

Standard Life Investments

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10 October 2011

Dear Mr Pomotov

AMENDMENTS TO PART IV OF THE TSX COMPANY MANUAL

We welcome the opportunity to comment on proposed amendments to Part IV of the TSX Company Manual relating to the election of directors. We are writing as global investors with over C\$500bn of assets under management (as at 30 June 2011), including substantial investments in Canada.

In particular, Standard Life Investments maintains a significant presence in Canada and has important holdings in the Canadian securities markets, as well as a Canadian office in Montreal. It is relevant to note that our clients are long-term investors, and that, as active and committed shareholders, we are involved in engaging with our portfolio companies on corporate governance issues as well as actively voting on directors' elections at shareholder meetings.

We are pleased that the Stock Exchange has decided to propose these reforms as requirements for all issuers listed on the TSX, and welcome the opportunity afforded by the Exchange to comment upon these Amendments, and to express our support for them. We are generally in favour of measures which increase the accountability of boards and of individual directors and bring greater uniformity to the election procedures for boards across Canada as well as conformity with the better elements of global practice.

At the outset, we recognise that Canadian corporate governance is already of a high standard, and in many respects places Canada among the world leaders in this area. However, we agree with the Exchange that a few Canadian practices have become anomalous, and that furthermore, a minority of Canadian issuers are not in conformity with Canadian best practice and ought to be encouraged to upgrade their procedures to conform to those of their peers.

The following commentary responds to several of the questions raised and is numbered in accord with the Request:

1. As the dominant exchange in Canada, the TSX has generally been the standard-setter for all changes in the Canadian corporate governance system. We believe that a securities exchange's listing standards are an appropriate and effective way of maintaining and upgrading the governance practices of issuers. At times it may be preferable to revise and improve upon governance practice through listing requirements first, rather than waiting for the necessarily more cumbersome process of direct regulation. We would expect the other Canadian exchanges to follow the lead of the TSX. We acknowledge this may take some time given the generally smaller companies quoted on these exchanges, and some of the differences in the laws of the provinces in which these exchanges are situated.

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2. As global investors, we have substantial UK shareholdings and we are accustomed to, and generally support, a regime of 'comply or explain.' The Stock Exchange has chosen to embrace this approach with regard to majority voting, but not for the abolition of slates, nor for annual elections for all directors, which would both become mandatory. Whilst we can sympathise with those companies which may feel cautious about adopting majority voting, or feel that their peculiar structure justifies plurality voting, in general we feel that the only way to hold a board accountable is if the shareholders actually have the possibility of voting against a particular director, and therefore question whether 'comply or explain' is really the ideal approach here. On the other hand, we note the Exchange's concerns regarding possible conflicts with various provinces' company laws, the significant number of issuers who have not adopted this as their practice, and the possible complications should the number of directors elected fail to comprise a quorum.

With regard to electing directors as a slate, without having the opportunity to vote against a particular director, we are opposed to this as a matter of principle, and feel that the Exchange is quite right in doing away with this practice. We note that annual elections are the overwhelming practice in Canada, and therefore support the Exchange's desire to make this the rule.

3. We strongly believe that disclosure and transparency regarding governance practices improve governance. Current and prospective shareholders have a right to know the procedures used to elect a company's directors, and to have an explanation of the rationale given for any deviation from best practice.
4. As stated above, we would generally favour majority voting policies in any uncontested election for a board seat. From our perspective, we see the positives as so outweighing the negatives that it is difficult for us to make an argument against majority voting. Whatever potential legal difficulties might be caused in the unlikely event that a majority of directors are unseated can easily be overcome with by-law provisions for bridging terms, co-option of substitute directors, and the like.
5. Most of the Amendments already reflect preponderant practice in Canada, at least among major quoted companies. The only Amendment which does not reflect the overwhelming majority practice is that for majority voting, and there, companies will have an option not to comply if they explain their reasons for not doing so. We do not foresee any negative impact from these Amendments.
6. In the interests of transparency, voting results should always be disclosed, in our opinion. Ideally, companies should disclose votes for, against and those withheld or where an abstention vote was recorded. We also strongly favour the use of ballots, rather than a show of hands, a practice which has largely been phased out in the UK where it was once widespread.

Again, we are grateful for the opportunity to submit our views on the proposed Amendments to the Toronto Stock Exchange's Company Manual. This consultation provided investors the opportunity to comment upon important changes in governance practice in Canada. These would, we feel, make Canadian companies potentially more attractive investments for non-Canadians, would ensure that Canadian corporations be better run, more responsive to shareholder concerns, and ultimately more stable and sustainable creators of economic wealth for their shareholders.

We are pleased to express our support for the Stock Exchange's proposed reforms regarding board elections.

Yours sincerely,



Alison C. Kennedy
Governance and Stewardship Director
Standard Life Investments

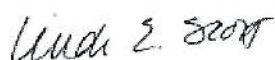
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