



CA-Queen's Centre for Governance

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Corporate Governance: Platitudes, Principles or Best Practices

Compliance rates should give the investment community, and the CSA, cause to hesitate

April 13, 2009 — As the economy spirals down, the need for good governance has never been more urgent. Canadian companies and the careers of countless employees are on the line. Despite this, at least one in ten TSX-listed companies ignores some regulations set out by the Canadian Securities Administrators (CSA) according to new research released today by the CA-Queen's Centre for Governance. Now the CSA is proposing a radical change to a so-called "principles based" governance model with a deadline for comments on April 20, 2009.

According to Professor Steve Salterio FCA, Director of the CA-Queen's Centre for Governance:

- The proposed new "principles" are worded like platitudes, not like any sort of principles this expert has ever seen.
- The current system is more than "flexible" enough when it labels a company "compliant" even if best practices are not followed, but compensating disclosure is made about the alternative approach taken.
- The CSA is NOT enforcing the current disclosure requirement for overall governance with the same rigour they enforce audit committee requirements.
- The CSA needs to enforce compliance and disclosure within their current system – and not return to the "anything goes" way of thinking about corporate disclosure that existed before requirements were set in 1995.

Professor Salterio is available to provide his opinionated, insightful analysis on the importance of governance in these uncertain times and why the proposed changes are fatally flawed. Ask him:

- Why a company entering the equity market must accept certain restrictions on their "rights" to set up governance practices any way they chose?
- How good corporate governance creates long term value, even if it doesn't turn up on the annual financial statements?
- Why this is not the time for change in governance disclosure practices?
- How the CSA's proposed principles/platitudes can be reworded to be real principles if change must happen?

To arrange an interview, please contact:

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About the CA-Queen's Centre for Governance at Queen's School of Business

CA-Queen's Centre for Governance (business.queensu.ca/centres/CA-QCG/) goal is to raise the bar on Canadian governance research and convey that research's implications to fellow academics, students and the public at large. Situated at Queen's School of Business (business.queensu.ca), one of the world's premier business schools, the Centre conducts cutting edge basic and applied research on corporate governance issues dealing with such issues as fraud prevention through better internal control and improving Canadian securities regulation. The Centre is also actively involved in the not for profit sector through the associated Fundamental of Governance for Boards of municipal, provincial and federal agencies, and not-for-profit organizations executive development course, case writing, applied research and now the Voluntary Sector Reporting Awards.