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Corporate Governance/ Investor Relations Study



Prepared for:



**BLAKE,
CASSELS &
GRAYDON LLP**
BARRISTERS & SOLICITORS



October 19, 2004

60-2675-05



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Background and Objectives

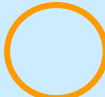
- The overall purpose of this research is to evaluate the current state of Corporate Governance and Investor Relations (IR) in Canada.
- Specific objectives of the research are to:
 - Determine attitudes towards new regulations and corporate governance standards;
 - To identify relevant issues and their perceived importance now and in the future;
 - To identify and assess the effects that the changing regulatory and corporate governance environment is having on IR decision-makers;
 - To assess the relationship between Boards, IROs and Shareholders;
 - Define the roles and responsibilities of the IR industry in Canada;

- *This document summarizes the findings of a survey of Canadian Investor Relations professionals about their attitudes about Corporate Governance and Investor Relations related issues. All data for this research were collected by Ipsos-Reid via 20-minute online interviews with Investor Relations Officers, Corporate Directors/Board members and those responsible for corporate governance and disclosure within their company.*
- *The research was sponsored by the Canadian Investor Relations Institute (CIRI), Blake Cassels & Graydon LLP, The Institute of Corporate Directors (ICD) and TSX Group.*
- *A total of 688 respondents with Investor Relations responsibilities were interviewed between July 12th and July 30th, 2004. The overall results are considered accurate to within ± 3.7 percentage points, 19 times out of 20. The margin of error will be larger for subgroups of the data.*
- *Respondents sample was drawn from CIRI (consultants and issuers) and TSX / TSX Venture directors.*



Research Results

Key Definitions:

 = Sig. @ 95% confidence level vs. All

 = Sig. @ 95% confidence level vs Some

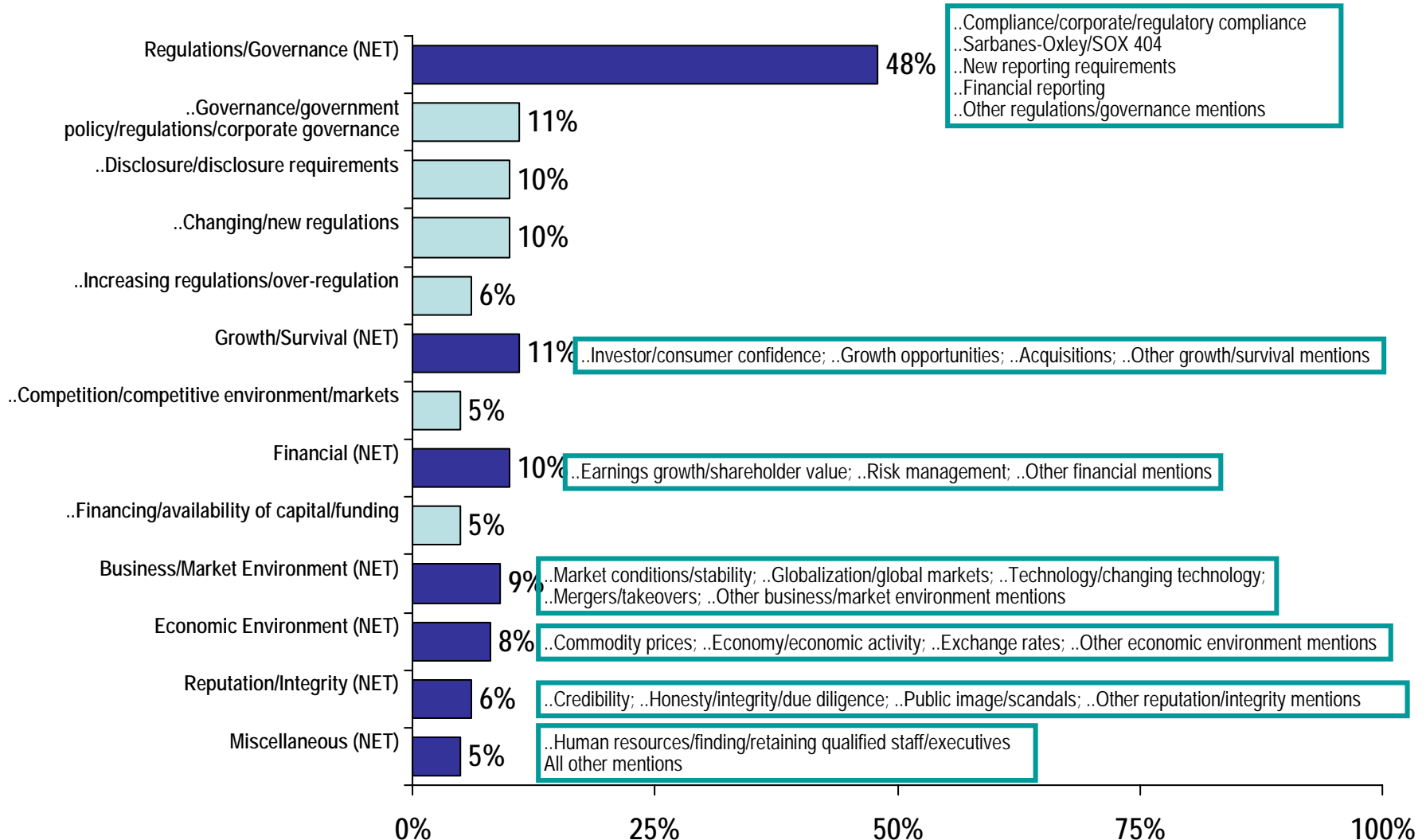


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Industry Issues

Main Issue Impacting Business

5. In your opinion, what is the **one** issue having the most important impact on your business **today**?





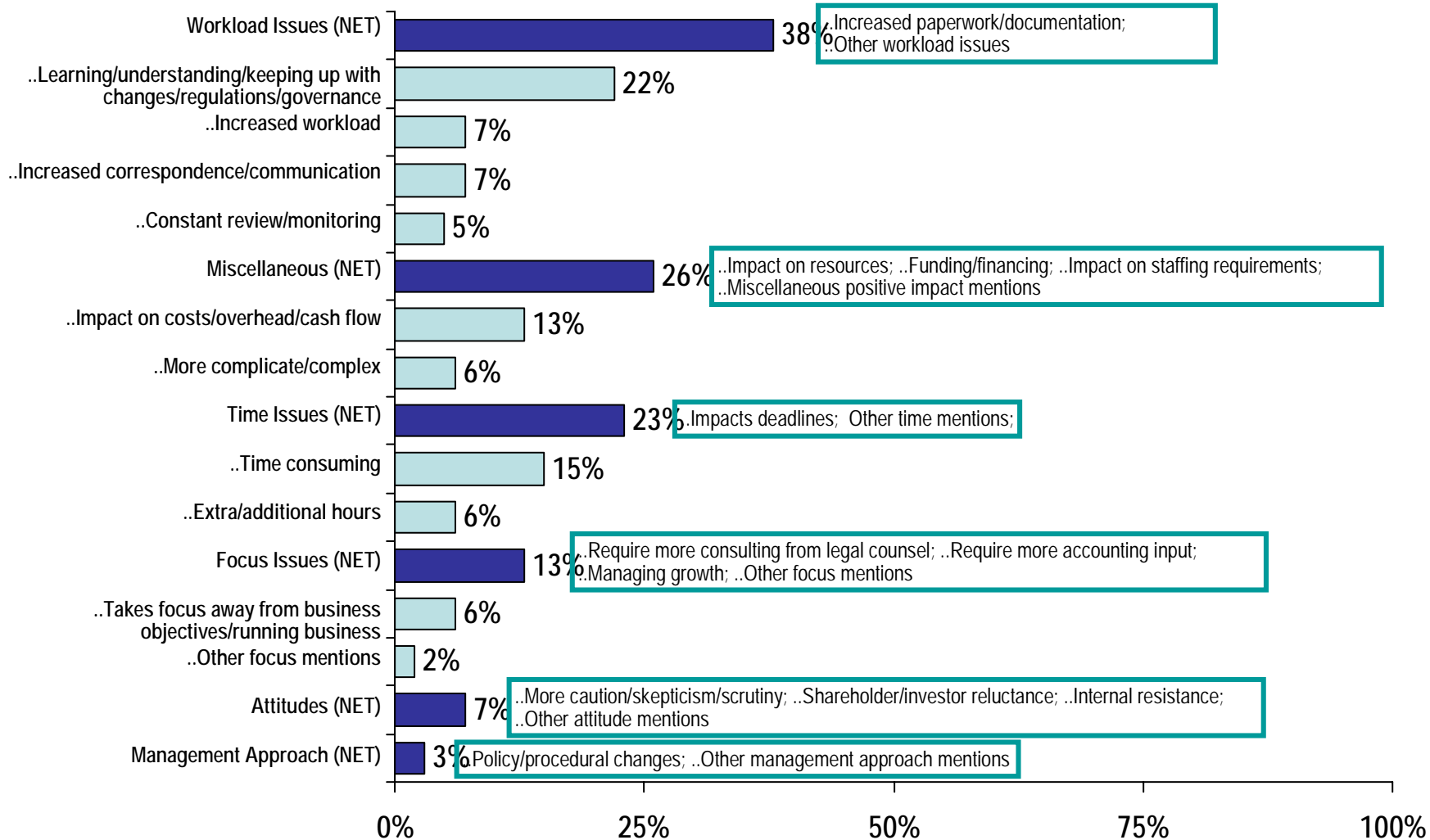
Main Issue Impacting Business

5. In your opinion, what is the **one** issue having the most important impact on your business **today**?

	Total (688) %	Respondent Type		
		Investor Relations (361) %	Corporate Governance (442) %	CD / Board Member (302) %
Regulations/Governance (NET)	48	48	55	46
..Governance/government policy/regulations/corporate governance	11	11	8	12
..Disclosure/disclosure requirements	10	14	9	7
..Changing/new regulations	10	9	12	9
..Increasing regulations/over-regulation	6	3	9	8
Growth/Survival (NET)	11	12	11	10
..Competition/competitive environment/markets	5	5	4	5
Financial (NET)	10	7	5	15
..Financing/availability of capital/funding	5	2	2	10
Business/Market Environment (NET)	9	10	6	10
Economic Environment (NET)	8	9	11	5
Reputation/Integrity (NET)	6	8	3	6
Miscellaneous (NET)	5	2	5	7

Effect of Issue on Business

6. How does this issue affect your work, if at all?



Effect of Issue on Business

6. How does this issue affect your work, if at all?

	Total (688) %	Respondent Type		
		Investor Relations (265) %	Corporate Governance (121) %	CD / Board Member (302) %
Workload Issues (NET)	38	42	53	29
..Learning/understanding/keeping up with changes/regulations/governance	22	24	31	17
..Increased workload	7	6	8	8
..Increased correspondence/communication	7	10	7	4
..Constant review/monitoring	5	6	10	1
Miscellaneous (NET)	26	21	27	31
..Impact on costs/overhead/cash flow	13	21	13	17
..More complicate/complex	6	6	6	5
Time Issues (NET)	23	21	21	26
..Time consuming	15	12	17	15
..Extra/additional hours	6	5	2	9
Focus Issues (NET)	13	16	7	13
..Takes focus away from business objectives/running business	6	7	4	5
Attitudes (NET)	7	8	3	7
Management Approach (NET)	3	4	2	3

Effect of Issue on Business

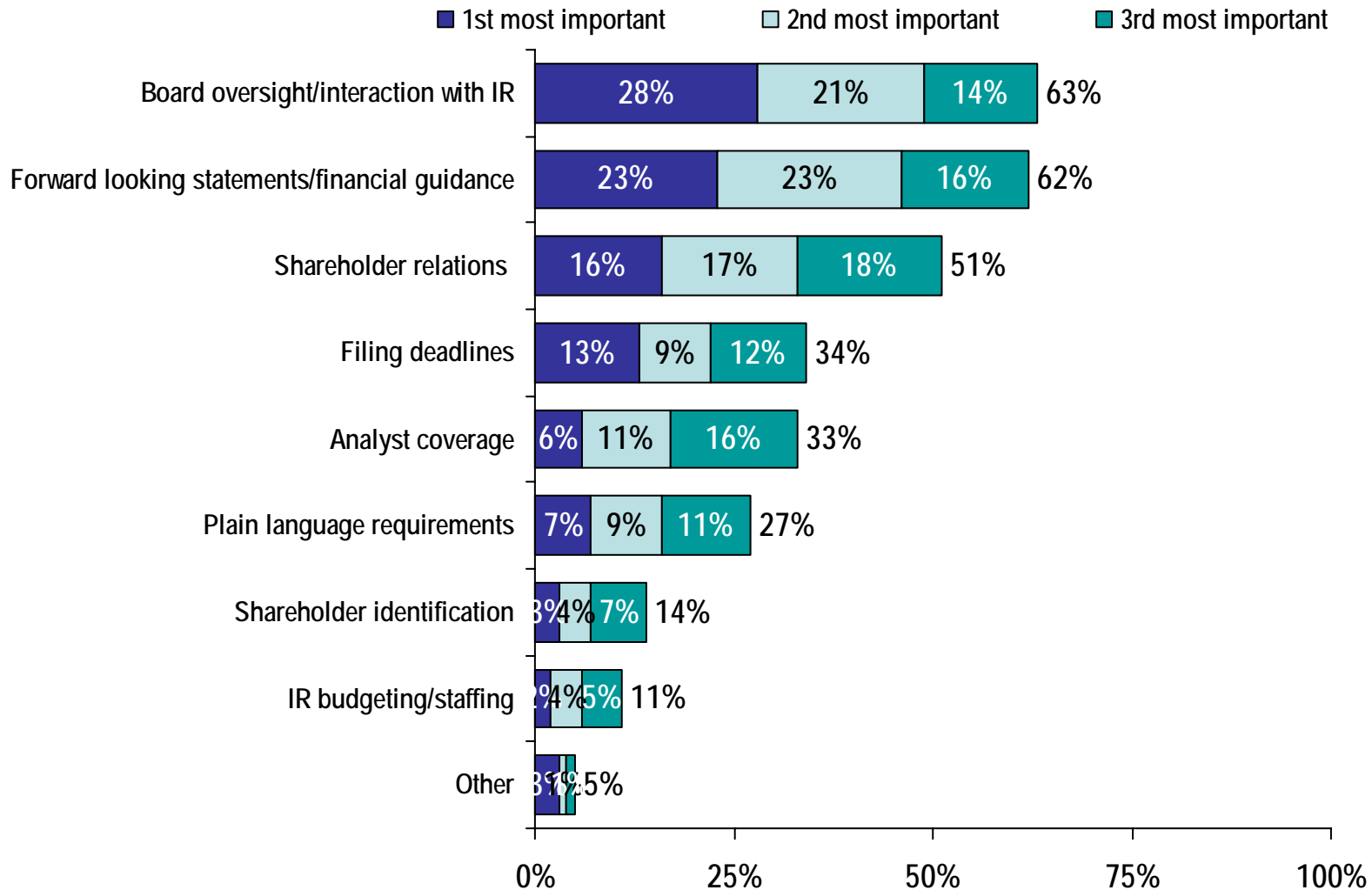
6. How does this issue affect your work, if at all?

