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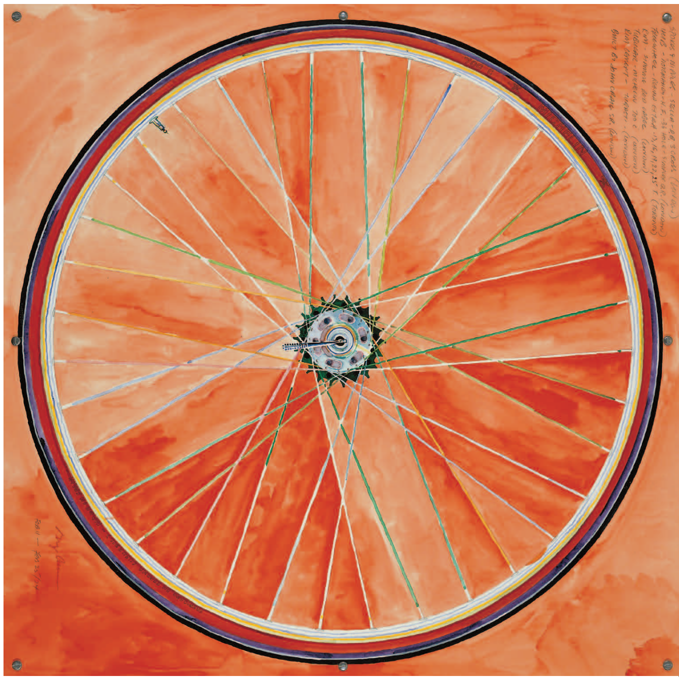

Corporate Governance Due Diligence

A PRACTICAL GUIDE FOR INTERNAL COMPLIANCE AND POTENTIAL INVESTORS

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I. Introduction

Increasingly, both public and private companies face heightened demands from diverse stakeholders for corporate transparency and accountability. Operating under greater public scrutiny than ever before, many companies are protecting themselves by proactively adopting and implementing corporate governance policies according to what are considered to be best practices.

In exploring this trend, this paper has two principal objectives. First, on a very practical level, it aims to assist those companies seeking to enhance their corporate governance practices, whether, in order to improve internal controls through increased transparency and accountability, or in preparation for an initial public offering. Second, this paper is intended to serve as a tool for investors (American and foreign alike) looking to conduct their own governance reviews of target companies. This guide may prove particularly useful to foreign investors, with limited resources, hoping to invest in emerging markets, for whom hiring external consultants to perform diligence may not be feasible. This paper is thus written with a dual audience in mind: companies and the investors who finance them.

Further to the above stated goals, this paper provides its readers with a comprehensive due diligence checklist of criteria for evaluating a specific company's corporate governance practices. Companies and investors conducting a due diligence investigation can utilize this tool to: (i) assess the strength of the existing set of corporate governance policies and practices; (ii) identify any weaknesses; and (iii) consider whether there has been a history of substantial compliance with the policies and procedures that have been put into place. The checklist tool is preceded by an explanation of the many benefits of maintaining and enforcing an effective corporate governance system and conducting diligence regularly to ensure its conformity with best practices. The final section of this paper briefly outlines what are widely considered to be best practices in several topical areas of corporate governance.

Although corporate governance reforms in developing markets often foster new relationships, rules and values within the economy, questions linger with respect to: (i) the effectiveness of such reform; and more specifically, (ii) what it entails. Potential investors should consider these criteria when deciding whether to invest in such markets.

