CORPORATE GOVERNANCE PRINCIPLES AND PROXY VOTING GUIDELINES

2026

ONTARIO TEACHERS' PENSION PLAN

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Introduction

Consistent with our fiduciary duty, we strive to be an active steward of the companies in which we invest to help protect and create long-term value. One of our most important rights as investors is the right to vote at the general meetings of the publicly listed companies where we have invested our members' assets. We vote in the best long-term economic interests of the company and its shareholders, and in accordance with our Corporate Governance Principles and Proxy Voting Guidelines (the Guidelines). We believe our vote is an important contributor to shaping good governance and effective boards over the long term.

We publish our Guidelines to provide transparency on how we exercise our voting rights as part of our fiduciary responsibility. We believe transparency around our voting approach is an important aspect of our stewardship activities. Our approach to stewardship supports the adoption of our Corporate Governance Principles found in our 4 Pillars of Board Effectiveness (4 Pillars framework) and through these we encourage public company boards to act in what we believe is in the best long-term economic interest of shareholders.

These Guidelines articulate our expectations of companies on key governance considerations, and inform our voting approach. They are not prescriptive rules. We retain the flexibility to tailor our approach in light of company-specific circumstances, market maturity, and the legal and regulatory context of each jurisdiction. We take a pragmatic, case-by-case approach and review and update the Guidelines at least every two years.

We welcome comments or feedback on our Principles and Guidelines and encourage you to contact us at investment_stewardship@otpp.com.

Section 1 – Board Quality & Leadership

1.1 Board Composition

1.1.1 Overall Make-Up

Principle: Boards should comprise individuals with the skills, experience, and diverse perspectives needed to oversee the company's strategic direction and management's operational execution.

Guidelines:

- We evaluate overall board composition relative to the company's strategy, evolving risks, and opportunities.
- We encourage and support proposals requesting the adoption and disclosure of a board skills matrix highlighting skills and areas of expertise relevant to the company's strategy and material risks.
- We discourage the disclosure of a broad "laundry list" of skills that do not clearly link to the company's needs.
- Boards should maintain a sufficient level of independence[1] to effectively discharge oversight responsibilities:
  - For widely held companies, a majority of directors should be independent.
  - For controlled companies, at least one-third of directors should be independent of both management and the controlling shareholder.
  - Key committees (audit, compensation, and governance) should be fully independent.
- We consider a board size of 5 to 16 members appropriate, reflecting the size and complexity of the business.
- We typically will not support amendments to by-laws seeking to change the board size outside this range, or where such changes do not support an effective board structure.
- Where the addition of a director up for election changes the board size outside this range, we may choose not to support certain directors if there are other governance concerns that, taken together, raise issues, or we may choose not to support the chair of the governance committee given their leadership role in structuring the board.
- Boards outside this preferred size range will not automatically result in voting action against directors, unless we determine that the board size is inhibiting effectiveness.

[1] 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.

1.1.2 Director Elections

Principle: Directors should demonstrate independence, accountability, and the ability to act in the best long-term interests of the company.

Guidelines:
Ordinarily, we will not vote against a director candidate solely because the board fails to meet our independence expectations. However, we may choose not to support a director's election if:

- Decisions taken by a director (or directors) can be linked to 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 company;
- A director's (or directors') business relationship with the company may compromise their independence, whether:
    - Direct, such as when a director provides consulting services to the company, or an entity owned by the director sells goods or services to the company; or
    - Indirect, such as when a director's employer provides goods or services to the company (e.g., the director is employed by the company's financial services provider);
- 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 company. In such cases, we may also consider not supporting that director's election to any other board for which they are a nominee.

A vote against director candidates may not be based on a single factor (e.g., lack of independence or unsatisfactory corporate performance) but rather considered in combination with other relevant factors.

<u>Additional Considerations When Determining Director Votes</u>
Environmental and Social (E&S) Risk Management
- Where a company or its board has failed to adequately address material or egregious operational or reputational risks stemming from poor management or oversight of environmental or social issues, we may choose not to support individual director(s), chair(s), or committee(s).

