

2009-2010 ANNUAL REPORT
Improving Corporate Governance in Canada
SEPTEMBER 2010

Canadian Coalition for
GOOD GOVERNANCE

THE VOICE OF THE SHAREHOLDER

.....
*THE CANADIAN COALITION FOR GOOD GOVERNANCE SALUTES
THE RECIPIENTS OF THE 2010 GOVERNANCE GAVEL AWARDS
PRESENTED ON AUGUST 23, 2010*
.....



CCGG MEMBERS



CONTENTS

- 02 Mission of CCGG
- 04 Message From The Chair
- 07 Report From The Executive Director
- 09 Corporate Governance In Canada
- 13 CCGG Accomplishments in 2009 - 2010
- 16 CCGG Operational Plan 2010 - 2011
- 18 CCGG Membership
- 23 Board of Directors and Board Committees
- 29 CCGG Management Team
- 30 2009 Financial Summary
- 31 CCGG Contributions To Corporate Governance Policy Development
- 33 Governance Gavel Awards

MISSION OF CCGG

Representing the interests of institutional investors, the Canadian Coalition for Good Governance promotes good governance practices in Canadian public companies and the improvement of the regulatory environment to best align the interests of boards and management with those of their shareholders, and to promote the efficiency and effectiveness of the Canadian capital markets.

OBJECTIVES

To achieve its mission, CCGG will:

- 1 Work to improve the way that Canadian public companies govern themselves, and the regulatory framework in which they operate, to ensure that the interests of their shareholders are key considerations in business decisions and the use of corporate assets.
- 2 Be a constructive partner with boards and management and encourage leading companies to adopt the highest standards of governance and act as role models. The CCGG will generally not publicly target the deficiencies of specific companies, but will privately engage them in a thoughtful discussion of our governance guidelines.
- 3 Work with companies and policy makers to ensure that Canadian public companies have governance practices and a regulatory framework that meet or exceed global “best practices”.
- 4 Be the “voice” of the Canadian “buy-side” on governance matters to boards, management, corporate advisers, regulators, governments, and other relevant audiences.

How CCGG Works With Public Companies

- CCGG uses a “best practices” or principles based approach to its governance standards that apply to all sizes of companies.
- CCGG engages with boards in a systematic way based upon clearly communicated principles and uses quiet diplomacy wherever possible.
- CCGG uses ratings and awards to measure and create issuer and board accountability.

CCGG is Globally Recognized

“...the power of well-orchestrated national collective action initiatives [show] how a handful of strategies devised by CCGG improved the governance scores of Canada’s corporate sector materially in just six years”

The Ambachtsher Letter, January 2010

“CCGG ‘s ‘Say on Pay’ board policy is a trend-setting approach in draft guidelines...[and] offer a board a road map for engaging with shareholders”

Global Proxy Watch, October 30, 2009

“...a powerhouse in Canada and a global model of collective investor activism”

Global Proxy Watch, May 16, 2008

“... an example for the rest of the world to emulate”

Ira Millstein, 2006 International Corporate Governance (ICGN) Conference, Washington, D.C.

MESSAGE FROM THE CHAIR

DAVID DENISON

At the outset of the Fiscal 2009/2010 year, the Board of the Canadian Coalition for Good Governance (“CCGG”) held an extended meeting in order to examine the organization’s purpose and mandate as well as its current and future priorities. One of the conclusions from our work that day was an explicit affirmation that governance is a relevant investment criterion and consequently our commitment to pursue “good governance” is rooted in our fiduciary responsibilities as managers of others’ assets.

We also confirmed our conviction that effective governance regimes require that each of the main parties involved – management, boards of directors and shareholders – fulfill their distinct roles and responsibilities in a coordinated and complementary manner. As well, we reaffirmed the benefit of pooling the individual resources and viewpoints of the CCGG membership and using the CCGG as a vehicle to formulate and disseminate shareholder perspectives on governance matters within Canada.

In short, we believe that the CCGG plays a critical role in ensuring that strong governance practices are embraced by Canadian companies and each CCGG director is strongly committed to devoting his or her time individually as well as the resources of the organizations we represent in advancement of the CCGG mission.

Another outcome from our extended meeting was a re-articulation of CCGG’s operating model. A central element of that model is to promote a principles based approach to governance accompanied by concrete examples of best practices that can provide practical guidance to boards and companies. This past year we issued our revised “Building High Performance Boards” document, which reflected insights from a diverse set of contributors incorporating the perspectives of management, directors, shareholders, regulators, lawyers, consultants and academics. The principles and practices discussed in that document were organized according to the following themes:

- Accountability and independence.
- Experienced, knowledgeable and effective directors and committees exhibiting the highest level of integrity.
- Clear roles and accountability.
- Engagement with shareholders.



We believe that this document reflects the most current and relevant perspectives for Canadian boards and companies in this constantly evolving area of corporate governance. We have sent these guidelines to the S&P/TSX composite companies and chairs of boards in Canada and have encouraged them to evaluate their own practices relative to these standards. In addition, we have participated in a number of groups of directors and management to explore them in greater detail.

We believe that a joint responsibility of boards and shareholders is to ensure that there is ongoing and constructive direct engagement between these two parties. CCGG can play an effective role in this regard as we can conduct engagement meetings on behalf of all our members and act as a conduit of information to them. CCGG began meeting with boards of companies widely held by our members during our 2008/2009 year. Our members indicated that they derived significant value from the reports emanating from those meetings. Consequently, we committed significant additional resources to this activity this past year and almost tripled the number of meetings we held with companies to 31, in a variety of sectors and locations. Typically, these meetings were with the chairs of the board and the compensation committee and had a primary, although not exclusive, focus on executive compensation disclosure and practices.

Once again this past year we found these conversations to be very informative and instructive; in all cases we gained a better understanding of the board's objectives and decision making practices which we were then able to communicate to all our members. We were also able to reinforce our view that good governance is contextual and can be achieved in many ways.

We are all aligned in seeking to avoid a "tick the box" approach to governance and we believe that these engagement meetings are an important and necessary way to reinforce this goal. Looking ahead, we intend to expand the number of engagement meetings we hold next year and we will be developing a resourcing plan to accomplish this.

One longstanding initiative of the CCGG has been to encourage the creation of a national securities act to ensure that uniform rules govern our capital markets along with a national securities regulator that can continually evolve those rules and ensure that enforcement is effective and consistent across the country. We are heartened by the federal

government's recent efforts in this regard and believe that the proposed national Securities Act will bring significant efficiency to the oversight of Canada's capital markets along with much improved investor protection. We are pleased that a number of the recommendations the CCGG made to the Hockin Panel have been incorporated in the proposed Securities Act and we hope that all provinces will choose to opt into this new regulatory framework.

