



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

July 1, 2009

ICGN Secretariat
International Corporate Governance Network
16 Park Crescent
London, W1B 1AH
consultations@icgn.org

Attention: Ted White, Chair, ICGN Remuneration Committee

VIA EMAIL

Re: ICGN Non-Executive Director Remuneration Guidelines and Policies

This letter is submitted by the Pension Investment Association of Canada (“PIAC”) in response to the request for comment published June 5, 2009 by the International Corporate Governance Network (“ICGN”) on the ICGN Non-Executive Director Remuneration Guidelines and Policies Revised (2009) (the “ICGN Policy”).

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$940 billion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

We are very supportive of the aim and purpose of the ICGN Policy. We agree with the positions taken in the ICGN Policy regarding the remuneration of non-executive directors and the need for transparency and accountability. We agree that there are inherent conflicts of interest in directors setting their own pay and that companies need to pay particular attention in managing these conflicts. As stated in our Corporate Governance Principles and Guidelines (available on our website, www.piacweb.org) (“our Guidelines”), we agree that directors’ compensation should only be in the form of shares and/or directors’ fees. We agree that a minimum level of share ownership with a mandatory holding period should be required of directors.

We only have the following style suggestions:

Executive Summary

We don't feel that the Executive Summary does justice to the rest of the ICGN Policy as it does not seem to properly capture the principles and policies articulate in the body of the document. The first sentence does not seem to fit with the rest of the ICGN Policy and we don't feel it is necessary. We believe it would be more appropriate to include the statements already in the "Introduction and purpose" such as:

"These guidelines are primarily addressed to companies and their non-executive board members, and set out key remuneration principles which should be applied by companies regardless of their domicile." "Since compensation policies are set by the board, it is important that they be transparent, address shareholder expectations and those setting them be held accountable."

Introduction and purpose

As stated in our Guidelines, stock options are not an appropriate form of compensation for non-executive directors. We suggest that the statement in the fourth paragraph, that non-executive director compensation should consist solely of a combination of a cash retainer and equity-based compensation, be clarified or expanded as is done in section 4.2 to ensure that it is clear that the reference to equity-based compensation is not meant to include stock options.

The seemingly interchangeable references to guidelines, policies and principles through-out the document and in particular in the "Introduction and purpose" gets a bit confusing. Also, section 2.1 seems to be the only time NED is used to refer to non-executive directors.

We appreciate this opportunity to comment on the ICGN Policy. Please contact me or Eleanor Farrell, Chair of PIAC's Corporate Governance Committee, (efarrell@cppib.ca, 1.416.868.6377) if we can be of further assistance.

Yours truly,



Gayle McDade
Chair