

For Immediate Release  
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## **SURVEY FINDS GROWING SUPPORT FOR CURBING EXCESSIVE EXECUTIVE COMPENSATION AT CANADIAN CORPORATIONS**

### **But Many Pensions Still Lax On Guiding Proxy Votes And Election of Directors an Area in Urgent Need of Reform**

**VANCOUVER** – The Shareholders Association for Research and Education (SHARE) today released its [2007 Key Proxy Vote Survey](#). The national survey shows growing support among investment management firms for selected shareholder proposals that address excessive executive compensation.

“Executive compensation was the big issue last year,” says Peter Chapman, Executive Director, SHARE. “Continuing shareholder efforts to tie executive compensation to performance and concern about ‘pay for failure’ helped drive a number of resolutions aimed at curbing excessive pay packages for executives. Our survey showed strong support for these proposals.”

At Nortel Networks, a shareholder resolution to establish performance standards for executive compensation garnered respectable support from shareholders who cast ballots, but failed to pass. Yet among the surveyed firms, 80% voted in favour of the resolution.

A shareholder proposal to limit supplemental executive retirement plan (SERP) benefits at Manulife Financial Corporation was supported by fully 74% of the firms surveyed.

At Canadian National Railway, 48% of the surveyed firms voted in favour of a resolution to link executive compensation to environmental, social and governance performance.

Participation in SHARE’s Key Proxy Vote Survey is voluntary. The 31 responding firms collectively manage a total of \$553.7 billion in pension assets, of which \$64.4 billion is invested in Canadian equities. The survey polled the companies on how they voted on 24 key issues that appeared on the proxy ballots of Canadian corporations during the 2007 proxy season.

A majority of investment management firms surveyed (67%) indicated they are given complete discretion for proxy votes by their pension fund clients. As in previous years,

many pension funds still turn over their proxy votes to investment firms without providing guidance on how those votes should be exercised.

“Trustees are ultimately accountable for the long-term protection and sustainability of pension assets. Making sure votes are cast in the best interests of plan members is a critical part of a trustee’s fiduciary duty and one that we take very seriously,” says Marcelle Goldenberg, Chair of the Board of Trustees for the Nursing Homes and Related Industries Pension Plan. The Plan is responsible for the retirement income of over 25,000 nursing and retirement home employees throughout Ontario and has assets of \$630 million.

The election of questionable directors remains all too common, according to this year’s survey results. Lack of independence, conflicts of interests, and other issues continue to undermine the credibility of many directors.

“The election of directors is an area of corporate governance in urgent need of reform,” says Laura O’Neill, Director of Law and Policy, SHARE. “Time and time again, we have seen directors who are not independent, with obvious conflicts of interest, elected by huge margins. Traditionally, voting proxies in support of directors by many investment management firms has been a big part of the problem.”

For the first time, the annual survey included questions about securities lending practices. The results show that 39% of firms responding lend securities for their clients to generate additional revenues and 32% have procedures in place for recalling lent shares to enable proxy votes.

The Shareholder Association for Research and Education (SHARE) is a national not-for-profit organization dedicated to improving institutional investment practices that protect the long-term interests of pension plan members, beneficiaries and society in general.

-30-

**Editors Note: To download a PDF copy of the SHARE 2007 Key Proxy Vote Survey please visit: [www.share.ca](http://www.share.ca)**

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