Climate Change Oversight
- Climate change risks intersect with board responsibilities, processes, and practices. The full board is ultimately responsible for oversight, though we encourage existing committees to assume this responsibility formally.

- We will assess approaches to board oversight on a case-by-case basis, considering company size, sector, and risk profile.

Attendance

- Attendance at board meetings is a fundamental responsibility.
- Where a director's attendance falls below 75% per annum without reasonable explanation disclosed in proxy materials, we may not support their re-election.

Tenure

- Where tenure has negatively impacted board effectiveness, we may not support the long-tenured director(s), the Chair of the Nomination Committee (or equivalent), or the entire Nomination Committee to encourage board refreshment.

Former CEO Resignation

- A CEO who retires should resign from the board upon retirement.
- If a retired CEO continues to serve without a compelling rationale, we may not support the former CEO, the Chair of the Nomination Committee (or equivalent), or the committee as a whole.
- We typically accept a CEO remaining temporarily on the board to facilitate a leadership transition.

Overboarding of CEOs

- Given the time commitment required of a CEO, we limit a serving CEO to one public company non-executive board role outside their own company board.
- Exceeding this limit constitutes overboarding, and we will typically not support re-election to additional non-executive roles.

Director Representation Relative to Ownership

- Where an investor has a significant ownership stake, we support director representation proportional to their economic interest.

Director Interlocks

- Interlocking directorships are reviewed on a case-by-case basis.
- We will not support directors where an interlock creates, or has the potential to create, a material conflict of interest.
- Some interlocks are inherently unacceptable, such as when two CEOs sit on each other's boards, particularly if they are members of each other's compensation committees.

1.2 Key Committees

1.2.1 Governance and/or Nominating Committee

Principle: A fully independent governance and/or nominating committee is essential to effective board composition, succession planning, and governance oversight.

Guidelines:
- We support the establishment of a fully independent governance and/or nominating committee.
- We may not support directors where insufficient independence in the committee's composition, operations, or decision-making has adversely affected board composition or governance.
- We generally demonstrate our concerns by first voting against the committee chair. If concerns are not addressed, or in extraordinary circumstances, we may escalate voting against the entire committee.

<u>Additional Considerations When Determining Governance and/or Nominating Committee Votes</u>

Director Nomination and Evaluation Process
- Where the board fails to publicly disclose its nomination and evaluation processes, we may not support the chair of the nominating/governance committee, depending on several factors, notably our assessment of:
  - the overall board composition; and
  - whether the absence of disclosure has reduced transparency of the board's succession planning and evaluation process.

Board Gender Diversity
- We expect a board to have at least three directors or 30%[2] of directors identifying as women, and/or to disclose its approach to achieving this goal.
- Where this threshold is not met, we typically do not support the chair of the governance and/or nomination committee or other committee members.
- We may engage with companies on the issue and, where no progress is evident, escalate voting action to include the Board Chair (or equivalent) or the entire board.
- In applying our vote, we consider local market nuances, including legal and regulatory environments.

Implementation of Shareholder Proposals
- We expect boards to respect the shareholder democratic process.
- We hold the governance committee chair (or equivalent) responsible for ensuring that all proposals receiving majority support are implemented as specified, or that the company provides a convincing rationale for taking no action.

[2] For clarity, for boards with 12 directors or more we will apply a minimum 30% gender diversity standard.

- Where proposals receive meaningful[3] but not majority support, we expect companies to address shareholder concerns.
- A frequent or serious lack of respect for the shareholder democratic process may lead us to not support members of the governance committee or, if warranted, the entire board.

Adopting Bylaws

- Bylaw or policy amendments that impact shareholder rights should first be put to a shareholder vote.
- Where such amendments are adopted without shareholder approval, we may hold the governance committee chair or members (or equivalent) accountable and not support their re-election.

1.2.2 Compensation Committee

Principle: A fully independent compensation committee should ensure that executive pay is appropriately linked to company performance.

Guidelines:

- We support the establishment of a fully independent compensation committee.
- We may not support individual members if there is evidence of recurring failures to link pay with performance or of extraordinary, unjustified decisions by the committee.
- We generally escalate concerns by first not supporting the committee chair.
- If we are not satisfied with implemented changes, or in extreme cases, we may not support the entire committee.
- Where the committee is not fully independent, and the lack of independence negatively affects effectiveness, we will not support the non-independent director(s).
- If executives serve on the compensation committee, we may not support both the executive and the chair of the governance and/or nominating committee.