	Total (688) %	Main Issue Impacting Business						
		Economic Environment (54)* %	Business / Market Environment (65)* %	Financial (69)* %	Growth / Survival (74)* %	Regulations / Governance (331) %	Reputation / Integrity (43)* %	Miscellaneous (33)* %
		Workload Issues (NET)	38	17	29	22	30	52
..Learning/ understanding/ keeping up with changes/ regulations/ governance	22	9	11	12	9	34	19	9
..Increased workload	7	4	3	4	7	9	5	9
Miscellaneous (NET)	26	28	8	35	14	35	12	24
..Impact on costs/ overhead/ cash flow	13	6	-	12	4	21	-	6
..More complicate/complex	6	6	2	1	3	8	7	6
Time Issues (NET)	23	7	2	12	11	40	7	9
..Time consuming	15	4	2	7	1	27	5	-
..Extra/additional hours	6	2	-	1	5	10	2	6
Focus Issues (NET)	13	9	12	7	12	16	7	15
..Takes focus away from business objectives/ running business	6	2	2	4	3	8	5	9
Attitudes (NET)	7	9	3	4	4	4	28	24
Management Approach (NET)	3	2	6	6	7	2	2	12



Most Important IR Issues for the Future

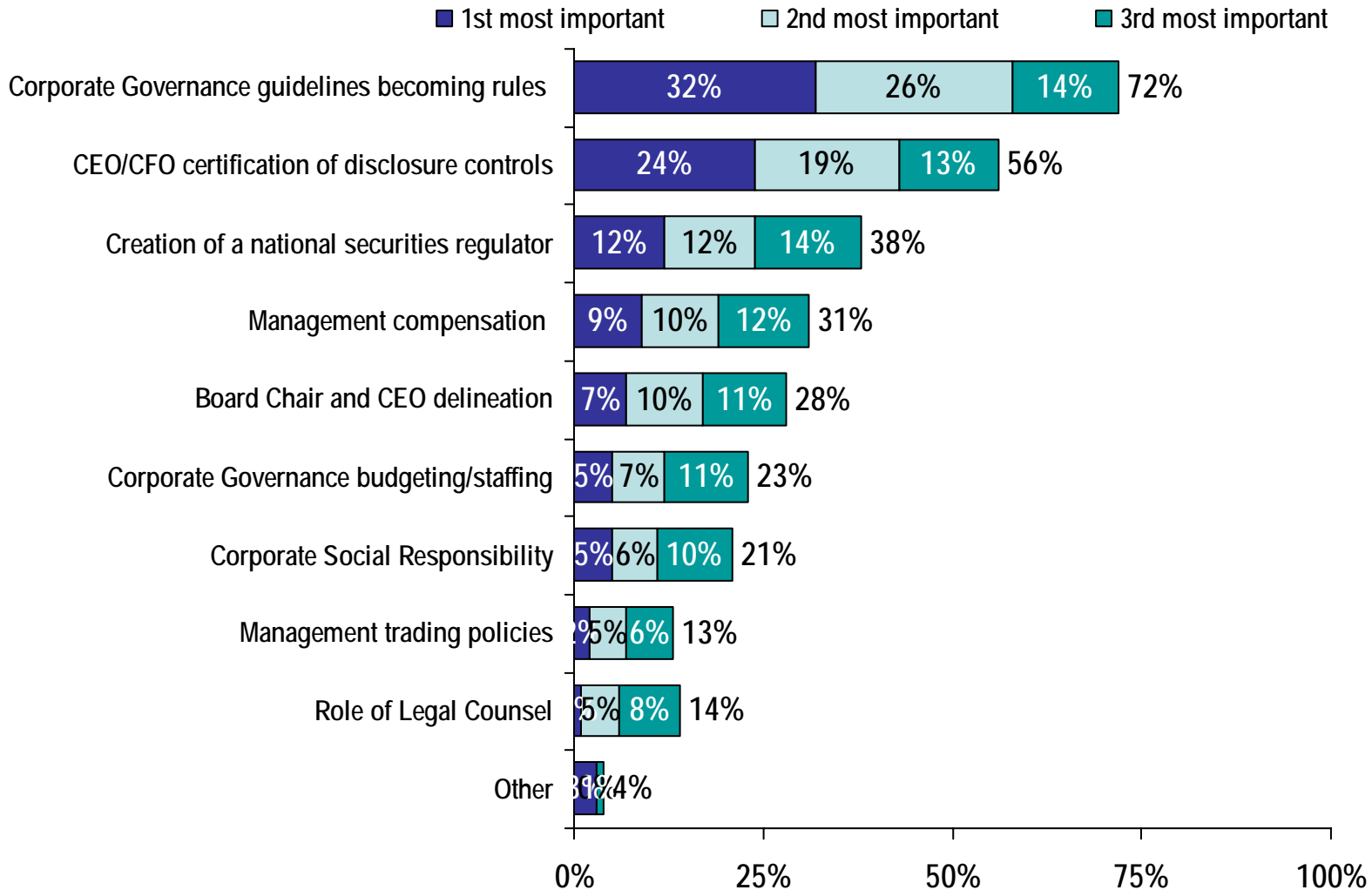
7a. Which of the following issues do you think will have the most important impact on the conduct of public companies in the future?





Most Important Corporate Governance Issues for the Future

7b. Which of the following issues do you think will have the most important impact on the conduct of public companies in the future?





Most Important IR/ Corporate Governance Issues for the Future

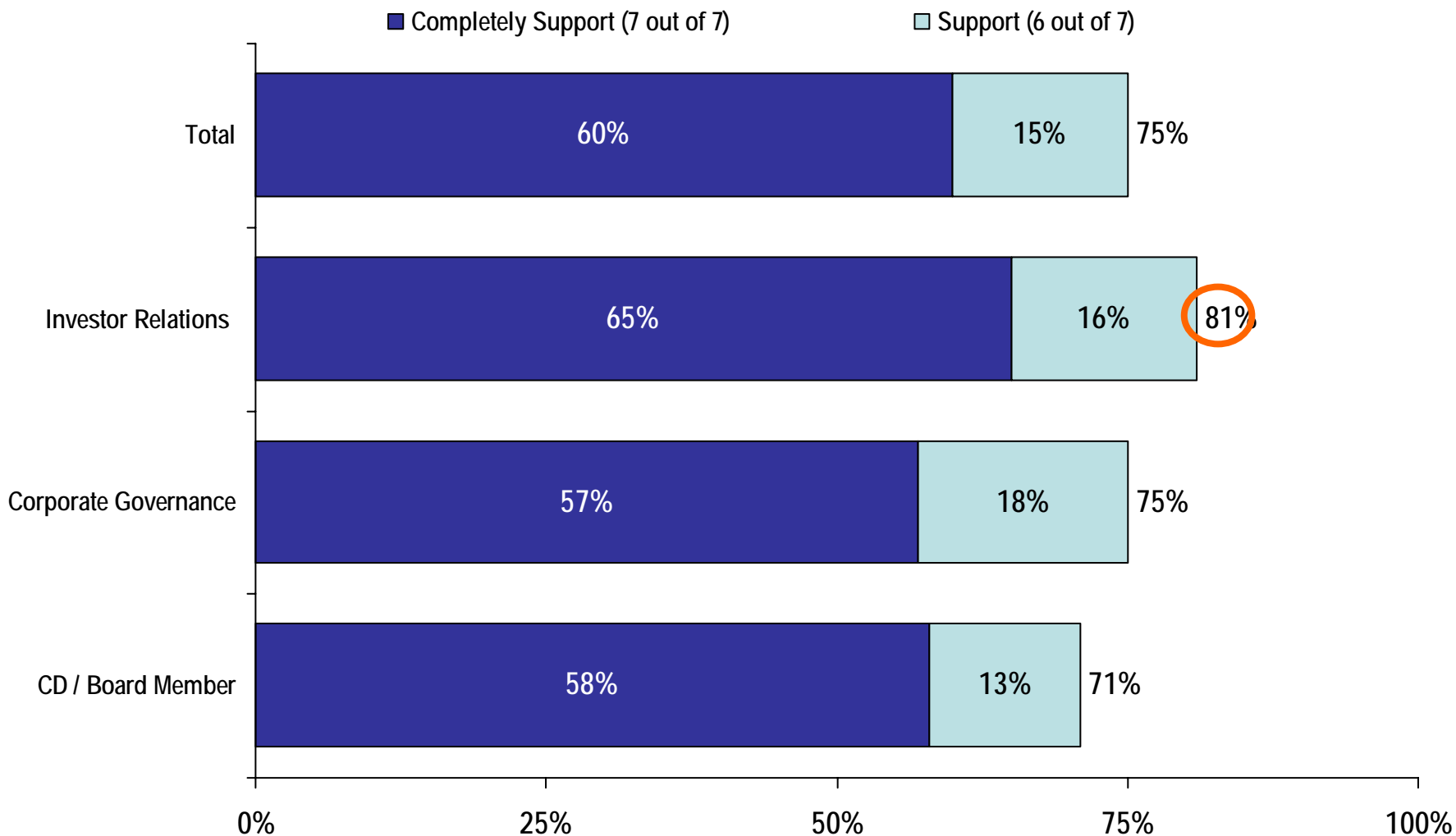
7a. Which of the following issues do you think will have the most important impact on the conduct of public companies in the future?

<u>IR Issues</u> <u>% Ranked 1st Most Important</u>	<u>Respondent Type</u>		
	<u>Investor Relations</u> (265) %	<u>Corporate Governance</u> (121) %	<u>CD / Board Member</u> (302) %
Board oversight/interaction with IR	23	26	33*
Forward looking statements/ financial guidance	25*	27	19
Shareholder relations	17	17	14
Filing deadlines	16*	15	10
Analyst coverage	3	5	9*
Plain language requirements	5	5	9
Shareholder identification	5*	1	2
IR budgeting/staffing	3*	1	2
Other	3	2	3

<u>Corporate Governance Issues</u> <u>% Ranked 1st Most Important</u>	<u>Respondent Type</u>		
	<u>Investor Relations</u> (265) %	<u>Corporate Governance</u> (121) %	<u>CD / Board Member</u> (302) %
Corporate Governance guidelines becoming rules	35*	24	31
CEO/CFO certification of disclosure controls	25*	36*	18
Creation of a national securities regulator	15	9	11
Management compensation	7	6	11
Board Chair and CEO delineation	6	5	9
Corporate Governance budgeting/staffing	3	2	7
Corporate Social Responsibility	4	11*	5
Management trading policies	2	1	2
Role of Legal Counsel	1	2	2
Other	1	4	5

National Securities Regulator

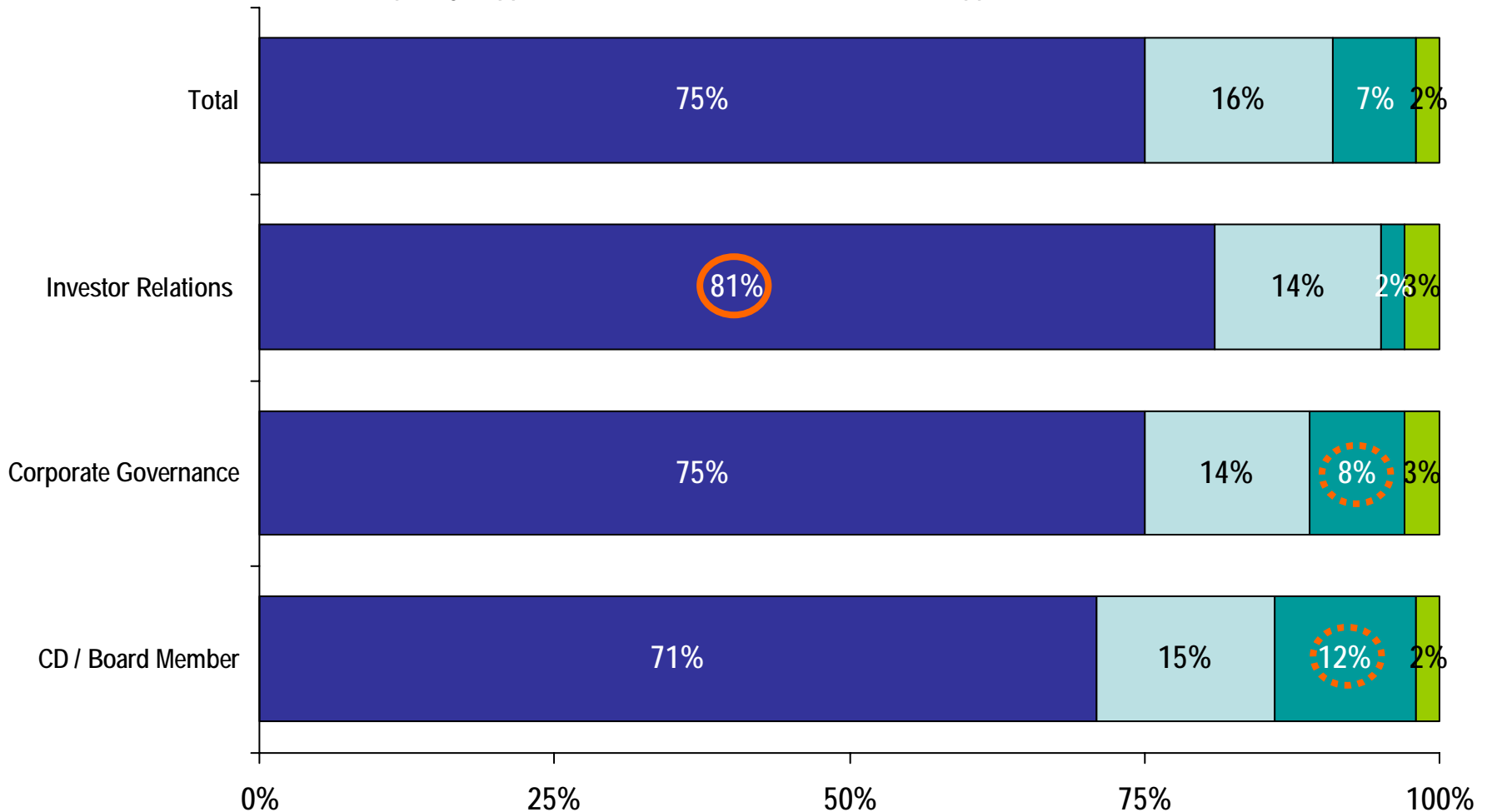
8. To what extent do you **support** the idea that Canada should have a single, **national securities regulator**? (7-point scale, where "1" is "completely opposed" and "7" is "completely support").



National Securities Regulator

8. To what extent do you **support** the idea that Canada should have a single, **national securities regulator**? (7-point scale, where "1" is "completely opposed" and "7" is "completely support").

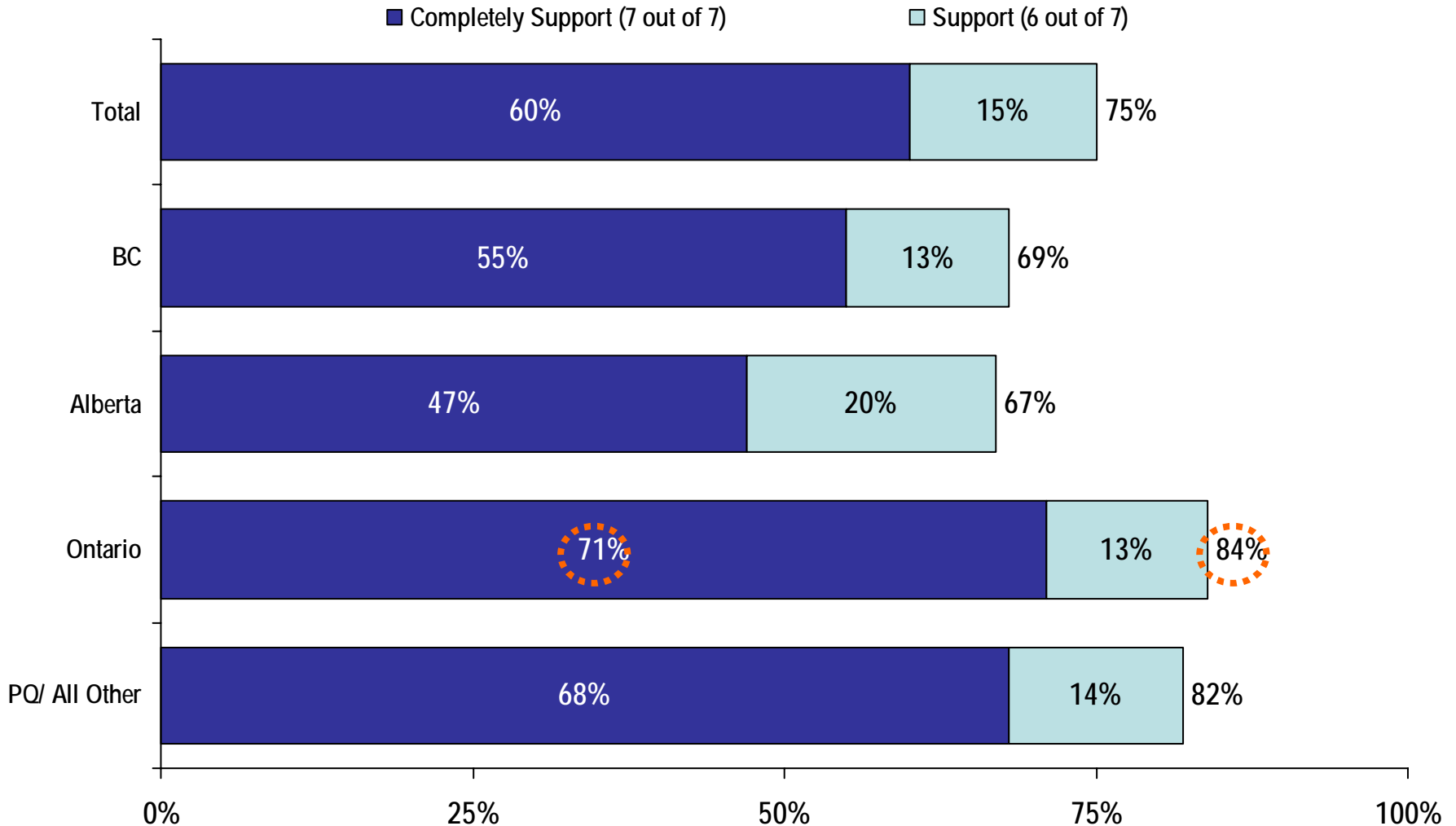
■ Completely Support (6,7 out of 7) ■ Neutral (3-5) ■ Oppose (1, 2) ■ Unsure





National Securities Regulator - Province of Headquarters

8. To what extent do you **support** the idea that Canada should have a single, **national securities regulator**? (7-point scale, where "1" is "completely opposed" and "7" is "completely support").





