



POLICY GOVERNING THE EXERCISE OF VOTING RIGHTS OF PUBLIC COMPANIES

PC-7 DIRECTORS' COMPENSATION

We are generally in favour of fair compensation for directors, on the condition that such compensation is aligned with the interests of shareholders. We support proposals that pay a certain percentage of the compensation in the form of shares or deferred share units. However, we are generally opposed to the participation of external directors in a stock option plan or a performance-related securities plan. We feel that this type of compensation is less aligned with the long-term interests of shareholders and may result in a conflict of interest for the directors with respect to management of such plans. We favour a compensation plan separate from that offered to executives and employees.

We believe that a minimum shareholding requirement for directors helps align their interests with the long-term interests of shareholders. Directors should be given sufficient time to meet these requirements. We encourage companies to disclose a summary of the terms of their minimum shareholding policy for directors and executives.

External directors should not have the same benefits as those offered to executives and employees, such as retirement benefits and other indirect benefits.

Finally, given the fiduciary obligations of directors, we are opposed to the awarding of stock options, incentive share units or bonuses to external directors in cases involving a change in control.