

## Corporate Securities Law

June 5, 2014

### CCGG Issues 2013 Annual Report

The Canadian Coalition for Good Governance (CCGG) released its 2013 annual report in connection with its annual public meeting held on June 3, 2014. The report sets out, among other things, the CCGG's priorities and projects for 2014 regarding several governance matters, including:

- *Board engagement*: continuing the CCGG's board engagement program by meeting directly with directors of issuers to discuss governance matters of interest to its members.
- *Proxy access*: encouraging an entitlement for shareholders holding a minimum ownership interest to nominate directors for inclusion in the issuer's proxy materials on the same basis as management nominees, provided certain conditions are met.
- *Universal proxy*: seeking the amendment of applicable law to require a "universal proxy" in contested director elections to provide shareholders the ability to vote for any combination of management and dissident nominees on one ballot.
- *Say-on-pay*: continuing to encourage issuers to adopt the CCGG's recommended form of say-on-pay shareholder advisory resolution and recommending to government and regulators that all Canadian public companies be required to conduct annual say-on-pay shareholder advisory votes. The CCGG also indicated that it will monitor the results of say-on-pay votes to assess whether issuers appropriately respond to voting results.
- *Proxy voting system*: continuing to encourage government and regulators to reform the proxy voting system to address issues such as over-voting, empty-voting and inaccuracies in vote tabulation.
- *Majority voting*: continuing to seek amendments to Canadian corporate legislation to establish majority

voting as a legal requirement and not only a listing requirement of the Toronto Stock Exchange as is presently the case. The CCGG also indicated that it will continue to urge that issuers listed on the TSX Venture Exchange be required to adopt a majority voting policy similar to CCGG's model policy.

- *Shareholder rights plans and defensive tactics*: responding to any future request from Canadian securities regulators for comments on proposals related to the regulation of shareholders' rights plans and defensive tactics in hostile takeover bid situations.
- *Governance of Canadian REITs and other public income trusts*: reviewing the governance of Canadian real estate investment trusts and other public income trusts. The CCGG indicated its belief that investor rights in public income trusts should be standardized and should mirror, to the extent legally possible, the rights available to shareholders in corporations governed by the *Canada Business Corporations Act*. The CCGG also noted that it plans to develop model provisions for declarations of trust that could be adopted by Canadian real estate investment trusts and other public income trusts.

When considering governance matters, issuers should be mindful of the perspectives of the CCGG and other significant market actors. The CCGG represents institutional investors that together manage over \$2 trillion in assets. While the CCGG's perspectives and policies are not law, they are influential and the CCGG continues to seek changes in the regulatory environment on behalf of its members as part of its mandate.

For further information or to discuss the potential implications of the CCGG's 2014 priorities and projects, please contact any member of our Corporate Securities Group.