



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

PR-05 BOARD OF DIRECTORS

PR-05-01 Independence of directors

The majority of directors who sit on the board of each company should be independent.

However, in cases where a shareholder holds a large block of shares, as in the case of an entrepreneur-founder, we require that the majority of members be independent of both the management of the company and this shareholder.

We therefore require that the ties with each director be disclosed and that the board of directors specify the source of any ties that may cast doubt on the independence of a director.

This approach ensures that the company retains candidates whose experience and expertise are assets, notwithstanding certain ties.

Board members are considered independent when they have no direct or indirect personal or professional ties with the company or its managers that risk influencing their judgment and leading to decisions that are not in the best interests of the company. To determine the level of independence according to this criterion, we take into account such aspects as securities laws and regulations and stock exchange listing requirements as they pertain to governance.

In evaluating the degree of independence of a member, we also consider the appointment date of the board member deemed independent by the company. If a member has been on the board for more than 12 years, we consider that the independence of this member may be called into question. We therefore ask that the companies justify and explain why they believe this board member should continue to be considered as independent. Following our examination of these explanations, we determine whether the member qualifies as independent.