the Canadian Securities Administrators (the "CSA") should conduct an empirical review of the system. We emphasize that this review must be an independent review. By that we mean that the party conducting the review must be independent of the third party service providers who operate the proxy voting system. While each of these providers makes a significant contribution to the operation of the system, they are also heavily invested in the current model and in any changes that might be made to that model. The OSC must understand the issues that may exist without regard to the agendas of those whose business is dependent on the system. We believe that an independent systemic review is the most valuable contribution the OSC could make to improve the proxy voting system, and only the OSC (or the CSA) have the authority to conduct a review that will be credible for everyone with an interest in the integrity of system.

While we acknowledge that facilitating discussions amongst market participants is always worthwhile, one of the most important third party service providers in the system (Broadridge) is not a market participant. The OSC and the CSA have included the various service providers in working groups and consultation sessions relating to the proxy voting system over the years. We are unsure if repeating this exercise at this point would be useful for the OSC. Moreover, there are private sector initiatives currently underway that are seeking to facilitate these same discussions.

Finally, we are not concerned about the role of proxy advisers. They provide a number of valuable services. While their voting recommendations may be a matter of interest to us, we evaluate matters on which we are entitled to vote carefully and cast our votes as we consider appropriate.

We appreciate this opportunity to comment on the Statement of Priorities. Please do not hesitate to contact the undersigned, if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,


Stéphanie Lachance
Corporate Secretary