

**BY EMAIL**

July 23, 2014

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission of New Brunswick  
Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

The Secretary  
Ontario Securities Commission  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs and Mesdames:

**Re: Request for Comments - Proposed *National Policy 25-201 Guidance for Proxy Advisory Firms*, dated April 24, 2014 (“Request for Comments”)**

This letter is provided by Goldcorp Inc. (“**Goldcorp**”) to the Canadian Securities Regulatory Authorities (the “**CSA**”) in response to the Request for Comments.

Goldcorp is a senior gold producer with its common shares listed and posted for trading on both the Toronto Stock Exchange and the New York Stock Exchange. It is a reporting issuer in all of the provinces and territories of Canada. Goldcorp is committed to maintaining the highest standards of corporate governance and shareholder accountability.

Goldcorp’s Board of Directors has reviewed the proposed *National Policy 25-201 Guidance for Proxy Advisory Firms* (the “**Proposed Policy**”) and have material concerns regarding its effect on shareholder engagement. Proxy advisory firms have significant influence on the outcome of shareholder meetings in Canada and, for this reason, we believe stricter and more explicit regulation of proxy advisory firms is necessary.

The following sets out our comments and recommendations in connection with the Request for Comments to further improve the Proposed Policy.

## Overview

Proxy advisory firms have the ability to process and analyze large volumes of information which can serve as a valuable resource to shareholders if used correctly. Shareholders are uncritically relying on the summaries and recommendations of proxy advisory firms instead of developing their own.

Widespread reliance on proxy advisory firms creates a risk that errors or flaws in the creation of recommendations may materially misinform shareholders and market participants. Any proposed guidelines or regulations must allow issuers to adequately analyze the basis of recommendations and effectively communicate concerns to shareholders.

## Recommendations

### CSA's Proposed Policy Should be Strengthened

The CSA is currently proposing “guidelines” to address: (i) actual or potential conflicts of interest of proxy advisory firms; (ii) a perceived lack of transparency; (iii) potential inaccuracies and limited dialogue between proxy advisory firms and issuers; (iv) potential corporate governance implications; and (v) the extent of reliance by institutional investors on the recommendations provided by such firms. We agree generally with the Proposed Policy, however, we are concerned that the proposed guidelines use overly permissive language. Proxy advisory firms play a key role in the capital markets and should be held to as high a standard as those imposed on other influential market participants. It is our position that the measures and language be strengthened and implemented through regulation.

### Avoiding Conflicts of Interest

One significant area of concern is the inevitability for conflicts of interest where a proxy advisory firm provides vote recommendations to institutional investors on corporate governance matters relating to a particular issuer, an issuer to which the proxy advisory firm has provided consulting services. These conflicts compromise the independence of vote recommendations, which negatively impacts market integrity.

The Proposed Policy suggests certain steps that proxy advisory firms may consider taking to address conflicts of interest and we are of the view that a stricter approach is necessary. At a minimum, the CSA proposal regarding the management of potential conflicts of interest, as well as disclosure obligations, should be regulated rather than prescriptive. In addition, where a proxy advisory firm provides advisory or consulting services to a client, it should be precluded from making voting recommendations in respect of that issuer or on that specific proposal.

### Strengthening Transparency and Disclosure of Proxy Advisor Recommendations

Proxy advisory firms should be required to disclose the criteria they apply in producing their recommendations. Currently, these firms apply predefined methodologies which often fail to consider an issuer's unique circumstances and often appear subjective or arbitrary. As a result

there is a high likelihood of misleading information and investor misinterpretation. We recommend that the CSA require that firms disclose to the issuer all relevant considerations in reaching their recommendations.

Given the high potential for errors or inaccuracies to affect proxy voting recommendations, proxy advisory firms should provide early disclosure to issuers when they intend to make negative vote recommendations. Early disclosure should allow the issuer enough time to adequately analyze the recommendations and provide comments to shareholders. To enhance process transparency, proxy advisory firms should be required to include any comments from affected issuers along with the firm's circulated recommendations.

#### Disclosure of Analyst Qualifications

Proxy advisor reports frequently contain inaccuracies which may lead to misinformed decision-making, especially in the context of complex voting matters. While the Proposed Policy encourages proxy advisory firms to have the resources, knowledge and expertise required to prepare rigorous and credible vote recommendations, there is no guideline requiring disclosure of the experience and qualifications of the individuals who have participated in the development of a voting recommendation. Adequate disclosure would allow issuers to identify deficiencies in the analysis applied and to communicate those concerns to shareholders.

#### Conclusion

In drafting the Proposed Policy, the CSA has taken a strong initial step to address the concerns posed by proxy advisory firms. While these firms have a material impact on the proxy voting process in Canada, they face none of the regulatory oversight experienced by other market participants. Under the proposed guidelines, issuers and shareholders will remain vulnerable to errors and misstatements made by proxy advisory firms. We strongly encourage the CSA to impose prescriptive regulations that: (i) eliminate the potential for conflicts of interest; (ii) require early disclosure to issuers subject to negative vote recommendations, provide sufficient time for issuers to generate a response to recommendations, and require the issuer response to be included in communications to shareholders; and (iii) require disclosure of the qualifications of those involved in the proxy analysis. Regulations that ensure transparency of proxy advisory firms and their recommendations will strengthen the quality of the information relied upon by shareholders in exercising their voting rights.

We trust you will find the foregoing helpful, and we would be pleased to discuss or provide any additional information or explanation as you may require.

Yours truly,



Peter Dey  
Chair of the Governance and Nominating Committee  
Goldcorp Inc.