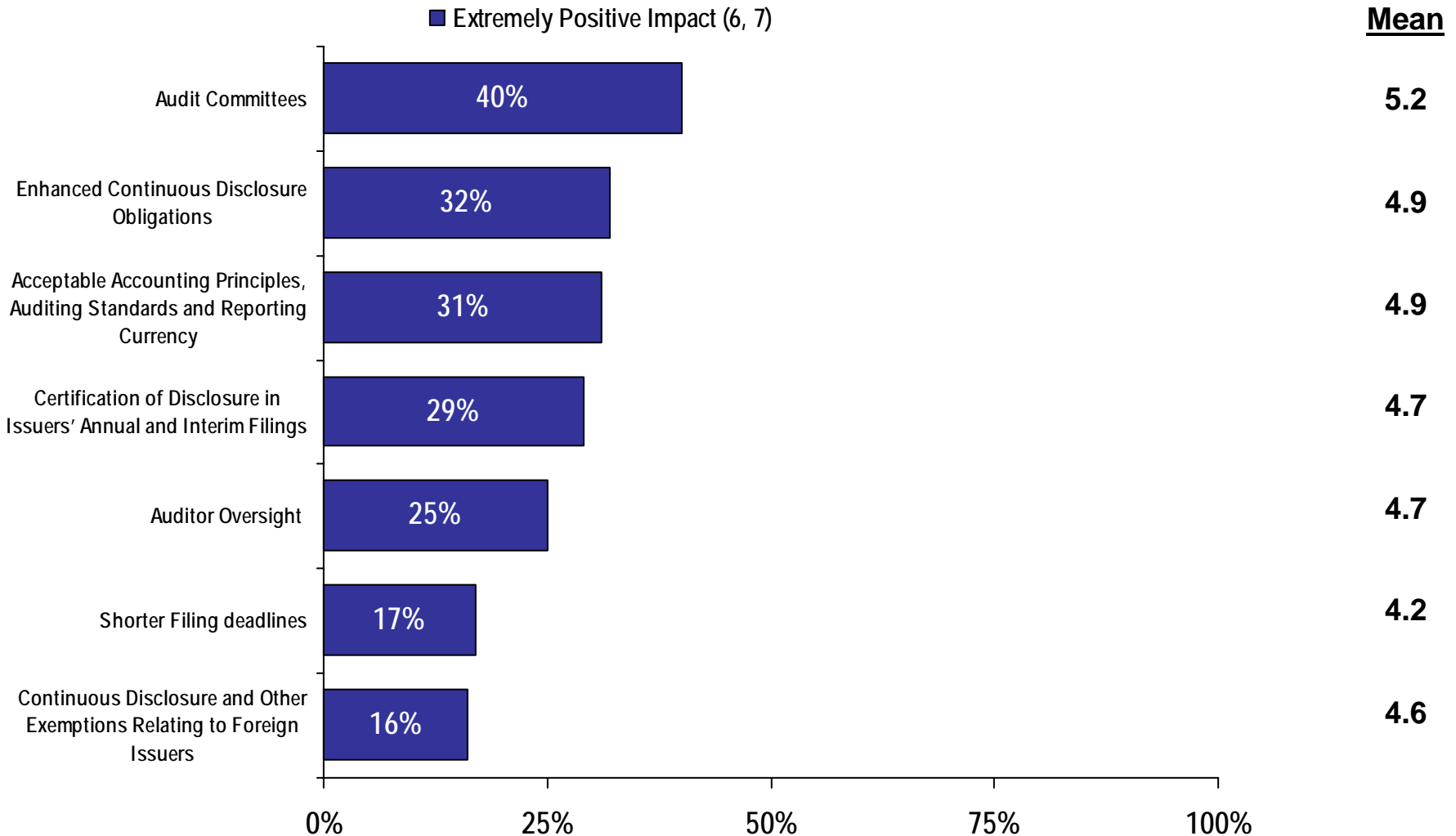
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New Regulations



New Regulations / Standards: Impact on Investor Community

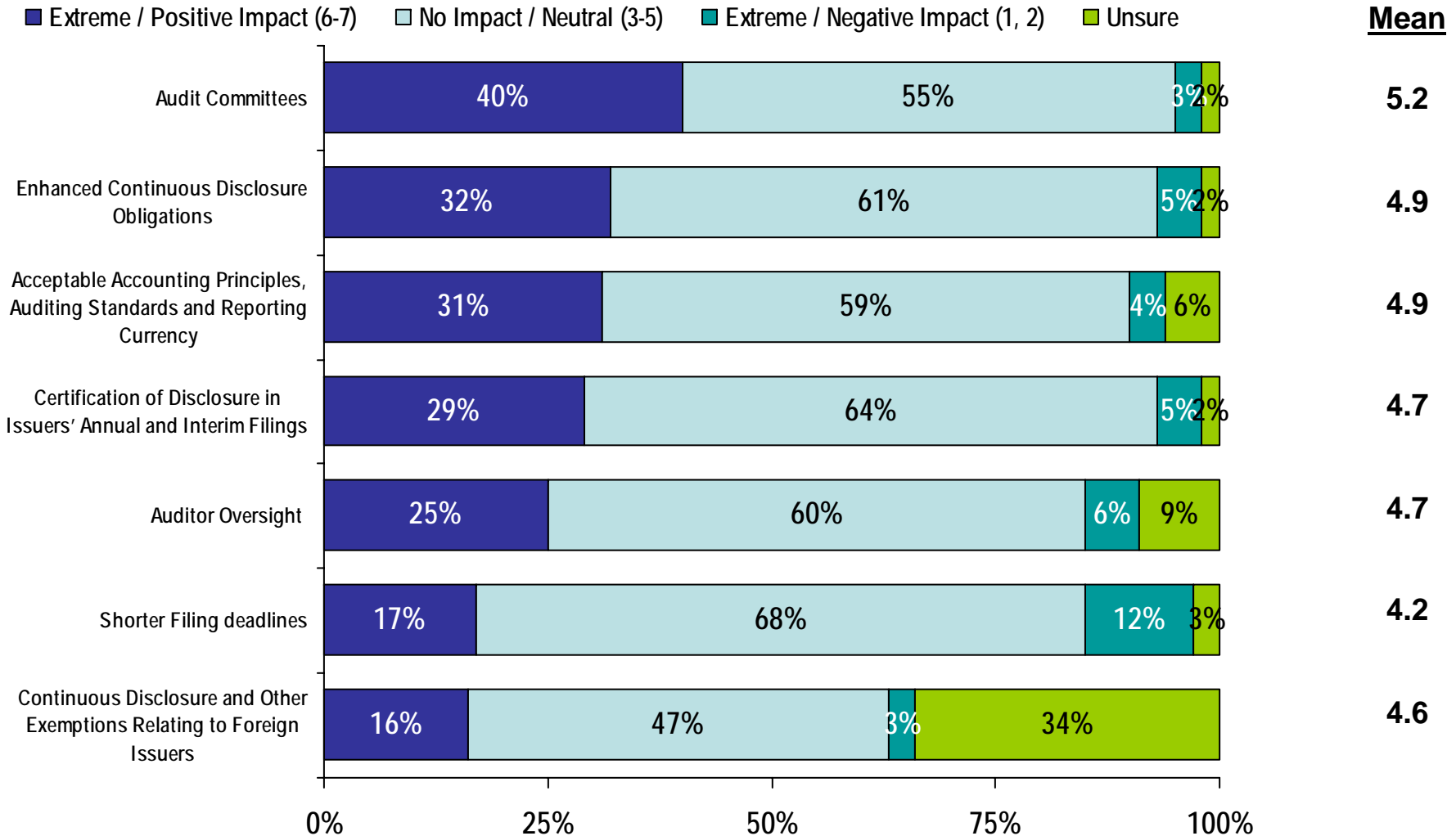
16. Thinking of these new requirements please indicate whether you personally believe they will have a positive impact, negative impact, or no impact on the investor community.





New Regulations / Standards: Impact on Investor Community

16. Thinking of these new requirements please indicate whether you personally believe they will have a positive impact, negative impact, or no impact on the investor community.





New Regulations / Standards: Impact on Investor Community

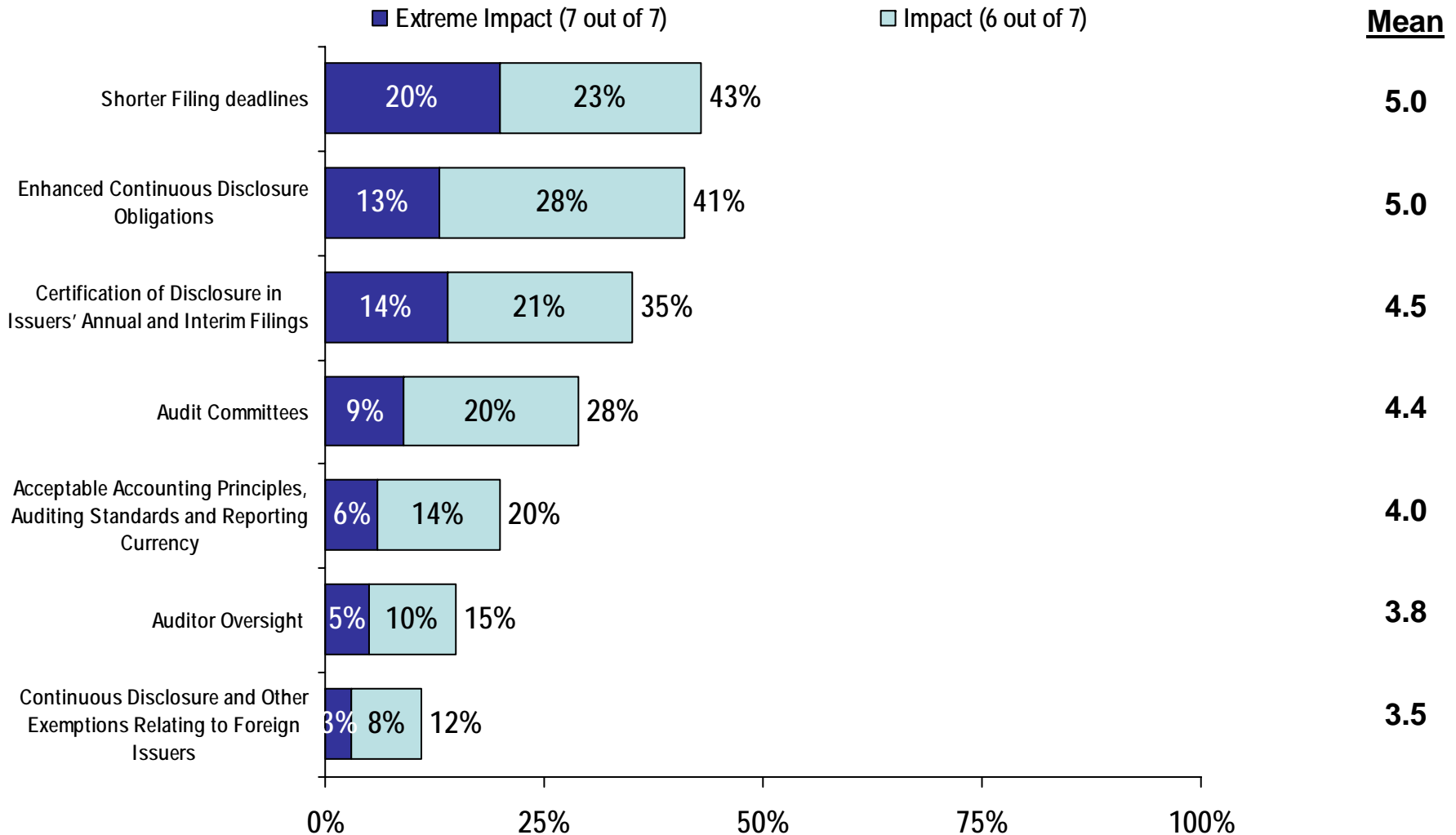
16. Thinking of these new requirements please indicate whether you personally believe **they will have a positive impact, negative impact, or no impact** on the investor community.

	Total (688) %	Respondent Type		
		Investor Relations (361) %	Corporate Governance (442) %	CD / Board Member (302) %
Audit Committees	40	38	42	41
Enhanced Continuous Disclosure Obligations	32	33	33	30
Acceptable Accounting Principles, Auditing Standards and Reporting Currency	31	31	28	31
Certification of Disclosure in Issuers' Annual and Interim Filings	29	27	26	32
Auditor Oversight	25	23	23	26
Shorter Filing deadlines	17	19	14	15
Continuous Disclosure and Other Exemptions Relating to Foreign Issuers	16	14	12	19



New Regulations / Standards: Impact on Responsibilities

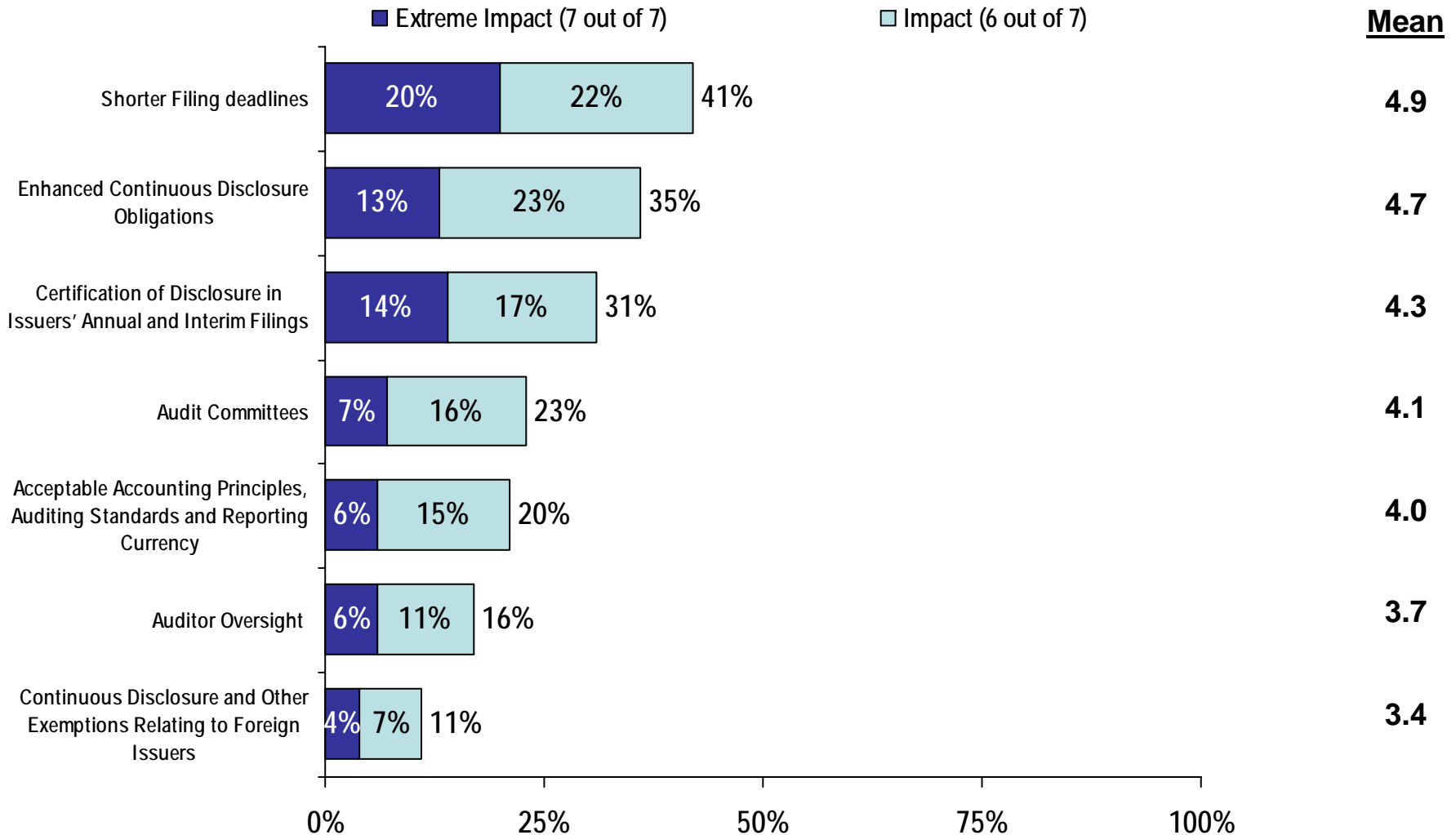
17a. Please indicate the **impact** you expect each of these new requirements will have on your role in the organization specifically in terms of **responsibilities**.





New Regulations / Standards: Impact on Resources

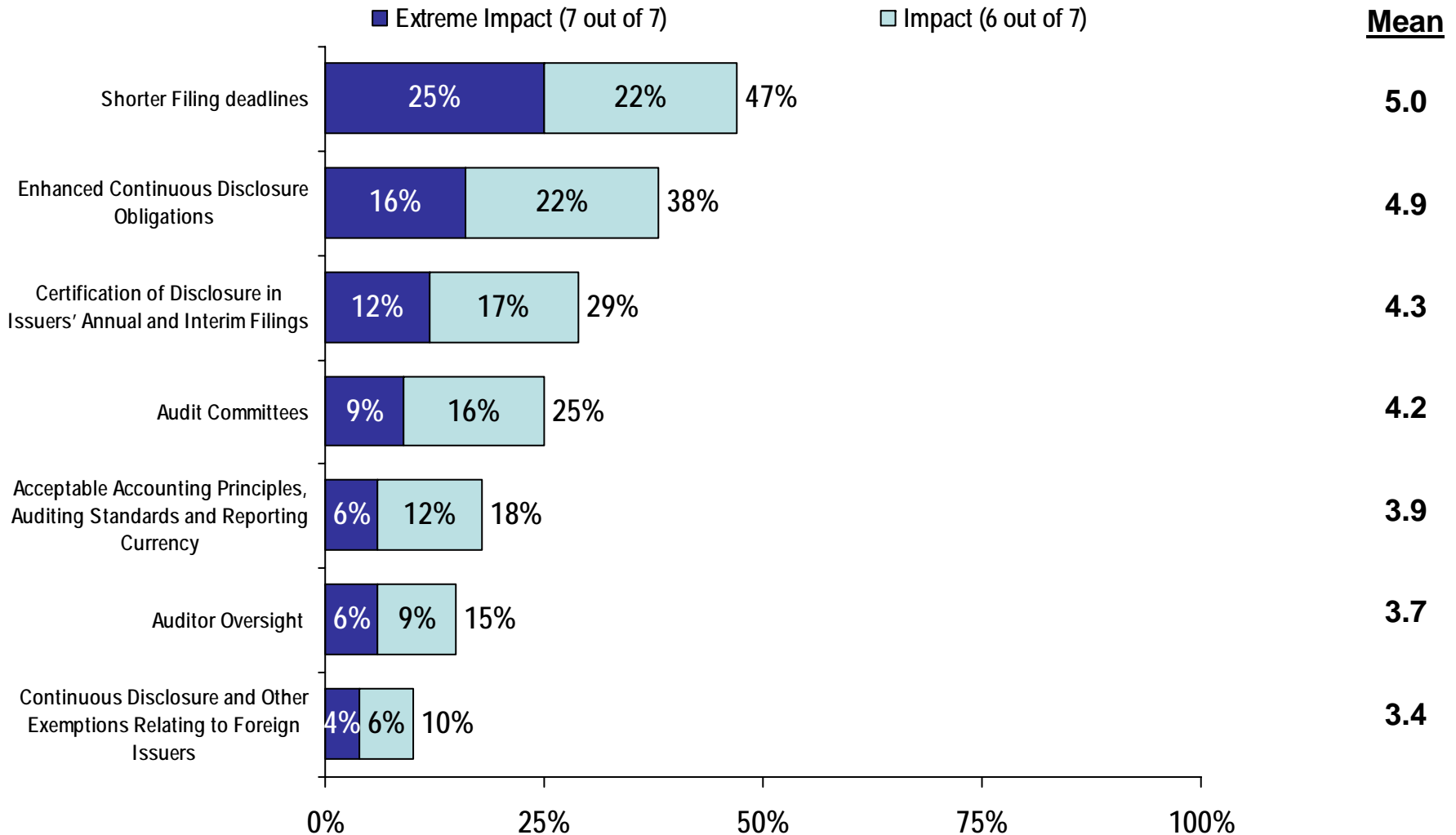
17b. Please indicate the **impact** you expect each of these new requirements will have on your role in the organization specifically in terms of **resources**.