1.2.3 Audit Committee

Principle: An independent audit committee is vital to maintaining financial integrity, robust internal controls, and shareholder confidence.

Guidelines:

- We support the establishment of a fully independent audit committee.
- We may not support members if there is evidence of recurring financial misstatements or other audit failures.
- We generally escalate concerns by first not supporting the committee chair.

[3] Based on experience, support above 30% would be considered meaningful.

- If corrective actions are inadequate or in extreme circumstances, we may not support the entire committee.
- We will not support members of the audit committee who are not independent.

<u>Additional Considerations When Deciding Audit Committee Votes</u>
Auditor Appointment
- We generally support the auditor recommended by the company's directors.
- Auditor changes other than routine rotation will be reviewed case-by-case.
- We may not support the auditor and/or audit committee members if:
  - the same audit partner has served for an extended period; or
  - there have been material restatements of financial statements.

Existence of Alternative Dispute Mechanisms
- We will not support reappointment of an auditor where binding arbitration is used between management and auditors to limit or reduce audit firm liability.
- In some jurisdictions, binding arbitration in audit engagement letters can restrict disclosure or appeals, limiting the company's ability to seek relief for damages. Such provisions are not conducive to a strong audit process, and we will not support the auditor's appointment if they are included.

1.2.4 Audit Fees

Principle: Auditor independence should be maintained through appropriate fee structures and transparency of non-audit services.

Guidelines:
- A significant majority of the accounting firm's revenue from the company should derive from the audit function.
- Where there is no disclosure, or where non-audit fees exceed one-third of total fees without clarification, we will not support the re-election of the outside auditor.
- Where non-audit fees are disclosed, we assess each fee case-by-case.
- We will not support reappointment if, in our view, auditor independence has been compromised.

1.3 Election of Directors

1.3.1 Annual Election

Principle: All directors should stand for election annually to strengthen board accountability.

Guidelines:
- We prefer the annual election of all directors.

- We will generally not support proposals that create a staggered or classified board[4].
- We recognize that in some jurisdictions, staggered terms are long-standing practice and do not automatically vote against directors solely for this reason.
- Where a company employs a staggered board structure, we may consider voting against directors up for election for issues that would otherwise apply to specific committees.

1.3.2 Individual Versus Slate Election

Principle:
Directors should be elected individually to promote accountability for each nominee.

Guidelines:
- We support the individual election of directors rather than election by slate.
- We will not ordinarily vote against board candidates solely because the company fails to meet this standard.

1.3.3 Majority-Vote Standard

Principle: Director elections should be determined by a majority-vote standard to ensure accountability to shareholders.

Guidelines:
- We support the establishment of a majority-vote standard for director elections.[5]
- In the absence of a majority-vote standard, we expect issuers to adopt a majority-vote policy[6].
- We hold the Chair of the Nomination Committee (or equivalent) responsible for ensuring that the majority-vote policy is implemented in a way that achieves its objective of director accountability.

1.3.4 Cumulative Voting

Principle: Cumulative voting can be an effective tool to enhance shareholder representation when applied appropriately.

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[4] 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.
[5] Under a majority-vote standard shareholders vote “For” or “Against” directors and only those directors receiving a majority of votes cast are elected.
[6] 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.

Guidelines:

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

1.3.5 Contested Elections

Principle: When director elections are contested, the slate of nominees most capable of enhancing long-term shareholder value should be supported.

Guidelines:

- We will evaluate both the dissident's argument and plan and assess the qualifications, independence, experience, and track record of the alternate nominees relative to the incumbent board.
- We will support the slate of nominees we believe is best positioned to increase shareholder value over the long term.

1.4 Separation of Board & Management Roles

1.4.1 Separation of Chair and CEO Roles

Principle: The roles of Chair and CEO should be separate to ensure independent board oversight of management.

