



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

## PR-10 TAKEOVER BIDS AND PROTECTION

The issue of takeover bids is a crucial one, as public companies worry that the first priority of shareholders is a very quick return. We believe it is important to examine such offers from the perspective of the company's long-term sustainability rather than a short-term payoff.

We believe that the announcement of a bid made for a public company should not lead to a change in the directors' fiduciary obligations, nor should it automatically put the company at stake, as a change in control is not always the best option for the company, its shareholders or stakeholders. Despite the fact that shareholders must be free to sell their shares, the board of directors has a role to play in transactions as important as takeover bids.

It is within such a context that we evaluate takeover proposals, policies and protection plans. Generally speaking, we support the protection measures submitted to shareholders if these measures assure the fair treatment of shareholders in case of a takeover bid, if the company has sufficient time to consider alternative solutions to increase shareholder value, and if it is in the best overall interests of the company based on its situation.

### PR-10-01 Poison pills

Even though we are generally favourable to providing the board of directors the time to seek more suitable potential purchasers in the event of a takeover bid, we only accept shareholder rights plans (poison pills) containing terms and conditions that are in the best interests of shareholders.

We favour the inclusion of clauses that stipulate that the trigger point of a poison pill will not be below 20%, that there is no limitation of the board's future ability to withdraw the protection plan, and that shareholders have the right of withdrawal.

### PR-10-02 Crown jewel defence

We are opposed to anti-takeover measures such as the sale of valuable assets, unless it is clear that shareholders' interests will be served by these measures.