

GREAT-WEST
LIFECO INC.

April 20, 2009

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

Me Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, square Victoria
C.P. 246, 22^e étage
Montréal, Québec
H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-8145
E-mail: jstevenson@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: Proposed Repeal and Replacement of NP 58-201 *Corporate Governance Guidelines*, NI 58-101 *Disclosure of Corporate Governance Practices*, NI 52-110 *Audit Committees* and Companion Policy 52-110CP *Audit Committees*

Great-West Lifeco Inc. ("Lifeco") is pleased to respond to your request for comments in respect of the proposed replacement of National Policy 58-201 *Corporate Governance*

Guidelines, National Instrument 58-101 Disclosure of Corporate Governance Practices, National Instrument 52-110 Audit Committees and Companion Policy 52-110CP Audit Committees (the “Proposed Materials”).

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States and Europe. Its major subsidiaries are The Great-West Life Assurance Company and London Life Insurance Company in Canada, The Canada Life Assurance Company in Canada and Europe, and Great-West Life & Annuity Insurance Company and Putnam Investments, LLC in the United States. As at December 31, 2008, Lifeco and its subsidiaries had approximately \$339 billion in assets under administration and approximately 19,000 employees worldwide.

By way of general comment, we support the adoption of a principles-based approach to corporate governance regulation, and the express acknowledgment in proposed National Policy 58-201 that there is no single model of corporate governance that is appropriate for all issuers. The current “comply or explain” model creates the impression that the existing guidelines set forth the most appropriate corporate governance practices for all issuers, and that governance practices that differ from those set forth in the guidelines are in some way deficient. We think that a principles-based approach will permit an issuer to better explain its governance practices, and will enable shareholders to assess those practices in the context of the issuer’s particular circumstances without any pre-conceived expectations of practices that may not be appropriate for that issuer. However, we are concerned that providing so many detailed examples of suggested governance practices is inconsistent with a principles-based regime, and may have the unintended consequence of being viewed over time by issuers, regulators and courts as a checklist of minimum acceptable practices. This might even remove the incentive for on-going improvement and innovation in corporate governance practices.

As an issuer with a majority shareholder, we disagree with the existing approach to determining director independence that deems an officer of a corporation that is a majority shareholder not to be independent. We think that the determination of director independence should be based on whether or not the director is independent from management of the issuer and whether or not he or she has any other relationships with the issuer that could reasonably be expected to interfere with the exercise of his or her independent judgment. In our view the existing presumption, that an executive officer of a corporation that is a majority shareholder of another corporation is unable to exercise independent judgment in discharging his or her duties as a director of that other corporation, is wrong. The interests of major shareholders are most often aligned with those of other shareholders, and we believe that representatives of major shareholders can and do make a positive contribution to the overall quality of decision-making by boards and committees. We think that representatives of major shareholders should be treated like any other board members, and that their independence should be assessed on the basis of their capacity to make decisions free of management influence and, where specific transactions or other corporate initiatives are being considered, they must be free of conflicts of interest. In this regard, the governance concerns associated with significant shareholders are often related to conflict of interest and self-dealing rather to

than independence from management, and we believe that the Proposed Materials appropriately address conflict of interest concerns in Principle 6.

Accordingly, we support the definition of independence in the Proposed Materials to the extent that it leaves the ultimate determination of independence to the reasonable judgment of an issuer's board of directors. An issuer's board of directors will be best suited to make this determination because of its collective experience as well as its specific knowledge of the director in question. Therefore we do not think that a relationship with a significant shareholder should be specified as being a relationship that could, on its own, affect independence, and we strongly disagree with the proposed "perception" aspect of the independence test set forth in the Proposed Materials. Given the subjective nature of "perception", it would be extremely difficult for boards to conclude what a third party might "perceive" to interfere with the exercise of a director's independent judgment. Furthermore, we believe that a test of "perception" is inappropriate because a careful and reasoned consideration of the specific facts surrounding independence by an informed board may well lead to a different conclusion than a third party "perception".

The Proposed Materials contain a number of different governance initiatives and, if as a result of the request for comment process the CSA decides to delay adopting the Proposed Materials substantially in their entirety, we would encourage you to at least adopt the new approach to director independence substantially as described in this letter.

We would be please to discuss the foregoing with you at your convenience.

Yours truly,

Great-West Lifeco Inc.



Raymond L. McFeetors
Chairman of the Board