

PC-6 EXECUTIVE COMPENSATION

PC-6.1 Compensation conditions and disclosure

The compensation of a company's executives should be examined within the framework of its shareholder meetings. We expect the board of directors to demonstrate moderation when determining the level of compensation for executive officers, while keeping the company competitive. We therefore favour compensation that is structured to increase value while recognizing executives whose performance meets or exceeds the set objectives.

We favour a compensation policy in which a substantial variable portion of compensation is linked to the company's results or the achievement of short- and long-term objectives.

The board of directors should take into account the consequences of the risks associated with the company's compensation policies and practices. We therefore encourage the board of directors to make complete disclosure of the measures taken to ensure that these policies and practices are aligned with long-term performance objectives and do not serve as incentives for members of management to take excessive risks in order to achieve their annual objectives.

The compensation plans must be subject to complete disclosure. All direct and indirect benefits, including pension plans and attributions granted outside the program, such as severance pay, retention bonuses, special grants and fringe or personal benefits (perquisites), must be transparently disclosed.

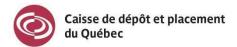
The shareholders must be able to determine the extent to which executive compensation is justified by the company's results. The information published by the company must therefore be sufficiently complete and transparent to permit this comparison for all members of the company's senior management over a reasonable period of time. This data must allow for comparisons between management compensation and that of an appropriate reference group.

If the compensation committee uses the services of a specialized compensation firm, we encourage the company to disclose the name of this firm and provide a breakdown of the fees paid to it.

In addition to applying the general principles noted above, we pay special attention to the following when examining a compensation plan:

- The explicit declaration by the board of directors of the compensation policy and program in effect, the principles followed with respect to executive compensation, the relationship between those principles and the company's strategic objectives, performance objectives and any changes in these regards;
- The description of the process followed in establishing the structure of the incentive compensation program and its various components;

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- The complete disclosure of all benefits, including extraordinary bonuses or one-time payments;
- The performance criteria applied, including those related to the attribution and vesting
 of securities under an incentive compensation plan over the short and long term;
- The number of shares that may be vested or the number of options that may become exercisable based on the achievement of performance objectives;
- The requirements established for executives and senior managers in terms of share ownership;
- The inclusion of certain ESG criteria in compensation, to the extent that they are aligned with the company's strategy and long-term value creation.

We may oppose the election of members of the compensation committee if we believe that compensation is not aligned with performance.

PC-6.2 Incentive compensation plans

The use of the term "securities" in the following section refers to any securities, mechanisms or other type of vehicle mentioned in incentive compensation plans.

For the purposes of this policy, compensation plans include the following:

- Stock options;
- Stock appreciation rights:
- Any other compensation mechanism involving the issuance or possible issuance of the issuer's shares;
- Any other compensation mechanism that provides the right to the monetary equivalent of the value of a stipulated number of shares without requiring the issuance, purchase or sale of shares

We expect the majority of incentive compensation to be based on performance rather than simply the passing of time. Incentive compensation plans must also be established based on certain principles, as listed below.

Price — Securities should be issued at no less than 100% of the current fair market value.

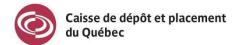
Vesting period — The overall vesting period should be between three (3) and five (5) years.

Expiration — Stock options should carry an expiration period of no more than ten (10) years.

Dilution — The dilution implied by all stock-based compensation plans must reflect acceptable industry standards.

As a rule, we do not support stock-based incentive compensation plans that represent more than 5% of all shares outstanding and an absorption rate higher than 1% annually.

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However, we can accept certain plans that represent up to 10% of the shares outstanding and an absorption rate of 2% if they meet one or more of the following criteria:

- The plan is open to a broad number of managers or to all employees;
- The company is in start-up or growth phase and needs liquidity for its development;
- The company does not have significant earnings or is facing a lack of liquidity;
- 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 plan as a performance incentive.

Change in the exercise price of securities — We are opposed to reductions in the exercise price of securities, once it has been set.

Change in control — We may support stock-based incentive compensation plans that include clauses regarding a change in control, provided such clauses do not allow securities holders to receive more for their securities than shareholders receive for their shares. We are opposed to clauses in stock-based compensation plans relating to a change in control that are adopted in connection with a takeover bid.