II. Why is Corporate Governance Due Diligence Important?

1. CORPORATE GOVERNANCE AND DUE DILIGENCE

Although an amorphous concept for most, corporate governance is generally associated with the direction and control of companies. Indeed, it typically comprises policies, procedures, and relationships within the corporate context that are always subject to change. It further encompasses a wide array of economic phenomena. According to Sir Adrian Cadbury, corporate governance is largely about balancing social and economic interests.[1]

The concept of corporate governance is elucidated by its purpose. In general terms, it serves to: (i) encourage long-term planning; (ii) establish an effective management structure; (iii) promote integrity within the company; (iv) provide a framework for establishing and carrying out corporate objectives; and (v) ensure that the interests of all relevant constituencies, including investors, employees and the general public, are not overlooked.[2]

Even having loosely defined the term, it is worth noting that there is no set recipe for a model corporate governance regime that can be applied universally. Corporate governance systems must be tailored to the specific conditions prevailing in each jurisdiction (as well as each individual company), and must respond to a set of economic, legal, cultural and institutional developments that undermine the confidence of the public and investors in company management. Unfortunately, no plan is foolproof. The *Sarbanes-Oxley Act* of 2002 introduced sweeping legal and regulatory reforms in the United States, but nonetheless failed to prevent option grant backdating practices or to curb excessive executive compensation schemes.

The recent sub-prime mortgage and credit market crises serve to further underscore the widespread failure of company boards and executives to manage potential risk exposure. In certain ways, the current financial crisis has its roots in corporate governance fragility. As one leading corporate governance expert observed, "the boards weren't paying enough attention. They weren't asking the right questions."[3] For this reason, the Dey Report recommended a number of significant guidelines for ensuring effective corporate governance. Of the fourteen guidelines proposed, guideline 2, recommending that the board of directors of every corporation be constituted with a majority of individuals who qualify as independent outside directors, and guideline 12, recommending that the positions of board chair and chief executive officer be held by separate individuals, are perhaps the cornerstone of the report.[4] The purpose of this greater independence was to enhance the quality of monitoring which would aid in managing the exposure to risk.

2. INTERNAL MONITORING DEVICE

A well-designed corporate governance regime ensures that boards and officers take responsibility for implementing a system of checks and balances and internal controls that maximizes their risk management capabilities. It is imperative that the company establish a governance structure that provides its management with the proper tools and knowledge to satisfy its duties to the company and its shareholders.

A regular internal due diligence review supplies a mechanism for establishing transparency and thereby encouraging management accountability. It calls for the collection of detailed information on the company's business, legal, financial, and accounting operations and typically consists of three basic parts: (i) review of the company's compliance with laws and regulations, (ii) review of its labour and environmental practices and procedures, and (iii) review of its internal controls, polices, and actual practices.

Periodic evaluation of this sort can prove useful not only for purposes of keeping management informed about the state of company affairs, it also provides a means for holding the company's directors and officers accountable for their actions and decisions.

3. OUTSIDER PERCEPTION

From both a company and investor perspective, the profitability of almost any transaction involving a company valuation hinges heavily on the results of the preliminary due diligence inquiry. Whether it is looking to be sold, entering into a merger, or hoping to arrange a favorable financing arrangement, a company should seek to ensure that its corporate governance standards withstand scrutiny and lead to optimal terms. Similarly, any savvy investor should know to conduct stringent diligence reviews of all target companies before any money is transferred. After all, good corporate governance serves as the bedrock of all trustworthy investment landscapes.

Corporate governance systems should be tailored to the specific conditions of each country and must respond to a set of economic, legal, cultural and institutional developments that underline the confidence of the public and investors in company management. These policies are particularly required in places where corporate, legal, cultural, and political interests often try to influence and/or control one another. Corporate governance rules are most needed in places where current corporate governance, monitoring and enforcement rules are weak making due diligence even more essential. There is no one-size fits all approach as corporate governance must adhere to local principles and customs.

III. Due Diligence Inquiry Checklist

This paper offers a corporate governance spectrum that sets out areas for due diligence inquiry in order of applicability and importance. The critical due diligence areas canvassed below are integral to all corporate governance models, regardless of the particular company or jurisdiction at issue.

While it is difficult to envision a scenario where these criteria would prove irrelevant, they will have varying degrees of importance depending on the nature and specifics of the transaction. For instance, some of the diligence issues highlighted will apply with more or less vigor depending on whether the transaction takes the form of an asset or share sale, and involves a private or publicly-traded company. The criteria below are likely to be particularly applicable to public companies.

