

# POLICY ON THE PRINCIPLES GOVERNING THE EXERCISE OF VOTING RIGHTS OF PUBLIC COMPANIES

## V\_11 TAKEOVER PROTECTION

### V\_11-1 General

The Caisse is opposed to defensive measures that entrench management rather than protect the value of the shares, particularly measures that do not guarantee the equal treatment of shareholders; that are not in the best interests of shareholders; or that prevent the creation of a competitive auction market.

### V\_11-2 Poison pills

The Caisse is generally opposed to the adoption of poison pills unless such pills aim to give the board time to seek more suitable potential purchasers in the event of a takeover bid.

The Caisse favours the inclusion of clauses that stipulate that the quantity trigger will not be below 20%, that there be no limitation of the board's future ability to withdraw the protection plan, and that shareholders have the right of withdrawal.

### V\_11-3 Crown jewel defence

The Caisse is opposed to anti-takeover measures such as the sale of the most valuable assets, unless it is clear that shareholders' interests will be served.

### V\_11-4 Leverage buyouts

The Caisse supports leverage buyout proposals if an evaluation of the proposal shows that it will serve shareholders' interests.

### V\_11-5 Lock-up arrangements

The Caisse will oppose capital lock-up arrangements when such arrangements do not serve the interests of shareholders.<sup>2</sup>

### V\_11-6 Reincorporation

The Caisse supports reincorporation proposals that are based on financial, commercial, economic reasons or that improve the company's governance practices. The Caisse does not support reincorporation proposals made as part of an anti-takeover defence or designed to limit director liability.

---

<sup>2</sup> Agreements between certain shareholders to offer their shares to the target company or a third party favourable to it. Because the sale is made willingly, the shareholders are not required to vote and there is no recourse for determining the fair value.

V\_11-7      Reasonable price

The Caisse supports takeover bids that guarantee the equal treatment of shareholders by requiring the acquirer to pay a reasonable price to shareholders for their shares.

*This policy was adopted on September 23, 1994 and was amended on February 27, 1998 and on January 19, 2007.*