

THE CHAIR'S PUBLIC MESSAGE

Welcome to the 6th annual meeting of the Canadian Coalition for Good Governance. This will be my last address as Chair of the CCGG Board of Directors as I am stepping down after over 3 years in the role. I am pleased to announce that David Denison, President and Chief Executive Officer of CPP Investment Board, is the incoming and Chair Barbara Palk, President of TD Asset Management, will be the Vice-Chair.

Before I begin my address, I would like to thank Hugh Christie, Nick Dietrich and the partners at Gowlings for their generous offer of their space to allow us to hold our annual meeting.

We can all agree that 2008 has been a unique year for corporate Canada. For a while, it seemed everyday brought a steeper decline in the TSX, destroying more and more value as the index plummeted. Through this market turmoil, the Coalition was never busier. The meltdown in the market focused attention on many of the issues the Coalition established as priorities for 2008-2009 – executive compensation, shareholder democracy, enforcement and disclosure.

Over the past year the Coalition worked hard on these priorities and, I believe, with a great deal of success. Today, I will speak about these initiatives and the progress we have made with each over the past year.

A main focus for us this past year has been executive compensation. A lot of work went in to the development of our Principles of Executive Compensation. Many different stakeholders – investors, lawyers, regulators and compensation professionals – were consulted during the year

to ensure our principles were relevant and clearly articulated the need for all compensation programs to pay for performance, where performance is based on measureable risk adjusted criteria, to be simplified and focus on key measures of corporate performance, to require that executives build equity, aligning their interests with shareholders and to limit pensions, benefits, severance and change of control entitlements. I am pleased to announce that today we are releasing our Principles of Executive Compensation. You will find a copy of the document in the information package received when you registered.

During the past year we started an engagement process with boards to discuss compensation. To date, we have met with a number of boards of Canada's largest companies with more of these meetings scheduled in the coming weeks. We have found these interactions educational and indicate that Canadian boards are working through many of the issues highlighted in our Principles.

"Say on Pay" has captured the headlines this past proxy season. The Coalition has recently issued an updated policy on the issue, titled "Shareholder Engagement and 'Say on Pay' Policy" which outlines our view that a "say on pay" advisory vote is part of a larger shareholder engagement process. A number of issuers will have on their 2010 proxies a resolution asking shareholders to provide an annual advisory vote on compensation. This is a very complicated issue and we have asked Carol Hansell of Davies, John Carney of Towers Perrin in the U.K. and Ken Hugessen of Hugessen Consulting to speak to you later on this very issue.

The Coalition provided its comments to the CSA on their revised Statement of Executive Compensation. We are currently examining the compensation disclosure practices of the top 100 Canadian issuers against these new rules and hope to be able to provide a report on our findings by the early part of the summer.

CCGG resources have also been dedicated to improving shareholder democracy. Today, there are over 120 Canadian issuers using a majority voting standard in their director elections. Over 60% of the S&P/TSX Composite companies allow individual voting in director elections. And close to 50% of issuers report the results of director elections by providing the number of proxies voting for or withheld. We have provided our comments to the TSX on their proposed rule to require a shareholder vote if a transaction is dilutive by 50% or more. Finally, we have undertaken an exhaustive review of the proxy voting system to identify how the system can be improved. A full report, complete with recommendations, will be issued later this year. While we have made significant advancement in the area of shareholder democracy, much more work needs to be done.

Disclosure continues to be another focus. In early September of 2008, we issued our annual Best Practices documents which highlight excellence in disclosure of corporate governance and compensation practices. Based on our assessment of the disclosure uncovered in close to 200 proxy circulars, we once again presented our Governance Gavel Award. I would like to recognize the 2008 winners – Potash Corporation for Director Disclosure and Bombardier for Compensation Disclosure. The good news about this award is that it is becoming more difficult to select the winners as disclosure continues to improve year over year.

In 2008, we participated in the Expert Panel on Securities Regulation consultations. When the final report was released in early 2009, we were pleased that the Panel agreed with our recommendations on how to establish an effective Canadian Enforcement Regime – using almost word for word the text of our submission in the final report.

We are by no means done. Since our inception, every year brings new challenges and new opportunities to make positive change and I suspect 2009-2010 will be no different. I have been honoured to be part of the process in bringing about this change. My job as chair has been made easier by the high quality individuals who sit at the board table with me and by their commitment to the mission of CCGG. Also, the Coalition would not have achieved the level of success it has without the untiring dedication and effort of its members and staff. In closing, I would like to thank the board, the members and the staff of the Coalition for a very full and fulfilling 3 years as Chair. As I remain on the board, I am looking forward to providing our new leadership with the same level of dedication and commitment they provided me as we continue to execute the Coalition's mission.

Thank you.