1. CRITICAL AREAS FOR DUE DILIGENCE INQUIRY

Contextual Issues	**Material Questions**
Country and Sector Risk Analyses	What risks are investors exposing themselves to?
	■ What are the legal, regulatory, and political risks?
	What is the expected rate of return?
Securing Interests	How can one secure their interests?
	What security can one take?
	Can one secure collateral outside of the country?
	■ Ex. letters of credit in North American banks.
	What exchange controls are applicable?
Access to Information, Disclosure and Transparency	**Material Questions**
Disclosure and Transparency of Accounts	Can shareholders and investors access information pertaining to the legal and financial standing of the company in addition to its management practices?
	■ Is it costly to access this information?
	■ Does it take a long time to access this information?
	Is the quality of bookkeeping and accounting acceptable (i.e., is it accurate, unbiased, easy to interpret, and comprehensive?)?
	Are there any transactions or agreements that were executed but not reported?
Corporate Documents	What is the principal place of business? Where are the records stored?
	Where does the company and its subsidiaries conduct their business and maintain offices, property, employees, etc. (i.e., list of jurisdictions)?
	Which corporate documents are available?
	■ Company Charter, Amalgamation and Continuance
	■ By-laws
	■ Minute books containing minutes of director and shareholder meetings
	■ List of all shareholders and the number of shares held[5]
	■ Share certificate books
	■ Shareholder documents (i.e., stock option plans, agreements, trusts, rights of refusal, pledges, etc.)
Financial Documents	Are all the financial documents (i.e. annual reports, quarterly reports, etc.) available?
	■ Annual reports should contain audited financial statements
	■ All credit agreements, indentures, lines of credit, promissory notes, debentures, indentures, bonds, and letters of credit
	■ Statements of liability
	■ Non-arms length (financial) arrangements
	■ All security granted against the assets of the company
	■ Bank letters or agreements concerning the company's lines of credit
	■ Material communications with lenders
	■ Budgets
	■ Income statements (e.g. blend of sales, gross margin, cost of sales)

Other Documents	Are there other material documents that are available?
	■ Press releases (concerning the company and its subsidiaries)
	■ Material contracts (e.g. leases, transport agreements, customer contracts, outsourcing contracts, non-disclosure or confidentiality agreements, license and royalty contracts)
	■ Business plans – 1 year; 5 years; 10 years
	■ Interim financial statements (quarterly)
	■ Management statements (monthly)
	■ Employment matters (e.g. employee plans and benefits, collective agreements)
Shareholders	**Material Questions**
Shareholder Activism	What is the degree of shareholder activism? How much input do shareholders have with respect to the operation of the company?
	■ Have there been any proxy fights over the nomination of directors?
	■ Have any shareholders publicly expressed their frustration with directors?
	■ Have there been any contested votes with respect to directors' slates?
	■ Do the minutes for the Annual General Meeting of Shareholders (AGM) suggest that there are many disagreements between directors and shareholders?
	■ Are there internal regulations that restrict major decision-making to shareholders' meetings only?
	How much access is granted to shareholders with respect to information concerning the company?
	■ Are there special provisions in the articles of association that enhance shareholders' ability to access information?
The Board of Directors (the "Board")	**Material Questions**
Board Composition	What is the composition of the Board?
	■ Are the resumes and curriculum vitas (C.V.'s) of the directors accessible?
	■ Do the directors possess sufficient industry expertise?
	■ Do the directors possess a sufficient level of financial literacy?
	► i.e., do the directors possess a strong grasp of accounting principles and understand how to prepare financial statements?
Director Independence	To what extent are the directors independent?
	■ Do any of the directors have a direct or indirect material relationship with the company?
	■ Have any of the directors or their family members been employed with the company?
	■ Have any of the directors served as an officer, partner or shareholder of an affiliated entity?
	■ Do any of the directors have any business relationships with the company?
	► i.e., Do any directors act as suppliers for the company?
	■ Are there other directorships held by the directors? If yes, what are they?
	■ Is there liability insurance and indemnification for directors?

