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March 31, 2011

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

Attention: John Stevenson, Secretary

Re: OSC Staff Notice 54-701
Regulatory Developments Regarding Shareholder Democracy Issues

Staff has requested comments on the desirability of the OSC developing proposals in the following areas: (i) slate and majority voting for uncontested director elections; (ii) shareholder advisory votes on executive compensation; and (iii) the effectiveness of the proxy voting system. We welcome the opportunity to comment on these areas and the appropriate scope of the OSC's review.

Background

We are making this submission on behalf of George Weston Limited and its subsidiary, Loblaw Companies Limited, both of which are publicly-traded companies. Mr. W. Galen Weston controls, directly and indirectly through private companies which he controls, approximately 63% of the outstanding common shares of George Weston Limited. In turn, George Weston Limited owns approximately 63% of the outstanding common shares of Loblaw Companies Limited. Accordingly, both George Weston and Loblaw are "controlled companies".

General Observations

As with many other reporting issuers in Canada, we are acutely aware of the increased focus on corporate governance issues over the past few years and of the need for all market participants, including the Commission and the other members of the Canadian Securities Administrators, to assess the current legislative framework and market practices in light of developments in Canada and elsewhere. In that context, we offer three observations that condition our views on the more specific issues identified in the Staff Notice.

First, we caution the Commission and other members of the CSA to tread carefully before changing the balance between the role of the directors in managing, or supervising the management, of a corporation's business and affairs, on the one hand, and protecting investors from potential abuses of a board's authority, on the other. As business trends change and capital market issues evolve, directors should expect to be subjected to continued scrutiny of how they fulfil their obligations, but at the same time, we must avoid confusing the roles of directors and shareholders. That is, directors have been elected by the shareholders and are vested with the power to manage or direct the business and affairs

of the corporation. Shareholders already have significant statutory protections in place, including substantive rights to vote on important matters such as mergers or major asset sales, significant related party transactions, shareholder rights plans and certain changes to equity-based incentive plans. They also have the ability to bring forward shareholder proposals, and of course they retain the paramount right of participating in the election of directors each year.

Second, we believe that there is danger in adopting a prescriptive, “one size fits all” approach to governance. In this regard, we strongly endorse many of the views of the Institute of Corporate Directors in their letter to the Commission dated March 28, 2011 on Staff Notice 54-701.

Third, the governance concerns in controlled companies with a single class share structure differ from those of widely-held companies and from those of companies with a dual class share structure. Controlled companies give rise to unique governance issues that should be recognized in any review of corporate governance issues. This uniqueness, and the prevalence of controlled companies in Canada, have been noted by regulators, market participants and organizations such as the Canadian Coalition for Good Governance from time to time, but for the most part this recognition has not resulted in any concrete action, such that controlled companies such as George Weston and Loblaw are subjected to the same governance rules as widely-held companies. We urge the Commission and the CSA to keep the distinctive position of controlled companies in mind before making further changes to the regulatory framework dealing with corporate governance. We believe that good governance must give proper consideration to the practical realities of a controlling shareholder’s influence over matters subject to shareholder approval.

Specific Comments

Slate Voting and Majority Voting – We agree that individual director elections are a better corporate governance practice than slate voting. We do not, however, support the mandatory adoption of majority voting and believe instead that the matter should be left to the discretion of the board of each company. We note, for example, that majority voting does not have value for controlled companies, where the controlling shareholder has the ability to control the outcome of the election of directors in any system.

Shareholder Advisory Votes on Executive Compensation – We do not support the introduction of a mandatory requirement for “say on pay” advisory voting by shareholders. Executive compensation plans are often complex, with multiple components designed to operate over many years. In addition, detailed accounting and tax rules affect the operation and reporting of compensation plans. The directors on a compensation committee have full access to all necessary internal information and the benefit of external professional guidance to make appropriate and informed compensation decisions. In contrast, shareholders generally do not and cannot have access to all of the same information and accordingly we question how a say on pay vote can provide meaningful guidance on executive compensation issues. Shareholders may indicate their overall disapproval of executive compensation, but this will not provide any helpful guidance on particular areas of concern. In the same way that shareholders can express their disappointment with any other corporate decision or lack of action, shareholders who do not agree with a company’s executive compensation can withhold their vote at the next election of directors. Furthermore, we believe the most effective way for shareholders to express any concerns

regarding executive compensation is to communicate directly with the board. In our experience, directors are welcoming of feedback from shareholders.

The Proxy Voting System – We have no specific comments on this part of the Staff Notice.

Thank you again for the opportunity to comment on these important issues.

Yours truly,

A handwritten signature in black ink, appearing to read 'RAB', followed by a period.

Robert A. Balcom