As we look ahead to 2010/2011, we hope to bring to completion a number of projects we commenced this past year including our work on governance differences of controlled corporations, guidelines for compensation of directors, proxy voting practices, the roles and responsibilities of institutional investors, in addition to continuing our ongoing focus on 'Say on Pay' implementation, board engagement, improvements to shareholder democracy, and disclosure of compensation practices. There is certainly no shortage of important work on the CCGG's agenda for the foreseeable future.

The CCGG has benefitted from the strong leadership provided by Stephen Griggs in his capacity as Executive Director for the last two years. This past year we said good bye to two of CCGG's original management team members, Paul Schneider and Mary Stillich, as they both decided to take on exciting new career opportunities. Stephen has subsequently recruited a talented and highly professional team comprised of himself, Judy Cotte, Daniel Curren, Elif McDonald and Tony D'Onofrio. The Board has absolute confidence that we have the skills and resources within this strong management group to execute our strategic priorities going forward.

In closing, I would like to extend thanks to Doug Pearce and Gordon Fyfe who are stepping down from the board after many years of exceptional service. The CCGG operating model relies heavily on the willingness of senior representatives of our member organizations to commit considerable amounts of their time to serve on our Board and various committees. The organization has benefitted greatly from Doug and Gordon's leadership and involvement and we thank them sincerely for their many contributions.



David F. Denison
CHAIR

REPORT FROM THE EXECUTIVE DIRECTOR

STEPHEN GRIGGS

2009/2010 has been a very active year for CCGG, and much has been accomplished as we work to improve corporate governance in Canada. We are pleased that we have made progress on all of our key objectives, although much still remains to be accomplished as governance standards and expectations evolve in Canada and around the world.

Some of our key accomplishments in 2009/2010 include:

- Formalizing and significantly expanding the engagement by CCGG of directors of 31 of Canada's leading companies in most industry segments, building on our "test" engagement process in 2008/2009.
- Making 'Say on Pay' a reality in Canada, and ensuring that the 'Say on Pay' process adds value to both boards and shareholders.
- Moving shareholder democracy forward in many Canadian issuers and making this a key issue with corporate and securities regulators and the TSX.
- Finalizing our *2010 Building High Performance Boards*, which is a concise statement of important board governance structures and processes, and which has become not only the "gold standard" in Canada but has also received international attention.
- Responding to numerous regulatory requests for comment and ensuring that regulators across Canada are aware of the views of institutional investors on many governance related matters.
- Building a strong CCGG team with unique and distinct skills in corporate governance and issuer research.
- Getting our messages out with regular member meetings, an enhanced website, frequent presentations at conferences and regular Canadian and international media interviews – CCGG is widely recognized as the leading shareholder voice on corporate governance in Canada.



Over the next year, CCGG will continue to build on our progress in 2009/2010. Our focus will be on four main areas:

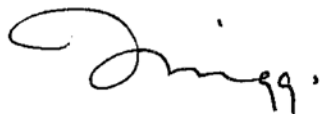
- Expanding and refining our board engagement process.
- Making shareholder democracy a reality in Canada for all S&P/TSX composite index companies and increasingly for mid and small cap companies.

- Ensuring that basic principles of good corporate governance are enshrined in corporate and securities laws applying to all Canadian public companies.
- Continuing the development of CCGG policies and best practices.

Members are the foundation and the key strength of CCGG and we are fortunate to have most of Canada's leading institutional investors as active members. In the past year, every member renewed its membership with CCGG and several new members have joined – a strong sign of support for our mission and objectives. CCGG is committed to having all like minded Canadian institutional investors as members of our coalition, and we will continue to focus on increasing our membership in 2010/2011.

Our past and present success has been the result of the hard work of our board of directors, staff and our members, as well as outside professional advisers who provide their assistance on a pro bono basis. Thank you to all who have been so supportive of CCGG, improved the quality of our work and made CCGG much more effective. In particular, I would like to personally thank our Chair, David Denison, and our Vice Chair, Barbara Palk, for their dedication to CCGG and for being available and generous with their time and advice.

The mission of CCGG – the alignment of the interests of directors, management and shareholders and the effectiveness of our regulatory system – is even more relevant today than when the Coalition began. The importance and value of corporate governance has been recognized around the world and we at CCGG are dedicated to the continuous improvement of the governance of Canadian public companies. The CCGG team looks forward to continuing to work with all who are dedicated to our mission and the improvement of the Canadian capital markets.

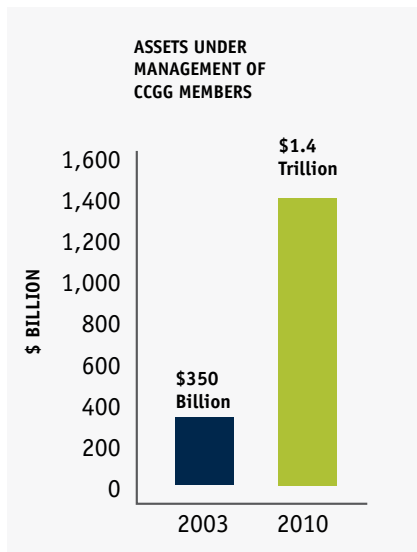


Stephen J. Griggs
EXECUTIVE DIRECTOR

CORPORATE GOVERNANCE IN CANADA

CCGG has become an established and influential investor group, well recognized and respected in Canada and globally. Our work is driven by our members' initiatives and contributions.

Membership in CCGG has grown from 16 in 2003 to 41 in 2010. Our members are responsible for managing the retirement assets of over \$1.4 trillion, the equivalent of more than half of all of the retirement savings of all Canadians.



Since our founding in 2003:

