

April 20, 2009

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Mr. John Stevenson, Secretary
Ontario Securities Commission
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Request for Comment – Proposed Repeal and Replacement on National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*

Towers Perrin is pleased to comment on the Canadian Securities Administrators (CSA) proposed changes to National Policy 59-201 *Corporate Governance Guidelines* and to National Instrument 58-101 *Disclosure of Corporate Governance Practices* that were announced on December 19, 2008.

We understand that a number of significant parties, such as the Canadian Coalition for Good Governance, are concerned with the CSA's proposal to move entirely away from

the current “comply or explain” approach to corporate governance disclosure to a more “principles based” approach. Given our role as executive compensation advisors to many boards of directors in Canada, and as human resource consultants more generally, we will confine our comments to the proposed compensation principle and to the related disclosure proposals.

Our comments on proposed Principle 8 to “compensate appropriately”, the related commentary and the related disclosure proposals are summarized in our Client Advisory of March 2, 2009, a copy of which is attached.

We draw to your attention in particular to the concern we raise in the Client Advisory with respect to the proposed consultant fee disclosure requirements. In our view, the fee proposals are inadvertently prescriptive as they could effectively encourage companies to separate their human resources advisors solely for the purpose of minimizing any appearance of a conflict of interest in situations where no conflict exists and/or when such actions may not be in the best interests of the company.

Companies often need integrated human resource consulting knowledge and advice that a large consulting firm with deep expertise and global reach provides. We believe that the evolution of good governance over executive pay in Canada makes the proposed fee disclosure requirements unnecessary, and might instead result in unintended consequences to the detriment of investors.

Consideration could, however, be given to requiring companies that did not use consultants in their pay deliberations to specifically disclose that fact. Under the current rule and again under the proposed rule, one cannot determine in situations where there is no mention of the use of consultants whether this is in fact non-compliance or whether no consultant was used. Our understanding is that institutional shareholders want to have this information.

We would be pleased to discuss these comments with you.

Sincerely,



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