



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

## **PR-05 BOARD OF DIRECTORS**

### PR-05-04 Nomination process

Each company must have a candidate evaluation procedure suitable to its situation, and the company must inform shareholders of this procedure.

The nomination or governance committees must establish expertise and experience profiles desirable for the board and adopt a nomination procedure. This procedure must take into account the skills and competencies that the board as a whole should possess as well as the skills and competencies of each candidate.

The various recommendations submitted at shareholder meetings associated with the candidate nomination process are examined on a case-by-case basis. These processes must, however, promote shareholder democracy and may not impose unjustified or abusive demands.

We support allowing shareholders to recommend board member candidates, provided these candidates are well qualified and ready to act in the best interests of the company and all of its shareholders. The shareholder or group of shareholders should be required to hold at least 3% of shares in the company for a continuous period of at least one year before being permitted to recommend board member candidates.