

December 19, 2007

Canadian Coalition for Good Governance  
**Mr. David Beatty**  
Managing Director

Dear Mr. Beatty,

Thank you for the opportunity to comment on the CCGG's proposed position on the issue of allowing shareholders to provide input on executive compensation or "say on pay".

In October 2007, **The Ethical Funds Company**® asked all companies listed on the TSX Composite Index to convey their position on allowing shareholders to express their opinion about senior executive compensation packages through an advisory (non-binding) vote to occur at the annual general meeting. We've asked that the board of directors consider this request at their earliest convenience and inform us of any plans to introduce this vote at the 2008 annual meeting. If the board decides not to provide shareholders with this opportunity, we've asked that they describe and disclose their reasons. We are currently compiling the responses, and while still early to draw conclusions, we are positively impressed by their quality. Several companies have taken this request seriously and have presented the matter to their board of directors.

As you state in the draft CCGG position, "say on pay" votes are a legislated requirement in the United Kingdom, Australia, and some European countries. In April 2007, the United States House of Representatives passed a "Shareholder Say in Executive Pay" bill that would allow shareholders to cast a non-binding vote on senior executives' compensation packages. The support shown by U.S. shareholders to date illustrates that investors in a North American context are seeking more input and greater accountability in regards to executive compensation.

**The Ethical Funds Company** believes that when compared to many leading corporate governance jurisdictions, existing practices in Canada do not provide shareholders sufficient opportunities for providing input to boards on senior executive compensation. An advisory vote is not binding, but does give shareholders a clear voice that can shape executive compensation packages, help improve corporate governance, and, by placing the proper incentives in front of senior executives, enhance long term corporate performance.

For the above reasons, **The Ethical Funds Company** does not support the draft CCGG statement as it has been presented. While we understand that the CCGG is not in a position to propose a regulatory change at this point, we would like the coalition to take a stronger stance on advisory votes for executive compensation. As currently stated, the draft position may be viewed as the CCGG and its members opposing “say on pay” in Canada.

It is our prediction that the call for “say on pay” will gain momentum among Canadian investors and issuers, and will become the next step forward for best practice in corporate governance.

We thank you in advance for your consideration of these comments. We look forward to your response.

With Best Regards,

**The Ethical Funds Company**

A handwritten signature in black ink, appearing to read 'Robert Walker', with a long horizontal flourish extending to the right.

Robert Walker  
Vice President, Sustainability