

September 2010

ENGAGEMENT BY BOARDS WITH SHAREHOLDERS

In our *Shareholder Engagement and 'Say on Pay' Policy* dated April 2009 (available at www.ccg.ca), CCGG indicated that its members believe that institutional shareholders should have regular, constructive engagement with the boards and compensation committees of public companies to explain their perspectives on governance, compensation and disclosure matters, and to discuss the company's practices in these areas.

CCGG has found that boards have welcomed this direct, constructive interaction with large shareholders and agree that it leads to a better alignment of the interests of shareholders, the board and management. Where engagement meetings focus on executive compensation or other matters directly relating to management, CCGG expects that these meetings will normally be held without management present.

CCGG has also issued its policy called *2010 Board Engagement Strategy* outlining the criteria used by CCGG to select companies for engagement and how these meetings will be conducted. This policy is available on our website www.ccg.ca.

Board Policy on Shareholder Engagement

CCGG recommends that each board of directors adopt a written policy on how they intend to engage with their shareholders and disclose the policy to its shareholders.

Shareholder engagement can be done in a variety of ways and boards will likely implement a mix of approaches. CCGG understands that some companies will customize their board policy on engagement to reflect their specific circumstances or regulatory environment, or may already have in place formal or informal policies that have the same effect as the model policy set out below.

2009-2010 CCGG BOARD OF DIRECTORS

CHAIR

David Denison
CPP Investment Board

VICE CHAIR

Barbara Palk
TD Asset Management

MEMBERS

Bill Chinery
BlackRock

Dan Chornous
RBC Asset Management

Emilian Groch
Alberta Teachers' Retirement Fund

Stephen A. Jarislowsky
Jarislowsky Fraser

Wayne Kozun
Ontario Teachers' Pension Plan

Larry Lunn
Connor, Clark and Lunn

Donald F. Reed
Franklin Templeton Investments Corp.

Kim Shannon
Sionna Investment Managers

Contact Us
Stephen Griggs, Executive Director
sgriggs@ccgg.ca
416-868-3585

**Judy Cotte, General Counsel and
Director of Policy Development**
jcotte@ccgg.ca
416-868-3582

Model Board Policy

Set out below is a sample board policy for consideration by boards and their advisers. CCGG recommends that a board either adopt the substance of our model policy (including any adaptations that may be needed for their company) or confirm to investors that the company has in place practices that achieve substantially the same results.

Best Practices Summaries

CCGG will periodically issue a summary of the best practices adopted by boards on engagement in order to provide practical guidance to issuers on how to implement this important board policy.

Boards, issuers and their advisers are invited to contact Stephen Griggs, Executive Director, CCGG at 416 868 3585 or sgriggs@ccgg.ca with questions or comments.

[Name of Company]

Policy of the Board of Directors on Engagement with Shareholders on Governance Matters

The board of directors believes that it is important to have regular and constructive engagement directly with its shareholders to allow and encourage shareholders to express their views on governance matters directly to the board outside of the annual meeting. These discussions are intended to be an interchange of views about governance and disclosure matters that are within the public domain and will not include a discussion of undisclosed material facts or material changes.

The board will develop practices to increase engagement with its shareholders as is appropriate for its shareholder base and size. Examples of engagement practices include meeting with the company's larger shareholders and organizations representing a group of shareholders, as well as creating conduits for communication with smaller shareholders on an ongoing basis.

The board recognizes that shareholder engagement is an evolving practice in Canada and globally, and will review this policy annually to ensure that it is effective in achieving its objectives.