Good Governance is Good Business

2022 Proxy Voting Guidelines

Table of Contents

About These Proxy Voting Guidelines **5**

Our Approach to Proxy Voting **6**
Vote at Every Meeting 6
Virtual Shareholder Meetings 6
Integrated Assessment Process 7
Disclosure of Votes 7
Voting when a Company is Controlled 7
Equity Controlled Companies 7
Multiple Vote Controlled Companies 7
Discourage Bundled Proposals 8
Resolutions Pass with a Simple Majority 8
Shareholders Vote Confidentially 8

Diversity, Equity and Inclusion **8**
Expectations of Public Companies on DEI 9
Expectations of DEI Disclosures 10

Expectations on Climate Change **10**
Scenario Analysis 11
Emissions Reduction and Net Zero Targets 11

2022 Proxy Voting Guideline Changes **11**
Virtual Meetings 12
Diversity, Equity and Inclusion 12
Climate Change 12

Guideline 1 – Board Composition **12**
1.1 Independent Board of Directors 12
1.1.1 Individual Directors 12
1.2 Key Committees 14
1.2.1 Governance and/or Nominating Committee 14
1.2.2 Compensation Committee 16
1.2.3 Audit Committee 16
1.2.4 Audit Fees 16
1.3 Election of Directors 17
1.3.1 Annual Election 17
1.3.2 Majority-vote Standard 17
1.3.3 Individual versus Slate Election 17
1.3.4 Cumulative Voting 17
1.3.5 Contested Elections 17
1.4 Separation of Board and Management Roles 18
1.4.1 Separation of Chair and CEO Roles 18
1.4.2 Recombination of Chair and CEO Roles 18
1.4.3 Executive Chair 18
1.4.4 Director Liability and Indemnification 18

Guideline 2 - Compensation **19**
2.1 Effective Equity Compensation 19
2.1.1 Issuing 19
2.1.2 Vesting 20
2.1.3 Exercising 20
2.1.4 Other 21
2.2 Advisory Vote on Compensation (“Say-on-Pay”) 21
2.2.1 Frequency of the Say-on-Pay Vote 22
2.2.2 Discretionary Awards 22
2.3 Management Compensation 23
2.4 Director Compensation 24
2.5 Employee Compensation 24

Guideline 3 – Corporate Structure and Capital Management **24**
3.1 Reincorporation 24
3.2 Increase in Authorized or Issued Shares 25
3.3 “Blank-Cheque” Preferred Shares 25

Guideline 4 – Takeover Protections **26**
4.1 Shareholder Rights’ Plans (“Poison Pills”) 26
4.2 Advance Notice Requirement 26
4.3 Supermajority Approval of Business Transactions 26
4.4 Going Private Transactions, Leveraged Buyouts and Other Purchase Transactions 27
4.4.1 Going Private Transactions/Leveraged Buyouts 27
4.4.2 Other Purchase Transactions 27

Guideline 5 – Shareholder Rights and Shareholder Proposals **28**
5.1 Action by Written Consent 28
5.2 Right to call a Special Meeting 28
5.3 Virtual Only Meeting 28
5.4 Dual-Class Share Structure 28
5.5 Shareholder Proposals 29
5.5.1 Environmental and Social (E&S) Shareholder Proposals 29
5.6 Exclusive Forum Provisions 30
5.7 Director Nomination by Shareholders (Proxy Access) 31
5.8 Any other Business 31

2022 Proxy Voting Guidelines

About These Proxy Voting Guidelines

We are obligated by law to set out our policies and procedures with respect to voting rights and by our own Statement of Investment Policies and Procedures to exercise our right to vote.

Our Proxy Voting Guidelines (the Guidelines) support the adoption of the corporate governance principles found in our 4 Pillars of Effective Boards[1] and encourage companies to take actions that we believe are in the best long-term economic interest of shareholders. Each Guideline encourages the board of directors to discharge its responsibilities in the most efficient and objective fashion possible without placing unreasonable or arbitrary burdens on the company or the board while supporting the corporate governance principles articulated in the 4 Pillars of Effective Boards framework.

These Guidelines have been developed over several years and articulate how we intend to vote on commonly raised or potentially contentious issues presented for a shareholder vote. We review and updated the Guidelines annually.

The Guidelines are not regulations and will evolve as circumstances change. We commit to taking a case-by-case approach when applying the Guidelines, being open-minded and pragmatic, and considering the individual circumstances of companies all within the context of our 4 Pillars of Effective Boards.

Since we vote in several global markets, these Guidelines are principles-based and cover a broad range of corporate governance matters to provide us with the flexibility to tailor our approach to reflect market nuances.

We welcome comments or feedback on our guidelines and encourage you to contact us at cgteam@otpp.com.

1 Visit our website at www.otpp.com for more information on the 4 Pillars of Effective Boards framework.

Our Approach to Proxy Voting

Vote at Every Meeting

We take voting very seriously. Our goal is to vote every share of every company we own at every meeting of that company's shareholders. All issues, routine, or non-routine are reviewed in detail within the context of these Guidelines.

Some ballots provide the option to abstain from voting for or against a proposal. We believe we have a responsibility to cast a definitive vote for or against a proposal and generally avoid abstaining. There are, however, circumstances in which an abstain vote may be appropriate such as when a director withdraws their name from the ballot ahead of the general meeting, or when we do not have sufficient information to cast a definitive vote.

Virtual Shareholder Meetings

We acknowledge that the COVID pandemic has necessitated companies hold virtual only meetings. We recognize that virtual meetings not only provide a safe way to hold a meeting, but also allow for greater inclusion and increased participation by shareholders. We further acknowledge that virtual meetings will continue to be part of the annual meeting cycle. However, we have concerns arising from our experience with virtual meetings, including:

- Virtual meetings can be overly controlled by the company, limiting genuine participation between shareholders, independent directors, and management.

- The full slate of directors are not always present at the meeting nor is their attendance visible to shareholders.

- There may be requirements to submit questions before the meeting and questions from the floor can be disallowed.

As a result of our experience, we have set out the following expectations for virtual meetings:

1. When it is safe to do so, shareholder meetings should be a hybrid meeting – a combination of virtual and in-person.

2. Meetings should allow for maximum shareholder inclusion and participation. Virtual attendees should have the same opportunity to vote, speak, and ask questions as if they are participating in-person.

3. At the very least, the CEO, Board Chair, Lead Director (if applicable), and Committee Chairs should be in attendance and visible to all virtual attendees.

4. There should be a Q&A tool where virtual attendees can ask questions without having to submit them in advance.

5. All questions should be answered. Should there be insufficient time during the meeting to address questions, there should be instructions to access or a link to unanswered questions posted within 72 hours of the meeting.

6. Speakers, whether directors or shareholders, should be on camera so all virtual attendees can see them.

Integrated Assessment Process

Our voting decisions look to enhance the long-term value of our investments. We will consult a variety of sources, including all relevant company filings, proxy research reports and the products and services of third-party research providers to arrive at a vote decision. We may contact the company for more information or clarification.

