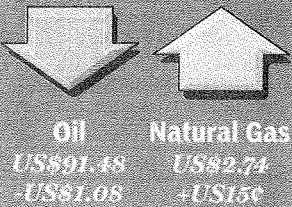
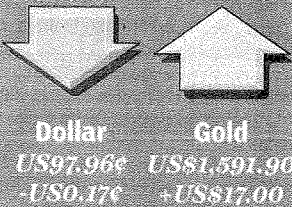
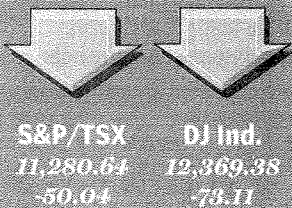


Why gold stocks
have fallen out
of favour. *FP8*

COMMENT

PETER FOSTER
Psychopaths and
straw men at the
Times. *FP19*

MARKETS



Facebook's huge (tepid) IPO

Day 1 play-by-play. FP Tech Desk, *Page FP3*

SOLDIER OF MISFORTUNE

Investor activist
Yves Michaud fights
what he sees as
corporate abuses

By Nicolas Van Praet

MONTREAL • In a tiny basement office in a grey stone building in central Montreal, Yves Michaud's staff members are plotting their next shareholder insurrection.

It's annual general meeting season and Mr. Michaud and his colleagues at the Mouvement d'éducation et de défense des actionnaires (Médac) have been busy doing what they've become known for: Getting in corporate Canada's face with uncomfortable questions and lofty shareholder proposals in a bid for better accountability.

Earlier this week they showed up at the Power Corp. meeting wielding four investor recommendations, including one that would allow executives to exer-

cise stock options only when their companies have achieved measurable objectives like higher earnings. Before that, they pestered Bombardier Inc., blasting the company for giving its executives pay increases while the stock languishes less than \$4 per share.

At the National Bank of Canada shareholders meeting this year, Mr. Michaud, a former provincial politician and an ardent separatist who relishes language and appears to love to hear himself talk, was booed. But that's really no surprise. This is a man who once lectured management at a Canadian Imperial Bank of Commerce AGM for more than an hour in a performance *The Gazette* in Montreal likened to "a Fidel Castro May Day address." The bank's then-chief executive Al Flood was forced to cancel his own speech to investors.

Lauded by some and loathed by others, Médac has become over the past 15 years one of the loudest voices for corporate governance nationwide and one of the biggest critics of excessive executive pay. The group founded by Mr. Michaud is little known outside Quebec. And yet, its message has rarely echoed more loudly than now.

See **CRITICS** on Page FP5

SABMiller invests US\$300M in Peru to meet surging demand

SABMiller PLC, the world's second-largest brewer by volume, is investing US\$300-million in Peru to meet surging beer demand in Latin America's fastest-growing economy, the London-based company's local unit says. Union de Cervecerias Peruanas Backus y Johnston SAA, acquired by SABMiller as part of a 2005 purchase of Bogota-based Grupo Empresarial Bavaria, is upgrading its five Peruvian

THIRST FEEDS GROWTH

brewhouses and replacing 600 distribution trucks with natural gas-fuelled vehicles to cut costs, chief executive Mauricio Leyva said in an interview yesterday from his Lima office. The expansion should be completed next year, he said. "Growth, consumption and the way our brands have

been absorbing... spectacular," Peruvian beer consumption per capita is 45 litres (9.9 litres) in 2011, up from 28 litres in 2008, he said. *Bloomberg*



CHRISTINNE MUSCHI FOR NATIONAL POST

Fernand Daoust, president of Médac: "There is, among retail shareholders, a profound indifference toward these things."

'We're trying to wake [retail investors] up'

CRITICS

Continued from Page FP1

American like Bill Ackman to clean house at Canadian Pacific Railway Ltd., one of Canada's oldest companies. He

interests, directors would also be protecting their own interests.

National, and other banks, have been among his top targets ever since.

Critics of Médac, who include some prominent business leaders, dismiss the group as a highly political organization driven by the bias of Mr. Michaud's separatist convictions. Mr. Daoust is also an avowed sovereigntist, and former PQ premier Jacques Parizeau recently joined the Médac board.

Opponents point to Mr. Michaud's... off...

F
Royal DSM
Ocean
 FISH OIL
 Omega
 in di
 suppl

HALIFAX • A company specializing in... able dietary supplement... bought Ocean... Canada, a Nova Scotia manufacturer... **Royal DSM**... day it acquired... company for... and plans to expand... growth platform... Ocean Nut... come a global... provision of Omega... ingredients to... of dietary supplement... Martin Jami... and chief executive... Nutrition, said... should lead to... for a company... 1997 and now... employees at... in Canada, the... and Peru.
 He said the company... been able to grow... it wants because... resources and... ture, but added... to DSM will take

'We're trying to wake [retail investors] up'

CRITICS

Continued from Page FPI

It was Médac that won the legal right for retail investors to make proposals at AGMs. Long before Arthur Andersen LLP botched the auditing of Enron, it was Médac that got Canada's banks to disclose the consulting fees they pay to their public accountants. And say on pay, Canada's non-binding advisory vote that gives investors in banks and other companies a voice in executive compensation? Médac takes credit for that, too.

