

April 22, 2008

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, ON M5H 3S8

[via email: jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

**Re: Response to 2<sup>nd</sup> Request for Comments (6.1.1):  
CSA Proposed Form 51-102F6 *Statement of Executive Compensation***

Dear Mr. Stevenson,

The BC Investment Management Corporation (bcIMC)<sup>1</sup> respectfully submits this letter in response to the CSA request for comments on the executive compensation disclosure rules that have been published as the “2008 Proposal.” This correspondence supplements bcIMC’s letter of June 29, 2007 regarding the CSA’s “2007 Proposal.”

As you will surely hear from many buy-side participants, we are generally very pleased with the 2008 Proposal and we hope that the rules will make compensation decisions more understandable and transparent for investors.

bcIMC’s recommendations provided below are based on our experience reviewing the compensation disclosures that have been filed by our U.S. companies since the Securities and Exchange Commission (SEC) approved new executive compensation disclosure rules in 2006. We continue to have a number of information needs that were omitted in the final U.S. rules, or that companies are misinterpreting, which we believe are noteworthy in the Canadian context. bcIMC’s suggestions are intended to make it easier for investors to understand the methods and strategies companies use to pay their executives and directors. We call on the CSA to require the following:

- Immediate disclosure of Named Executive Officer (NEO) compensation in the Summary Compensation Table (no phase-in period).
- The funding status of the defined benefit and actuarial plans noted in the Summary Compensation Table.

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<sup>1</sup> *bcIMC is responsible for investing the assets of public sector clients in the province of British Columbia. Public sector pension plans constitute our largest client group. At March 31, 2008, bcIMC’s assets under management were approximately \$85 billion.*

- Strict limits on the ability of companies to cite “competitive considerations” as the reason for not disclosing compensation strategy (e.g., formulas, metrics and benchmarks used to determine performance-based compensation). We note that in the U.K., companies must disclose long-term incentive plan targets as a matter of law.
- Disclosure of compensation consultants engaged by the Compensation Committee and how much the consultants earned from the company for work that was not related to their work with the Committee.
- The names of competitors and peers used to create compensation benchmarks.
- The company’s policy on clawbacks in the event of a financial restatement. On this point, many analysts and portfolio managers who review company disclosures hold the widely respected designation of Chartered Financial Analyst (CFA). In order to make informed investment decisions, the CFA Institute recommends that investors determine whether a company’s compensation plan may contain such a provision. We also note that in the U.S., the Sarbanes-Oxley Act of 2002 requires clawbacks in cases of executive misconduct.
- Certification of the Compensation Discussion and Analysis by members of the Compensation Committee that all company compensation (executive and director) has been collected, itemized and justified. The primary goal of the CDA is investor communication and information, and we believe it is more likely to achieve this goal if the Compensation Committee, rather than management, takes primary responsibility for preparation of the CD&A. This process of “ownership” will strengthen the Compensation Committee’s accountability to shareholders for ensuring the company is providing understandable and transparent compensation disclosures.

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Should you have any questions with respect to bcIMC’s views, please feel free to contact me.

Sincerely,



Doug Pearce  
Chief Executive Officer and Chief Investment Officer

cc Ms. Anne-Marie Beaudoin, Corporate Secretary  
Autorité des marchés financiers  
Email: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)