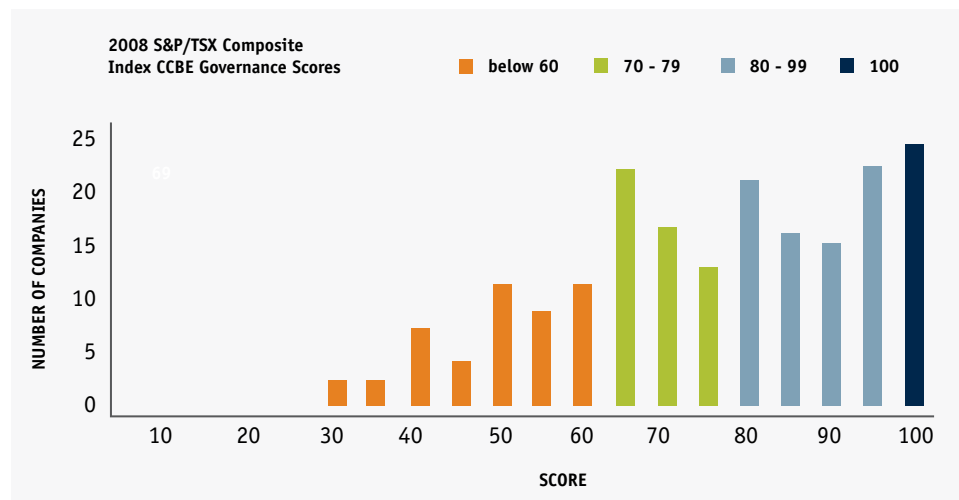
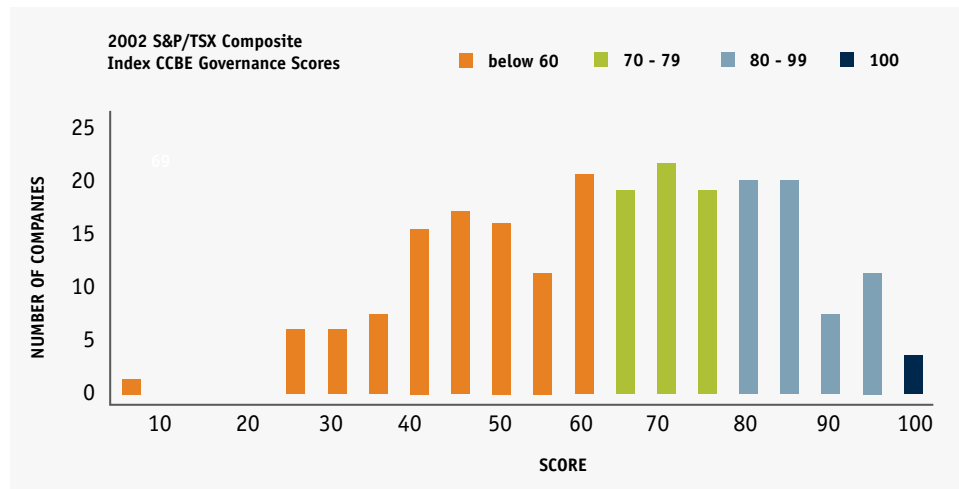
- CCGG has significantly helped reduce the governance risk in our members' portfolios.
- CCGG's Corporate Governance Guidelines and Compensation Guidelines have become the standard by which Canadian issuers are measured.
- CCGG's Best Practices documents are the definitive source for guidance on how to effectively disclose information in an annual proxy circular.

CCGG PUBLICATIONS

- 2010 Building High Performance Boards
- Executive Compensation Principles
- Best Practices in Shareholder Communication
- Best Practices in Compensation Disclosure
- Shareholder Engagement Policy
- 'Say on Pay' Policy
- Majority Voting Policy
- Draft Model Declaration of Trust Provisions for Public Trusts
- Report on Voting Results
- Statement of Principles Regarding Member Activism

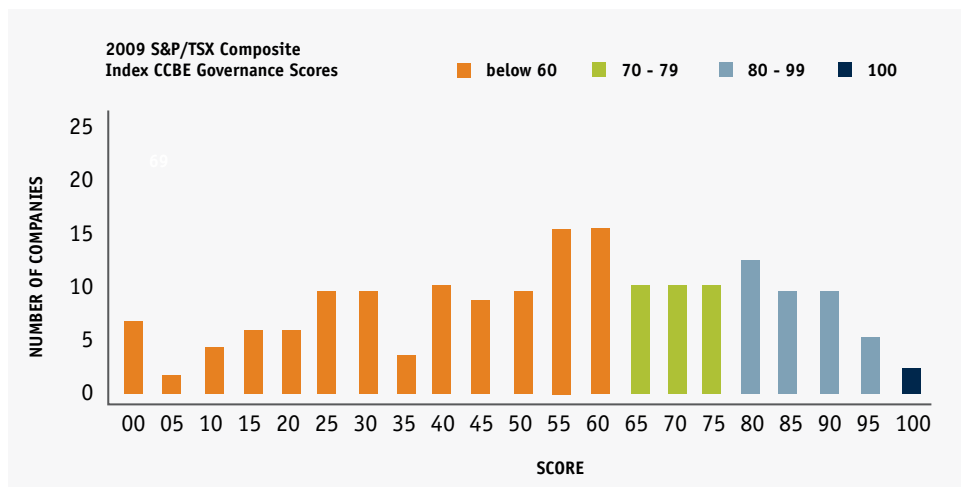
Governance Improvements 2002-2008

The Clarkson Center for Board Effectiveness (CCBE) at the Rotman School of Management has calculated governance scores of companies listed on the S&P/TSX Composite Index (excluding trusts) since 2002 through its Board Shareholder Confidence Index. Governance scores improved markedly from 2002 through 2008, as awareness of the importance of good governance and its association with improved investment returns and lower risk levels has grown.

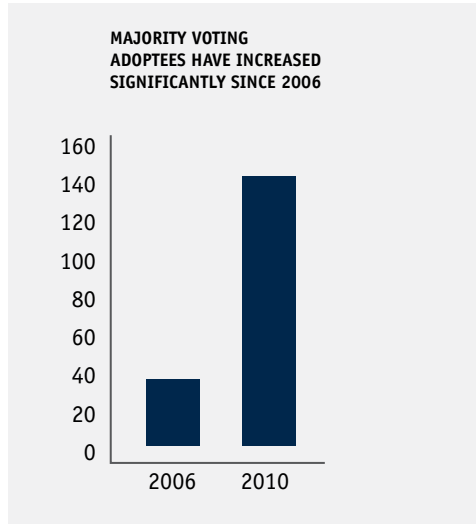


2009 - Enhanced Governance Standards

In 2009, the Board Shareholder Confidence Index was changed to make it a more challenging score card that includes new best practices. The dramatic change in governance scores for some issuers provides an important lesson: good governance is an evolving process. Boards should strive to apply good governance principles in their decision making process, rather than simply adopting best practices in a “tick the box” approach if they wish to be governance leaders in Canada.



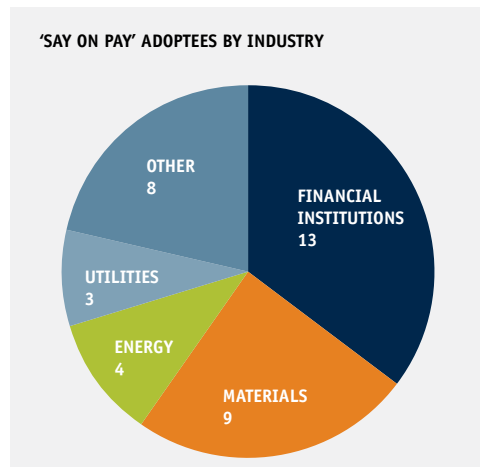
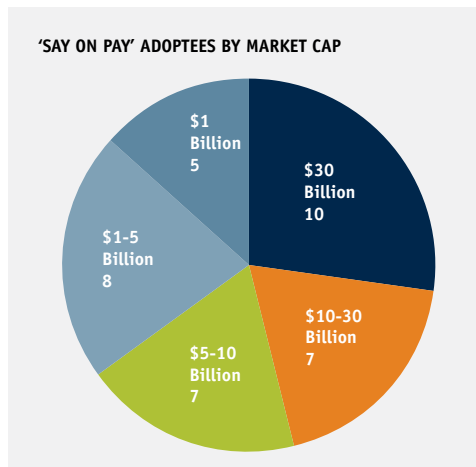
Adoption of Majority Voting



As of July 2010, 146 companies and trusts have adopted majority voting policies.