Where appropriate, each portfolio manager with an interest in the company is consulted, ensuring their perspective is reflected in the vote. Contentious issues or positions are regularly discussed with senior management in the Investment Division as well as the President and CEO. We work closely with our Responsible Investment Team when assessing shareholder proposals on potentially contentious material environmental or social issues for a company.

Disclosure of Votes

We provide a rationale for our voting decisions when voting against a management recommendation, voting on a shareholder proposal, or when a proposal is non-routine in nature. Explanations of our voting decisions are disclosed on our website in advance of the meeting date[2].

We also support issuers supplying prompt public disclosure of the voting results of each proposal voted on at a meeting of shareholders. In situations where a company maintains a dual class share structure, we expect the timely disclosure of voting results to be broken down by each class of share, as this provides greater transparency to minority shareholders on how the different classes of shareholders' votes were cast.

Voting when a Company is Controlled

Equity Controlled Companies

We recognize that a shareholder controlling a company by owning a significant amount of a company's outstanding equity can create alignment between our interests and those of the controlling shareholder. As such, we acknowledge that divergences in governance practices from expected best practice may be appropriate in these instances.

Multiple Vote Controlled Companies

We generally do not give any special consideration when a shareholder controls a company through ownership in multiple vote shares that provides voting control with a disproportionate (and usually small) equity interest in a company.

2 By providing our decisions on our website, we do not intend to solicit the proxy of any other shareholders nor do we request any other shareholder to execute, not execute or revoke the proxies that have been solicited by management or anyone else. Please see "Important Legal Notice" in our Proxy Voting section of www.otpp.com for more information.

Discourage Bundled Proposals

We expect to have the opportunity to review and vote on resolutions separately. However, companies occasionally "bundle" proposals – combing two or more related and/or unrelated items into one resolution. Bundled proposals can present a dilemma for shareholders as they can often contain matters that shareholders would support and those they would oppose if voted on separately. We discourage bundling proposals as we believe the voting dilemma they can present undermines the shareholder democratic process. If presented with a bundled proposal, we will evaluate each individual item on its own merit and will not vote in support of a bundled resolution if we hold significant reservations about any individual item, even if the bundle contains supportable elements.

Resolutions Pass with a Simple Majority

A simple majority requires more than half of the votes to be cast in favour in order for a resolution to pass. Ontario Teachers' supports simple majority voting, except in situations where a higher majority is required by statute.

Shareholders Vote Confidentially

Confidential voting supports the integrity of the voting process by giving shareholders the ability to vote without fear of coercion or retribution. Therefore, we encourage companies to undertake confidential voting rather than by show of hands or voting by poll.

When companies conduct a vote by poll at a shareholder meeting, they are in effect supporting a one-hand, one-vote standard, where each "hand" present at the meeting receives an equal vote, regardless of the number of voting shares they hold. Voting by poll disenfranchises shareholders as it ignores equity investment and the voting influence that investment should carry as well as penalizing those shareholders who are unable to attend the meeting in person.

Diversity, Equity and Inclusion

Ontario Teachers' believes diversity – defined as the full spectrum of human attributes, perspectives, identities, and backgrounds - has positive impacts on the effectiveness of a board of directors and on the performance of an organization.

Recently, the diversity discussion has refocused to include diversity beyond gender, including (but not limited to) race, age, ethnicity, sexual orientation, gender identity, abilities, diversity of thought, experience and other "non visible" qualities. These discussions have also included promoting greater diversity, equity and inclusive cultures across organizations.

We believe companies that embrace diversity in all its forms and focus on fairness of access, opportunity and advancement for all within an organization create an inclusive culture that is beneficial to the overall success and performance of the organization. Creating this inclusive culture requires eliminating barriers and root causes that have prevented underrepresented groups from full participation within the workplace.

Our home market, Canada, has initiatives and disclosure requirements[3] that endeavor to improve diversity, equity and inclusion, as well as to alleviate anti-Black and Indigenous systemic barriers at publicly listed companies. Our commitments to these initiatives inform and contribute to our position and expectations of companies in this regard.

- We are members of the Canadian Chapter of the 30% Club[4] and regularly communicate this view and engage with companies on the topic.

- Ontario Teachers' is also committed to the alleviation of anti-Black systemic barriers and have signed the CEO Pledge to the BlackNorth Initiative[5]. Among the efforts therein, is the goal of building more robust pipelines of diverse individuals with at least 3.5% representation from the Black leaders in corporate Canada to executive and board roles by 2025.

- We are also founding members of the Investor Leadership Network[6] launched at the 2018 G7 to facilitate and accelerate collaboration by leading global investors on key issues related to sustainability and long-term growth including to develop, promote and deliver action-based and scalable initiatives around diversity, equity and inclusion, climate change and sustainable infrastructure.

Thus, we support, encourage, and expect greater diversity on boards, in management, and across organizations because we believe in the benefits of more diverse, equitable and inclusive organizations.

Expectations of Public Companies on DEI

We expect companies to develop an approach to diversity across the dimensions highlighted that includes an explanation, either through the development of a policy or statement, of a plan with timebound goals towards increasing the participation of underrepresented groups on the board and within senior management aligned to labour pool availability. Furthermore, companies should develop clear and timely disclosures of their diversity efforts, including the achievement against the targets they have set for themselves.

For boards, there should be a minimum of 3 women[7] or 30% female representation on a board. Where there are 12 directors or more, the minimum female director composition will be 30%.

3 Diversity disclosure requirements for boards of directors and senior management for all distributing corporations governed by the Canada Business Corporations Act are to include the following four designated groups: women, Indigenous peoples (First Nations, Inuit and Metis), persons with disabilities; and members of visible minorities. Available online at: <https://www.laws-lois.justice.gc.ca/eng/regulations/SOR-2001-512/page-5.html#h-1215275>

4 For more information about the 30% Club see https://30percentclub.org/

5 For more information about the BlackNorth Initiative see www.blacknorth.ca.

6 For more information about the ILN see https://investorleadershipnetwork.org

7 The rationale for supporting a minimum of 3 women on a board can be found in the paper "Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance" by Vicki W. Kramer, Alison M. Kondrad and Sumru Erkhut (2006). This view is corroborated in an MSCI report, "The Tipping Point: Women on Boards and Financial Performance" published December 2016 concludes "that having three women on a corporate board represents a "tipping point" in terms of influence, which is reflected in financial performance" (Source: Executive Summary, page 3).

With respect to other dimensions of diversity, boards should set and disclose timebound targets to increase the percentage of the board from underrepresented groups and to report on the achievement against those targets. We further encourage boards to use self-disclosure as a means to demonstrate commitment and progress on creating a board that is diverse beyond gender.

Boards should think holistically about diversity, equity and inclusion, seeking to enhance diversity across all spectrums by considering other factors such as tenure and ongoing board evaluation to as tools to facilitate board refreshment.

Among senior management, DEI initiatives, succession planning, both undertaken by the board and management, should incorporate building a pipeline within the business that supports the upward mobility of individuals from underrepresented groups to ensure a workforce and that is representative of labour pool availability.

