

CCGG POLICY

Shareholder Engagement and “Say on Pay”

Canadian Coalition for
GOOD GOVERNANCE

CCGG believes that institutional shareholders should have regular, constructive engagement with the boards and board compensation committees of public companies to explain their perspectives on governance, compensation and disclosure practices, and to provide detailed comments on the company’s practices to the board.

CCGG expects boards will welcome this direct, constructive interaction with large shareholders, which will normally be held without management or advisers, and that it will lead to a better alignment of the interests of shareholders with the interests of the board and management.

CCGG regards “Say on Pay” shareholder advisory resolutions as an important part of this ongoing integrated engagement process between shareholders and boards, giving shareholders an opportunity to express directly to the board their satisfaction with the prior year’s compensation plan and actual awards.

The boards of many leading companies have decided to voluntarily add to each annual meeting agenda an advisory shareholder resolution on the report of their human resources or similar committee, their compensation plan and the prior year’s awards. CCGG recommends that all boards follow this best practice. CCGG intends to publish a model form of board “Say on Pay” policy and shareholder resolution (after consulting with legal experts and leading companies) for boards to consider using for their next annual meetings.

CCGG urges shareholders to carefully consider each “Say on Pay” resolution on a company by company basis and to discuss their concerns with the company in advance of the shareholders’ meeting.

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ABOUT 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.