Adoption of 'Say on Pay'

After just year one of 'Say on Pay' becoming a reality in Canada, 37 companies and trusts of all sizes and across industries have adopted CCGG's model 'Say on Pay' policy and form of resolution to be put to shareholders. Much like our Majority Voting policy, we believe that most issuers will follow these governance leaders by adopting 'Say on Pay' as part of a comprehensive board-driven strategy to engage shareholders.



CCGG ACCOMPLISHMENTS IN 2009-2010

CCGG has continued to take an active role in diverse governance issues through a variety of approaches:

Board Engagement

In December 2009, CCGG released its 2010 Board Engagement Strategy in which it detailed its approach to engagement meetings between institutional investors and boards of directors of Canadian public companies. CCGG intends these meetings to be a discussion between the board of directors (as the elected representatives of the owners) and shareholders of the company in order to establish a relationship and forum for discussion. Meeting with directors, without management present, gives our members an opportunity to communicate their views to the board and allows boards to communicate efficiently with their largest shareholders. It also provides our members with information about the company's governance practices to assist them in making their investment and voting decisions.

In 2009, CCGG met directly with board members of 10 leading Canadian companies to discuss governance issues, with a particular focus on the clarity of disclosure and executive compensation. In 2010, CCGG increased its engagement efforts substantially, meeting with the boards of 31 companies. Our focus continued to be clarity of disclosure and executive compensation, including whether the company would be adopting 'Say on Pay' for its shareholders.

CCGG will continue to expand its engagement program in 2010-2011, both in terms of the number of companies it will engage and the nature of the governance issues it will discuss.

Executive Compensation and 'Say on Pay'

In April 2009, CCGG released its *Board Engagement and 'Say on Pay'* Policy. In that policy, CCGG reiterated its commitment to regular, constructive meetings between institutional shareholders and boards to explain their perspectives on governance, compensation and disclosure practices, and to provide detailed comments on the company's practices to the board.

CCGG released its *Principles of Executive Compensation* in June 2009. These principles guide boards in developing compensation plans that truly reflect ‘pay for performance’.

In January 2010, CCGG released its *Model Shareholder Engagement and ‘Say on Pay’ Policy for Boards of Directors*. In that policy, CCGG explains that it regards annual ‘Say on Pay’ shareholder advisory votes as an important part of the ongoing integrated engagement process between shareholders and a board, giving shareholders an opportunity to express their satisfaction with the board’s approach to executive compensation in the year as well as over a longer period of time. The company’s approach to compensation should reflect the links between its strategic objectives and compensation, measured using financial and non-financial measures over a number of years.

CCGG recommends that boards voluntarily add to each annual meeting agenda a shareholder advisory vote. In order to ensure consistency and ease of comparability between issuers, CCGG recommends that all issuers consider an annual non-binding advisory resolution substantially in the following form:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the board of directors, that the shareholders accept the approach to executive compensation disclosed in the Company’s information circular delivered in advance of the [insert year] annual meeting of shareholders.

Shareholder Democracy

CCGG continues to encourage effective shareholder democracy in Canadian public companies:

- CCGG urged the TSX to amend its listing rules to require shareholder approval for significantly dilutive acquisitions, which the TSX ultimately implemented.
- CCGG appeared before the Standing Committee on Industry, Science and Technology which was undertaking a statutory review of the Canada Business Corporations Act (CBCA) and provided a written brief to the Committee. CCGG outlined the need for numerous reforms to the CBCA to enhance the rights of shareholders and their

ability to monitor governance within CBCA corporations, including the need for a majority voting standard, annual director elections, and the elimination of slate voting. In June 2010, the Committee reported back to the House of Commons and recommended that the government conduct broad public consultations into all of the issues raised by CCGG within the next two years.

- CCGG provided comments to the CSA on proposed amendments to NI 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer.

Controlled Corporations

- CCGG is currently developing guidance outlining the governance differences of controlled corporations to assist boards of companies controlled by a shareholder with a majority equity stake in evaluating their governance practices.

Governance of Small Companies

- CCGG provided comments in response to Multilateral Consultation Paper 51-403 Tailoring Venture Issuer Regulation.

Disclosure

- CCGG published *Statement on Full Disclosure and Clarity in Financial Reporting* to encourage public companies to produce financial disclosure that is easy to find, easy to understand, accurate and complete and given in context so that the information is meaningful.
- CCGG provided comments to CSA on proposed changes to NI 43-101 Standards of Disclosure for Mineral Projects.
- CCGG published our annual *Best Practices in Shareholder Communication (Director Disclosure)* to encourage excellence in disclosure about the background and skills of directors of public companies.

National Regulation and Enforcement

- CCGG sought and obtained leave to intervene in the SCC reference to determine the constitutionality of the national securities regulator. CCGG's submission focused on the need for a national securities enforcement agency to bring improved coordination, expertise, consistency, accountability and efficiency to the prosecution of criminal and administrative securities-related offences.

CCGG OPERATIONAL PLAN 2010-2011

CCGG is focusing its efforts in 2010-11 on the following governance matters in Canada:

Board Engagement

CCGG will further expand its engagement program in 2010-2011. Primary objectives include addressing the issues of clarity of disclosure and executive compensation (including whether the company will be adopting 'Say on Pay' for its shareholders) and broadening the focus of engagement meetings to include a wider range of governance issues. CCGG intends to meet with board members from a wide variety of industry sectors and companies.

Executive Compensation

CCGG will continue to encourage boards to follow our *Principles of Executive Compensation*, which were released in June 2009.

'Say on Pay' Implementation

CCGG will continue to encourage issuers to adopt 'Say on Pay' and use CCGG's recommended form of resolution. CCGG will monitor the results of 'Say on Pay' advisory votes in order to determine whether companies are responding appropriately to the results of 'Say on Pay' votes.

Director Compensation

CCGG is developing principles to assist boards in determining their director compensation policies.

Governance Differences of Controlled Corporations

CCGG will be releasing guidance to assist boards in determining how the principles of our *Building High Performance Boards* apply to corporations that are controlled by a shareholder holding a majority or controlling equity stake in the company. CCGG will be releasing further guidance on dual class share companies.

Roles and Responsibilities of Institutional Shareholders

In 2005, CCGG published its *Statement of Principles Regarding Member Activism* which outlined best practices for shareholder involvement. CCGG will be updating these principles in light of international developments and the evolution of its members' practices.

