



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

September 22, 2017

The Honourable Joe Ceci
Minister of Finance
Alberta Treasury Board and Finance
323 Legislature Building
Edmonton, AB T5K 2B6

Via: tbf.minister@gov.ab.ca

Dear Minister,

As Canadian institutional investors investing in Alberta-registered companies, we recommend your government amend particular elements of the Alberta Business Corporations Act (ABCA) that are restrictive when exercising our rights as shareholders.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1.8 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

Currently, under the ABCA and the associated Regulations (specifically section 18.1), in order to file a shareholder proposal an investor must hold 1% of the issued voting shares or voting shares with a market value of at least \$2,000 and have a prescribed level of support from holders of 5% or more of voting shares.

This threshold is far more onerous than that which applies under the corporation acts of any other Canadian provinces, under the federal Canadian Business Corporations Act (CBCA), and under US law. This requirement effectively prevents the overwhelming majority of shareholders of Alberta corporations from filing a proposal. A shareholder would have to own more than \$2 billion worth of shares to file a proposal at Canadian Natural Resources Limited, for example, solely because it is incorporated in Alberta. Elsewhere in North America, we would hold that right when owning \$2,000 worth of shares.

Responsible long-term investors are increasingly using shareholder proposals to advance important environmental, social or governance concerns that impact the companies they own. The right to file a shareholder resolution is an important part of this process. Notably, approximately 70 shareholder proposals were filed in Canada in 2017.

Shareholder proposals form part of the process of productive dialogue between a company and its investors. They allow investors an opportunity to raise concerns regarding corporate governance, company policies and gaps in practice that impact shareholder value. While shareholder proposals are submitted for inclusion on the ballot for the company's annual meeting, in many cases they are withdrawn prior to the vote after constructive dialogue between the shareholder and management resolves the issue in question.

Shareholder proposals have been used by investors across North America to press for greater board diversity, better disclosure of material risks, improvements in shareholder democracy, and improvements in environmental or social performance.

We therefore ask that your government amend the Regulations under the Alberta Business Corporations Act (ABCA) to establish a shareholder proposal filing threshold that is substantively the same as that set out in the federal Canada Business Corporations Act (CBCA) and associated Regulations, which require a filer to hold i) voting shares equal to 1% of all such shares, or ii) voting shares with a market value of \$2,000, without the additional requirement of support from shareholders owning 5% of issued voting shares.

This small change to the Regulations under the ABCA could be made now, without awaiting a comprehensive review of the Act. We therefore request that your government act within its current mandate to bring Alberta's regulations in line with the rest of North America and to promote long-term, sustainable investment in the Alberta economy.

We thank you for your attention to our letter and would be happy to discuss this matter further with you or answer any questions you may have. Please do not hesitate to contact Katharine Preston, Chair of the Investor Stewardship Committee (416-681-2944 or kpreston@oprtrust.com), for additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kevin Fahey". The signature is fluid and cursive, with a large, stylized "F" at the end.

Kevin Fahey
Chair

cc

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