



5650 Yonge Street
Toronto, Ontario, Canada
M2M 4H5

tel: 416-228-5900 or 1 877-812-7989
fax: 416-730-5349
www.otpp.com

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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du Square-Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax : 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
E-mail: comments@osc.gov.on.ca

VIA EMAIL

Dear Sirs and Mesdames:

Re: Request for Comment – CSA Consultation Paper 52-404 *Approach to Director and Audit Committee Member Independence* (the “Consultation Paper”)

Ontario Teachers’ Pension Plan Board (“**Teachers**”) with net assets as of June 30, 2017 of \$180.5 billion, invests to secure the retirement income of 318,000 working and retired teachers in Ontario.

Pensions mean the world to us.

Teachers' is the largest single-profession pension plan in Canada, with significant equity and debt investments in Canadian reporting issuers.

Teachers' has reviewed the Consultation Paper from our perspective as an institutional investor that reviews and relies on public disclosure information of Canadian reporting issuers, and in particular on reporting issuers' disclosure regarding their corporate governance practices. Teachers' is actively involved with international governance-minded organizations and is a founding member of the Canadian Coalition for Good Governance. Accordingly, Teachers' has a fundamental interest in the rules that govern regulation of boards of directors. We appreciate the opportunity to submit comments on the Consultation Paper.

We are of the view that the current approach in determining whether a director or audit committee member is independent, as set forth in National Instrument 52-110 *Audit Committees* ("NI 52-110"), should not be changed. We agree with the position expressed in the Consultation Paper that the market has adapted to the current approach, which has been in place for over 13 years, and that there may be unnecessary costs associated with making changes to this approach or transitioning to a new principles-based regime as is the case in certain other jurisdictions.

Teachers' views independence as a state of mind whereby each independent director has both the expertise and the will to act in the best interests of the corporation. Moreover, to maintain independence, we believe that in appropriate circumstances (such as in matters in which management has an interest) directors must obtain un-conflicted advice from external advisors. We are of the view that the framework set forth in NI 52-110 enables reporting issuers to effectively populate their boards and audit committees with independent and competent individuals. The combination of a principles-based definition, coupled with the bright-line tests set out in NI 52-110, provides reporting issuers with the right balance of discretion and reasonable limitations to ensure that the pool of applicable candidates is sufficiently broad. Ultimately, it is the conduct of these individuals once on the board that is of greatest concern to us. Certain jurisdictions studied in the Consultation Paper only supplement the definition of independence with guidance (as opposed to using bright-line tests), which in turn risks creating some uncertainty by providing the issuer with overly broad discretion on the determination as to whether a candidate for the board would be independent.

We believe that the principal advantage of maintaining the current approach to determining independence is that capital markets participants understand the parameters established by NI 52-110 and have abided by them for over 13 years with few, if any, significant adverse consequences to the integrity of Canadian capital markets during this time. In this context, it is our view that the current approach in determining whether a director or audit committee member is independent, should remain intact.

We appreciate the opportunity to respond to your request for comment and hope that you find our feedback relevant. Feel free to contact Paul Schneider at Paul_Schneider@otpp.com if you would like to discuss our comments in more detail.

Yours truly,



Jeff Davis

General Counsel, Senior Vice-President Corporate Affairs & Corporate Secretary