National Regulator and Improved Enforcement

CCGG will continue to urge the federal and provincial governments to create an effective and focused national regulatory, investigative and prosecutorial organization which provides consistent regulation of all markets within Canada and detects, investigates and prosecutes capital markets offences in a timely manner.

Eliminating Barriers to Shareholder Democracy

CCGG will continue to work toward eliminating existing barriers to shareholder democracy, such as the inability to vote 'for' or 'against' individual directors and the prevalence of slate voting.

CCGG will also encourage provincial and federal governments, along with securities regulators, to address prevalent problems with the proxy voting process. In particular, CCGG will urge the federal government to adopt the recommendations made by the Standing Committee for Industry, Science and Technology in its June 2010 report, which recommends that the government commence public consultations on a wide range of reforms proposed by CCGG and others to eliminate legal barriers that impede shareholders' ability to monitor and engage with the companies in which they invest.

CCGG MEMBERSHIP

As of September 2010, interested organizations can be involved in the activities of the CCGG as a Member, Observer or Associate. Prior to September 2010, CCGG had several honorary membership categories which have been consolidated into the new category of “Associate”.

Members

Any Canadian-based pension plan, investment advisor, mutual or other fund manager (or similar organization) that in the ordinary course of business manages money in a fiduciary capacity is eligible for membership. Members will be entitled to receive notice of all members’ meetings and to attend and vote at those meetings. Members are eligible to participate in most CCGG committees.

Observers

A Canadian-based pension plan, investment advisor, mutual or other fund manager (or similar organization) that would qualify as a member is eligible to observe the activities of CCGG for one year before deciding to join as a member. Observers are eligible to participate in most CCGG Member committees. Observers are entitled to receive all information and communications sent to members, but are not entitled to receive notice of or to vote at members’ meetings (although it is CCGG’s practice to invite Observers to attend).

Associates

A non-Canadian-based pension plan, investment advisor, mutual or other fund manager (or similar organization) that in the ordinary course of business manages money in a fiduciary capacity and invests in Canadian equities, an organization that is actively involved in promoting good governance in Canada or elsewhere and/or would provide a unique perspective that would assist CCGG in working to improve corporate governance in Canada, or a Canadian or international professional organization, including a legal or accounting firm, with proven expertise in corporate governance.

All requests for membership or to be Observers or Associates must be approved by the CCGG Board of Directors.

CCGG Members (August 2010)

Acuity Investment Management Inc.
 Alberta Investment Management Corporation (AIMCo)
 Alberta Teachers' Retirement Fund Board
 Aurion Capital Management Inc.
 BlackRock Asset Management Canada Limited
 BMO Harris Investment Management Inc.
 British Columbia Investment Management Corporation (bcIMC)
 Burgundy Asset Management Ltd.
 Canada Post Corporation Registered Pension Plan
 Colleges of Applied Arts and Technology Pension Plan (CAAT)
 Connor, Clark & Lunn Investment Management Ltd.
 CIBC Global Asset Management
 CPP Investment Board
 Fiducie Globale des Régimes de Retraite de la Société de transport de Montréal
 Franklin Templeton Investments Corp.
 Genus Capital Management Inc.
 Greystone Managed Investments Inc.
 Hospitals of Ontario Pension Plan (HOOPP)
 Jarislowsky Fraser Limited
 Leith Wheeler Investment Counsel Ltd.
 Lincluden Investment Management
 Mackenzie Financial Corporation
 McLean Budden Limited
 MFC Global Investment Management
 New Brunswick Investment Management Corporation
 Northwest & Ethical Investments
 Ontario Municipal Employees Retirement Board (OMERS)
 Ontario Pension Board
 Ontario Teachers' Pension Plan (OTPP)
 OPSEU Pension Trust
 Public Sector Pension Investment Board (PSP Investments)
 RBC Asset Management Inc.
 Scotia Cassels Investment Counsel Limited
 SEAMARK Asset Management Ltd.
 Sionna Investment Managers Inc.
 Standard Life Investments Inc.
 TD Asset Management Inc.
 UBS Global Asset Management (Canada) Co.
 University of Toronto Asset Management Corporation
 Workers' Compensation Board – Alberta
 York University Pension Plan

Observers

McGill University
 Pension Plan
 State Street Global
 Advisors, Ltd. (Canada)
 Teachers' Retirement
 Allowances Fund (TRAF)

Honorary**Professional Members**

Davies Ward Phillips
 & Vineberg LLP
 Ernst & Young LLP
 Lawson Lundell LLP
 Ogilvy Renault LLP

Honorary International Members

Hermes Fund
 Managers Ltd.

Members' Committees

Accounting and Audit Policy Committee

The Accounting and Audit Policy Committee examines ongoing and emerging issues in accounting and their impact on corporate governance and also seeks to enhance the clarity of financial reports for all users of financial statements. The committee works with academics, respected practitioners, professional organizations (such as the Canadian Institute of Chartered Accountants), and other similar groups to monitor and understand accounting-related concerns in order to affect changes that enhance the quality and clarity of financial statements.

2009-2010 Accomplishments

Over the past year, the committee:

- Worked to produce the CCGG *Statement on Full and Clear Disclosure*.
- Worked with CICA to provide input on the development of a users' guide for the IFRS transition.
- Met with representatives of the Corporate Reporting Users Forum and considered working in cooperation with the organization to gain an international perspective on emerging accounting issues.

Going forward, the Committee will look to include financial reporting issues on the agenda of CCGG's board engagement meetings where appropriate and will continue to seek ways to improve clarity of disclosure for financial statement users.

2009-2010 COMMITTEE MEMBERS

CHAIR

Kim Shannon
Sionna Investment
Managers Inc.

VICE CHAIR

Wayne Kozun
Ontario Teachers'
Pension Plan

MEMBERS

Daniel Curren
CCGG

Tony D'Onofrio
CCGG

Ramy Elitzur
Rotman School of
Management, University
of Toronto

Rupert Field-Marsham
RBC Asset Management Inc.

Brian Gibson
AIMCo

Robert Muter
Pricewaterhouse Coopers

Kathleen O'Neill
Director

Eric Spiekman
Ernst & Young

Member Engagement Committee

The Member Engagement Committee is responsible for assisting the Board in fulfilling its responsibilities in relation to:

1. Membership structure and fees.
2. The process for recruiting and maintaining members.
3. The screening process of applicants for membership.
4. Member services and communication, including all electronic communiqués and CCGG website.
5. Opportunities for enhancing member involvement and engagement.
6. Any additional matters delegated to the Committee by the Board.

Over the past year, the committee has dealt with a number of member related issues including:

1. Prepared a Member Engagement Action Plan, including making changes to the communication strategy with members.
2. Enhanced membership outreach and opportunities for additional member engagement in the activities of the CCGG.
3. Created a strategy to attract new members to the CCGG and initiated a membership drive.
4. Invited potential members to regional member meetings held across Canada in May 2010 and followed up with these potential members to join the Coalition.
5. Proposed revisions to membership categories.