Across the organization, management should leverage self-identification data to inform DEI strategies and develop plans to reduce bias in talent decisions as well as create an inclusive culture through recruitment efforts and internal programs such as employee resource groups (ERGs) that connect and celebrate diversity across a number of spectrums.

Expectations of DEI Disclosures

To be able to achieve progress on diversity, equity and inclusion, we rely on publicly available information which is ultimately best informed by self-identification and related disclosures. We strongly encourage boards to be thoughtful about conveying this information in a timely way to investors as it informs decision making on our investment and stewardship activities.

We expect boards to provide shareholders with a complete explanation, which ideally includes a policy or a statement within the board mandate, of how the board is addressing its diversity in its director recruitment process and the diversity goals the board has set out for itself.

Expectations on Climate Change

Ontario Teachers' believes the entire board has ultimate accountability for climate risk oversight, although, similar to other key board responsibilities for audit, compensation, and nomination/governance, we encourage boards to establish climate change responsibility at the committee level. In addition, we expect companies to understand and disclose how climate change materially impacts their current and long-term business and their role in the transition to a low-carbon economy. The board's role in oversight of climate risk should be readily evident and easily understood.

In our assessment of a company's climate-related efforts, we rely on clear, relevant and complete disclosure to understand the risk profile and opportunity set. As such, we expect companies to report based on the frameworks set out by the Sustainability Accounting Standards Board and the recommendations made by the Financial Stability Board's Task Force on Climate-related Financial Disclosures[8] (TCFD).

8 Task Force on Climate Related Financial Disclosures (https://www.fsb-tcfd.org/publications/final-recommendations-report/).

When reporting on how a company is managing its climate change risk, it is necessary that the disclosures include the metrics being tracked, targets associated with those metrics and the performance against those targets. Furthermore, companies should disclose their carbon footprint and explain how they are calculating their footprint.

Scenario Analysis

When assessing climate risk oversight, we rely on assumptions made by the company in their scenario analysis. Without credible scenario sources, assumptions used and how they were determined, and the range of scenarios used that include a net-zero scenario, it is very difficult to understand the rigor of the analysis and have confidence in the resiliency of companies' business models, and therefore the company's climate risk position. For guidance, we will refer to the Investor Leadership Network's Climate Change Mitigation and Your Portfolio: Practical Tools for Investors[9].

Emissions Reduction and Net Zero Targets

Companies should demonstrate an understanding of their material emissions and their contribution to climate change. They should provide short-, medium-, and long-term carbon/greenhouse gas emissions reduction targets and their progress towards those targets. Targets should be scaled (i.e., interim target setting) and with an aim towards net zero emissions by the year 2050 (or earlier). We expect a cogent explanation in instances where there is no net zero by 2050 target, or if the target for net zero is beyond 2050.

2022 Proxy Voting Guideline Changes

We have made formatting and content changes to our 2022 Proxy Voting Guidelines.

Formatting changes were made to enhance the readability and focus of the Guidelines. Among the formatting changes are:

- Relocating the discussion on our corporate governance principles using the 4 Pillars of Effective Boards framework to our web site.
- Expanding the "Our Approach to Proxy Voting" section to include our views on a number of broader proxy voting related issues such as virtual shareholder meetings, how we use an integrated assessment process, and our approach to voting when a company is controlled.
- Inserting standalone sections to clearly outline our expectations of boards and companies with respect to diversity, equity and inclusion and climate change.

Content changes were made to articulate our position more clearly on the following issues.

9 See https://www.investorleadershipnetwork.org/wp-content/uploads/2020/09/ILN_Climate-Change-Mitigation-and-Your-Portfolio.pdf for more information.

Virtual Meetings

We recognize the need for virtual meetings and that going forward shareholder meetings will likely be a combination of virtual and in-person events. Based on experiences attending meetings we have outlined several expectations designed to ensure in-person and virtual attendees have the same meeting experience.

Diversity, Equity and Inclusion

As diversity, equity and inclusion continues to gain momentum, we are encouraging boards to begin using self-disclosure to show commitment and progress to creating a board that is diverse beyond gender.

We have also clearly stated in Guideline 1.2.1 Governance and/or Nominating Committee our position that a boards with 12 directors or more should have a minimum of 30% female directors.

Climate Change

To reflect the importance that climate change will have in our proxy voting decisions, we have more clearly stated our expectations with respect to climate change. Companies should demonstrate a clear understanding of how climate risk will materially impact their business and reporting of short-, medium-, and long-term carbon/greenhouse gas emission reduction targets, with the ultimate goal of net zero by 2050 (or sooner). There should be sufficient disclosure to allow for tracking against these targets.

Furthermore, companies should be disclosing their carbon footprint.

Guideline 1 – Board Composition

1.1 Independent Board of Directors

1.1.1 Individual Directors

We ***support*** an independent[10] board of directors. Ordinarily, we will not vote against a corporation's director candidates simply because they fail to meet the independence standard. However, we will consider ***not supporting*** a director's election to the board if in our view:

- decisions taken by a director have resulted in unsatisfactory corporate performance over a reasonable period of time and/or demonstrate a lack of independence from management;
- a director has (or directors have) demonstrated behaviour that could negatively affect the long-term performance of the corporation;

10 We look to the standards in National Instrument 58-101 of the Canadian Securities Administrators, Disclosure of Corporate Governance Practices, and the corporate governance listing standards of the New York Stock Exchange when determining director independence.

- a director's (or directors') business relationship with the company may compromise their independence; and/or
- a pattern of director behaviour has led to a loss of confidence in their ability to act in the best long-term interests of the corporation. In this case, we may consider ***not supporting*** that director's election to any other board for which they are a nominee.

Additional Considerations when determining Director Votes

Environmental and Social (E&S) Risk Management

In cases where a company and/or board has failed to adequately address material or egregious risks stemming from poor management and oversight of environmental or social issues, we may choose to ***not support*** individual director(s), chair(s), or committee(s) of the board.

Climate Change Oversight

We view climate change related risks as a set of risks that intersect with, and integrate into, board responsibilities, processes, and practices. As a result, the entire board is ultimately responsible for oversight of these risks. However, we do encourage boards to establish climate change responsibility at the committee level. We will take a case-by-case approach when assessing a board's approach to overseeing climate change risk and, depending on circumstances, will consider ***not supporting*** individual director(s), chair(s), or committee(s) when we determine that a board has not taken appropriate action to effectively oversee a company's relevant climate change related risks.

Attendance

We believe attendance at board meetings is a fundamental responsibility of board members. Where a director's attendance falls below 75% per annum without a reasonable explanation provided in proxy materials, we may choose to ***not support*** those directors.

Tenure

In situations where we conclude that tenure has had a negative impact on the board's effectiveness, we will take the appropriate action to encourage board refreshment. Depending on the circumstances, such action could be a ***not support*** the long-tenured director(s), the Chair of the Nomination Committee (or equivalent) or the entire Nomination Committee.

Former CEO Resignation

A CEO who has announced retirement from their role should also resign from the board upon such retirement date. Should a retired CEO continue to serve as a director past their retirement date without a compelling rationale to support remaining on the board, we will determine the appropriate course of action which, depending on the circumstances, could be to ***not support*** the former CEO, the Chair of the Nomination Committee (or equivalent) or the entire Nomination Committee, or any combination thereof. Where warranted, we will typically accept the CEO remaining on the board to facilitate the transition from one CEO to another.