Discretionary power of the board — We do not support stock-based incentive compensation plans that give the board complete discretion to set the terms and conditions of the plans, whether the issue is the price of securities, type of vehicle, eligibility criteria or the replacement of securities. Such plans must be submitted to the shareholders with sufficiently detailed information about their scope, frequency and exercisable time frame.

Concentration — We are generally opposed to stock-based incentive compensation plans that authorize the issuance of 20% or more of available securities to a single individual over the course of the same year.

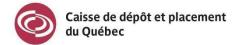
Vesting of securities — We are opposed to stock-based incentive compensation plans in the form of shares that are 100% vested and monetized at the time of attribution.

Method of payment — We are opposed to low-interest or interest-free loans used to purchase shares or exercise stock options.

PC-6.3 Pension plans

We favour complete and transparent disclosure of the terms and conditions of pension plans and other employee benefits.

We support the principle by which pension benefits should be based on the executive officer's base salary and not on the variable portion of the officer's compensation.



PC-6.4 Share ownership

Executives should be required to hold a minimum number of the company's shares, in accordance with applicable best practices, in order to better align their interests with the long-term interests of shareholders. Executives should hold shares equivalent to a multiple of their base salary as long as they are employed by the company and for a reasonable time after their departure.

We encourage companies to disclose a summary of the terms of their minimum shareholding policy for directors and executives in their circular.

PC-6.5 Clawback

The board of directors should adopt a policy or any measure that will allow for the recovery of incentive compensation paid to executive officers in cases of accounting restatements, fraudulent acts, negligence or wilful misconduct. In these circumstances, or further to the publication of misstated financial results, the executive must be required to repay their incentive compensation. We favour clear disclosure in the proxy of the circumstances or mechanisms that permit recovery of this compensation. Proposals to expand the scope of a clawback policy will be examined on a case-by-case basis.

PC-6.6 Vote on executive compensation

We support resolutions to have companies adopt a vote on executive compensation (advisory or not, depending on the jurisdiction).

When we have to vote on executive compensation policies and programs in this situation, we carry out a case-by-case analysis of the entire structure of the compensation program, based on the items outlined in this section of the Policy and the total amount of compensation, to ensure it is not excessive.

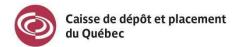
When the outcome of the vote on compensation is lower than 90%, we encourage the company to consult with its shareholders to identify the irritants and assess the need to make adjustments. We will review the disclosure to this effect in the next year's proxy.

PC-6.7 Golden parachutes and extraordinary bonuses

Golden parachutes

We are opposed to excessive departure bonuses paid to a director or company executive. We are also opposed to departure bonuses or the auto-accelerated vesting of securities held when these incentives are triggered by a single event. We favour provisions calling for two triggering events, i.e., a change of control and an employment termination or major change in the person's functions.

Extraordinary bonuses



We are of the opinion that a well-structured compensation program should be sufficient to establish an executive's compensation in terms of retention and performance incentives. We nonetheless note that, in the market, extraordinary bonuses are granted on a discretionary basis for a variety of reasons (hiring, one-time award, retention, etc.). We encourage companies to provide the information required to assess the basis for offering such a bonus. We will evaluate such bonuses on a case-by-case basis.

For hiring bonuses, we consider the company's performance, internal or external recruitment, the other aspects of the executive's compensation and industry practices. For external recruitment, we take into account the losses incurred by the person who had to leave a job to take up the new position.

For our assessment of other special bonuses, such as those related to performance or retention, we consider the amount of the bonus, the rationale provided, the other aspects of the executive's compensation and industry practices. We pay special attention to the recurring nature of such bonuses. By definition, they should be granted on a one-time basis only. Recurrence may be indicative of the ineffectiveness of certain aspects of the compensation program and the succession plan for key employees. We will oppose the payment of special bonuses that appear to us to be unjustified on the basis of these criteria.

PC-6.8 Pledging and hedging policy

We favour compensation plans that prohibit executive officers from making financial transactions that aim to hedge or monetize the value of their shares or their unvested securities or pledge their equity ownership. These practices erode the relationship between the company's performance and the compensation granted via these securities.

However, we evaluate companies that allow their executives to pledge a portion of their holdings on a case-by-case basis.