

April 22, 2008

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Securities Office, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Nunavut  
Registrar of Securities, Yukon Territory

**SENT VIA EMAIL**

Ontario Securities Commission  
Attention: John Stevenson, Secretary  
and  
Autorité des marchés financiers  
Attention: Anne-Marie Beaudoin, Directrice de secrétariat

**Re: Submission of the Canadian Coalition for Good Governance to the Canadian Securities Administrators re: 6.1.1 Notice and Request for Comments**

This submission is made on behalf of the members of the Canadian Coalition for Good Governance (CCGG). The membership of the CCGG is comprised of 46 institutional investors that manage, in aggregate, approximately C\$1.3 trillion.

**Summary**

The members of the CCGG would like to express their appreciation to the CSA and particularly those individuals involved in the design and drafting of both versions of Form 51-102-F6 *Statement of Executive Compensation*. The final draft reflects thoughtful consideration of comment letters and considerable research conducted by a very capable CSA team.

Overall, the members of the CCGG consider the changes in the republished Form 51-102F6 (“Proposed Form”) to be improvements over the first draft of the Form that was released for comment in 2007. The members believe that the Proposed Form has identified the elements of disclosure required to give a reader full understanding of the various forms of compensation, the value of that compensation and to a reasonable degree, the performance drivers of each of the elements of compensation.

Nevertheless, we believe the Proposed Form would be further improved if a few more changes were incorporated. Without these changes, we feel that the quality of compensation disclosure could be compromised in the following ways:

1. In some circumstances, total compensation in the Summary Compensation Table (“SCT”) will be inconsistent with the grant-date valuation approach;
2. Disclosure could be fuller in certain areas to facilitate analysis and meet CCGG best practices.

### **Comments on Specific Issues**

#### 1. Summary Compensation Table

- a. We are pleased with the approach taken by the CSA in the Proposed Form for the SCT, which is to provide grant-date valuations. However, in the case of long-term, non-equity incentive plan compensation (column f2 of the SCT) we believe that the table should include a grant-date valuation of such award granted in the latest completed fiscal year. An award value based on the achievement of “target” performance metrics would be one acceptable method, but in any event, the valuation methodology used should be disclosed. This would be more appropriate than what is proposed, that is, including the amount realized by an NEO at the time of payout, even though the grant underlying the payout may have been awarded several years prior, because it is consistent with the overall approach take for the SCT.
- b. The decision to implement a three-year phase-in of compensation disclosure in the SCT will limit the comparability, year over year, of NEO compensation at a given issuer. While this will only be an issue over the short-term, we are surprised that such phase-in is required, given that complex compensation practices are generally found at larger issuers, where there are also staff resources dedicated to compensation.

#### 2. Fuller Disclosure

- a. The name of compensation consultants engaged by the issuer and a breakdown of fees charged should be disclosed. In the case of a consultant advising on NEO compensation, the breakdown of fees charged by the advisor is one gauge of the potential for conflicts of interest, just as it is in the case of an auditor, where disclosure of the fee breakdown of audit vs non-audit work is now required. Given this parallel, we encourage the CSA to require this information be included in the Proposed Form.
- b. The Members of the CCGG recognize the value of having officers and directors of an issuer invest alongside them. Many issuers have adopted minimum holding requirements for equity or trust units. This has partly been in response to years of complaints from investors that equity-based awards represent the largest portion of executive compensation but are most often fully cashed-out on vesting

or exercise of these awards. Understanding whether these holding requirements exist and whether individual directors' and NEOs' investments fall short of, meet or exceed these targets tells something about the commitment of these individuals as shareholders. Given the extensive use of equity-based awards, this is relevant information for shareholders. We believe that minimum shareholding requirements and the attainment of shares by individual NEOs and directors against these levels should be disclosed.

- c. Supplementary Employee Retirement Plans (SERP) will be more fully disclosed under the Proposed Form. Information on the funding of pension plan obligations of an issuer is included in the notes to financial statements. However, it is often difficult to determine the funding status of the SERP as it is usually not distinguishable from other plans. A short note to explain whether the SERP is fully, partially or not funded would be useful information.
- d. To aid in the access of relevant information for analysis by interested shareholders and securities analysts, the CSA should follow the SEC lead and implement a requirement to add XBRL tags to compensation data in electronic (SEDAR) filings.

If you have any questions concerning these comments, please contact us directly and we would be pleased to discuss them with you.

Yours truly,

David R. Beatty, O.B.E.  
Managing Director