2009-2010

COMMITTEE MEMBERS

CHAIR

Emilian Groch
Alberta Teachers'
Retirement Fund

VICE CHAIR

Gordon Fyfe
PSP Investments

MEMBERS

Stephen Griggs
CCGG

Wayne Kozun
Ontario Teachers'
Pension Plan

Elif McDonald
CCGG

Kim Shannon
Sionna Investment
Managers

John Sinclair
New Brunswick Investment
Management Corp.

Public Policy Committee

The mandate of the Public Policy Committee is to concern itself with matters that have a significant impact on aligning the interests of shareholders and management and creating an environment that promotes good governance.

The CCGG Public Policy Committee focuses its efforts on one to three key priorities at a time that are approved by the CCGG Board and acceptable to a majority of members. In 2009-2010, the Committee worked on the following issues:

- Prepared a letter to CSA recommending a review of the early warning ownership threshold.
- Prepared a letter to CSA on proposed changes to executive compensation disclosure.
- Considered proposed amendments to the joint and several liability regime of the OBCA.
- Proposed changes to the CBCA as part of the five-year review of the statute.
- Finalized CCGG *Principles of Compensation*.
- Developed CCGG *Building High Performance Boards*.
- Commented on the TSX proposed changes to the TSX Company Manual regarding shareholder approval for dilutive transactions.
- Revised CCGG *Shareholder Engagement Policy* and *'Say on Pay' Policy*.
- Submitted CCGG's views to the Canadian Securities Administrators on their revised corporate governance principles.
- Received the report from CCGG Proxy Working Group examining the shareholder voting process and offering suggestions on simplifying the system and improving accuracy and transparency.
- Developed CCGG *Board Engagement Policy*.

2009-2010 COMMITTEE MEMBERS

CHAIR

Dan Chornous
RBC Asset Management Inc.

VICE CHAIR

Barbara Palk
TD Asset Management Inc.

MEMBERS

Judy Cotte
CCGG

Geoff Creighton
Mackenzie Financial Corp.

Daniel Curren
CCGG

Tony D'Onofrio
CCGG

Thierry Dorval
Ogilvy Renault

Susan Enefer
British Columbia Investment
Management Corporation

Eleanor Farrell
CPP Investment Board

Stephen Griggs
CCGG

Stephen Jarislowsky
Jarislowsky Fraser Limited

Bill Mackenzie
Hermes Fund Managers Ltd.

Bill Moriarty
University of Toronto Asset
Management Corporation

Doug Pearce
British Columbia Investment
Management Corporation

Donald Reed
Franklin Templeton Investment Corp.

Paul Schneider
Ontario Teachers' Pension Plan

BOARD OF DIRECTORS AND BOARD COMMITTEES

Chair

DAVID F. DENISON President and Chief Executive Officer

CPP Investment Board. Toronto, Ontario

Board Member since June 23, 2005. Chair since June 4, 2009

Treasurer and Chair of the Finance and Audit Committee



As the President and CEO of the CPP Investment Board, David is responsible for leading the organization and its investment activities. David has 31 years of experience in the financial services sector, including senior postings in the investment, consulting and mutual fund businesses in Canada, the U.S. and Europe. His previous firms have included Merrill Lynch, S.G. Warburg Canada, Midland Walwyn, Fidelity Investments Canada and Mercer Consulting.

He is a graduate of the University of Toronto with undergraduate degrees in mathematics and education. Following six years as an educator, Mr. Denison earned his Chartered Accountant designation and began his business career. He is also a director of York University, The United Way of Greater Toronto and the Investment Committee for the Toronto Community Foundation.

Vice Chair

BARBARA PALK President

TD Asset Management. Toronto, Ontario

Board Member since June 11, 2007. Board Vice Chair since June 4, 2009

Chair of the Governance and Nominating Committee

Vice Chair of the Public Policy Committee



Barbara Palk is President of TD Asset Management Inc. and Senior Vice President, TD Bank Financial Group. After a decade of investment experience at two leading investment dealers, she joined TD in 1990 to create and build the institutional investment management business.

Barbara has served as a director of Unicef Canada, CanStage, the Investment Counselling Association of Canada, and is a member of the Council of Examiners for The CFA Institute. Currently, she is Vice Chair of the Queen's University Investment Committee, Co-Chair of its Advancement Committee, a member of the Board of Trustees for Queen's University, member of the Boards of The Shaw Festival and Greenwood College School. She is a member of the Toronto Society of Financial Analysts. Barbara was honoured as a recipient of the Ontario Volunteer Award and by The Women's Executive Network in 2004 as one of Canada's Most Powerful Women: Top 100 in the Trailblazer category. Ms. Palk received an Honours Bachelor of Arts Economics degree from Queen's University, is a Fellow of the Canadian Securities Institute and a CFA Charterholder.

DAN CHORNOUS Chief Investment Officer

RBC Asset Management. Toronto, Ontario

Board Member since November 28, 2007

Chair of the Public Policy Committee

Dan Chornous is Chief Investment Officer of RBC Asset Management Inc. and Phillips, Hager & North Investment Management Ltd.. Mr. Chornous is responsible for their overall direction of investment policy and fund management. In addition, he chairs the RBC Investment Strategy Committee, the group responsible for global asset mix recommendations and global fixed income and equity portfolio construction for use in RBC Wealth Management's key client groups including retail mutual funds, International Wealth Management, RBC Dominion Securities Inc. and RBC Phillips, Hager & North Investment Counsel Inc.

Prior to joining RBC Asset Management in November 2002, Mr. Chornous was Managing Director, Capital Markets Research and Chief Investment Strategist at RBC Capital Markets. In that role, he was responsible for developing the firm's outlook for global and domestic economies and capital markets as well as managing the firm's global economics, technical and quantitative research teams. Dan is a graduate of the University of Manitoba and holds the Chartered Financial Analyst designation.

GORDON J. FYFE President and Chief Executive Officer

PSP Investments. Montreal, Quebec

Board Member since March 6, 2007

Vice Chair of the Member Engagement Committee

Gordon J. Fyfe joined the PSP Investment Board (PSPIB) as President and Chief Executive Officer in October 2003.

Before joining PSPIB, Mr. Fyfe had served as President of World Markets at CDP Capital since March 2002. From 1992 to 2002, Mr. Fyfe was President and Chief Operating Officer of TAL International, a division of TAL Global Asset Management. Prior to joining TAL International, from 1986 to 1992, Mr. Fyfe was Vice President at JP Morgan in London, England.

Mr. Fyfe received his MBA from INSEAD in 1986.