Overboarding of CEO

We believe that given the time commitment required to be both a CEO and a director, it is appropriate to limit a sitting CEO to one public company board outside of their own company board. An overboarded CEO is an active CEO who serves more than one public company board, not including the board of the company for which they are the CEO. We will typically ***not support*** the re-election of the director if they are an overboarded CEO.

Director Representation in Proportion to Equity Ownership

In circumstances where an investor has a significant ownership stake in a corporation, we ***support*** director representation on the board that is proportional to the investor's economic interest.

Board Size

We believe a board size ranging from five to 16 members reflecting the size and complexity of the business is appropriate. We will typically ***not support*** amendments to by-laws which seek to change the size outside of this range or where we do not believe the by-law change supports an effective board structure. Where the addition of a director up for election changes the board size outside of this range, we may choose to ***not support*** certain directors if there are other governance concerns that, taken together, are a cause for concern or we may choose not to support the chair of the governance committee given their leadership role in structuring the board. Boards outside our preferred size range do not necessarily result in us taking voting action against any of the directors up for election, unless we determine the size is inhibiting the board's effectiveness.

A vote against director candidates may not be based solely on a single factor such as a lack of independence or unsatisfactory corporate performance but considered in combination with other factors.

1.2 Key Committees

1.2.1 Governance and/or Nominating Committee

We ***support*** the establishment of a fully independent governance and/or nominating committee. We will consider ***not supporting*** directors if we believe that the absence of a governance and/or nominating committee, its operations, or its decision making have adversely affected the composition of the board and the governance of the corporation. We generally demonstrate our concerns by first voting against the committee chair. If concerns are not addressed, or in extraordinary situations, we will escalate to a vote against the entire committee.

Additional Considerations when determining Governance and/or Nominating Committee Votes

Director Nomination and Evaluation Process

In situations where the board fails to publicly disclose its nomination and evaluation processes, we will consider ***not supporting*** the chair of the nominating/governance committee, depending on a number of factors, notably our assessment of the overall composition of the board, and if we believe that the absence of such disclosure has adversely affected the transparency of the board's commitment to director succession planning and evaluation.

Creation and Publication of a Skills Matrix

We encourage and ***support*** proposals requesting the adoption and disclosure of a board skills matrix – which should highlight skills and areas of expertise that are relevant in the context of the company's strategy and material risks to the company as a best practice tool to achieve this. We discourage the practice of disclosing a "laundry list" of skills.

Board Gender Diversity

We will consider ***not supporting*** the chair of the governance and/or nomination committee or other members of the committee where less than 3 or 30%[11] of directors identify as female and/or the board does not describe its approach to achieving a 3 or 30% goal and/or maintaining its gender diversity. For boards below the 3 or 30% goal, we expect disclosures to include a timebound commitment to achieve that goal. Alternatively, we may decide to engage with a company on the issue, and/or escalate voting action where no progress is evident.

Board Diversity beyond Gender

With respect to other dimensions of diversity, we encourage boards to set and disclose timebound targets to increase the percentage of the board from underrepresented groups and to report on the achievement against those targets. To facilitate assessment of board diversity beyond gender, we encourage directors to self-disclose, where legally permissible, if they are a member of an underrepresented group.

Implementation of Shareholder Proposals

We expect boards to respect the shareholder democratic process. We hold the chair of the governance committee (or equivalent) responsible for ensuring that all proposals put to a shareholder vote receiving majority support are implemented in accordance with the terms of the shareholder proposal or provide a convincing rationale as to why it is in the best interests of the corporation that the board decided to not take action. In situations where a shareholder proposal receives meaningful[12], but not majority, support, we expect the company to address shareholder concerns. If we decide that the lack of respect for the shareholder democratic process is frequent or serious, we will consider ***not supporting*** members of the governance committee or the entire board.

Adopting Bylaws

We expect boards will not enact bylaws or policies that adversely affect shareholder rights without first putting the issue to a shareholder vote. In situations where such a bylaw or policy has been adopted without a shareholder vote, we will, depending on the circumstance, hold the chair or members of the corporate governance committee (or equivalent) responsible and ***not support*** their re-election to the board.

11 For clarity, for boards with 12 directors or more we will apply a minimum 30% gender diversity standard.
12 Based on experience, support above 30% would be considered meaningful.

1.2.2 Compensation Committee

We ***support*** the establishment of a fully independent compensation committee. We will consider ***not supporting*** individual members of the compensation committee if we believe there is evidence of recurring failures of the compensation committee to link pay with performance or if there are extraordinary and unjustified decisions on the part of the committee. We generally escalate our concerns by first ***not supporting*** the chair of the committee, if we are not satisfied with the changes implemented, or in extreme cases, we may consider voting against the entire committee.

If there are members of the executive on the compensation committee, we will consider ***not supporting*** the executive and the chair of the governance and/or nominating committee.

1.2.3 Audit Committee

We ***support*** the establishment of a fully independent audit committee. We will consider ***not supporting*** individual members of the audit committee if we believe there is evidence of recurring financial misstatements or other audit failures. We generally escalate our concerns by first ***not supporting*** the chair of the committee, if we are not satisfied with the changes implemented, or in extreme cases, we may consider ***not supporting*** the entire committee.

Additional Considerations when deciding Audit Committee Votes

Auditor Appointment

We will generally ***support*** the choice of auditors recommended by the corporation's directors. The instances of auditors being changed other than as a result of routine rotation will be reviewed on a case-by-case basis. We would be concerned if the same partner of any firm has audited a company for extended periods or if there have been material restatements to the financial statements. In these circumstances, we may ***not support*** the auditor, and/or members of the audit committee.

Existence of Alternative Dispute Mechanisms

We will generally ***not support*** the reappointment of the auditor if efforts have been made to use binding arbitration between management and the auditors as a means of dispute resolution to limit or reduce an audit firm's liability.

In some jurisdictions it has become common for an audit engagement letter to include binding arbitration. The terms of these provisions may limit the amount of information that can be presented in relevant proceedings and may not allow decisions to be appealed. This restricts the company's ability to seek relief for damages (monetary or otherwise) and, in our view is not conducive to a strong audit process. We will therefore ***not support*** the appointment of the auditor if the audit engagement letter includes such provisions.

1.2.4 Audit Fees

A significant majority of revenues generated by the accounting firm through its relationship with the company should come from the audit function proper. Where there is no disclosure or a breakdown of the fees shows the non-audit fee is greater than one third of the total fees without further clarification, we will ***not support*** the re-election of the outside auditor.

Where non-audit fees have been detailed, we will consider each fee on a case-by-case basis in determining auditor independence, but we will ***not support*** the reappointment of the auditor where in our view it appears that its independence has been compromised.

1.3 Election of Directors

1.3.1 Annual Election

We prefer the annual election of all directors. We will generally not support proposals that create a staggered or classified board[13]. However, we note that a number of companies in jurisdictions around the world have long-standing processes which elect directors to staggered terms. In such cases, we do not believe it is appropriate to vote against directors simply as an indication of disagreement with the manner in which they are elected.