Guidelines:

- We support the separation of board and management roles, as combining the positions of Chair and CEO concentrates too much authority in a single individual.
- A board that is led by the same individual it is meant to oversee faces inherent conflicts of interest, particularly in evaluating the performance of the CEO and making leadership succession decisions. For this reason, we prefer an independent Chair.
- We will not ordinarily vote against director candidates where such separation does not exist, but we may choose not to support directors if the combination of roles is negatively affecting board effectiveness or corporate performance.

1.4.2 Recombination of Chair and CEO Roles

Principle: Boards that have previously separated the Chair and CEO roles should not recombine them without compelling justification.

Guidelines:

- We have significant concerns when a board that previously split the roles of Chair and CEO reverts to a combined structure.

- In the absence of a persuasive explanation of how the recombination serves the best interests of shareholders, we may not support the chair of the governance committee (or equivalent) and/or its members responsible for this decision.

1.4.3 Executive Chair

Principle: The Chair of the board should be independent of management and not serve as an Executive Chair.

Guidelines:
- We generally do not support the role of Executive Chair, as the position should be independent and not identified with management.
- We have significant concerns where the Executive Chair title appears to be a reward for past service, such as when a former CEO or Chair remains on the board in this capacity.
- In such cases, there is a risk that the former executive could inhibit new leadership from exercising full authority.
- Depending on the degree of concern, we may choose not to support the Executive Chair, the chair of the governance committee (or equivalent), or relevant committee members.
- We will maintain these votes where no change occurs until the standard three-year cooling-off period is reached.

1.4.4 Director Liability and Indemnification

Principle: Reasonable limits on directors' liability and appropriate indemnification are acceptable as part of good governance.

Guidelines:
- We generally support proposals that reasonably limit directors' liability and provide indemnification aligned with sound governance practices.

Section 2 - Compensation

2.1 Management Compensation

Principle: Management compensation plans should align executive pay with company strategy, performance, and long-term shareholder value.

Guidelines:

- We review management compensation plans on a case-by-case basis, considering all plan features and overall reasonableness.
- We consider it good practice for executive compensation plans to include:
    - A clear statement by the board of its executive compensation philosophy and how it relates to the company's strategic objectives.
    - Salary increases that move with inflation, with sound rationale for any additional base increases.
    - Performance-based incentives addressing both short- and long-term corporate objectives that remain stable through business cycles.
    - A minimum one-year post-retirement hold period for equity awards, with a preference for two years.
    - Meaningful share-ownership requirements for executives to align their interests with shareholders.
    - Meaningful, transparent performance metrics financial or qualitative for granting and/or vesting of incentives.
    - Full disclosure of all benefits, including present value of pension and supplemental executive retirement plans.
    - Identification of any changes in philosophy or performance targets.
    - A relatively simple, understandable methodology.
    - Robust malus and clawback provisions enabling reduction, cancellation, or recovery of unearned compensation in cases of material restatement, misconduct, or negligence, with clear disclosure when exercised.
    - Non-GAAP metrics only when appropriately justified, with clear explanation of calculation and incentive impact.
    - Sustainability metrics only where material to the business, clearly linked to strategy and long-term value creation, and accompanied by transparent disclosure of weighting, targets, and results.

2.2 Effective Equity Compensation

Principle: Equity compensation can be an effective tool to attract, retain, and motivate employees when it is reasonable in cost, transparent, and aligned with shareholder value.

Guidelines:

- We assess proposed equity compensation on a case-by-case basis, considering the full compensation structure and plan features.
- We monitor potential dilution, vesting, and exercise terms, as well as overall cost and governance discipline.

2.2.1 Issuing

Concentration
- We will generally not support plans authorizing 25% or more of available equity incentives to any one individual.

Cost
- We support plans where costs are reasonable relative to total compensation and industry practice.
- Grant-date fair value is the preferred measure of cost, reflecting the value directors placed on the executives at the time of award grant.

Dilution and Burn
- We generally support plan amendments where total potential dilution[7] ≤ 5% and burn rate < 1% per annum.
- We review plans case-by-case if dilution exceeds 5% but is < 10%, or burn rate[8] > 1%. In limited circumstances, we may support plans with dilution > 10% or burn rate > 2% if justified.

