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## Investors told to fight for change

Jarislowsky says shareholders should press for improved governance standards

BY BERTRAND MAROTTE. MONTREAL

It's up to shareholders — not lawmakers — to work to restore confidence in capital markets by demanding improved corporate governance standards, outspoken money manager Stephen Jarislowsky says.

"It is we [investors] who have failed to exercise our rightful power as owners or representatives of the owners of the controlling shares," Mr. Jarislowsky, founder and president of Jarislowsky Fraser Ltd., said in a speech yesterday to members of Montreal's financial community.

"We in our business have not done our job. We are the main culprit of what has occurred," he said.

"It is we who should have elected the boards and placed the directors who truly represent all shareholders alike. We failed, but now have a measure of resolve to act together, not to run the corporations, but to make sure they have honest, smart, knowledgeable and experienced directors to assure

that companies are well managed for shareholders and the public, employees, etc.," he said.

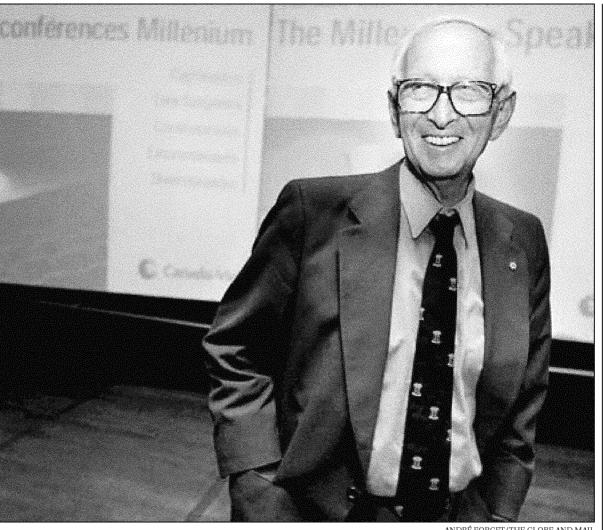
Jarislowsky recently founded the Canadian Coalition for Good Governance with Claude Lamoureux, president and chief executive officer of the Ontario Teachers Pension Plan Board.

The goal of CCGG and its 20 members — largely institutional investors and mutual funds — is to use the power of proxy votes as a force for corporate governance changes.

Enacting tough, new laws, such as the U.S. Sarbanes-Oxley Act, is not the way to ensure that the recent spate of corporate and financial scandals don't recur, Mr. Jarislowsly added.

"I don't really think laws are the answer." They come too late, are not always appropriate and may not be correctly enforced, he said.

Shareholder activism, especially from institutional investors who have clout, makes more sense, he



Stephen Jarislowsky says there are too many small companies on the Toronto Stock Exchange that don't meet minimum corporate governance standards. 'Some of these companies shouldn't be public companies.'

cheaper approach. It's a far more sities, companies and police effective approach.

"If we don't do it, who the hell can do it? The change has to come from the institutional investor today. The window is open. Let's do it now."

Mr. Jarislowsky's firm manages about \$33-billion in pension funds "That works far better. It's a far on behalf of such clients as univer-

He also said in his comments after the speech that he believes there are too many small companies listed on the Toronto Stock Exchange that have no business being there because they don't meet minimum corporate governance standards.

"There is all kinds of stock that sells for under \$1. There should be a minimum size requirement. Some of these companies shouldn't be public companies."

He said the country's largest equity investor, the Caisse de dépôt et placement du Québec, has observer status in the CCGG and is contemplating joining.

## Canfor to trim work force by 5%

## Lumber giant hopes to offset U.S. duties

BY PETER KENNEDY, VANCOUVER

Forestry giant Canfor Corp. says it will reduce its work force by 5 per cent by the end of 2003 in a bid to wipe about \$150-million from its cost structure, and offset the impact of punitive duties on lumber shipments to the United States.

After posting a third-quarter loss of \$11.8-million, the Vancouver company said yesterday the cost cuts will allow it to cope with the impact of weak commodity prices and continue to supply customers in the key U.S. market.

"We intend to leave no stone unturned in the visibility of what we are doing," said Canfor chief executive officer David Emerson, who is also imposing a wage freeze on the company's senior officials in a bid to keep costs down.

As Canada's leading lumber producer, Mr. Emerson said Canfor is hurt more than any other forest sector firm by the U.S. Department of Commerce's decision to slap import duties averaging