EMILIAN GROCH Chief Executive Officer

Alberta Teachers' Retirement Fund Board. Edmonton, Alberta

Board Member January 23, 2003 to June 23, 2005

Board Member since June 28, 2006

Chair of the Member Engagement Committee



Emilian Groch joined the Alberta Teachers' Retirement Fund Board (ATRF) in 1994 as Chief Executive Officer and is responsible for the operation and management of ATRF. ATRF provides retirement benefits, information services and asset management for the teachers of Alberta.

Mr. Groch was the Alberta Superintendent of Pensions from 1984 to 1994 and has worked in the pension industry for 30 years. He is Chair of the Government Relations Committee of the Pension Investment Association of Canada, Vice Chair of the Actuarial Standards Oversight Council and Chair of the Edmonton Firefighters' Supplementary Pension Plan Committee. He obtained a B.Sc. Honours (Applied Mathematics in Statistics) from the University of Alberta and is an Institute-Certified Director of the Institute of Corporate Directors.

STEPHEN A. JARISLOWSKY Chief Executive Officer

Jarislowsky Fraser Limited. Montréal, Québec

Board Member since January 23, 2003



Stephen A. Jarislowsky is the Chairman and CEO of Jarislowsky Fraser Limited, a firm he started 52 years ago. Throughout his career, Mr. Jarislowsky has been a strong advocate for shareholder rights.

Mr. Jarislowsky has been active in other corporations, participated in educational, cultural and charitable activities of many kinds, endowed twenty-one University S.A. Jarislowsky Chairs. He is the recipient of the International Entrepreneurial Award from the University of Manitoba.

Current public board directorships include Goodfellow Inc. where he is the Chair. Mr. Jarislowsky was named a Fellow of the Institute of Corporate Directors in June 2006 and was inducted into the Canadian Business Hall of Fame in May 2007.

Mr. Jarislowsky has B.Sc. Mech. Engineering from Cornell University along with an MA with Phi Beta Kappa Honours from the University of Chicago and a MBA from Harvard University. He is a recipient of the Companions of the Order of Canada, a Grand Officer de l'Ordre National du Québec, and has honorary degrees from 11 universities.

WAYNE KOZUN Senior Vice President, Public Equities

Ontario Teachers' Pension Plan. Toronto, Ontario

Board Member since June 16, 2008

Vice Chair of the Accounting and Audit Policy Committee

Wayne Kozun leads the team that oversees the fund's actively-managed public equities portfolios, including relationship investing. The group also uses a variety of external managers to give the fund exposure to international equity markets. As well, the equities team monitors the corporate governance practices of the companies in which Teachers' invests.

Mr. Kozun joined Teachers' in 1995 and has risen steadily through positions of growing responsibility, most recently as Vice-President, Tactical Asset Allocation. He received a Bachelor of Engineering Science from the University of Western Ontario and an MBA from the Richard Ivey School of Business and is a graduate of the Institute of Corporate Directors. Mr. Kozun also serves on the boards of the Pacific Pension Institute, and Maple Leaf Foods.

DOUG PEARCE Chief Executive Officer and Chief Investment Officer

British Columbia Investment Management Corporation (bcIMC).

Victoria, British Columbia

Board Member since June 23, 2005 and Chair March 2006 to June 2009



Doug is the Chief Executive Officer and Chief Investment Officer of the British Columbia Investment Management Corporation (bcIMC), which is among the largest Canadian institutional investors in the global capital markets. bcIMC is responsible for the investment of public sector pension funds, sinking funds and other trust funds in the Province of British Columbia, Canada.

Doug has served as the Chairman of the Canadian Coalition for Good Governance, a past director and Chairman of the Pacific Pension Institute, including past Director and Chairman of the Pension Investment Association of Canada (PIAC). He is also a member of the University of British Columbia Sauder School of Business, Faculty Advisory Board. Doug is a graduate of the University of Calgary.

DONALD F. REED President and Chief Executive Officer
Franklin Templeton Investments Corp. Toronto, Ontario
Board Member since January 23, 2003
Vice Chair of the Governance and Nominating Committee



Donald F. Reed, President and Chief Executive Officer of Franklin Templeton Investments Corp., as well as Chief Executive Officer of Templeton Investment Counsel, LLC, is responsible for managing international global portfolios, institutional accounts and retail mutual funds. In addition, he is a director of Templeton Worldwide, Inc. and serves on the Executive Committee of Franklin Resources, Inc.

Prior to joining Templeton in 1989, Mr. Reed was President and Director of Toronto investment manager Reed Monahan Nicolishen Investment Counsel. He was President of the Toronto Society of Financial Analysts in 1983 and was also a co-founder of the International Society of Financial Analysts. In 2000, Mr. Reed was the recipient of the Thomas L. Hansberger Award for Leadership in Global Investing. He is currently a director of the Investment Funds Institute of Canada, and he also serves on the Board of Governors for Acadia University.

KIM SHANNON, CFA, MBA President and Chief Investment Officer
Sionna Investment Managers. Toronto, Ontario
Board Member since June 11, 2007
Chair of the Accounting and Audit Policy Committee



Kim Shannon is the President, CIO and founder of Sionna Investment Managers. Ms. Shannon has over 27 years of investment management experience and was previously CIO at Merrill Lynch Investment Managers Canada.

Kim is a past President of the Toronto CFA Society and is currently on the board of the Accounting Standards Oversight Committee and Chair of the CFA Institute's Financial Analysts Seminar. Kim was awarded the Morningstar Fund Manager of the Year in 2005, the RBC Canadian Woman Entrepreneur Award and the WXN's Canada's Most Powerful Women Top 100 Award in 2007.

CCGG CHAIRS OF THE BOARD

David Denison	⋮	June 2009 - Present
Doug Pearce	⋮	March 2006 - June 2009
Michael Wilson	⋮	March 2003 - March 2006

Committees of the Board

Finance and Audit Committee

The Finance and Audit Committee is responsible for the annual budgeting process, the review of interim and annual financial statements and the recommendation of their approval by the board. The Chair of the Committee annually holds an in camera meeting with CCGG's auditors to discuss the results of the audit.

2009-2010 COMMITTEE MEMBERS

CHAIR

David Denison
CPP Investment Board

VICE CHAIR

Wayne Kozun
Ontario Teachers' Pension Plan

MEMBER

Kim Shannon
Sionna Investment Managers Inc.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for assisting the Board of Directors to fulfill its oversight responsibilities in relation to a number of matters including:

- The size, composition and structure of the board and its committees.
- The nomination of directors.
- Assessments of the effectiveness and contribution of the board, its committees and individual directors.
- CCGG's overall approach to its own corporate governance.
- Orientation and continuing education for directors.
- Matters involving actual or potential conflicts of interest.
- Any additional matters delegated to the committee by the board.

2009-2010 COMMITTEE MEMBERS

CHAIR

Barb Palk
TD Asset Management Inc.

VICE CHAIR

Donald Reed
Franklin Templeton
Investments Corp.