Fixed Number of Shares
- We generally do not support rolling maximum share plans.
- We prefer plans with a fixed number of shares to promote board discipline.

Price
- We support plans where securities are issued at no less than 100% of current market value.

2.2.2 Vesting

Time-Based Vesting
- We generally do not support plans that are 100% vested upon grant.
- Vesting terms are reviewed on a case-by-case basis, focusing on pay-for-performance alignment.
- We do not support vesting targets set below the median of the company's peer group.

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[7] 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.

[8] 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.

- We are generally not supportive of dividends paid or accrued on unvested equity.

Performance Vesting
- We support plans linking equity grants or vesting to transparent, rigorous, and long-term performance targets.
- Targets should reflect a balanced mix of financial, strategic, and sustainability objectives, avoiding sole reliance on short-term metrics.
- We do not support retesting (deferring unmet performance conditions to future periods). Meaningful targets must be adhered to within their original timeframe.

Change of Control
- We do not support provisions that automatically vest all equity on a change of control or otherwise incentivize misaligned actions.
- Examples include:
    - Automatic full vesting on change of control;
    - Arrangements adopted mid-takeover to entrench management;
    - Bonuses or equity to outside directors "in the event" of a change of control.

2.2.3 Exercising

Employee Loans
- We generally do not support companies providing loans to employees or executives to finance share purchases or option exercises.
- Such loans expose the company to credit and employee termination risk.
- 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 support plans with equity incentives of no more than five-year life.
- Plans with terms > five years are reviewed case-by-case; we do not support "evergreen" provisions[9].

Re-pricing
- We do not support plans allowing the board to lower the exercise price of granted incentives or any proposal that directly or indirectly reduces such prices.

2.2.4 Other

Board Discretion

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

- We do not support plans granting the board broad or unlimited discretion over program terms and conditions.
- Plans must be submitted for shareholder approval with sufficient detail on cost, scope, frequency, and exercise schedules.
- We acknowledge limited discretion for unforeseen circumstances, but it should be transparent, sparing, and consistent with long-term value creation.
- Where discretion undermines pay-for-performance alignment, we may hold the board accountable.

Disclosure
- We strongly support full disclosure of all significant aspects of equity plans, including performance goals and vesting conditions.

Director Eligibility
- We support reasonable equity plans for non-executive directors, such as deferred share unit (DSU) programs, where terms and conditions of incentives are clearly defined and objective.
- We do not support plans allowing discretionary director participation.

Omnibus Plans
- We review omnibus plans (three or more types of awards in one plan) on a case-by-case basis.
- We prefer separate shareholder votes for each compensation plan, rather than bundling them into all-or-nothing omnibus plans.
- We will typically vote against omnibus plans if any component includes unacceptable provisions such as repricing, evergreen features, or excessive dilution.

Pledging and Hedging
- We generally do not support executives or directors pledging as collateral or hedging their equity holdings.
- Where such practices are allowed or insufficiently restricted, we may withhold support from the compensation committee chair or other responsible directors.

Severance Compensation
- We review severance arrangements on a case-by-case basis and do not support excessive or single-trigger “golden parachutes.”

Sign-On Bonuses
- We recognize sign-on awards may attract qualified executives, particularly to offset forfeited unvested compensation.
- We generally support sign-on bonuses that:
    - Offset verifiable forfeited awards from a prior employer (“make-whole” awards).

    - Are equity-based, with appropriate vesting, performance conditions, and holding requirements.
    - Are fully disclosed with clear rationale and shareholder cost.
- We generally do not support sign-on bonuses that:
    - Are guaranteed cash without performance or service conditions.
    - Represent an outsized portion of first-year pay.
    - Are recurring rather than one-time.
    - Are combined with other one-off awards unless clearly justified and limited.
- Where disclosure is inadequate or awards appear excessive or misaligned, we may hold the compensation committee accountable.

2.3 Advisory Vote on Compensation ("Say-on-Pay")

Principle: Say-on-pay votes provide an important mechanism for shareholder engagement and accountability on executive compensation.