New Regulations / Standards: Impact on Time

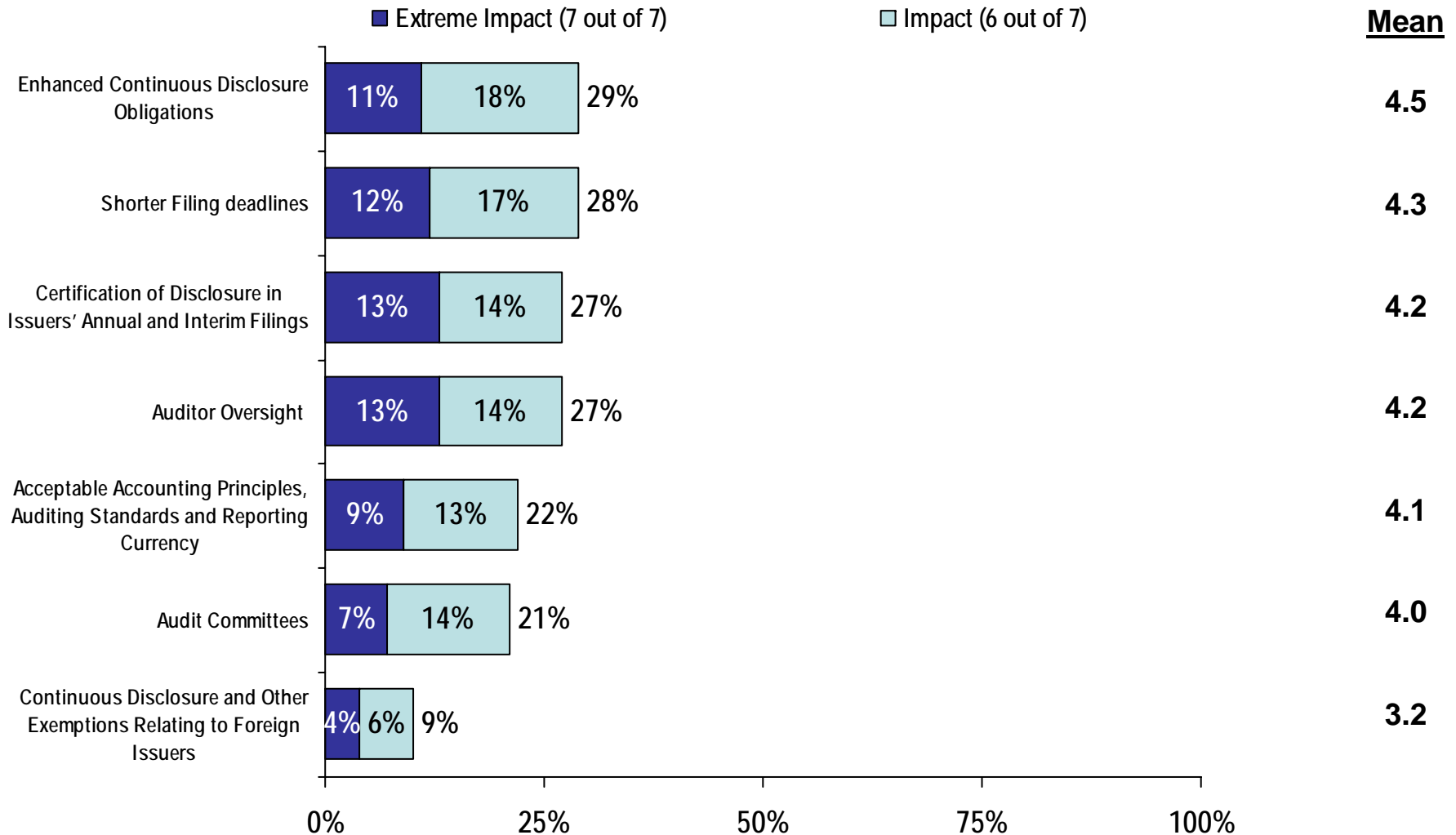
17c. Please indicate the **impact** you expect each of these new requirements will have on your role in the organization specifically in terms of **time**.





New Regulations / Standards: Impact on Cost

17d. Please indicate the **impact** you expect each of these new requirements will have on your role in the organization specifically in terms of **cost**.



New Regulations / Standards

17. Please indicate the **impact** you expect each of these new requirements will have on your role in the organization specifically in terms of responsibilities, resources, time and cost.

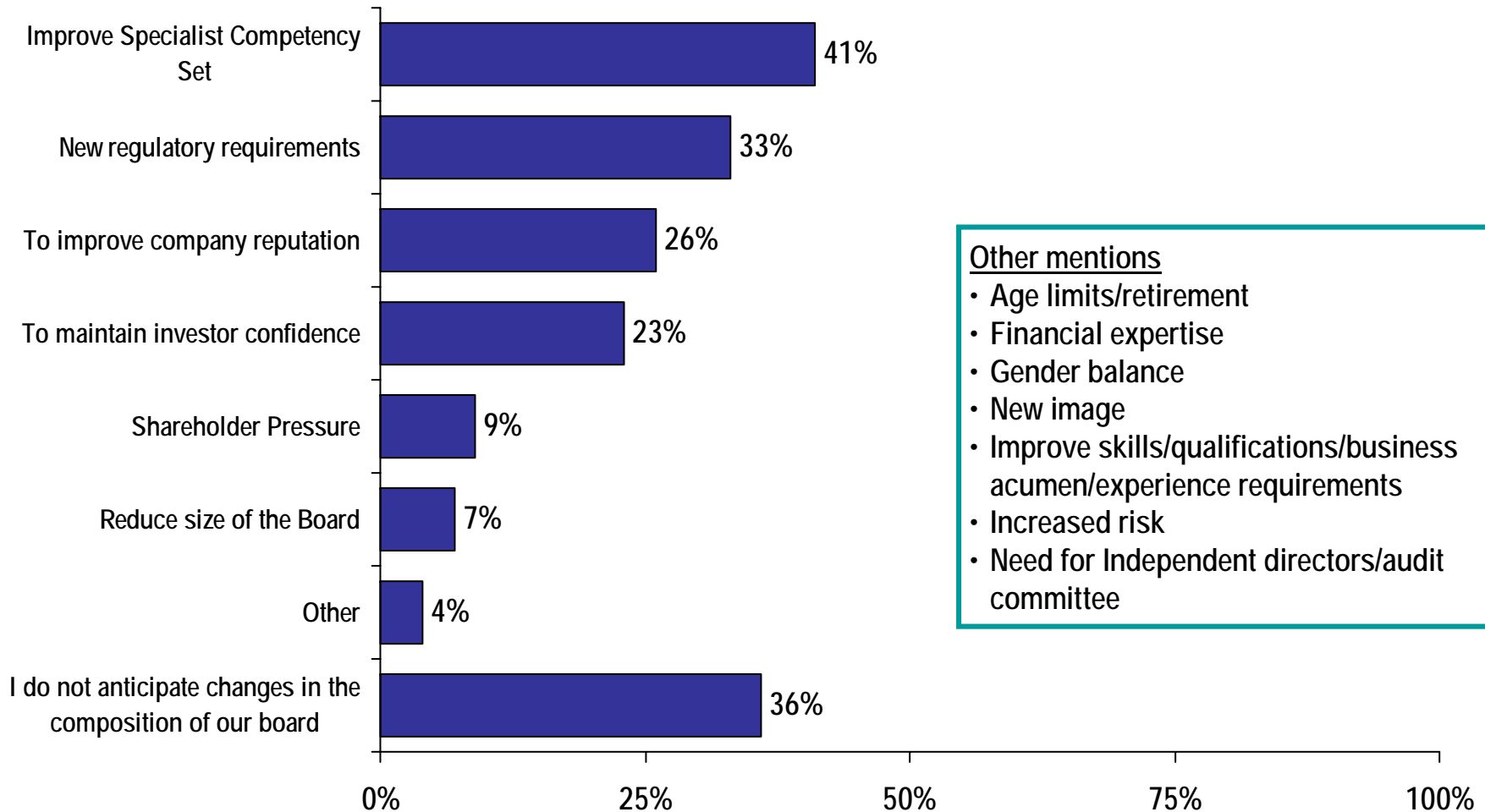
Top2Box (6,7) Extreme Impact

	Responsibilities			Resources			Time			Cost		
	IRO %	Corp Gov %	CD / Board Member %	IRO %	Corp Gov %	CD / Board Member %	IRO %	Corp Gov %	CD / Board Member %	IRO %	Corp Gov %	CD / Board Member %
Shorter Filing deadlines	48	53	34	42	44	40	55	50	36	28	29	29
Enhanced Continuous Disclosure Obligations	42	50	37	34	40	34	42	50	30	29	26	29
Certification of Disclosure in Issuers' Annual and Interim Filings	28	51	34	27	40	29	25	41	28	24	33	28
Audit Committees	15	36	37	15	28	29	16	29	30	25	26	28
Acceptable Accounting Principles, Auditing Standards and Reporting Currency	13	25	24	15	23	24	15	18	20	19	23	24
Auditor Oversight	8	16	22	11	13	22	11	12	21	18	21	23
Continuous Disclosure and Other Exemptions Relating to Foreign Issuers	11	13	12	10	10	11	12	8	11	9	6	12

Change in Board Composition

18. Do you anticipate the composition of your board changing as a result of the following?

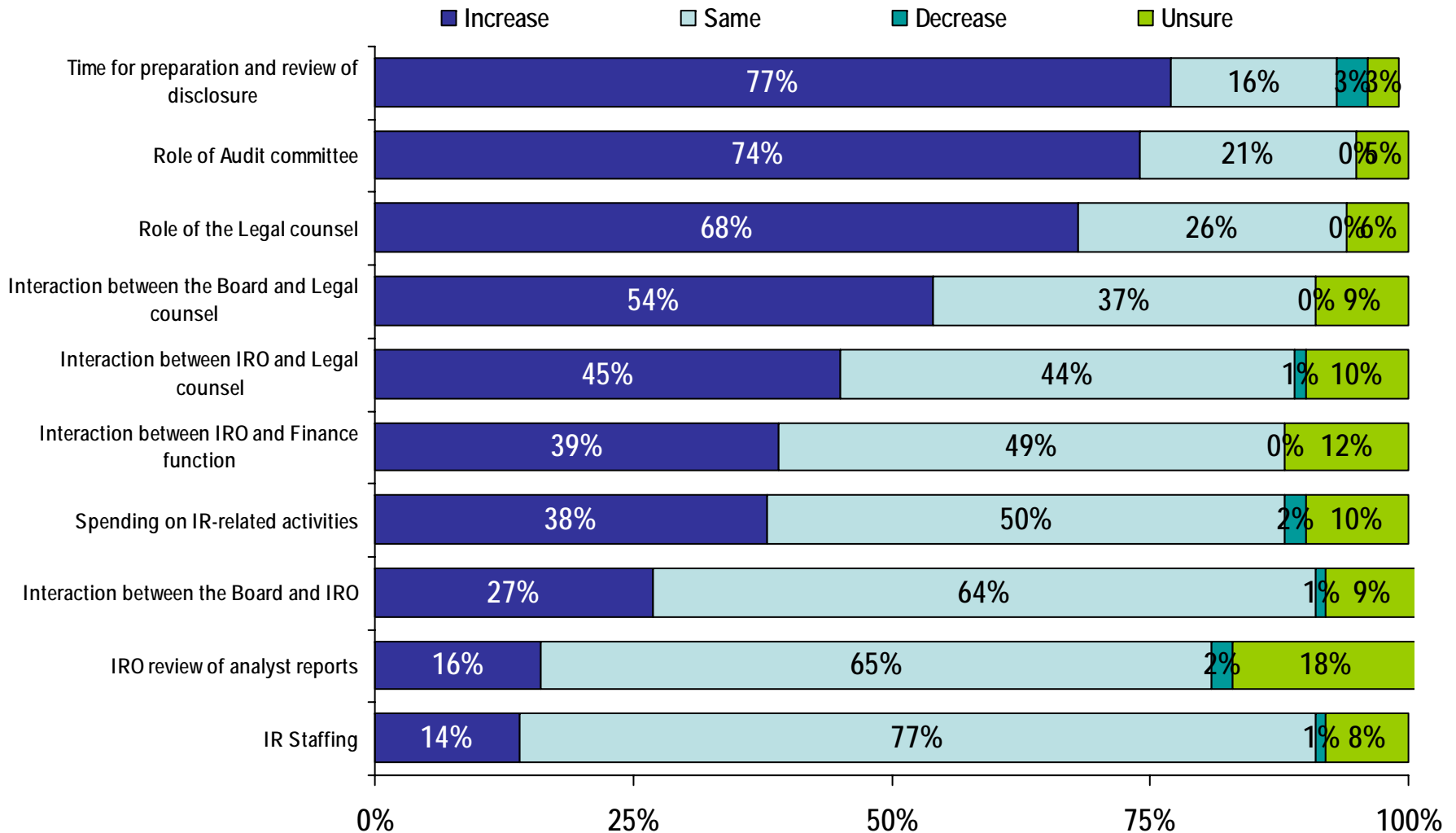
% Agree Board will change as a result of the following factors





New Regulatory Requirement: Impact

19. Have the following specific areas increased, decreased, or stayed the same since the introduction of the new regulatory requirements (March 30, 2004)?





New Regulatory Requirement: Impact

19. Have the following specific areas **increased, decreased, or stayed the same** since the introduction of the new regulatory requirements (March 30, 2004)?