Board Meetings	How are Board meetings organized?
	■ Are there regular meetings of the Board?
	■ Are the Board meetings conducted in a manner that complies with meeting procedures?
	■ Are there regular notices of meetings?
	■ Does the Board typically have quorum at these meetings?
	■ If directors are unable to attend Board meetings, can they still participate in these meetings via telephone or video conferencing?
Conflicts of Interest	What is the company's policy on conflicts of interest?
	■ What procedures are in place to deal with conflicts of interest?
	Are directors required to disclose any conflicts of interest?
	■ What conflicts of interest have been disclosed?
Nomination of Directors	How are directors nominated?
	■ Are there autonomous committees overseeing issues relating to nominations, auditing and compensation?
Directors' Remuneration	How are directors' compensated?
	■ How is compensation for directors determined?
	■ Is there a detailed accounting of directors' compensation?
	■ To what extent do meeting goals or performance targets factor into directors' compensation?
Business/Strategic Plan Development	What role does the Board play in developing the company's business plan?
	■ What process has the Board used to develop and apply the business plan?
	■ Did the Board approve the company's business plan?
	■ How often is business/strategic plan reviewed?
Emergency Responses/Disaster Recovery Plan	Does the company have Contingency Plan in place for major events? ■ For events related to environmental/climate/force major incidents? ■ Loss of largest customer/supplier? ■ Work stoppage? ■ System failures?
Business Risk and Performance	How does the Board evaluate performance and risk?
	■ What criteria are used to measure performance and risk?

2. STRONGLY RECOMMENDED AREAS FOR DUE DILIGENCE INQUIRY

Operations and Management	Material Questions
Company Goals & Objectives	What is the company's stated purpose?
	■ What is the business plan and what are the forecasts?
	■ How are goals communicated to the shareholders, management and the employees?
	■ What are the main issues and assumptions driving the company's business plan? ■ How often are these reviewed and challenged?
Quality of Management	What measures are in place to demonstrate to shareholders that the company is managed soundly?
	■ Is the company certified by the International Organization for Standardization (ISO)?
	■ What kinds of cost-control measures are in place?
	■ What level of management signs for each level of cheques?
	■ Does the company follow competitive contract processes?
Standards and Protocols	What are the standards and protocols with respect to:
	■ Communication?
	■ Decision-making?
	■ Supervision and monitoring systems?
Organizational Structure	**Material Questions**
Organization Chart	What does the management organization chart look like?
	■ How is the company organized? (i.e., subsidiaries and other affiliates).
Reporting Relationships	What is the separation of the Board and management?
	■ In what other entities does the company have significant – direct or indirect – investments? [Note: This may involve a subsidiary of the company.]
Board Committees: Structure, Roles and Responsibilities	What is the structure of the Board? ■ Chairman/lead director? What are the types of committees in place given the size and complexity of the organization? ■ Are there too many committees or too few? What measures are in place to show that the functions, roles and responsibilities of the committees and the Board are clearly articulated? ■ Are there written corporate governance policies? Is there a checklist in place to determine the Board's effectiveness?
Corporate Alliances	What alliances are in place?
	■ What alliances do the company and its subsidiaries have with other companies?
	■ What Partnership or Joint Venture Agreements is the company bound by?
Code of Conduct and Ethics	**Material Questions**
Code of Conduct and Ethics	Where is the written Code of Conduct and Ethics?

