

September 2010

MODEL 'SAY ON PAY' POLICY FOR BOARDS OF DIRECTORS

An annual 'Say on Pay' shareholder advisory vote on a board's approach to compensation is an important part of an ongoing integrated engagement process between shareholders and boards.

These advisory votes provide shareholders with an opportunity to express their satisfaction with the board's approach to executive compensation in the year that payments are made, as well as over a longer period of time. The company's approach to compensation should reinforce the links between compensation and its strategic objectives and risk management processes, using financial and non-financial measures of the achievement of the company's goals over a number of years.

'Say on Pay' Advisory Vote

CCGG recommends that boards voluntarily add to each annual meeting agenda a shareholder advisory vote on the board's and company's reports on executive compensation contained in its annual proxy circular.

CCGG recommends that the form of resolution be as follows:

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.

Il est résolu, à titre consultatif et sans que soient diminués le rôle et les responsabilités du conseil d'administration, que les actionnaires acceptent l'approche en matière de rémunération de la haute direction divulguée dans la circulaire de sollicitation de procurations de la Société transmise en vue de l'assemblée annuelle [année] des actionnaires.

CCGG urges companies to use the recommended form of 'Say on Pay' resolution as closely as possible so that there is consistency among issuers on the question put to shareholders. CCGG notes that to date this form of resolution has been adopted by all issuers who have agreed to hold 'Say on Pay' votes (with one exception where the company has a large number of shareholders in a jurisdiction with mandatory 'Say on Pay' votes).

**2009-2010 CCGG
BOARD OF DIRECTORS**

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Annual Vote is Best Practice

While some companies have expressed a preference to schedule 'Say on Pay' votes in two or three year intervals, CCGG believes that annual votes are the preferred practice as compensation is usually awarded annually and investors focus on executive compensation programs as a part of their annual proxy voting processes. In addition, annual votes are consistent with the voting provisions in most other jurisdictions where 'Say on Pay' votes have been or are to be mandated, other than the US where they must be held at least every three years.

Role of Shareholders

'Say on Pay' votes impose new obligations and responsibilities on shareholders. CCGG urges its members and all other shareholders to carefully consider each 'Say on Pay' vote on a company by company basis, and to discuss their concerns, if any, with the company in advance of the shareholders' meeting.

Suggested Model Board Policy on 'Say on Pay'

CCGG has prepared the following model policy to provide guidance on the approach to 'Say on Pay', a recommended form of the advisory vote resolution and recommended actions by the board resulting from the vote.

ISSUERS ARE INVITED TO CONTACT STEPHEN GRIGGS, EXECUTIVE DIRECTOR OF CCGG, AT 416 868 3585 OR SGRIGGS@CCGG.CA WITH QUESTIONS OR COMMENTS.

CCGG wishes to thank Carol Hansell, senior partner in the Corporate Finance & Securities, Corporate Governance and Mergers & Acquisitions practices of Davies Ward Phillips & Vineberg LLP, for her assistance and guidance in the development of this policy.

[Name of Company]**Policy of the Board of Directors****Advisory 'Say on Pay' Vote**

The board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles the board has used in its approach to executive compensation decisions and to have an advisory vote on the board's approach to executive compensation.

Purpose of 'Say on Pay' Advisory Vote

The purpose of the 'Say on Pay' advisory vote is to provide appropriate director accountability to the shareholders of the company for the board's compensation decisions by giving shareholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years.

While shareholders will provide their collective advisory vote, the directors of the company remain fully responsible for their compensation decisions and are not relieved of these responsibilities by a positive advisory vote by shareholders.

Form of Resolution

The management information circular distributed in advance of each annual meeting of shareholders will ask shareholders to 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.

Il est résolu, à titre consultatif et sans que soient diminués le rôle et les responsabilités du conseil d'administration, que les actionnaires acceptent l'approche en matière de rémunération de la haute direction divulguée dans la circulaire de sollicitation de procurations de la Société transmise en vue de l'assemblée annuelle [année] des actionnaires.

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the annual meeting of shareholders.

Results of Advisory 'Say on Pay' Vote

As this is an advisory vote, the results will not be binding upon the board. However, the board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation and related matters.

The company will disclose the results of the shareholder advisory vote as a part of its report on voting results for the meeting.

In the event that a significant number of shareholders oppose the resolution, the board will consult with its shareholders, particularly those who are known to have voted against it, in order to understand their concerns and will review the company's approach to compensation in the context of those concerns. Shareholders who have voted against the resolution will be encouraged to contact the board to discuss their specific concerns.

The board will disclose to shareholders as soon as is practicable, ideally within six months of the vote, and no later than in the management proxy circular for its next annual meeting, a summary of the significant comments relating to compensation received from shareholders in the engagement process and an explanation of the changes to the compensation plans made or to be made by the board or why no changes will be made.

Annual Review of this Policy

The board recognizes that 'Say on Pay' is an evolving area in Canada and globally, and will review this policy annually to ensure that it is effective in achieving its objectives.