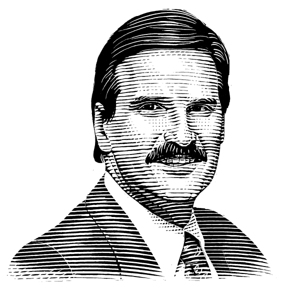
COMMENT

At Sulliden, 29% is enough



Barry Critchley
Off the Record

It's not exactly a ringing endorsement, but, under the rules, it's possible for the executive chairman of a public company in Canada to secure less than 30% of the votes and remain a director.

But change the rules and the director would be gone, because under majority voting, nominees need at least 50% to stay on the board: if not, the director is required do the acceptable thing and stand down.

This all brings us to the recent annual meeting of **Sulliden Gold Corp.**, which released the voting results for the election of directors. All of the eight nominees received at least 50% for votes except Stan Bharti, who runs the Forbes & Manhattan group. Bharti received a mere 29.28% for votes and 58.17% withheld votes. The rest, 12.55%, didn't vote.

The annual meeting, held on Oct. 10, was noteworthy because of a "milestone-based bonus plan" the board had implemented that would see senior executives receive large payments for essentially doing their job. Those payments could reach $17-million — $4-million payable in two lots of $2-million for submitting and presumably obtaining approval for an environmental impact statement; $3-million for completion of all required land purchases; $2-million for completion of the electrical connection agreement; $3-million for the start of project construction; $1-million for the first gold pour and $3-million for the declaration of commercial production. The payments would be made in cash, slated to be paid over the next three years and because some of the milestones had been reached, could have been paid over the next few months. The milestone-based bonus plan was implemented by the board following a recommendation from a three-director compensation committee.

The bonus plan attracted considerable criticism: one market participant termed it egregious, another termed it "awful corporate governance." The criticism was so strong that a week before the annual meeting, it was called off. "In light of shareholder input, the board has decided to terminate the plan," it said.

But by the way they voted, shareholders decided not to support Bharti's re-election: he received the lowest for votes of the eight people up for election as directors. Of the other seven, one of whom is the Hon. Pierre Pettigrew, a former federal Liberal cabinet minister, four received at least 75% for votes. Peter Tagliamonte, chief executive, received the strongest support: 80.89% for; 6.56% withheld and 12.55% didn't vote.

Three other nominees, James Coleman, Leonard Harris and Bruce Humphrey, received about 60% for votes — enough to get elected under any rules — but also 26% to 27% withheld votes.

What's unusual about the voting pattern is that two of the three directors who received about 60% for votes — Harris and Humphrey — were on the compensation committee that recommended the milestone-based bonus plan. George Fraught, the third member of that committee, received 74.68% for votes.

The substantial kerfuffle and shareholder revolt a week before the annual meeting did nothing for Sulliden's share price: over three successive days, volumes were larger than normal and there was no bounce-back in the share price. (For the week, it was down 7.5%.)

Sulliden, which placed equity at $1.73 a share a year ago, is developing a gold and silver deposit in Peru, which has a pre-production capital cost of $131.8-million. It will need substantial financing.

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CHRISTINNE MUSCHI FOR NATIONAL POST
Alain Bouchard, president and CEO of Couche-Tard, is Canada's Outstanding CEO of the Year for 2012.

Statoil eyes Beaufort Sea, LNG business

CATTANEO
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Statoil has operated in Canada's East Coast for decades (through its predecessor, Norsk Hydro) and holds significant stakes in the Hibernia, Terra Nova and Hebron Fields. It has plans for three exploration wells to bolster its position.

It entered the oil sands five years ago with the $2.2-billion acquisition of North American Oil Sands Corp. and now produces 17,000 b/d from its Leismer project. It also holds oil sands leases at Thornbury, Corner, Hangingstone.

Statoil is looking at growing in the Beaufort Sea and is interested in Canada's liquefied natural gas business. By 2020, Statoil hopes to produce 100,000 barrels a day in Canada, up from 22,000 b/d today.

Statoil's major contribution to Canada has been its technology. Rather than hoarding it, Statoil shares it, particularly if it means environmental improvements.

"When we find new technology, we tend to give it away," Mr. Tungesvik said.