Compliance With Applicable Standards and Laws	What principles, standards and laws does the company adhere to?
	■ Have the International Financial Reporting Standards (IFRS) been implemented?
	■ Is there compliance with international health and safety standards?
	■ Is there compliance with international anti-corruption laws?
	■ What procedures are in place to handle complaints?
	▸ Is there a "whistle-blowing" policy?
	■ What procedures are in place to conduct internal investigations?
	■ What procedures are in place to identify risks?
	■ Is there a policy with respect to insider-trading?
Stakeholders[6]	**Material Questions**
Stakeholder Rights	What procedures do stakeholders follow to raise concerns?
	■ How flexible are the stakeholder policies? ■ Is there a designated person to handle stakeholder concerns? ■ Is there a specific procedure in place to review and respond to stakeholder concerns?
Labour Environment	How does the company handle employees' rights?
	■ Are employees underpaid?
	■ Are employees overworked?
	■ Have employees participated in any demonstrations at the company's facilities?
	■ Have employees participated in any strikes/slow downs?
	■ Have employees tried to organize a union?
	■ What is the worker safety record of the company?
Human Rights[7]	■ How are violations dealt with? ■ What opportunities for redress do stakeholders have for the violation of their rights? ■ What mechanisms exist to ensure stakeholders are able to freely communicate with the board regarding their concerns about illegal or unethical practices without compromising their rights?
Warning Signals	**Material Questions**
Financial Signals	■ What are the financial warning signals?
	■ Have there been any changes implemented with respect to accounting processes? ■ Have there been late tax return filings? ■ Are there any matters relating to the tax filings of the Company which are currently or anticipated to be subject to reassessment or discussion or negotiation with a tax authority?
	■ Have any insiders sold their stocks?
	■ Have there been any disagreements between accountants and directors or shareholders with regards to financial or accounting issues in the last couple of years?
	■ Have any internal or external auditors resigned recently?
	■ Are accounting firms and consultants assisting the company with corporate governance processes?

Operational Signals	What are the operational warning signals?
	■ What are the turnover rates?
	■ Are there any reports relating to issues of: ▶ quality and compliance? ▶ decreased sales? ▶ loss of suppliers? ▶ reduced production? ■ Does management anticipate any future changes in government regulation that could materially impact the operations of the Company?
Regulatory Oversight[8]	What are the minimum and most significant standards imposed on the company by law? ■ Corporate law? ■ Securities regulations? ■ Stock exchanges? ■ Licensing? ■ Competition? ■ Consumer protections? ■ Labor and employment? ■ Environmental? ■ Are standards and processes in place to deal with corporate offenses (e.g., U.S. Sentencing Guidelines)? ■ Who pays the penalty? ■ Examples of successful and unsuccessful prosecution of corporate offenses?

3. ADDITIONAL SUGGESTED AREAS FOR DUE DILIGENCE INQUIRY

Other Issues to Consider	Material Questions
External Sources of Support and Expertise	Who are the key external sources of support and expertise?
	▶ i.e., who are the accountants, consultants and lawyers?
Corporate Culture and Issues of Compatibility	How closely does the company's cultural profile match with your own (e.g. views on gender, employment practice, diversity, the environment)?
	How does the company manage cultural differences when involved with:
	■ Corporate Alliances?
	■ Mergers and Acquisitions?
External Perceptions	How is the company perceived in the marketplace? [Note: this extends beyond crisis planning.]
Reputation Risk Management	What are the key risks to corporate reputation?
	■ What are the procedures for preventing and managing reputation crises?
Managing Change	What policies are in place to mitigate the risks associated with change?

IV. Best Practices

In general, a well-designed corporate governance regime must strive to realize the following ends: (i) foster equitable treatment among shareholders through increased transparency and access to corporate information, offering adequate recourse to those who feel their rights have been infringed upon; (ii) present shareholders with opportunities to assume active roles within the company; and (iii) assist the Board of Directors in performing their managerial duties while holding them accountable to their constituents.[9] As such, the following is a review of best practices which are intended to assist companies in achieving each of these goals.

1. ACCESS TO INFORMATION, DISCLOSURE AND TRANSPARENCY

Good disclosure entails disclosure that is:

- readily and widely available;
- reliable, material and documented;
- readable, accurate and thorough;
- not selective; and
- made available on a consistent and timely basis.[10]

Companies should treat sensitive information with caution, but refrain from interpreting the law too narrowly when deciding whether to disclose information to investors. It is good practice to develop guidelines and procedures for determining what constitutes confidential material,[11] as well as when to release information that is no longer considered as confidential.