1.3.2 Majority-vote Standard

We support the establishment of a majority-vote standard[14] for the election of directors. In the absence of a majority-vote standard we expect issuers to adopt a majority-vote policy[15]. We typically hold the Chair of the Nomination Committee (or equivalent) responsible to ensure the majority vote policy is implemented in a manner consistent with its objective to hold directors accountable.

1.3.3 Individual versus Slate Election

We also support the election of directors individually rather than as a slate. We will not ordinarily vote against the board candidates proposed by a corporation simply because the corporation fails to meet these standards.

1.3.4 Cumulative Voting

In situations where cumulative voting is in place, we will allocate our votes for each director in a manner that we believe will best promote good corporate governance over the long-term.

1.3.5 Contested Elections

If a board is subject to a contested election, we will evaluate the dissident's argument and proposed plan of action, and assess the qualifications, independence, experience, and track record of the alternate slate of nominees relative to that of the incumbent board. We will support the dissident slate when we believe that it would be better positioned to effect positive change and increase shareholder value over the long term than the incumbent nominees.

13 In a staggered or classified board, directors are typically elected in two or more classes, serving terms greater than one year. Using an example of a three-year staggered board, at each annual meeting, one third of the board members or nominees would be eligible for shareholder ratification for a three-year period.

14 Under a majority-vote standard shareholders vote "For" or "Against" directors and only those directors receiving a majority of votes cast are elected.

15 Issuers not employing a majority-vote standard will elect directors using plurality voting. In plurality voting shareholders vote "For" or "Withhold" for directors and there is no ability to vote "Against" a director, allowing directors to be elected with a single vote. Under a majority-vote policy, "Withhold" votes are considered "Against" votes and should a director receive a majority of "Withhold" votes, they would be required to submit their resignation to the board. The board would then be required to either accept or reject the resignation and publicly disclose their decision, preferably within 90 days of the shareholder vote.

Use of a Universal Proxy in Contested Elections

In a contested election, we prefer the use of universal proxy ballots in place of separate dissident and management proxy cards. A universal ballot lists all management and dissident nominees on a single proxy card, ensuring equal representation of all nominees to be voted upon by shareholders. Currently, in most proxy contests, shareholders are restricted to casting votes for either management's nominees or the dissident's nominees using their respective proxy cards. We believe that a universal ballot provides shareholders with a less confusing and cumbersome way to select a combination of director nominees from all listed candidates, regardless of who nominated the candidates.

1.4 Separation of Board and Management Roles

1.4.1 Separation of Chair and CEO Roles

We ***support*** the separation of board and management roles. We will not ordinarily vote against a corporation's director candidates where a separation of board and management roles does not exist. We will do so if we determine that the combination of roles is negatively affecting the effectiveness of the board and/or corporate performance over a suitable time frame is unsatisfactory.

1.4.2 Recombination of Chair and CEO Roles

We have significant concerns when a board that previously split the roles of Chair and CEO decides to revert to a combined Chair/CEO structure. In the absence of a persuasive explanation as to how the recombination of the roles is in the best interests of shareholders, we will consider ***not supporting*** the chair of the governance committee (or equivalent) and/or its members responsible for this decision.

1.4.3 Executive Chair

We generally do ***not support*** the role of Executive Chair because we believe the Chair should be independent of management and not be identified with management. Furthermore, we have significant concerns if the role appears to be a reward for past services, such as situations where former CEOs or Chairs remain on the board and are given the "Executive Chair" title. In these situations, there is a risk of former CEOs and Chairs inhibiting the new leadership from executing their duties as they see fit. Depending on our degree of concern, we will ***not support*** one or more of the Executive Chair, the chair of the governance committee (or equivalent) and the committee members. We will maintain these votes if we do not see a change until the standard cooling-off period of three years is reached.

1.4.4 Director Liability and Indemnification

We will generally ***support*** proposals that reasonably limit directors' liability and provide indemnification.

Guideline 2 - Compensation

2.1 Effective Equity Compensation

We assess proposed equity compensation on a case-by-case basis. We review the features of each plan together with the other aspects of total compensation and, after considering each of the issues, determine the reasonableness of the plan.

Equity compensation plans can increase the number of shares of a company and therefore dilute the value of existing shares. While such plans can be an effective compensation tool in moderation, they can be a concern to shareholders and their cost needs to be closely watched. We consider factors related to issuing, vesting and exercising, as well as others, when analyzing equity compensation plans.

2.1.1 Issuing

Concentration

We will generally ***not support*** plans that authorize allocation of 25% or more of the available equity incentives to any one individual.

Cost

We will ***support*** plans whose costs are reasonable in the context of compensation as a whole and relative to industry practice. We consider grant date fair value to be the most appropriate cost to use as it reflects the value directors placed on the executives at the time of the granting of the award.

Dilution and Burn

We will generally ***support*** equity incentive plan amendments if the total potential dilution[16] does not exceed 5%, and the burn rate[17] is less than 1% per annum. We will review, on a case-by-case basis, equity incentive plans that provide for total potential dilution exceeding 5% but less than 10%, or where the burn rate exceeds 1% per annum. Where warranted and in limited circumstances, we will ***consider supporting*** equity incentive plan amendments with potential dilution rates exceeding 10%, or where the burn rate exceeds 2% per annum.

Fixed Number of Shares

We will generally ***not support*** plans that have a rolling maximum of shares available as options or other forms of equity compensation. We believe plans having a fixed number of shares available for grant place a discipline upon the board when awarding equity compensation.

Price

We will generally ***support*** plans whose underlying securities are to be issued at a value that is no less than 100% of the current market value.

---

16 For our purposes, total potential dilution is the total number of shares available for grant (equity pool) plus unexercised shares that have been previously granted divided by the total shares outstanding.

17 The burn rate is defined as the annual equity grant divided by the total outstanding shares and provides us with a measure of how fast the company is using the equity pool and diluting its shareholders.

2.1.2 Vesting

Automatic Vesting

We will generally ***not support*** plans that are 100% vested when granted.

Change of Control

We will generally ***not support*** plans with change of control provisions that allow all equity compensation to automatically vest upon a change of control. We will ***not support*** change of control arrangements developed in the midst of a takeover fight specifically to entrench management. We will ***not support*** the granting of equity incentives or bonuses to outside directors “in the event” of a change of control, as the independence of outside directors will be compromised if they are eligible for additional benefits in the event of a change of control.

Performance Vesting

We will generally ***support*** plans that link the granting of equity incentives, or the vesting of equity incentives previously granted, to specific performance targets.

Retesting

We generally do ***not support*** retesting, a practice which occurs when a performance condition that is not met in the current period is deferred to a future period. We believe that for targets to be meaningful under pay-for-performance, they need to be strictly adhered to and not deferrable.

Vesting Provisions

We will review on a case-by-case basis the terms of the vesting of equity awards, paying particular attention to vesting conditions, ***not supporting*** those that are considered lacking a pay-for-performance link, such as performance targets set below the median of the company’s comparative group. We are also generally skeptical of dividends paid and/or accrued on unvested equity. We are ***not supportive*** of this practice as it undermines the principle of granted but unvested compensation.