In the oil sands, Statoil is working on getting more out of steam injection and capturing carbon dioxide.

Statoil plans to deploy in the Beaufort some of its knowledge of tough environment. Statoil grew from discoveries in the Norwegian continental shelf and has become the world's largest offshore operator. One of its latest innovations is the "subsea factory" — facilities built below the ocean surface to avoid the impact of icebergs.

Statoil's transparency comes from having tough task masters in the Norwegian people. They have taken a huge interest in its activities in Canada's oil sands and at one point were putting pressure on the company to back out but now expect the best corporate behaviour. Rather than running away from criticism, the company has brought to Alberta Norwegian NGOs, unions, politicians and media to promote understanding of the resource. This year and last, it organized weekly tours of its oil sands projects.

Statoil Canada's previous president, Lars Christian Bacher, who has moved back to Norway to run the company's international division, even appears in national ads sponsored by the Canadian Association of Petroleum Producers to assure Canadians oil sands development is being done responsibly.

Mr. Tungesvik said Statoil behaves like a private company and the state has no role in its management.

"There is an open mandate on what this company should do and the state doesn't challenge that," he said. "There is of course a political debate over what they should do, but so far it's been let business run business and politicians be politicians."

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TODD KOROL / REUTERS
Ståle Tungesvik, the president of Canadian operations for Norway's Statoil ASA, said Statoil behaves likes a private company.

Bouchard Outstanding CEO of the Year

Many Canadian companies have failed to expand their brands outside the country, but Alain Bouchard has managed to take a Canadian retailer farther around the world than any other, in the process building one of the largest convenience store chains in the world.

His leadership in growing Laval, Que.-based **Alimentation Couche-Tard Inc.** from a single dépanneur in Saint Jérôme, Que., into an international network of 12,000 stores (including licensees) with revenues of more than $19.2-billion last year is a big reason why he's been named Canada's Outstanding CEO of the Year for 2012, an award presented by Bennett Jones, founding sponsor Caldwell Partners and media sponsor *National Post*.

"We are delighted to honour Mr. Bouchard and Alimentation Couche-Tard with this distinguished award," said Hugh MacKinnon, chairman and CEO of Bennett Jones, and an Advisory Board member of Canada's Outstanding CEO of the Year. "This is truly an innovative international success story that serves as a tremendous example of Canadian entrepreneurial spirit and achievement. We are proud to have Mr. Bouchard as our 2012 CEO of the Year."

Mr. Bouchard, born in Chicoutimi, Que., in 1949, endured some trying years as a young boy after his father lost his job. But the family's misfortunes helped make him the success he is today.

"Even at 10, I dreamed of owning a big building with a big B on the side of it. B for Bouchard," the entrepreneur told *Financial Post Magazine*. "This was a childhood dream, but I was consumed by it for a long time. I wanted to build something strong so I wasn't at risk of losing everything like my father did."

He has certainly done that and more. After working for Perrette Dairy Ltée, and Provigo, he founded Alimentation Couche-Tard in 1980, eventually buying out his two former employers along with a host of other companies, notably Silcorp Ltd., which owned 980 stores operating under the Mac's, Mike's Mart and Beckers banners in Ontario and Western Canada, and in 2003 The Circle K Corp. from ConocoPhillips Co., which at the time operated 1,663 Circle K corporate stores in the U.S. and had franchising or licensing relationships with 627 additional stores in the U.S. and worldwide.

This year, Mr. Bouchard pulled the trigger on the company's biggest acquisition yet, spending US$2.6-billion for Norway's Statoil Fuel & Retail ASA operations, a broad retail network of approximately 2,300 stores across Scandinavia, Poland, the Baltics and Russia. Couche-Tard shares have grown almost 64% in the past year, closing Monday at $49.75.

But while a large part of the company's success has been due to its growth strategy, it's also managed to drive double-digit earnings increases and same-store sales growth even in an economy that's slowing down. Mr. Bouchard chalks that up to the company's focus on bringing unique products and services into its network of stores.

"When you're a retailer, you have to differentiate yourself and that's more difficult than it sounds in our business," he said. "We all sell the same cigarettes, the same newspapers. So that's why I started our employees thinking about, 'What are we famous for?' And that's why, in our company, everyone is trying to be famous for something. It works."

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