Individuals who are exposed to insider information cannot undertake transactions that relate to such information, nor can they convey it to third parties. The Chief Financial Officer should oversee the actions of directors and managers to discourage insider trading.[12]

According to the Organization for Economic Co-operation and Development (OECD) Principles, all relevant information pertaining to the following areas should be disclosed:

- company goals;
- directors and chief executives;
- governance structure and guidelines;
- foreseeable risks;
- shareholdings and ownership regime;
- the company's financial results; and
- issues concerning all constituencies.[13]

Financial statements should be supplemented by the Management Discussion and Analysis (MD&A), which offers both a historical and forward-thinking assessment of the company's performance levels.[14]

In order to access international markets, a company's financial statements must comply with an internationally-recognized set of accounting standards. The U.S. Generally Accepted Accounting Principles (U.S. GAAP) and the International Financial Reporting Standards (IFRS) are the most widely-recognized standards. Under good governance practices, however, all companies should comply with these standards to enhance the overall state of their financial reports.[15]

In many countries, a large number of companies are set up to mask the identities of their beneficial owners. These companies are typically linked to poor business practices. Hence, companies are advised to establish transparent ownership structures.[16]

Companies should provide all material information to stakeholders even where stakeholder disclosure of certain kinds of information is not required by law.[17]

It is good practice to disclose any changes pertaining to the External Auditor of the company. This type of information should be provided in the company's material events reports.[18]

Companies should establish disclosure policies and have them approved by their respective Boards. These policies should include:

- guidelines for communicating with media outlets;
- media contacts; and
- a list of information that the company plans to disclose.

In addition to an audit report, External Auditors are often asked to include a "management letter." This letter offers recommendations on how management can enhance accounting, operating and internal control procedures.[19]

At minimum, the Board should recommend candidates for the position of External Auditor. Yet, companies are advised to go a step further by implementing an open tender process for securing audit services. This process should be supervised by the Audit Committee of the Board.[20]

Under good corporate governance practices, the External Auditing partner changes after a set number of years.[21]

Shareholders should have access to information regarding the External Auditor's compensation.[22]

External Auditor should inform the Board or its Audit Committee of all transgressions that it uncovers throughout the course of the audit. Further, the External Auditor should disclose any material shortcomings pertaining to the company's accounting, operating and internal control procedures. The Board or in some cases, its Audit Committee, is responsible for addressing these concerns.[23]

It is good practice for the Audit Committee to create an internal document that clearly outlines its roles and responsibilities. These roles and responsibilities tend to fall within the ambit of risk management, financial reporting and/or internal and external auditing.[24]

2. SHAREHOLDERS

Shareholder rights, as well as the procedures that are in place to protect them, should be clearly set out in the charter.[25]

Even in those jurisdictions where shareholders are not required by law to vote their shares, they are strongly advised to do so. Indeed, shareholder participation is a key ingredient of good governance.[26]

Companies should ensure that each shareholder is given sufficient time to prepare for the annual meeting and consult with other shareholders. At minimum, notification of this meeting should be given 30 days in advance.[27]

Companies are advised to ensure that shareholders:

- receive prompt and unambiguous responses to their questions;
- can address questions and concerns directly to the external auditor and members of the revision commission; and
- will not be interrupted by the chairman of the annual meeting when speaking unless such interruptions are made to preserve order or in furtherance of procedural rules.[28]

The company's major officers, such as the Chairman of the Board, should speak at the annual meeting.[29]

It is good governance practice for the company to both develop and convey a dividend policy to its shareholders.[30]

3. BOARD OF DIRECTORS

Even where companies have less than 50 shareholders, Boards can make important contributions, particularly in an advisory role. Advisory Boards, for instance, can advise managers and the General Director.[31]

Boards are responsible for:

- developing and monitoring the company's internal control system;
- authorizing the financial and business plans each year;
- appointing senior management; and
- overseeing the strategic planning of the company.[32]

Resolving corporate conflicts is an important function of Boards. Boards must develop a system to promote compliance with corporate rules and regulations. In doing so, Boards may establish a Conflict Resolution Committee and appoint officers to establish enforcement procedures.[33]

