

THE INCOMING CHAIR'S PUBLIC COMMENTS

Thank you and I must say that I'm truly honoured to be named Chair of the CCGG Board of Directors. In its still relatively short history, the CCGG has been blessed by having two strong Chairs in Michael Wilson and Doug Pearce, so it's a privilege and somewhat daunting responsibility to follow in their footsteps. Given the hard work of the coalition over the last 6 years combined with recent developments within Canada, I believe that we are well positioned to effect a great deal of change in both how companies approach governance on behalf of their owners and the ways that they interact with their shareholders. However, this window of opportunity will likely not be open long and so we must be prepared to act decisively to ensure the changes we seek are effective and long lasting.

So as we look ahead to our 2009/10 year, we will continue to press issuers, regulators and governments on our key focus areas.

One of those key focus areas is the fundamental notion of shareholder democracy. There are multiple dimensions to this issue including a majority voting standard, votes for individual directors, and reporting the full results of all proxies submitted at the annual meeting. We realize that the components of shareholder democracy we seek are not required under the various corporate laws of Canada.

We believe the laws and regulations currently in force are important but they set minimum expectations and issuers should strive for something better. We also believe that Canadian securities administrators have a duty to ensure that the capital markets are fair, and notwithstanding legal requirements, should require all Canadian public companies to have basic shareholder democracy measures in place.

Although we see this principle of fundamental shareholder democracy as logical and compelling, to be frank we have been somewhat dismayed by how hard we have had to work to convince regulators and boards on a case by case basis to embrace it. Regardless, we remain absolutely resolved to continue that hard work throughout our fiscal 2009/10 year.

We also believe that shareholders should have the right to approve significant transformational transactions proposed by the board. Specifically, we have made it clear that we think the owners of a public company should be given the opportunity to approve any transaction which entails dilution in excess of 20% to 25%. We have made some ground in this respect with the TSX but will continue to push them to lower their current proposed threshold for shareholder approval from 50% down to a level of 20 to 25% which is consistent with global markets.

The proxy voting system in Canada has perhaps unkindly been characterized as “atrophied”. While that may be a bit extreme, we do believe the system needs to be improved. We are now putting the final touches on a detailed report of the current proxy voting system which will include a series of recommendations for improvement. Once the report is released, we will begin conversations with relevant parties to determine how our recommendations can best be implemented.

The advent of “Say on Pay” in Canada has underscored the need for shareholders to engage with boards to understand their compensation regimes and explore ways in which issuers can incorporate our newly released Principles of Executive Compensation within their compensation programs. We plan to expand this engagement process in fiscal 2009/10 and will meet with at least 25 boards over the next year to discuss compensation issues. We expect these dialogues to be open, frank and constructive for all parties, and to set the stage for a long term engagement process between boards and their shareholders.

Governance practices are by nature evolutionary. Every year we learn about new practices and new ideas, both here in Canada and around the world. As we speak, new rules are winding their way through the US Senate and changes are underway in many European countries. We will monitor these changes carefully and make sure that we work with companies and regulators in Canada to ensure that we are keeping up with evolving global standards. In this respect, later this year we will release our revised corporate governance guidelines called ‘Building High Performance Boards’ which will incorporate our latest thinking on how a board can structure itself for maximum results.

We also believe that it is important to measure how companies are doing with respect to governance practices. We will continue to produce our best practices documents in 2009/10, conduct our proxy reviews, identify how issuers can continue to improve and how we can help them do so, and acknowledge and celebrate the excellent work many of them are doing through our Governance Gavel Award.

On another front, I think we would all agree that the absence of a credible enforcement regime within our capital markets is a serious issue for Canada and one that affects the efficiency of our markets. In our view, the real cause is our criminal justice system which has largely ignored white collar crime for many years. Since we are all participants in Canada's capital markets, we consider addressing this enforcement issue as relevant and important for the Coalition. Our intent is to work with the federal and provincial governments to create an effective and focused national investigative and prosecutorial organization which can detect, investigate and prosecute white collar crime in a timely manner.

And finally, we will also enhance our communications across the diverse range of stakeholders involved with corporate governance. It is important that the Coalition continue to clearly communicate its views to members, boards, management, regulators, lawmakers, professional groups such as lawyers, accountants and consultants, as well as the media.

So, as you can see, there is no shortage of things to do. I am confident that with the dedication and support of our members and staff, I will be able to stand before you in one year's time and tell you of the significant progress that the CCGG achieved across these many focus areas during Fiscal 2009/10.

Before I hand the podium over to Stephen for our panel presentation, I would like to take this opportunity to formally recognize the contributions of Doug Pearce, the outgoing Chair of the Coalition. Serving as Chair of CCGG is a significant time commitment and Doug has graciously juggled his incredibly busy schedule to devote considerable attention and leadership to the Coalition. His efforts are certainly evident as the Coalition has thrived during the three years under his watch. As a result, I can say that the influence of the Coalition in the development of public policy has never been greater. We have maintained and, I believe, increased our relevancy to our committed membership base and other stakeholders with whom we interact. Thank you Doug for your commitment to the Coalition and your steady hand in guiding us to where we are today. In appreciation of your many efforts, I have a small token of appreciation.