MEMBER

David Denison
CPP Investment Board

CCGG MANAGEMENT TEAM

Executive Director – Stephen Griggs

- Policy development
- Spokesperson
- Board and member relationships

General Counsel and Director of Policy Development – Judy Cotte

- Legal and policy development

Director of Issuer Research – Tony D’Onofrio Research Associate – Daniel Curren

- Proxy reviews and board engagements
- Best practices
- Governance Gavel Awards
- Rotman research

Manager of Communications - Elif McDonald

- Membership communications and relations
- External and media communications



(LtoR) Daniel Curren, Tony D’Onofrio, Stephen Griggs, Judy Cotte and Elif McDonald

2009 FINANCIAL SUMMARY

CANADIAN COALITION FOR GOOD GOVERNANCE 2009 FINANCIAL SUMMARY (DEC 31)

REVENUE	2009	2008
Full Members	\$779,719	\$874,180
Observer and Honourary Memberships	16,875	-
Interest	<u>166</u>	<u>350</u>
Total Revenues	\$796,660	\$874,530
EXPENSES		
Amortization	\$2,280	\$3,650
Consulting Fees, Wages and Benefits	691,245	753,135
Fees, Dues and Training	9,108	6,785
Insurance	11,169	11,675
Legal and Audit	2,435	2,410
Office and General (Including Rent)	<u>149,534</u>	<u>168,077</u>
Total Expenses	\$865,771	\$945,733
EXCESS (DEFICIENCY)	(\$69,111)	(\$71,203)

STATEMENT OF FINANCIAL POSITION (2009)

	2009	2008
ASSETS		
Cash	\$610,113	\$677,403
Membership Receivables	16,774	14,795
Prepaid Expenses and Deposits	12,809	12,800
Property and Equipment	<u>\$991</u>	<u>\$2,141</u>
Total Assets	\$640,687	\$707,139
LIABILITIES	(\$39,841)	(\$37,182)
NET ASSETS	\$600,846	\$669,957

CCGG CONTRIBUTIONS TO CORPORATE GOVERNANCE POLICY DEVELOPMENT

Policy Development

CCGG regularly provides a “buy side” point of view to numerous Requests for Comments issued by the various regulatory bodies such as the Canadian and U.S. securities regulators, stock exchanges, professional regulatory bodies and the Federal and Provincial governments.

Securities Regulators comments include:

- Letter to the CSA Regarding the Early Warning Threshold (2010)
- Comments to CSA on proposed changes to NI 43-101 Standards of Disclosure for Mineral Projects (2010)
- Comments in response to Multilateral Consultation Paper 51-403 Tailoring Venture Issuer Regulation (2010)
- Comments to CSA on proposed changes to 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (2009)
- Adoption of IFRS Accounting Standards (2008)
- Proposed changes to compensation disclosure (2008 and 2007)
- Proxy Solicitation Provisions (2008)
- Promulgation of NI 51-102 changes definition of proxy solicitation to allow CCGG members to discuss governance without triggering laws (2008)
- Submissions in support of a national securities regulator (2007, 2008 and 2009)
- International Financial Reporting Standards (IFRS) (2008)
- Distributable Cash and Other Indirect Offerings (2007)
- Applicability of SOX 404 (known as CSA 52-313) to Canada (2004 and 2005)
- Corporate Governance Guidelines (2004)
- Communication with Beneficial Owners of Securities of a Reporting Issuer (2003)
- Broker Votes (SEC)
- Security Holder Director Nominations (SEC) (2003)

Stock Exchange comments include:

- Section 6.11 of the TSX Company Manual – Shareholder Approval for Dilutive Transactions (2007, 2008 and 2009)
- Broker Votes (NYSE and TSX)(2008)

Professional Regulatory Bodies comments include:

- Guidance with respect to reporting of non-GAAP financial measures (2009)
- Corporate Performance Reporting Board (CPRB) of the Canadian Institute of Chartered Accountants (CICA) (2008)
- Employee Future Benefits (CICA) (2007)
- Allen Committee on the Modernization of Canadian Securities Laws (Investment Dealers Association (IDA) Task Force) (2006)
- Distributable Cash (CPRB) (2006)
- The Auditor's Standard Report (Auditing and Assurance Standards Board (AASB) of the CICA) (2006)
- Risk Disclosures in the MD&A (CPRB) (2006)
- The convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) (The Accounting Standards Board (AcSB) of the CICA) (2005)
- Share-based payments (Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB)) (2004 and 2003)

Federal and Provincial Governments comments include:

- Brief to the federal Standing Committee on Industry, Science and Technology undertaking a statutory review of the Canada Business Corporations Act (2009)
- Working Paper on the Reform of the Quebec Corporations Act (2008)
- Expert Panel on Securities Regulation (2008)
- Single National Regulator (Department of Finance, Canada) (2007)
- Business Law Modernization (OBCA) (2006 and 2007)
- Proposed Amendments to the CBCA (Industry Canada) (2004)
- Five Year Review of the Ontario Securities Act (2004)
- Civil Liability for Continuous Disclosure in the Secondary Market – Bill 198 (Ontario Government) (2003)

Supreme Court of Canada

- CCGG granted leave to intervene in the Reference to the Supreme Court of Canada concerning the proposed Canadian Securities Act on the issue of how the new legislation should lead to enhanced enforcement in the Canadian capital market (2010)
- Provided an affidavit in support of the Danier Leather appeal to provide clarification on the issues raised in the Kerr vs. Danier Leather case (2006)

GOVERNANCE GAVEL AWARDS

Recognizing governance excellence, CCGG congratulates the 2010 Governance Gavel Award recipients.

2010 AWARD WINNERS

BEST DISCLOSURE OF BOARD GOVERNANCE PRACTICES AND DIRECTOR QUALIFICATIONS
CAMECO CORP.

BEST DISCLOSURE OF APPROACH TO EXECUTIVE COMPENSATION
CIBC

BEST PRACTICES IN SHAREHOLDER ENGAGEMENT
POTASH CORPORATION

PAST WINNERS

BEST DISCLOSURE

YEAR	WINNER	HONOURABLE MENTION
2009	CANADIAN PACIFIC	
2008	POTASH CORP.	INMET MINING SCOTIA BANK SNC-LAVALIN
2007	SNC-LAVALIN	AGRIUM INC. CIBC NEXEN INC.
2006	ENBRIDGE	MANULIFE FINANCIAL SNC LAVALIN TRANSCANADA CORP.
2005	NEXEN INC.	CP RAIL ENBRIDGE TD BANK FINANCIAL

BEST COMPENSATION DISCLOSURE

2009	CAMECO CORP.
2008	BOMBARDIER
2007	TRANSCANADA CORP.

2009-2010 ANNUAL REPORT
Improving Corporate Governance in Canada

ccgg.ca



**Canadian Coalition for
GOOD GOVERNANCE**

THE VOICE OF THE SHAREHOLDER

120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1
Canada

416-868-3576 | info@ccgg.ca