

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

V_3 GENERAL PRINCIPLES

- ❑ V_3-1 In line with its mission as a professional manager of funds entrusted to it by various Québec bodies, the Caisse has an obligation to invest with care, diligence and discernment to ensure that the assets of the funds' beneficiaries are managed with due prudence and that they generate an optimal financial return.
- ❑ V_3-2 Given the magnitude of its investments, the Caisse's success is dependent mainly upon the return generated by the companies in which it invests, on conventional stock markets or through private investments: hence its interest in and attention to governance issues.
- ❑ V_3-3 The Caisse expects these companies to be managed by persons of the highest calibre, who are backed up by a board of directors who are equally competent, who are mindful of the interests of the company and of the shareholders, who are sufficiently independent (in other words, free of any link that might prevent them from exercising objective judgment in evaluating management or transactions), and who assume their responsibilities as directors.
- ❑ V_3-4 The Caisse fulfills its responsibilities as an investor toward the companies in which it invests. It respects the division of roles and responsibilities among the shareholders, the board of directors and the management of the companies and it does not intend to substitute for them. Within this framework, it strives to support efforts made by the board and by management to improve profitability over the medium and long terms.
- ❑ V_3-5 The Caisse seeks to prevent any action or measure that could prejudice the interests of the company itself or those of its shareholders; in other words, any action or measure that could decrease shareholder value or financial returns.
- ❑ V_3-6 The board of directors ensures that management regularly submits its vision of the future in the form of a strategic plan. This plan is the result of a rigorous analysis of the company's operating environment and it states explicitly the directions to be taken and the objectives to be pursued.
- ❑ V_3-7 The boards of directors of the companies must be able to rely on efficient, appropriate tools that enable them to fully assume their responsibilities. These tools include the various committees of the board responsible for examining in detail certain aspects of the company as well as a suitable management information system.
- ❑ V_3-8 Finally, the Caisse intends to support efforts to create a regulatory and legislative environment that promotes the full exercise of its shareholder rights and responsibilities.

This policy was adopted on September 23, 1994 and was amended on February 27, 1998 and on January 19, 2007.