Boards are also responsible for risk management. To this end, Boards are advised to:

- create incentives to promote compliance with internal control procedures;
- form a Risk Management Committee of the Board when appropriate;
- regularly assess and make necessary adjustments to the internal risk management system;
- promote compliance with legislative and charter requirements; and
- authorize and enforce risk management procedures.[34]

It is good governance practice to establish mechanisms through which the composition of Boards can be altered as companies move forward. Term-limits, for example, may be used to ensure that Board members do not become reckless or apathetic in carrying out their tasks. Regardless, reappointments should not be guaranteed.[35]

To minimize conflict of interest fears, a company should refrain from adding individuals from competing companies to its Board.[36]

Directors should have:

- the necessary skills, education and experience to perform their tasks at a high level and be financially literate;
- the support of all relevant constituencies of the company;
- strong decision-making capabilities;[37] and
- untarnished ethical background.

Directors should play an active role in Board meetings. In particular, directors are responsible for:

- requesting a Board meeting to address material issues;
- contributing to the work of Board committees;
- engaging in decision-making and voting processes; and providing notification when they cannot attend meetings.[38]

Board meetings should be held on a regular basis; at minimum, the members of the Board should convene every six weeks.[39]

The Board is advised to create a schedule of meetings and agendas that indicate when meetings will be held and what issues will be discussed at those meetings.[40] In doing so, it is good practice to create an annual calendar of meetings and establish agendas well before the meetings actually take place.[41]

During Board meetings, directors should:

- meet in camera (without management) on a regular basis;
- ask for clarification where appropriate;
- ask for supporting materials; and
- pay close attention to oral presentations.

Board members should have the option of making decisions through absentee voting. This option should be set out in the by-laws, charter and internal documents of the company.[42]

Minutes for Board meetings should include each director's vote. The Board is advised to have each one of its members sign the minutes. A secretary should be appointed to write the minutes.[43]

It is good corporate governance practice to provide each director with Board minutes and/or verbatim notes in addition to a summary of the voting results. Furthermore, the voting ballots and written statements of those who did not take part in the meeting should be retained.[44]

Under good corporate governance practices, directors:

- serve as a regular and active presence at Board meetings;
- exercise their rights in a professional and honest fashion;
- act reasonably in discharging their responsibilities;
- oversee the decisions of management to the extent that it is appropriate;
- set out issues on the agenda of Board meetings and call for such meetings when it is required to do so;
- ensure that the company's actions accord with the law;
- develop and maintain an effective internal control system; and
- ensure that the General Director and Executive Board members regularly disclose information to the Board.[45]

In instances where a decision passed by the Board negatively impacts the company, only the directors who voted for that decision can be held liable. As a result, it is critical that Board minutes are written in a clear and precise manner so that it is easy to keep track of which director(s) supported the decision.[46]

It is good governance practice to have an agency, advisor, consultant, or institute of directors assess the performance of the Board.[47]

The directors should receive compensation that is competitive with what directors in other similarly-sized companies with similar risk profiles are paid. This is critical to preserving the independence of Board members. The remuneration of directors should be assessed regularly by the Board as well as independent verification of market rates through public or commissioned studies.

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4 Toronto Stock Exchange Committee on Corporate Governance in Canada (1994), *Where Were the Directors? Guidelines for Improved Corporate Governance in Canada* (Dey Report).

5 This information should be provided to the extent that this is possible. It is extremely difficult to attain such information with respect to large, publicly-held companies. For these types of companies, a list of their largest shareholders and the number of shares that they hold would suffice.

6 For the purposes of this paper, "stakeholder" is defined as any individual or organization on which the decisions of a company can have a direct or indirect impact. Stakeholders may include governments, customers, suppliers, creditors, and local communities.

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38 *Ibid.* at 51.

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40 *Ibid.*

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47 *Ibid.* at 69.

Greg Curnoe, *Spokes & Nipples*, 1974. Watercolour, 75 cm × 75 cm ►

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