2.1.3 Exercising

Employee Loans

We will generally ***not support*** the corporation making loans to employees to allow employees to pay for equity compensation. Furthermore, when loans become excessive they expose the company to risk as a result of potentially uncollectable debts and may inhibit the termination of employees who owe the company. Executives seeking to borrow to buy equities under equity compensation plans should be required to obtain credit from conventional, market-rate sources, such as banks or credit unions.

Expiry

We will generally ***support*** plans whose equity incentives have a life of no more than five years. We will review on a case-by-case basis those plans whose equity incentives have a life of more than five years, but we will generally ***not support*** plans with “evergreen” provisions[18].

18 Evergreen provisions are features in a plan which allow for equity plans to automatically renew and/or have an indefinite life.

Re-pricing

We will ***not support*** plans that allow the board of directors to lower the exercise price of equity incentives already granted. We will ***not support*** proposals that, directly or indirectly, would reduce the exercise price of incentives already granted.

2.1.4 Other

Board Discretion

We will ***not support*** plans that give the board broad or unlimited discretion in setting the terms and conditions of programs. Such programs must be submitted to shareholders with adequate detail regarding their cost, scope, frequency and schedules for exercising the equity incentives.

Disclosure

We strongly ***support*** the disclosure of all significant aspects of the equity compensation plan including full transparency of performance goals and vesting conditions.

Director Eligibility

We will generally ***support*** equity incentive plans for directors where the terms and conditions of director incentives are clearly defined and reasonable. In particular, we look for a specific and objective formula for the award of director equity incentives. We will generally ***not support*** those plans that provide for discretionary director participation.

Omnibus Plans

We will review omnibus plans (three or more types of awards in one plan) on a case-by-case basis. Generally, we believe that shareholders should vote on the separate components of such plans rather than be forced to consider the “take-all” approach of an omnibus collection. Although we are generally opposed to the concept of omnibus plans, we will review each element to determine whether the specific benefits being offered adhere to our other guidelines in this category.

Pledging and Hedging

We generally do ***not support*** arrangements made on the part of executives or directors to pledge as collateral or hedge their equity ownership.

Severance Compensation

We will review severance compensation arrangements on a case-by-case basis. We will ***not support*** severance payments or “golden parachutes” that we deem to be excessive or that are “single-trigger” arrangements.

2.2 Advisory Vote on Compensation (“Say-on-Pay”)

Say-on-pay votes are an important tool to facilitate compensation-related dialogue between directors and shareholders. Where we are required to vote with respect to management compensation proposals in an advisory or legally binding capacity, we will review compensation on a case-by-case basis to ensure that it meets our criteria and assess the plan based on features discussed below in Guideline 2.3 Management Compensation. We will generally vote in ***support*** of advisory votes on compensation if we

believe that the compensation plan has met our guidelines and is adequately designed to align pay with performance.

We have identified certain trigger points that, depending on their severity, could result in our ***not supporting*** say-on-pay resolution. This list is not exhaustive, and includes:

- an evident disconnect between pay and performance, or the strategic objectives of the company;
- issues around the vesting of equity (length of vesting inconsistent with the type of compensation, such as long-term compensation with a short vesting period; lack of performance vesting for equity);
- poor structure or lack of a long-term plan;
- similar metrics to award both short- and long-term compensation without a compelling rationale as to why this is appropriate;
- unchallenging or inappropriate performance criteria used to award compensation or to determine the vesting of equity;
- disproportionate compensation paid to the CEO relative to other senior executives;
- a poorly constructed or inappropriate application of peer groups; and
- discretionary payments without sufficient justification, and/or discretionary awards that become habitual; and
- unlimited discretion or discretion applied without a convincing reason.

Whenever we have issues with a compensation program and irrespective of our voting decision, we will outline our concerns to the company directly. In situations where either the committee has failed to respond to our concern(s) or has made decisions that in our view represent a significant disconnect between pay and performance, we will consider voting against members of the compensation committee in addition to not supporting the say-on-pay resolution.

We expect boards to respect the shareholder democratic process with respect to say-on-pay resolutions. If a say-on-pay proposal receives meaningful voting opposition from shareholders in any given year, we will generally hold the chair of the compensation committee responsible to ensure that significant improvements are subsequently made to the compensation plan.

2.2.1 Frequency of the Say-on-Pay Vote

We ***support*** annual say-on-pay votes.

2.2.2 Discretionary Awards

We review discretionary payments on a case-by-case basis and generally do ***not support*** these awards when the company has not provided a compelling reason for the award. We believe that awards outside the normal compensation plan can bring the design of current arrangements into question and, particularly when used for retention purposes, they can be a sign of weak succession planning.

We have significant concerns when we see the regular awarding of discretionary compensation year after year. Habitual use of discretionary awards without sufficient rationales may result in votes ***against*** an advisory vote on compensation and we may choose to escalate our votes against the Chair of the compensation committee, committee members, and/or board members where use persists and/or our engagements are unsuccessful.

2.3 Management Compensation

We will review management compensation plans on a case-by-case basis. We review the features of each plan and determine the reasonableness of the plan.

We are likely to ***support*** compensation plans that have the following features. We may ***not support*** plans that deviate from or exclude these features:

- a clear statement by the board of directors of its executive compensation philosophy and how this philosophy is related to the company's strategic objectives;
- increases to salary that move with inflation, and all other increases to the base are accompanied by a sound rationale;
- incentives for performance that address both short- and long-term corporate objectives that we believe will be stable and not require alteration through the company's business cycle;
- a minimum one-year post-retirement hold period of equity awards, although we prefer a period of two years;
- minimum share ownership requirements for executives;
- meaningful industry and company performance metrics either financial or qualitative for the awarding and/or vesting of incentives;
- full disclosure of all benefits including the present value of pension benefits and supplemental executive retirement plans in the compensation table in the management information circular;
- identification of changes in philosophy or performance targets;
- a relatively simple methodology that is easy to understand;
- clawback provisions allowing the company to recoup compensation already paid in the event of financial restatement, misconduct, or negligence that contributed to the payment of unearned compensation, and clear disclosure to shareholders in the event the clawback is used;
- non-GAAP metrics only when appropriately used and accompanied by a clear explanation on how the calculation of the metric was achieved and the impact to the incentive as a result; and
- sustainability metrics when the issue is material and the metric is carefully selected for performance measurement accompanied by a clear explanation on alignment to strategy and provided that thresholds and targets are appropriate and adequately disclosed.

2.4 Director Compensation

We will generally ***support*** proposals that call for a certain percentage of directors' compensation to be in the form of common stock (including deferred or restricted share units). We will not ordinarily vote against directors where there is no practice of paying some percentage of director compensation in common stock. We will do so if corporate performance, over a suitable time frame, is unsatisfactory.

We typically do ***not support*** director equity compensation that is performance based or linked to the company share price (i.e., options).

We do ***not support*** retirement plans for directors.