	Total (688) %	% Increase		
		Respondent Type		
		Investor Relations (265) %	Corporate Governance (121) %	CD / Board Member (302) %
Time for preparation and review of disclosure	77	72	84	79
Role of Audit committee	74	70	78	77
Role of the Legal counsel	68	64	72	69
Interaction between the Board and Legal counsel	54	44	60	60
Interaction between IRO and Legal counsel	45	54	40	40
Interaction between IRO and Finance function	39	47	36	33
Spending on IR-related activities	38	43	31	37
Interaction between the Board and IRO	27	27	27	26
IRO review of analyst reports	16	15	18	15
IR Staffing	14	15	11	14

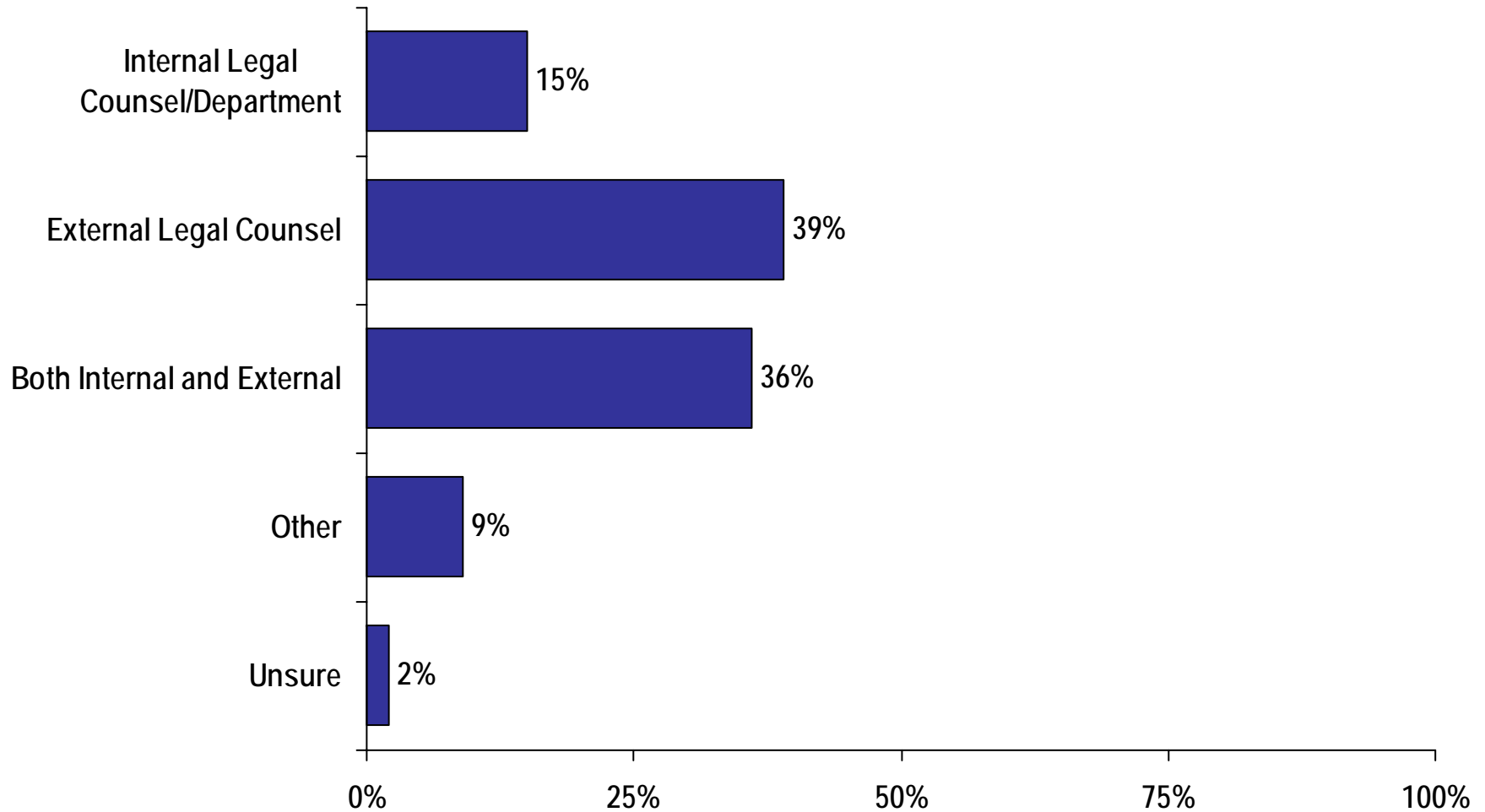


Legal Roles & Reliance



Disclosure/Corporate Governance Issues: Legal Reliance

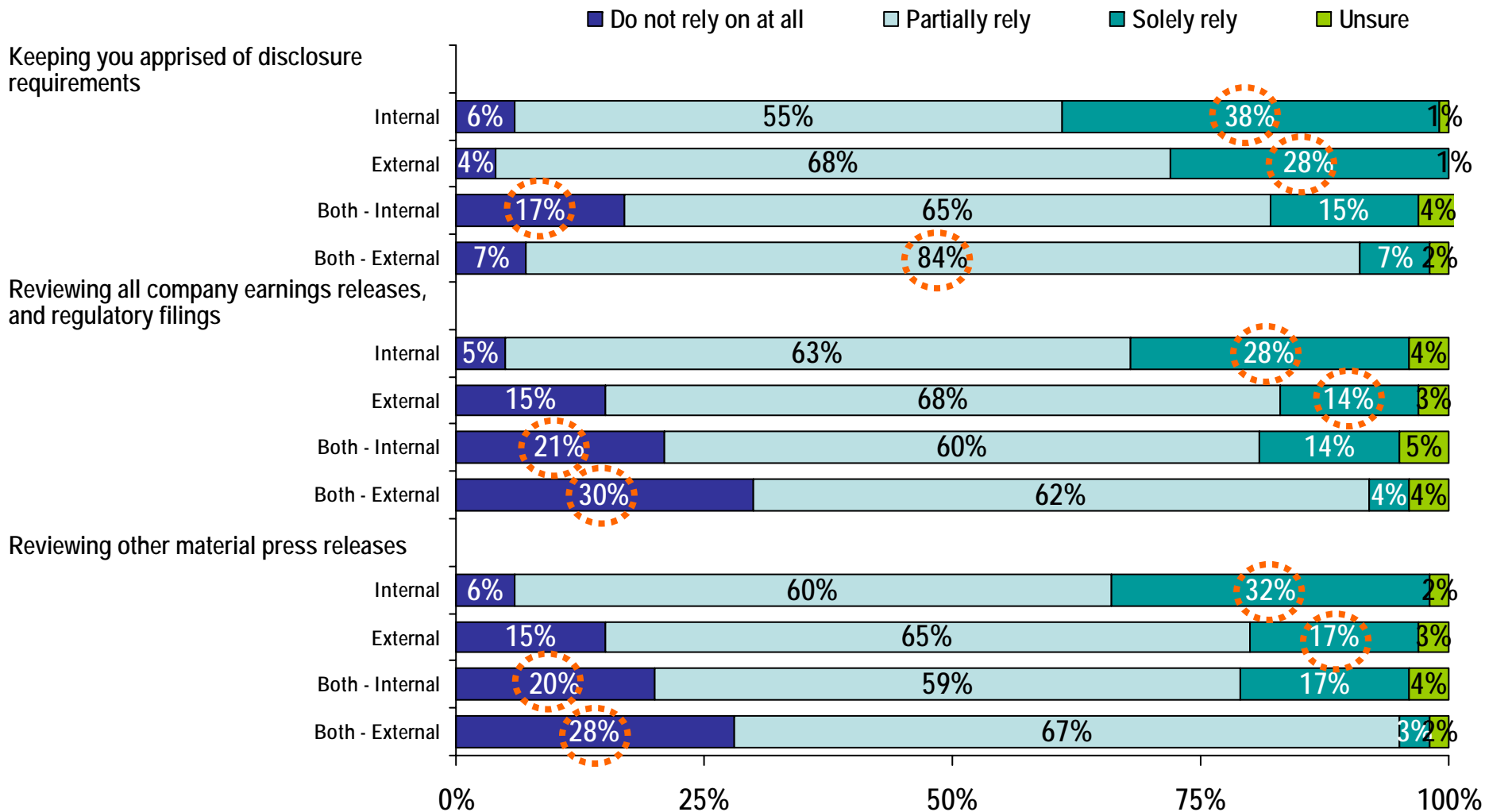
26. On whom does your company primarily rely for disclosure and corporate governance issues?





Reliance on Legal Counsel

27. To what extent do you rely on your [Internal/External] legal counsel for the following?



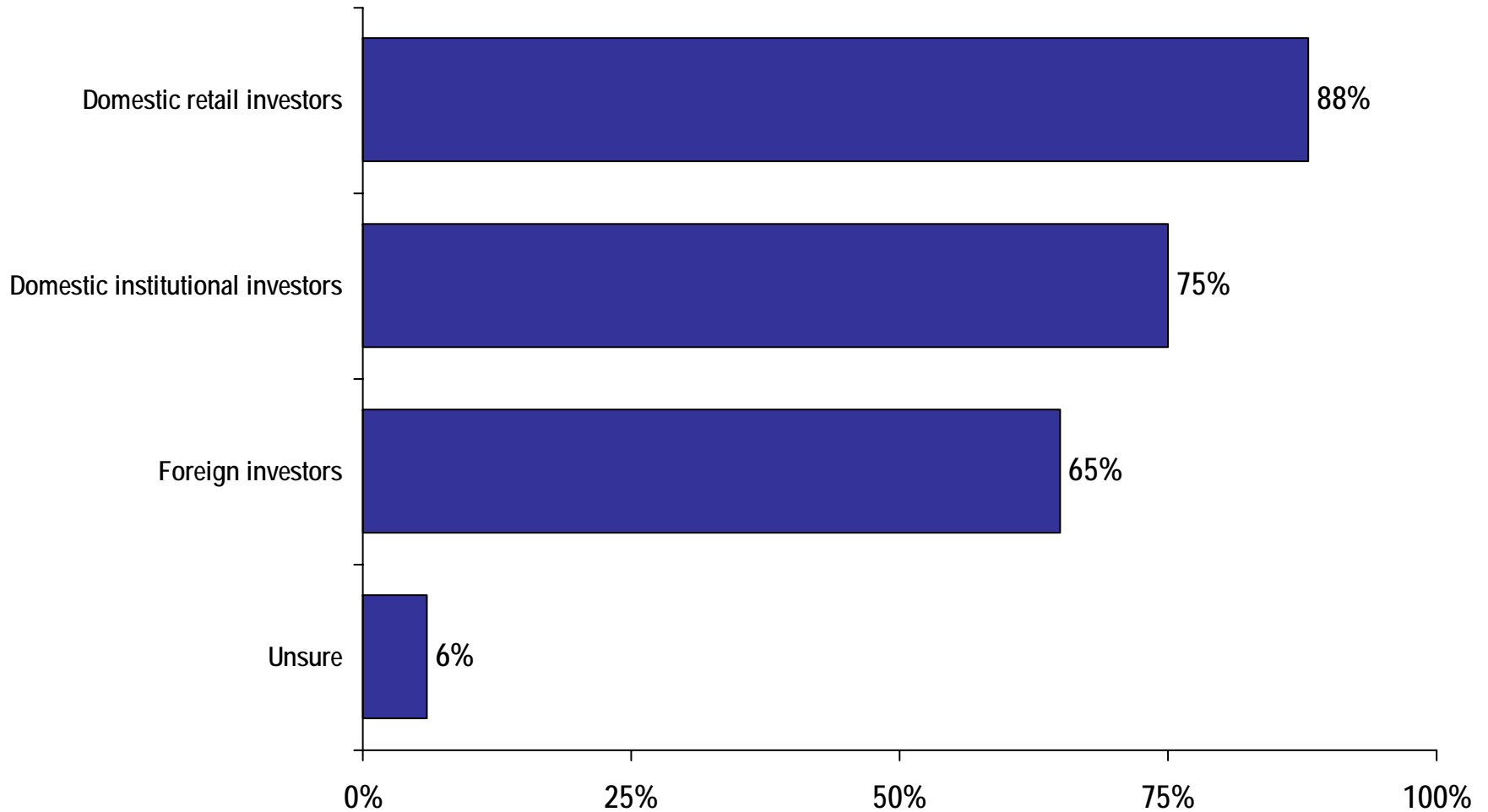


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Shareholders

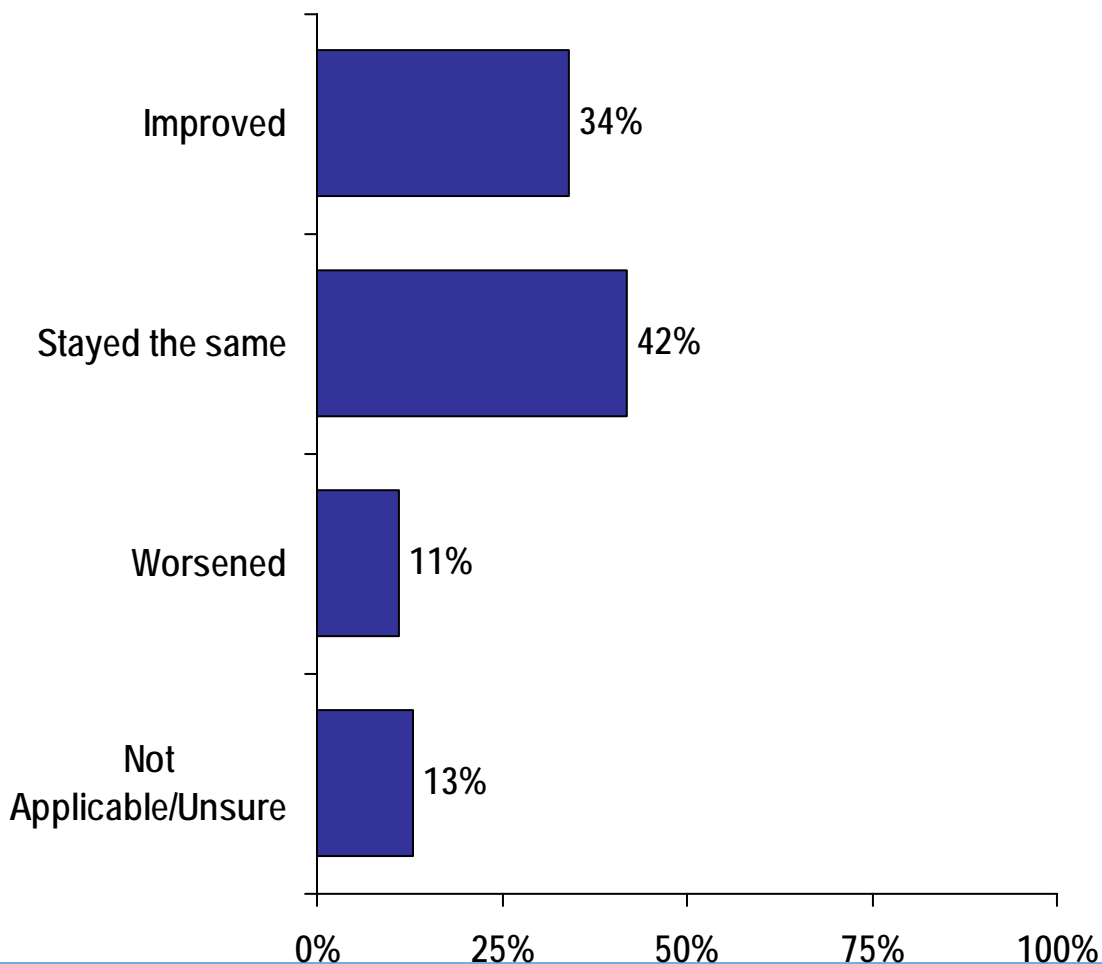
Types of Company Investors

28. Please indicate the types of investors holding your company's stock.



Ability to Identify Shareholders

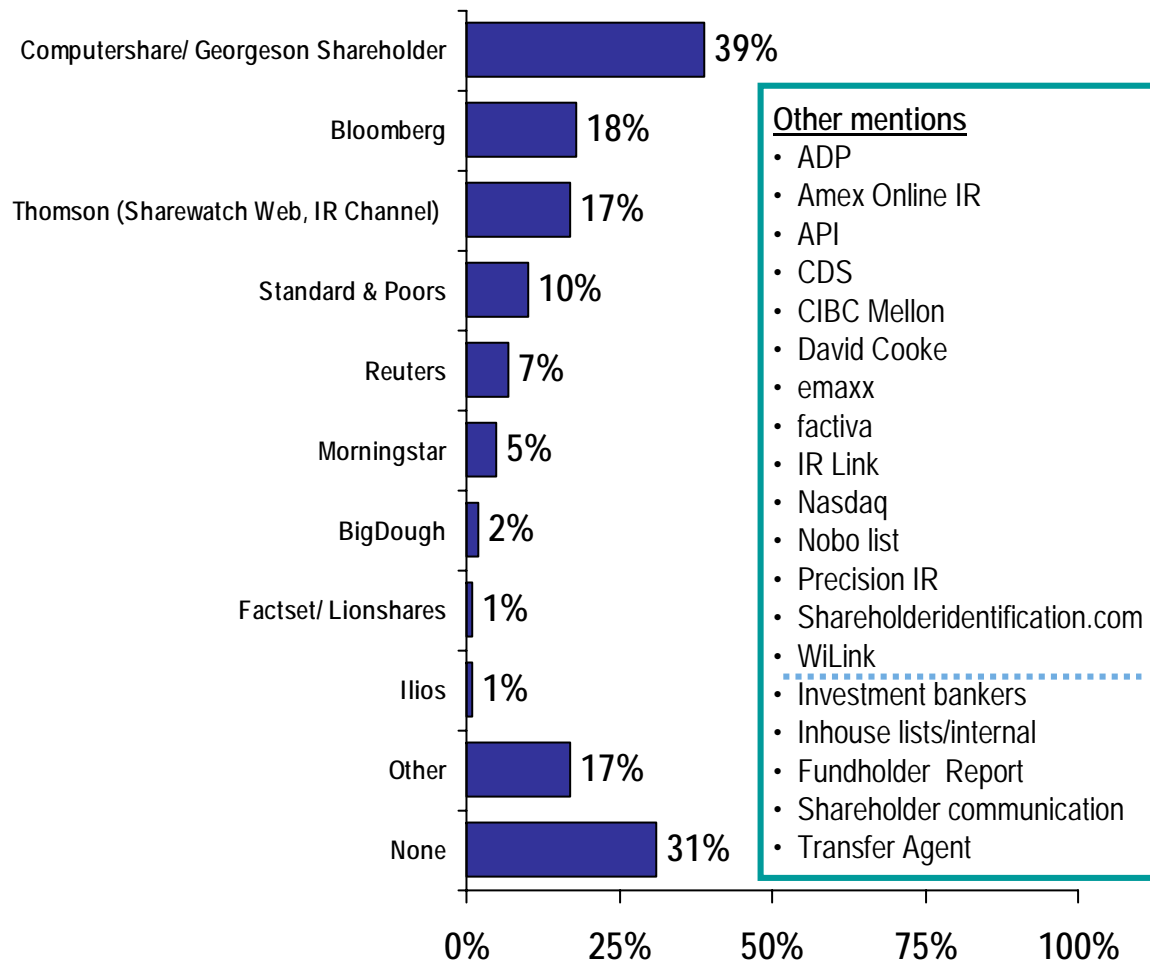
31. Has your ability to identify your shareholders improved, worsened or remained the same over the last 5 years?