"Our paid members and our board members, I think, are militants," says Fernand Daoust, Médac's president. "I don't like that word. But they are people who are absolutely scandalized by the liberty that current company leaders are taking on remuneration.... There is, among retail shareholders, a profound indifference toward these things. We're trying to wake them up."

Canada needs more investors who stake a public position against certain corporate abuses, says Michel Nadeau, executive director of Montreal's Institute for Governance of Private and Public Organizations. "Anything that can help, any group that can help to make the voice of the shareholder heard, whether it be institutional or retail investors, I support that."

Mr. Nadeau says he is disappointed that it took an

American like Bill Ackman to clean house at Canadian Pacific Railway Ltd., one of Canada's oldest companies. He says Canadian investors failed in their duty to demand that previous management boost the railway's performance.

Some shareholders have sought private meetings with companies to make their voice heard. Médac's approach is the opposite: Buy the minimum shares required in a company to become an owner, research its perceived corporate governance weak spots, then confront the company publicly at its AGM while trying to woo as many shareholders inside as it can.

It doesn't always work of course. The vast majority of the 58 shareholder proposals Médac has made since 1997 have been voted down. Perhaps the biggest unfulfilled item on its wish list is a requirement that all companies trading on stock exchanges disclose the median salary of their employees and to hold the so-called "fairness ratio" (the ratio of the top executive's pay to the average employee salary) to a maximum of 30.

Still, there have been successes as well. Canadian Imperial Bank of Commerce shareholders overwhelmingly backed Mr. Michaud's 1999 proposal that its directors must hold shares in the bank equal to six times the annual fee they're paid for their services. The argument was that by watching over shareholder

interests, directors would also be protecting their own interests.

Mr. Michaud is perhaps best known for controversial comments he made about the Jewish people during a radio interview in 2000 when he was seeking to become a Parti Québécois candidate in a by-election that year. The remarks earned him official condemnation from the legislature and were said to have contributed to Lucien Bouchard's decision to resign as premier the following year.

So how did a committed separatist with a contentious

Our paid members and our board members ... are militants

past come to command so much air time at annual meetings, given his organization has only one paid employee and annual revenue from its 1,500 members that barely tops \$50,000?

In two words: personal misfortune.

The moustachioed Mr. Michaud, 82, took to defending shareholders after he lost part of his retirement savings in the 1992 near-collapse of General Trustco of Canada Inc., which was later bought by National Bank of Canada.

National, and other banks, have been among his top targets ever since.

Critics of Médac, who include some prominent business leaders, dismiss the group as a highly political organization driven by the bias of Mr. Michaud's separatist convictions. Mr. Daoust is also an avowed sovereigntist, and former PQ premier Jacques Parizeau recently joined the Médac board.

Opponents point to Mr. Michaud's legal efforts to obtain the financial statements of Power Corp. newspaper unit Gesca as evidence of his crusade. Power, controlled by the pro-Canada Desmarais family, has objected.

In his September 2009 ruling on the case, Quebec Appeal Court judge Pierre Dalphond noted: "Mr. Michaud wants to show that the 'Desmarais empire' financially supports Gesca to promote the federalist cause, which displeases this long-time separatist."

For his part, Mr. Michaud sounds undeterred. Though he leaves much of the actual company meeting battles these days to other Médac members, he still commands the bluster of a determined activist.

Speaking in a brief interview this week, Mr. Michaud said bankers are more avaricious than ever, the financial world is full of "bandits," and AGMs remain "parodies" of real shareholder democracy. "I'm sickened to the limit of my existence," he said with his typical flair for the over-dramatic.

Mr. Michaud said he wished there were more activists like him outside Quebec. Whether the country could handle another Yves Michaud is another question altogether.

Financial Post

nvanpraet@nationalpost.com

of dietary supp
Martin Jami
and chief exec
Nutrition, said
should lead to
for a company
1997 and now
employees at p
in Canada, th
and Peru.

He said the
been able to g
it wants beca
resources an
ture, but add
to DSM will ta

Re does

OSFI lend avoid h

BY THEOPH
AND ANDRI

OTTAWA • Ca
need to assum
for managing
to households
rely on regul
hazards, the
tion at the co
watchdog said.

Lenders m
they have the
sources to mar
and the institu
to manage the
Zelmer, assista
ent in charge
said in an inter
that was just
the business ar
OSFI expectat
a lot of faith in
framework."

The Office
intendent of F
tions release