We will review total compensation paid to directors on a case-by-case basis to ensure that the director compensation program provides appropriate compensation without compromising the director's ability to be independent. As such, we will evaluate director compensation structures on a case-by-case basis, with a preference that director compensation is not dependent on management and company performance.

We do ***not support*** arrangements made on the part of directors to pledge as collateral or hedge their equity ownership.

2.5 Employee Compensation

While we typically leave employee compensation matters outside of Named Executive Officers to the judgement of the Company, we expect employee compensation to be aligned with the best interests of shareholders.

We believe employee equity incentive plans can be effective forms of employee compensation. We will typically ***support*** plans that do not exceed a discount greater than 15% of the Company's share price, does not contribute to excessive dilution to shareholders, and carries a reasonable time period of issuance authority.

Guideline 3 – Corporate Structure and Capital Management

3.1 Reincorporation

Reincorporation involves a proposal to re-establish the company in a different legal jurisdiction. There are legitimate reasons why a company may want to reincorporate, but it is often a tactic by management to frustrate a potential takeover, or to limit director liability or other shareholder rights.

We will ***support*** reincorporation proposals when management and the board can demonstrate sound financial or business reasons for the move. However, we will generally ***not support*** reincorporation proposals that are made as part of an anti-takeover defense or solely to limit directors' liability.

3.2 Increase in Authorized or Issued Shares

An increase in the number of authorized or issued shares provides a company's board of directors with flexibility to meet changing financial conditions. Additional shares may be needed to:

- implement a stock split, which can expand and improve the market for the company's securities;
- aid in a restructuring or acquisition, which can improve the company's competitive position;
- provide sufficient shares for use in stock option or other executive compensation plans; or
- implement a shareholder rights plan or other takeover defense.

We believe that shareholders should have input on major decisions on authorized shares and share issuance given the potential dilution risk they pose.

We will generally do ***not support*** proposals that seek to increase the authorized or issued shares by 10% or more when management does not demonstrate a specific need. For requests in excess of 10% that have a specific need, we will also assess the validity of the need and will ***support*** those requests where we determine the need to be valid.

Authorization without Pre-emptive Rights

We will generally ***not support*** proposals where the increase in authorized or issued shares does not contain pre-emptive rights, other than in the case of an all-stock takeover bid or merger.

3.3 "Blank-Cheque" Preferred Shares

Blank-cheque preferred shares usually carry a preference as to dividends, rank ahead of common shares upon liquidation, and give a board broad discretion (a blank cheque) to establish voting, dividend, conversion, and other rights in respect of these shares.

While they might provide corporations with the flexibility needed to meet changing financial conditions, they may also be used as a vehicle for a defence against hostile suitors or may be placed in friendly hands to help block a potential takeover bid. A concern for many shareholders is that once these shares have been authorized, shareholders have no further power to determine how or when these shares will be designed and allocated.

We will generally ***not support*** either the authorization of, or an increase in, blank-cheque preferred shares.

Guideline 4 – Takeover Protections

We assess takeover protection measures on a case-by-case basis, considering the extent to which the measure enhances the long-term value of our investments.

4.1 Shareholder Rights' Plans ("Poison Pills")

A shareholder rights plan provides the shareholders of a target company with rights to purchase additional shares or to sell shares at very attractive prices in the event of an unwanted offer for the company. These rights, when triggered, impose significant economic penalties on a hostile acquirer.

In our view, there are limited legitimate purposes of a shareholder rights plan: 1) ensuring that all shareholders are treated equally in connection with a change of control of the company; 2) allowing the board of the target company sufficient time to determine whether there is a better alternative to the offer; and 3) permitting shareholders to make an informed decision about the bid and available alternatives.

Many shareholder rights plans go much further than these legitimate aims. In such circumstances, they may be used to discourage a takeover bid, or to prevent shareholders from responding to a bid or from determining the best course of action for the company. We believe it is appropriate for shareowners to determine if a rights plan should be implemented and subsequently remain in effect, whether within the context of a bid or otherwise. As owners, they are less likely to be subject to the conflicts of interest that could influence the judgment of the board and management.

We will review shareholder rights plans on a case-by-case basis. We will generally ***not support*** shareholder rights plans that go beyond ensuring equal treatment of shareholders in the event of a bid, allowing the company sufficient time to consider alternatives to a bid and permitting shareholders to make an informed decision about the bid and available alternatives.

In situations where a shareholder rights' plan is adopted without first going to a shareholder vote, we will, depending on the circumstance, hold the chair or members of the corporate governance committee (or equivalent) responsible and ***not support*** their re-election to the board.

4.2 Advance Notice Requirement

We will evaluate advance notice requirement by-law amendments on a case-by-case basis and will ***not support*** by-law amendments that place unreasonable burdens on shareholders wishing to nominate directors.

4.3 Supermajority Approval of Business Transactions

Supermajority amendments are generally designed to deter hostile takeovers by imposing artificially high voting barriers. They typically require the approval of three-quarters (75%) or more of shareholders for a particular transaction.

We agree that in some circumstances a supermajority approval is appropriate; however, we feel that in these circumstances a two-thirds (66.7%) approval level is sufficient. Such a vote requirement is reasonable and provides sufficient protection against unwarranted invasions on the corporation. A two-thirds threshold also has some support using corporate law as a precedent.

We will review supermajority proposals on a case-by-case basis; we will generally ***not support*** proposals in which management seeks to increase the number of votes required on an issue above two-thirds (66.7%) of the outstanding shares.

4.4 Going Private Transactions, Leveraged Buyouts and Other Purchase Transactions

We will evaluate going-private transactions, leveraged buyouts and other purchase transactions on a case-by-case basis, but we will ***not support*** transactions that do not adequately compensate minority shareholders.

4.4.1 Going Private Transactions/Leveraged Buyouts

When a publicly traded corporation seeks to go private via a going-private transaction or a leveraged buyout, we will evaluate the proposal against the best long-term economic interests of shareholders and if the transaction furthers the interests of one group of stakeholders over another.

In addition to this economic analysis, we will review the process by which the proposal was received and consider whether:

- in the case of related-party transactions, a proper review was undertaken by an independent committee of the board;
- other potential bidders have had an opportunity to investigate the company and make competing bids;
- a valuation and/or “fairness opinion” has been obtained from a qualified and independent third party, and the analysis and recommendations contained in that valuation or opinion support the proposal; and
- in the case of related-party transactions, minority shareholders will be given the opportunity to vote the proposal separately from those shareholders who may be related parties.

4.4.2 Other Purchase Transactions

We review all transactions on a case-by-case basis and will support those which we believe are clearly in the best interests of shareholders.Guideline 5 – Shareholder Rights and Shareholder Proposals

Guideline 5 – Shareholder Rights and Shareholder Proposals

5.1 Action by Written Consent

Ontario Teachers' believes that holding meetings and requiring a shareholder vote is a good forum for engaging all shareholders in important decisions affecting their investment. In our view, there are too many unknowns associated with allowing shareholders to act by written consent that have the potential to disenfranchise some shareholders to outweigh the benefits of holding meetings. As such, we will ***not support*** proposals related to action by written consent.