	Investor Relations	Corporate Governance	CD / Board Member
Improved	44	28	26
Stayed the same	39	42	45
Worsened	10	9	14
Not Applicable/Unsure	7	21	15

Shareholder Intelligence Resources

32. Which of the following are you using to gather shareholder intelligence?



Investor Relations	Corporate Governance	CD / Board Member
42	43	35
16	19	19
27	11	10
8	10	13
6	11	6
5	4	5
4	-	1
2	-	1
2	1	1
23	15	13
22	34	39

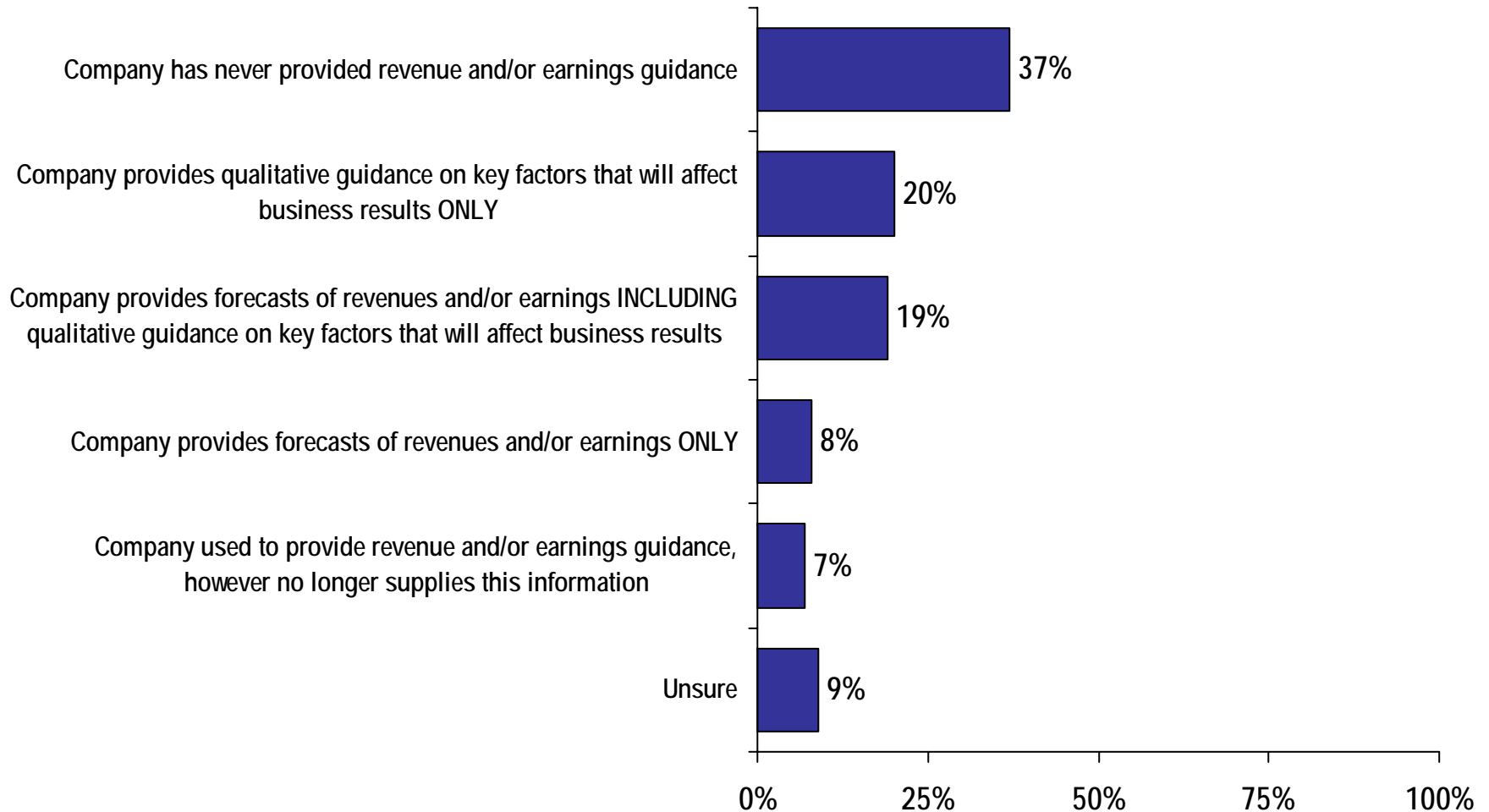


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Financial Statements & Guidance

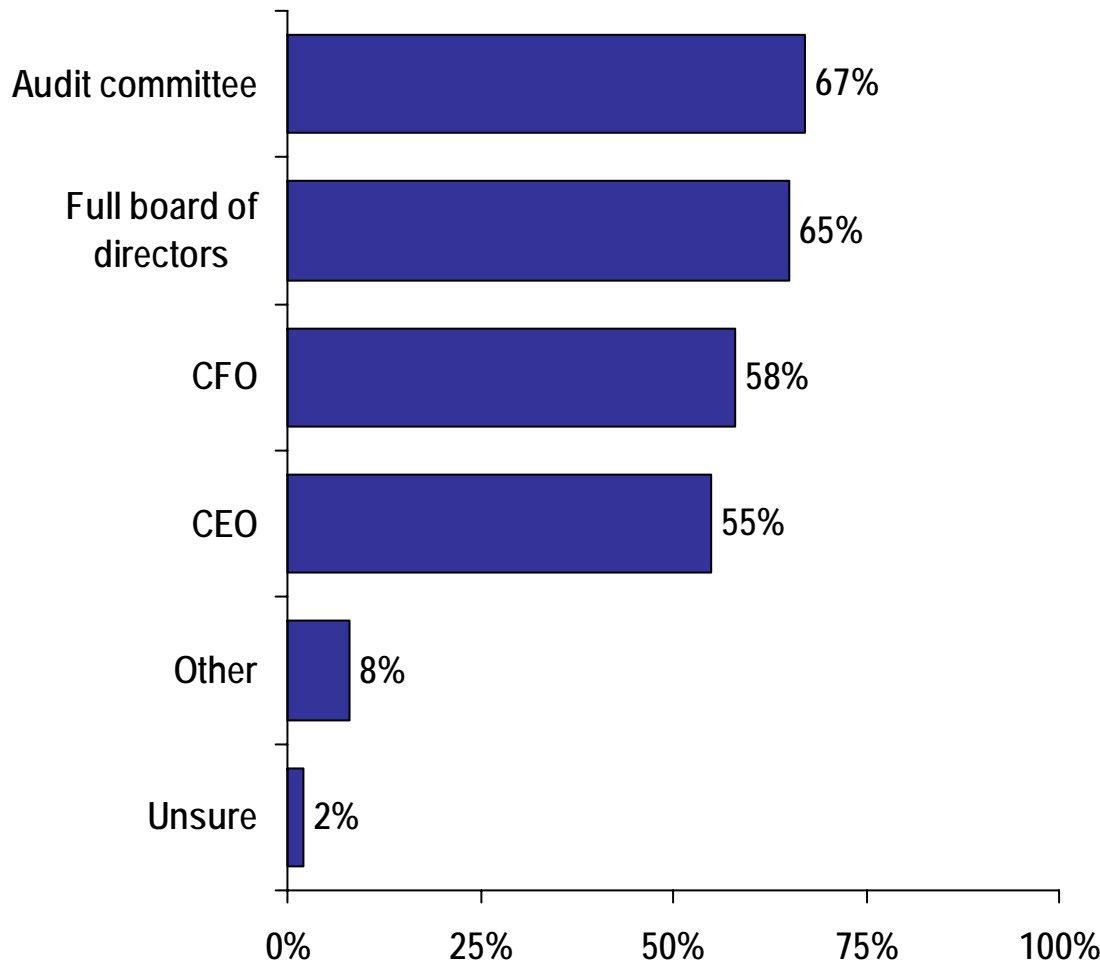
Financial Guidance Policy

22. Which of the following describes your company's policy with regards to providing **financial guidance**?



Interim Financial Statement: Approval

23. Who in your company approves your interim financial statements and earnings releases?

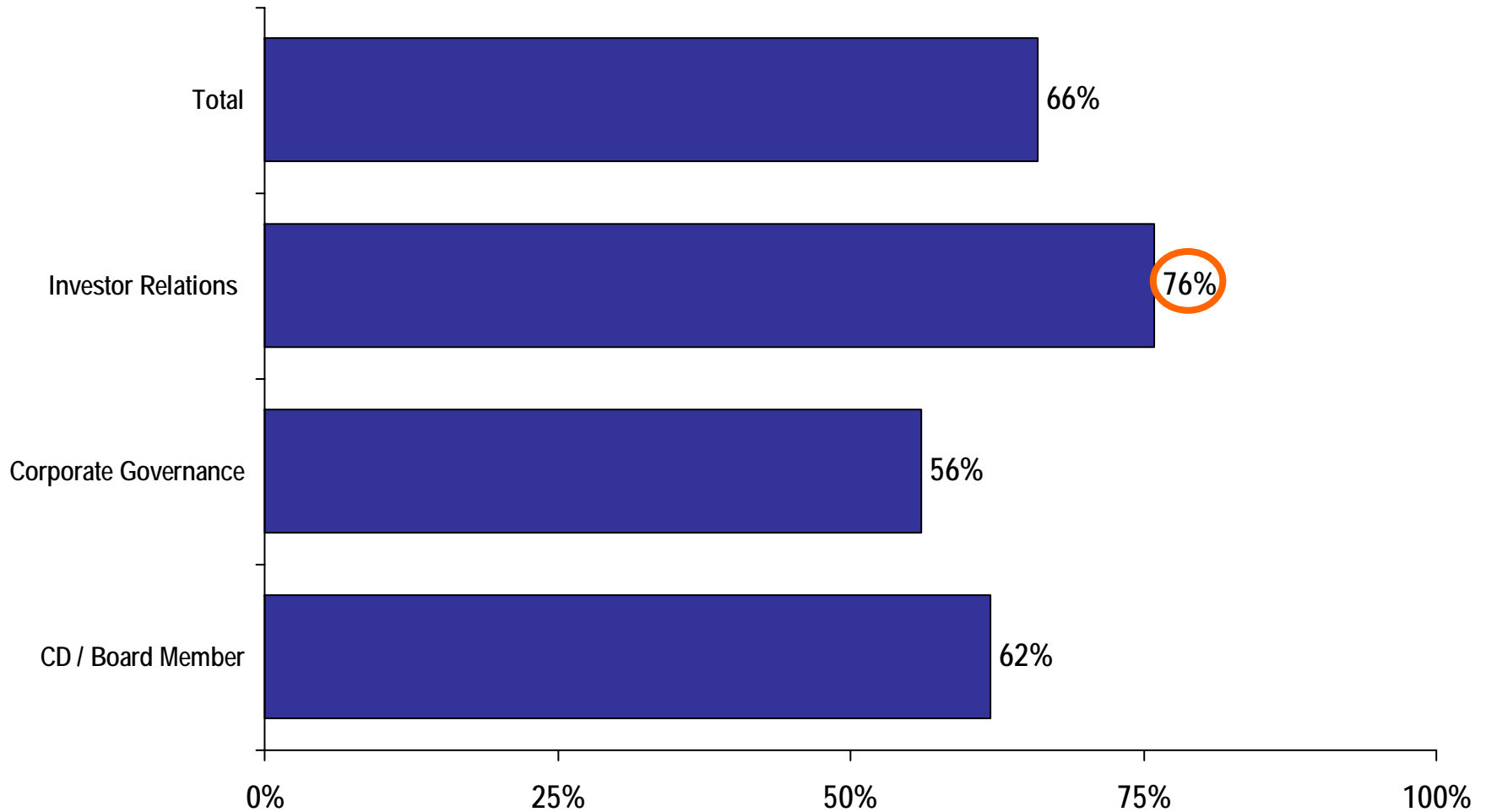


Investor Relations	Corporate Governance	CD / Board Member
78	60	60
68	61	65
70	51	50
66	44	50
12	11	4
2	3	1



Interim Financial Statement: Auditor Review

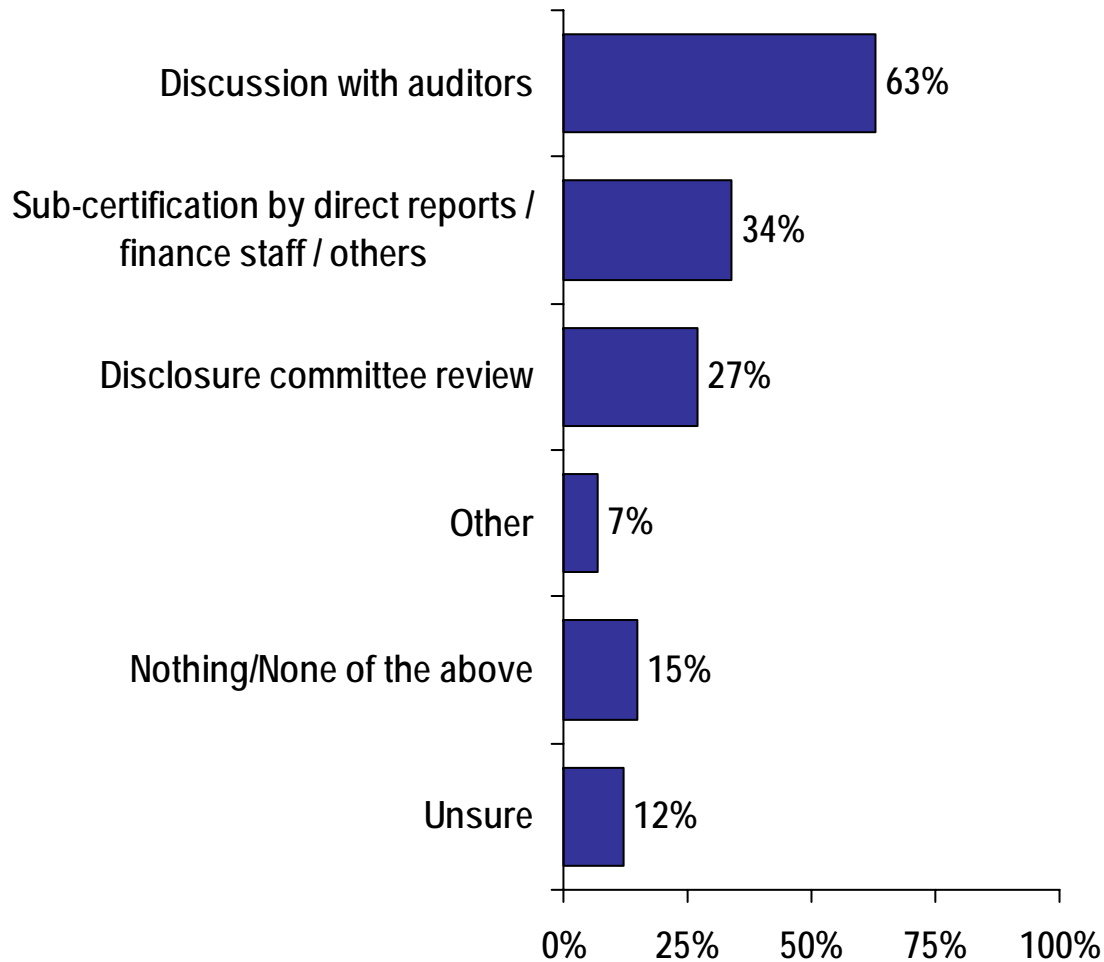
24. Has your company engaged its auditors to review its interim financial statements?





CEO/CFO Certification: Support

25. Has your company incorporated any of the following initiatives in order to help support of CEO/CFO certification of financial statements?



