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

V_8 EXECUTIVE COMPENSATION

V_8-1 Compensation conditions

In the matter of compensation, the Caisse is in favour of the principle that executive compensation must be closely related to the company's results and to the gains arising therefrom for shareholders.

While keeping the company competitive, the board of directors must show moderation when determining the level of compensation for executive officers and be sensitive to the concerns of the society.

The Caisse also favours a compensation policy in which a variable portion of compensation is linked to the company's results or the extent to which objectives are reached.

In addition to applying the general principles, the Caisse will take into consideration the following elements when evaluating compensation packages:

- the explicit declaration, by the board of directors, of the principles it follows with respect to the compensation of executive officers, and the relation between these principles and the strategic objectives of the business, performance objectives and any changes thereto;
- the description of the processes used to establish incentive compensation, including the role and the identity of the external consultants hired to assist the committee;
- the complete disclosure of all benefits including severance agreements;
- tie the number of stock options to become vested to the achievement of performance thresholds;
- requirements established for executive officers and senior managers in terms of share ownership.

V_8-2 Disclosure

The shareholders must be able to determine to what extent executive compensation is justified by the company's results over a reasonable period of time. The information published by the company must therefore be sufficiently complete and transparent to permit this comparison for the same group of executives.

Compensation packages must also take into consideration programs such as those for loans at preferred interest rates. Such programs constitute a different kind of compensation which is integrated into total compensation.

V_8-3 Stock option and Incentive compensation plans

- **Price** — Stock options should be issued at no less than 100% of the current fair market value and should be vested on a period of three to five years and allow expiration period not more than ten years.

  Likewise, restricted shares should not be issued for less than 100% of the current fair market value.

- **Dilution** — As a rule, the Caisse does not support programs to issue shares that represent more than 5% of all shares outstanding and a burn rate higher than 1% annually.

  However, if the proposed stock option program meets one or more of the following criterias, the Caisse could accept some programs that represent up to 10% of the shares outstanding:

  - the program is open to a broader number of management or to all employees;
  - the company is in a competitive situation and must meet certain industry standards, such as in the high-technology and mining sectors (between 10% and 15% - with a maximum burn rate of 2%);
  - the company is in a difficult financial situation;
  - the company is the result of a merger in which a number of programs have to be combined, requiring a period of adjustment;
  - the company has a compensation policy significantly below that of the market and favours this program as an incentive plan;

- **Repricing** — The Caisse is opposed to reductions in the price at which an option may be exercised.

- **Change in Control** — The Caisse may support stock option programs that include clauses regarding a change in control, provided that such clauses do not allow option holders to receive more for their options than shareholders receive for their shares. The Caisse is opposed to clauses in stock option programs relating to a change in control that are applicable during a takeover bid. The Caisse is opposed to options or bonuses for outside directors in the event of a change in control.

- **Board Discretion** — The Caisse does not support incentive programs that give the board complete discretion to set the terms and conditions of programs, whether the matter is the price of options, the type of vehicle, the eligibility criteria or the replacement of options. Such programs must be submitted to the shareholders with adequate detail regarding their cost, scope, frequency and schedule for exercising the options.

- **Concentration** — The Caisse is generally opposed to stock option programs that authorize the issuing of 20% or more of available options to a single individual over the course of the year.

- **Acquisition of options** — The Caisse is opposed to stock option programs acquired at 100% at the time they are granted.

- **Method of payment** — The Caisse is opposed to low-interest or interest-free loans used to purchase shares or to exercise stock options.

- **Expense the stock options in financial statements** — The Caisse supports resolutions that require expensing, in the financial statements of the business, the value of stock options granted over the course of the year.

V_8-4 Golden Parachutes

The Caisse is opposed to excessive departure bonuses paid to a director or an executive officer in the event of a merger or an acquisition that results in a change in control over the company.

The Caisse is opposed to departure bonuses paid to executive officers who will occupy a position within the new entity.

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