5.2 Right to call a Special Meeting

We typically ***support*** proposals seeking to establish a threshold of 10% ownership to be able to call a special meeting should the situation warrant.

5.3 Virtual Only Meeting

We are concerned when a company proposes or elects to hold virtual-only shareholder meetings. We believe this potentially limits meaningful communication between shareholders and management. Instead, we believe that virtual meetings should be used as an option in addition to offering in-person meetings with shareholders and should provide the same opportunities for shareholder participation as would be the case in an in-person meeting. We generally hold the chair of the board and/or the chair of the governance and nominating committee responsible given their leadership roles on the board and will ***not support*** their election to the board.

5.4 Dual-Class Share Structure

While we do not support the creation of dual class share structures, we understand that this structure does exist in many corporations. In these cases, it is important that the share provisions allow for fair and equitable treatment of both classes of shareholders, which we will assess on a case-by-case basis. For example, we consider coattail provisions[19] appropriate to be included in the share provisions of any dual-class structure.

We ***support*** one class of shares. We will generally ***not support*** the creation or extension of dual class share structures. We will review transactions to collapse controlled corporations with dual-class structures on a case-by-case basis, supporting the collapsing of dual-class structures insofar as the transactions eliminating the structures are in the best long-term interests of the corporation. We would ***not support*** transactions which transfer a significant amount of wealth as a control premium to the controlling shareholder(s). We ***support*** the creation of sunset clauses that specify a reasonable time limit and/or conditions that once are met collapse the dual class structure.

19 Coattail provisions allow for the holders of subordinated shares to be treated equally to the superior shares in the event of a formal bid for the company.

5.5 Shareholder Proposals

We will evaluate all shareholder or stakeholder proposals on a case-by-case basis. We will generally ***support*** proposals that relate to enhancing disclosure on issues we believe may present a material risk, issue, or generally improve the company's corporate governance processes and practices. We will generally ***not support*** proposals that in our view place arbitrary constraints on the company, its board or management, duplicate existing practices and/or hinder the creation of long-term shareholder value. We will also consider the company's efforts to influence or obstruct the realization of a shareholder proposal from the ballot where the proposal is related to material issue at the company.

We note that shareholder proposals are typically advisory votes. We recognize there may be instances where we support the intent of the proposal but find the time frame for implementation to be overly restrictive or unrealistic. In these cases, and understanding the advisory nature of shareholder proposal votes, we will consider supporting the shareholder proposal but allow the company a longer implementation time frame.

5.5.1 Environmental and Social (E&S) Shareholder Proposals

Voting decisions on E&S proposals are also informed by an evaluation of materiality and will consider the company's unique set of circumstances and current approach to the request or issue. We are guided by an internal framework designed to ensure that all shareholder proposals are evaluated in a consistent manner.

We will assess shareholder proposals on a case-by-case basis and will typically ***support*** shareholder proposals that we believe strengthen the company's climate change-related practices. Some examples of shareholder proposals that we may ***support*** are proposals related to:

- improving climate change governance practices and board oversight;
- the completion of a materiality assessment regarding company's climate exposure with the intention of having the company better understand their climate risks;
- the stronger disclosure of decision-useful climate related information;
- the monitoring and management of climate change related risks and opportunities;
- additional action by the company to better align their business with the transition to a low -carbon economy aligned with the Paris Agreement[20] including net zero initiatives;
- the alignment of reporting with the framework of the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

20 Paris Agreement: (https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

Human Capital Management

We encourage companies to demonstrate leading practices in human capital management to support a healthy work environment and inclusive culture. This enables businesses to deepen competitive moats and improve capital efficiencies through increased productivity, innovation, and reduced injuries, as well as sustain employee engagement, and improve its ability to attract and retain employees.

We also encourage companies to provide relevant disclosures that would allow us to assess human capital management practices.

We typically ***support*** proposals requesting a company to:

- improve its governance and oversight of human capital management;
- develop policies related to, but not limited to anti-discrimination, freedom of association, diversity, equity and inclusion, pay practices, supplier codes of conduct, and employee health and safety.

Political Activities and Expenditures

We expect the stated views of a company be aligned with their actions. As such we would expect that commitments and public statements are appropriately reflected in the company's practices, policies, goals, and strategy. The onus is on the company to demonstrate congruency across all facets of the business.

One area where companies can demonstrate alignment of their commitment with their actions is through corporate political activities and participation in trade associations. We expect actions taken by the company in the realm of political activities and expenditures, and trade associations to be, not only aligned with corporate strategy, but to also enhance the long-term value for shareholders and stakeholders. If there is a misalignment between the company's actions and their commitments, we expect a cogent explanation as to why the misalignment exists and the plan for remedying the contradiction.

We typically ***support*** proposals seeking to establish or improve oversight from the board on political expenditures (quantum) and activities, including policy and procedural reviews, and taking industry and peer comparisons into consideration. We also expect companies to provide regular disclosure on political expenditures, rationales for political expenditure, dues to trade associations, and rationale for association dues paid.

5.6 Exclusive Forum Provisions

We believe that shareholder derivative lawsuits provide shareholders with an important mechanism to ensure that directors and officers fulfill their fiduciary duties. When a board requests the adoption of an exclusive forum provision, it is seeking the authority to amend the company bylaws so that shareholder derivative lawsuits would be limited to a single jurisdiction.

Although there are legitimate reasons why a company may want to adopt such a provision, this can be a tactic to discourage the pursuit of derivative lawsuits by increasing their difficulty and cost, and therefore limit shareholder rights.

We will review board requests to adopt an exclusive forum provision on a case-by-case basis. We will generally ***support*** proposals where the company can demonstrate a sufficient rationale for the amendment and where we are comfortable with the jurisdiction being proposed. However, we will generally ***not support*** these requests if we feel the company is using it solely to restrict shareholder rights. In situations where exclusive forum provisions are implemented without first going to a shareholder vote, we will, depending on the circumstance, hold the chair or members of the corporate governance committee (or equivalent) responsible and ***not support*** their re-election to the board.

5.7 Director Nomination by Shareholders (Proxy Access)

We will review requests to adopt proxy access on a case-by-case basis. We are generally ***supportive*** of proposals containing thresholds that equate to a sufficiently high dollar amount of share ownership to avoid potential abuse of proxy access authority.

5.8 Any other Business

Where companies do not provide sufficient information and require a vote enabling the Board and/or management to hear other business at the AGM, it would not be prudent of us to approve these requests in advance so we generally ***not support*** such proposals.

TORONTO OFFICE

5650 Yonge Street
Toronto, Ontario M2M 4H5
416-228-5900
communications@otpp.com

HONG KONG OFFICE

28/F Alexandra House
18 Chater Road, Central Hong Kong
+852 2230 4500
inquiry_asia@otpp.com

LONDON OFFICE

10 Portman Square
London W1H 6AZ
+44 20 7659 4450
contact_london@otpp.com

SINGAPORE OFFICE

Asia Square Tower 2
12 Marina View #20-01A
Singapore 018961
inquiry_asia@otpp.com

www.otpp.com

@otppinfo
otpp.com/linkedin