	Investor Relations	Corporate Governance	CD / Board Member
	62	60	65
	38	39	29
	32	29	22
	7	8	7
	11	17	17
	17	9	8

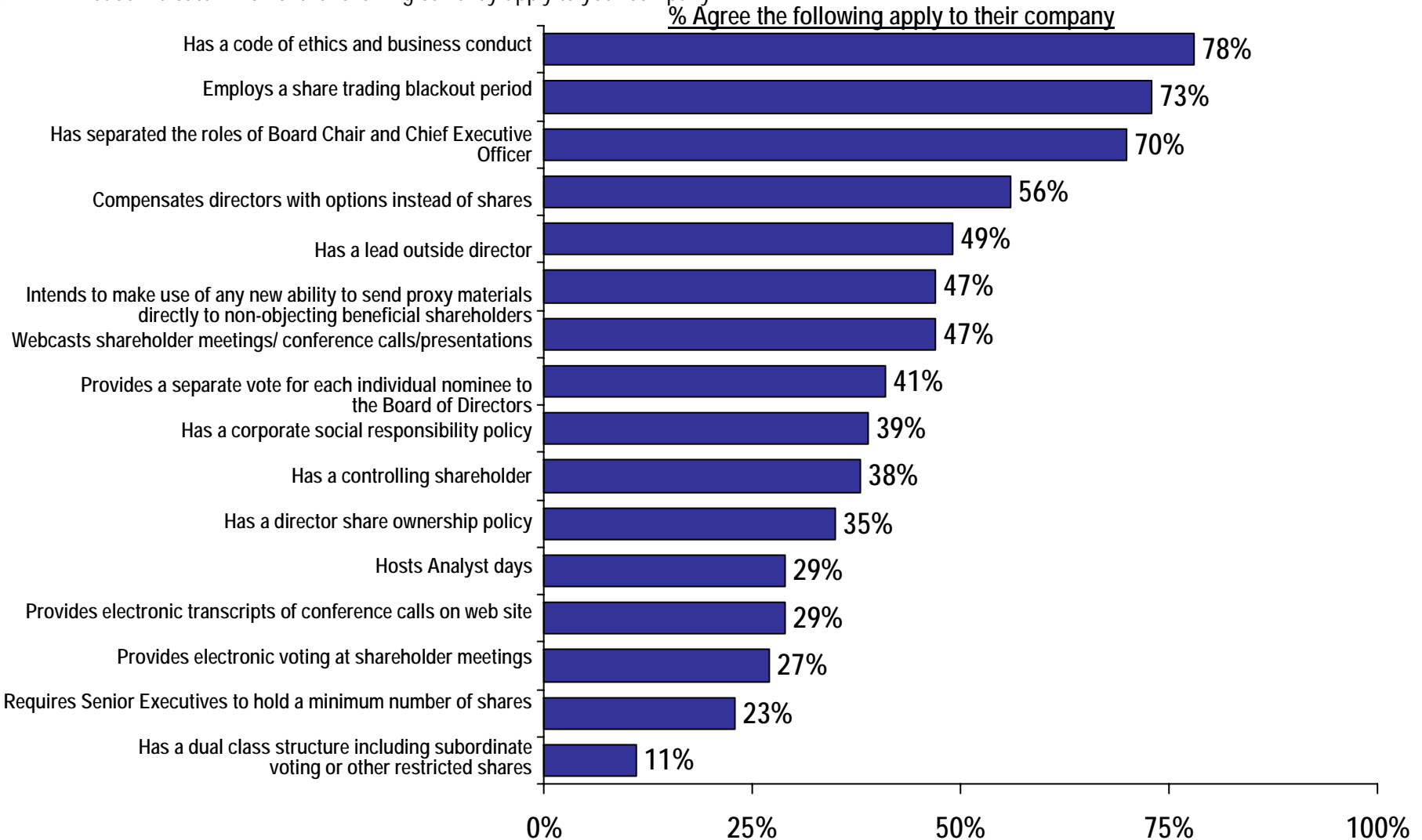


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Structure and Process

Company Structure

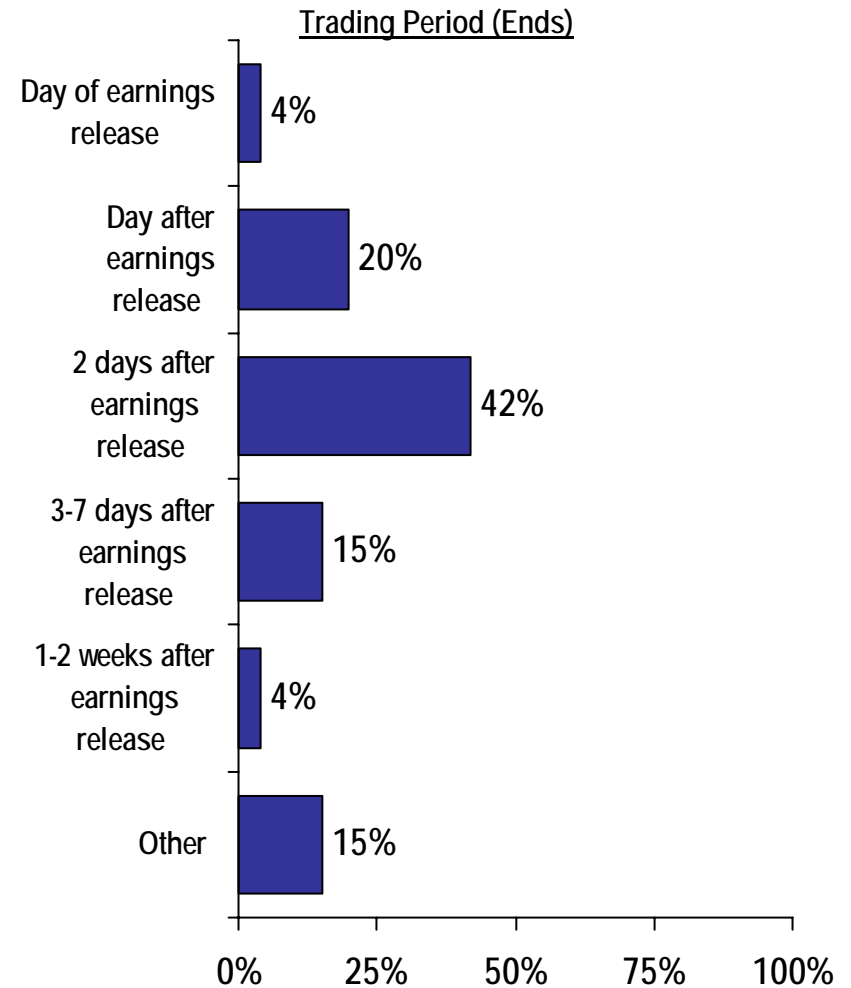
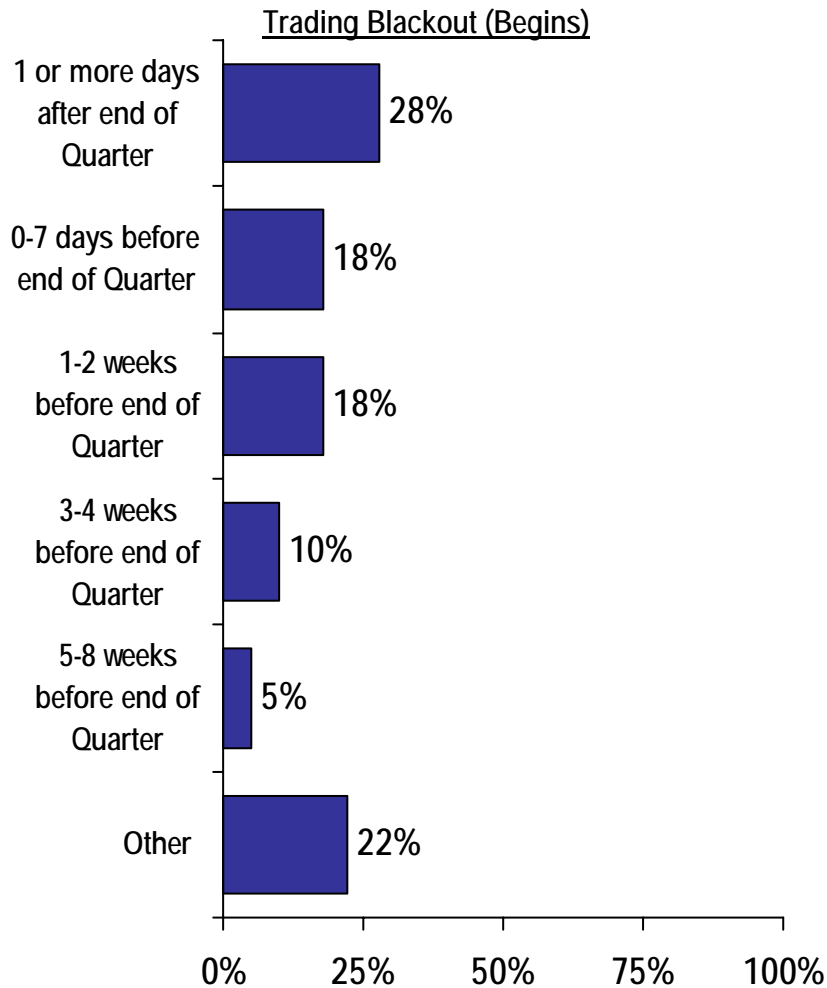
9. Please indicate which of the following currently apply to your company.





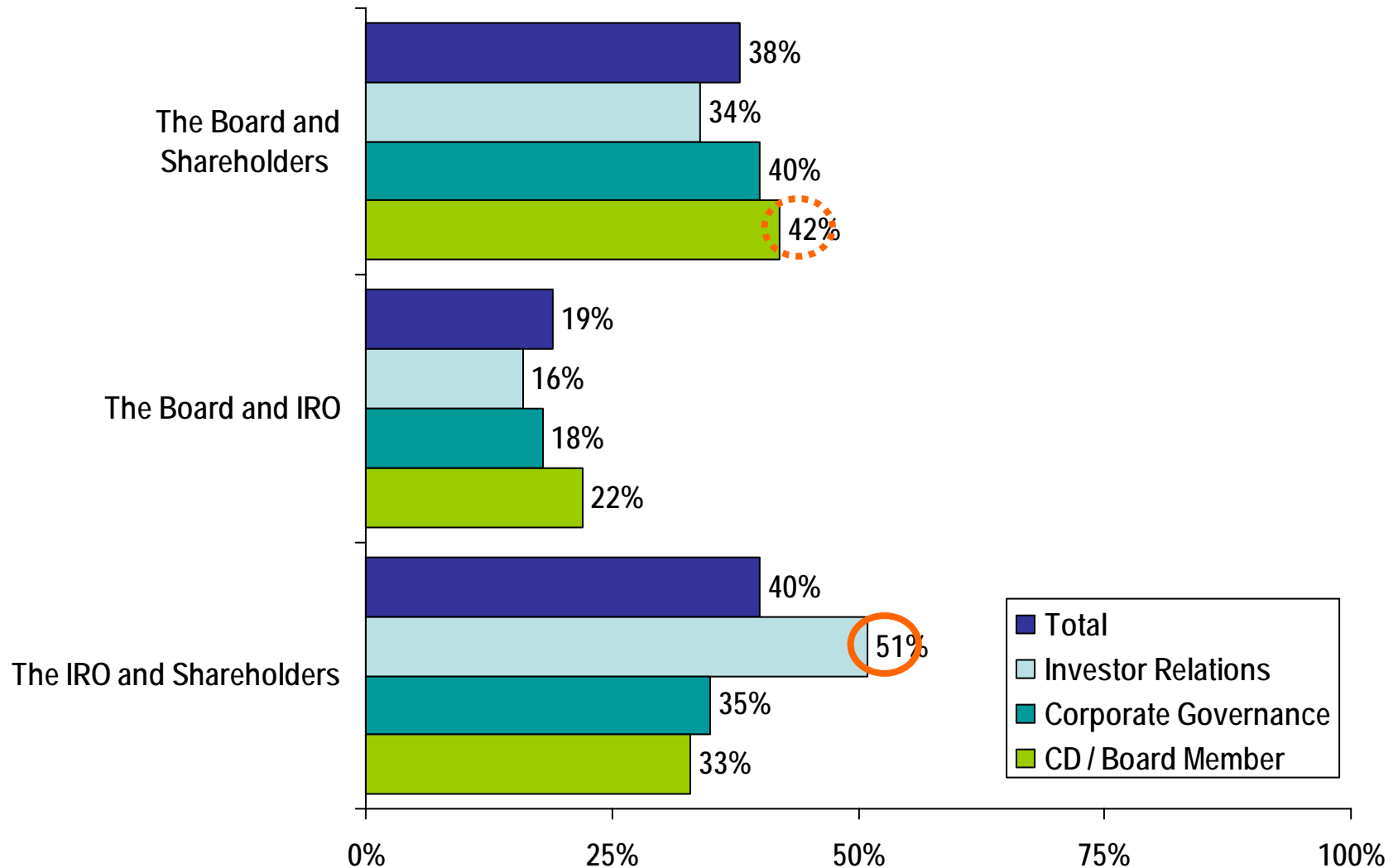
Trading Blackout / Period (Begin / End)

- 10. When does your trading blackout period begin?
- 11. When does your trading period end?



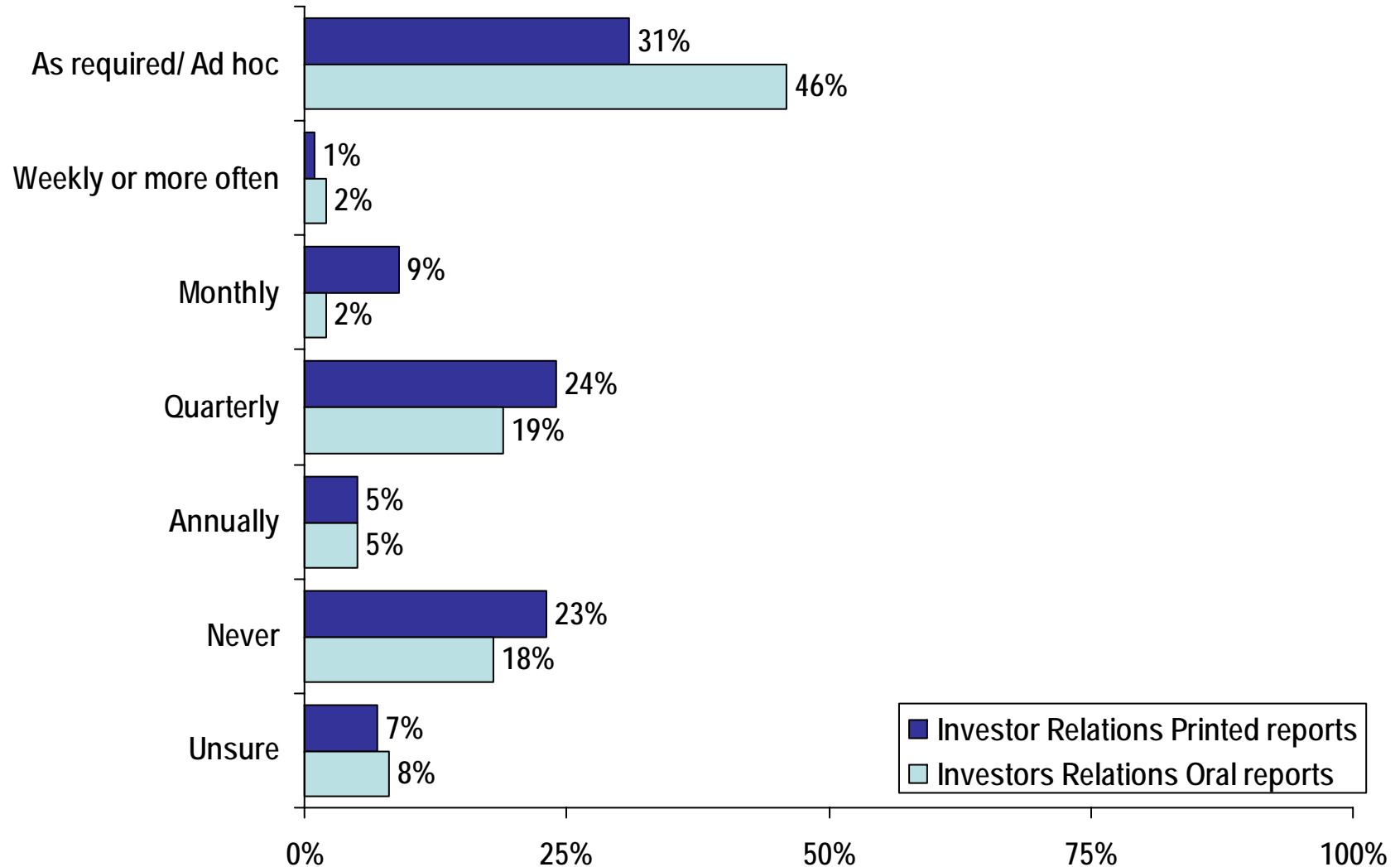
Formal Communication Policy

13. Does your company have a **formal policy** that regulates communication between the following groups?



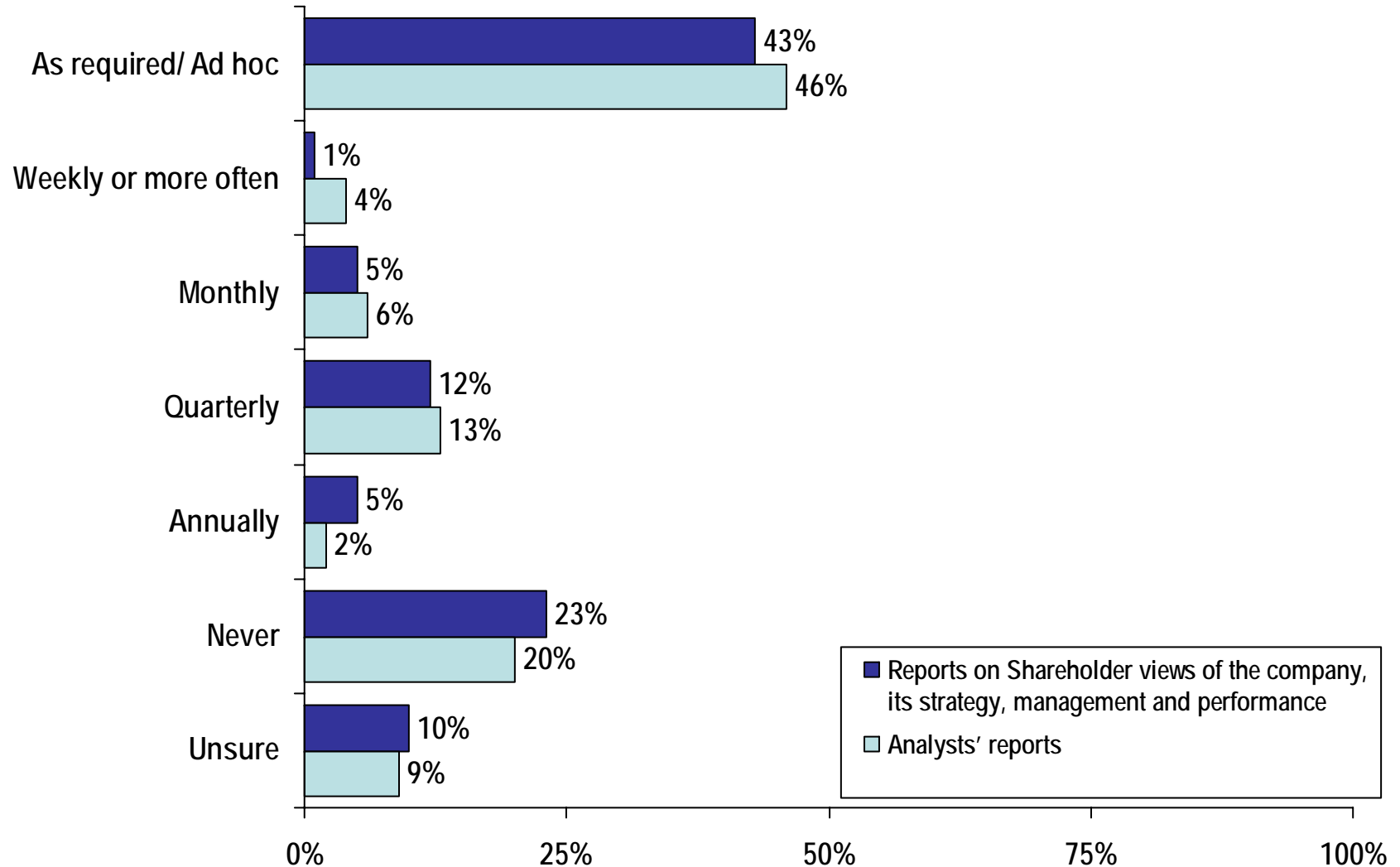
Frequency of IR Reports

14. How frequently [do you/does the person responsible for Investor Relations] submit the following types of reports to the Board on IR activities?



Frequency of Shareholder / Analyst Reports

15. How frequently does the board receive shareholder and/or analyst reports from the IRO?





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Relationships: IRO-Board-Shareholders

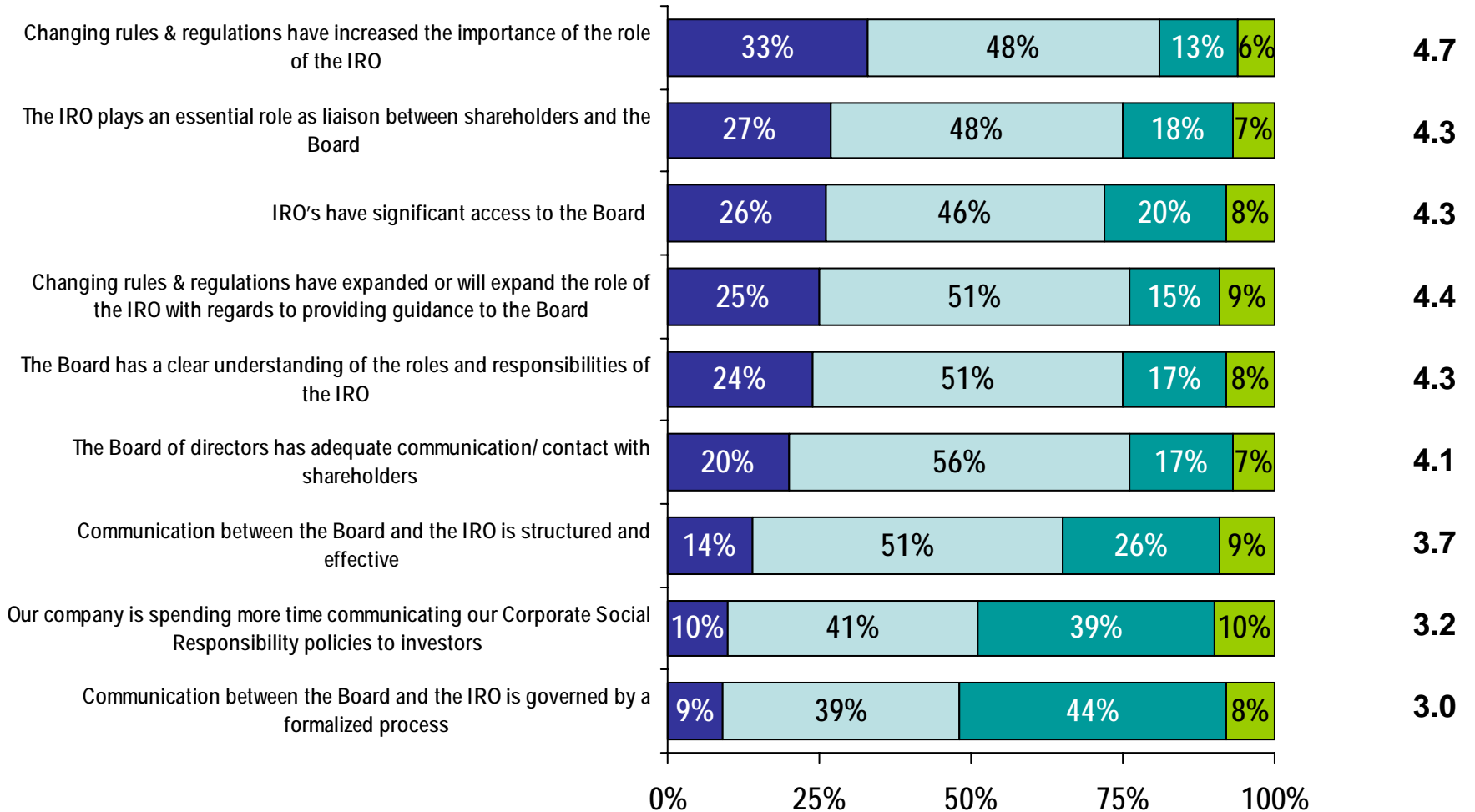


Relationships: IRO-Board-Shareholders

33. Please indicate your level of agreement with each of the following statements regarding the Investor Relations Officer, the Board of Directors and shareholders.

■ Completely agree (6,7)
 ■ Neutral (3-5)
 ■ Completely disagree (1, 2)
 ■ Unsure

Mean



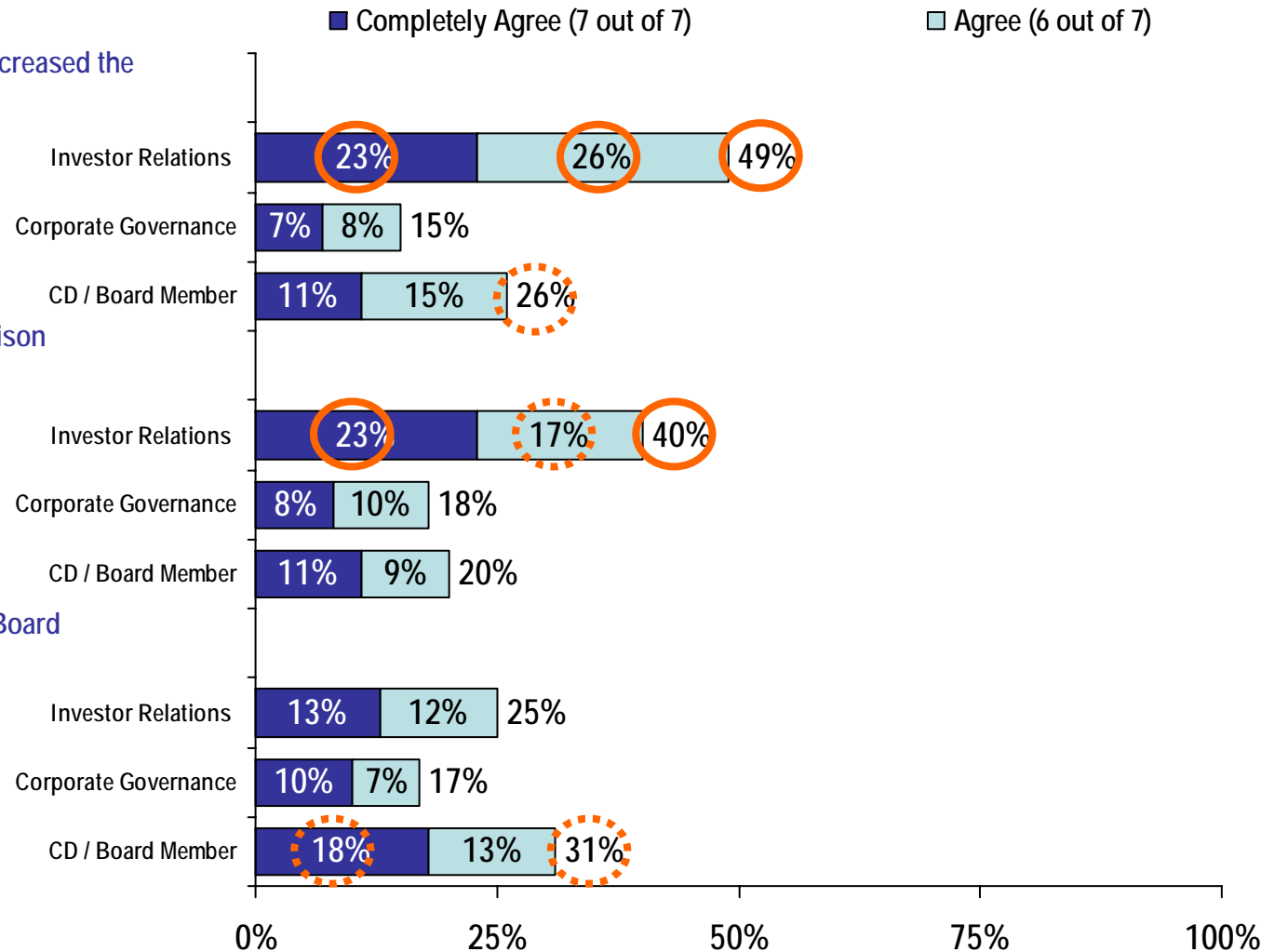
Relationships: IRO-Board-Shareholders

33. Please indicate your level of agreement with each of the following statements regarding the Investor Relations Officer, the Board of Directors and shareholders.

Changing rules & regulations have increased the importance of the role of the IRO

The IRO plays an essential role as liaison between shareholders and the Board

IRO's have significant access to the Board





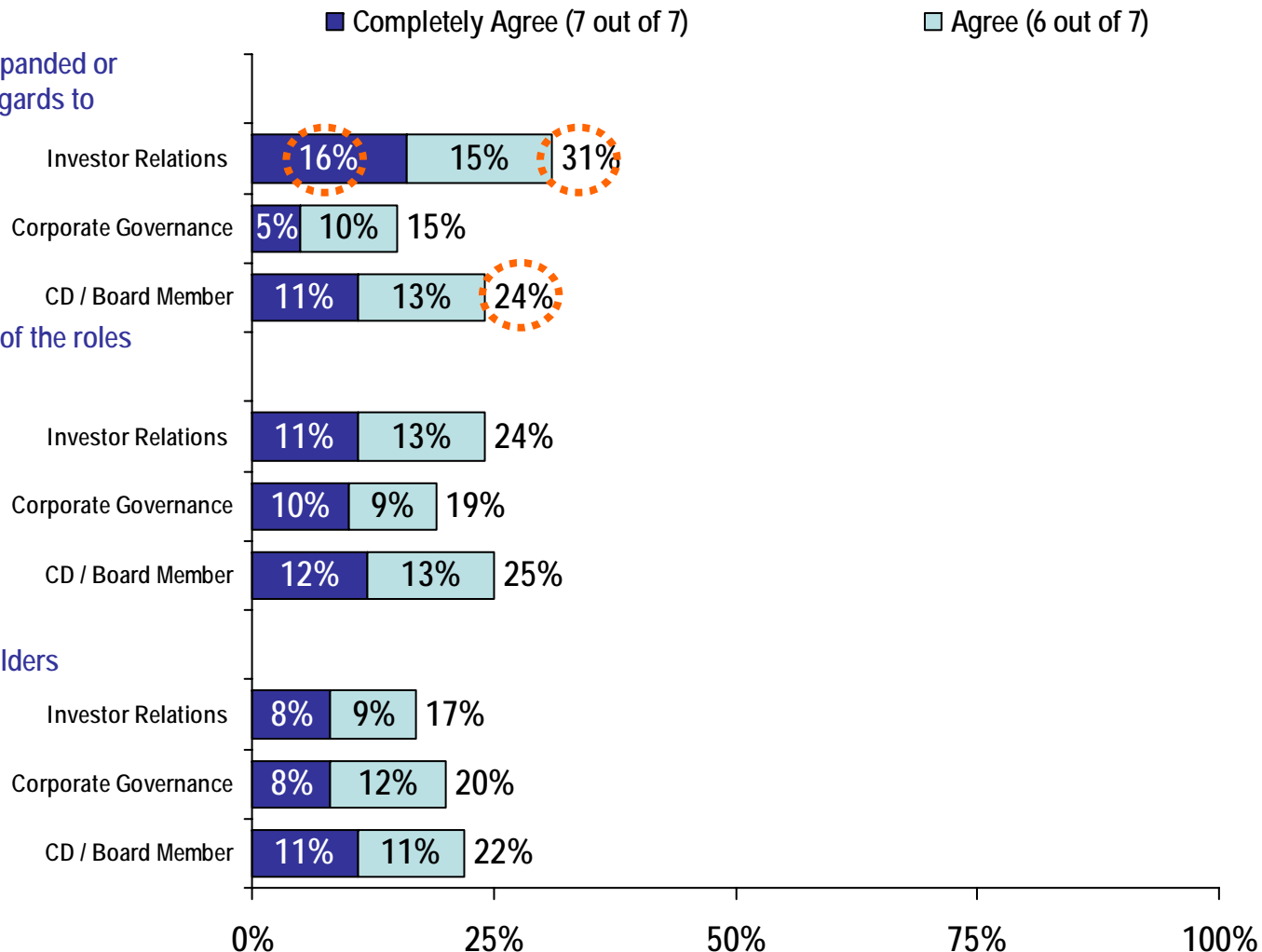
Relationships: IRO-Board-Shareholders

33. Please indicate your level of agreement with each of the following statements regarding the Investor Relations Officer, the Board of Directors and shareholders.

Changing rules & regulations have expanded or will expand the role of the IRO with regards to providing guidance to the Board

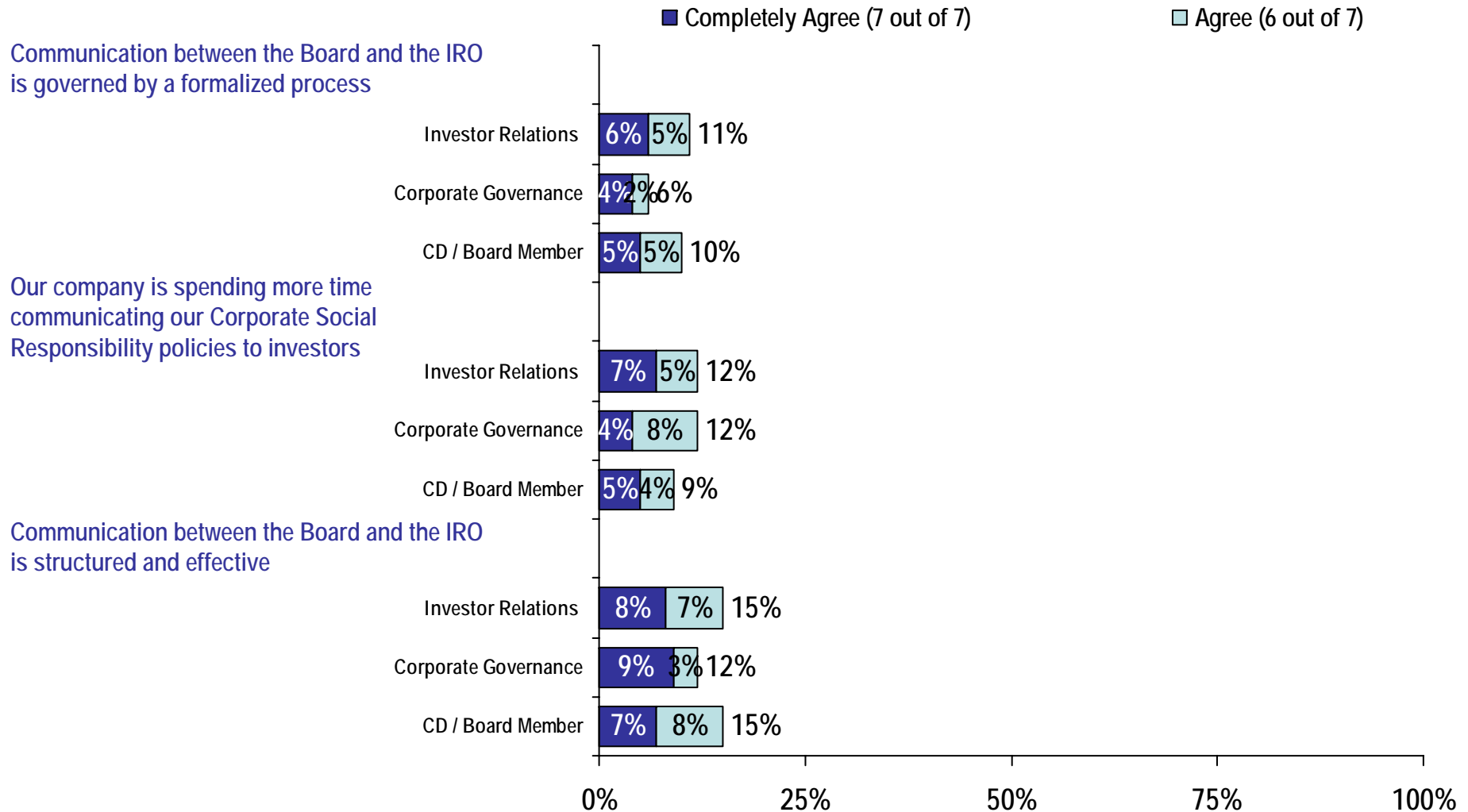
The Board has a clear understanding of the roles and responsibilities of the IRO

The Board of directors has adequate communication/ contact with shareholders



Relationships: IRO-Board-Shareholders

33. Please indicate your level of agreement with each of the following statements regarding the Investor Relations Officer, the Board of Directors and shareholders.





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Corporate Governance/ Investor Relations Survey

Thank you!