Guidelines:
- We review say-on-pay proposals on a case-by-case basis, evaluating alignment with our compensation criteria under Section 2.1.
- We will generally support proposals when plans align pay with performance and meet our guidelines.
- We may not support say-on-pay resolutions where one or more of the following are present:
    - 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.
- We may outline concerns directly to the company when we have issues with a compensation program, and irrespective of our voting decision.
- Where concerns are unaddressed or represent a significant disconnect between pay and performance, we may also vote against compensation committee members 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 opposition, we hold the chair of the compensation committee responsible for ensuring improvements to the plan.

Frequency of Say-on-Pay Vote
- We support annual say-on-pay votes.

Discretionary Awards
- We review discretionary awards case-by-case and generally do not support them absent a compelling rationale.
- Regular or habitual discretionary awards may indicate weak succession planning and undermine compensation design integrity.
- Where such use persists, or engagement is unsuccessful, we may vote against the say-on-pay resolution, the compensation committee chair, its members, and/or other board members.

2.4 Non-Executive Director Compensation

Principle: Director compensation should attract and retain qualified board members without compromising independence or alignment with shareholder interests.

Guidelines:
- We generally support proposals requiring a portion of director pay in common stock (including deferred or restricted share units).
- We will not ordinarily vote against directors where this practice is absent, but may do so if corporate performance is unsatisfactory over time.
- We typically do not support performance-based or share-price-linked equity awards (e.g., options) for directors.
- We do not support retirement plans for directors.
- We review total director compensation case-by-case to ensure pay is appropriate and independence maintained.
- We do not support pledging or hedging of equity holdings by directors.

2.5 Employee Compensation

Principle: Employee compensation programs should align incentives with long-term shareholder interests while ensuring fair and effective participation.

Guidelines:
- We typically leave non-executive employee compensation to company judgment but expect it to be aligned with shareholder interests.
- We generally support employee equity plans that:
    - Do not exceed a 20% discount to the company's share price;

- Do not cause excessive dilution; and
- Have a reasonable issuance time frame.

Section 3 – Corporate Structure and Capital Management

3.1 Reincorporation

Principle: Reincorporation proposals should serve a clear and legitimate business purpose and not be used to weaken shareholder rights or entrench management.

Guidelines:

- Reincorporation involves a proposal to re-establish the company in a different legal jurisdiction.
- While such moves may be made for legitimate financial or business reasons, they can also be used to:
    - Frustrate a potential takeover, or
    - Limit director liability or other shareholder rights.
- We will support reincorporation proposals when management and the board demonstrate sound business or financial reasons for the move.
- We will not support reincorporation proposals made primarily as part of an anti-takeover defense or intended solely to limit director liability or shareholder rights.

3.2 Increase in Authorized or Issued Shares

Principle: Proposals to increase authorized or issued shares should balance a company's need for flexibility with shareholder protection against dilution.

Guidelines:

- An increase in authorized or issued shares provides the board with flexibility to respond to financial or strategic needs, such as to:
    - Implement a stock split to improve market liquidity;
    - Facilitate a restructuring or acquisition to enhance competitive position;
    - Provide shares for stock option or executive compensation plans; or
    - Implement a shareholder rights plan or other takeover defense.
- We believe shareholders should have input on major decisions involving authorized shares or issuance due to dilution risk.
- We will generally not support proposals that increase authorized or issued shares by 10% or more without a specific demonstrated need.
- For increases exceeding 10% where management identifies a specific need, we will assess the validity and rationale and support such requests only where we determine the need to be reasonable and justified.

Authorization Without Pre-emptive Rights[10]

[10] Attaching pre-emptive rights to a share issuance provides shareholders the option of participating in the offering at the same rate as their current ownership percentage, avoiding being diluted post-issuance.

- We will generally not support proposals to increase authorized or issued shares without pre-emptive rights, except in the case of an all-stock takeover bid or merger.

3.3 “Blank-Cheque” Preferred Shares

Principle: Blank-cheque preferred shares should not be authorized or expanded as they may enable management to act against shareholder interests without further shareholder approval.

Guidelines:
- Blank-cheque preferred shares grant boards broad discretion to set voting, dividend, conversion, and other rights.
- While such flexibility may help a company respond to changing financial conditions, these shares may also:
  - Be used as a defense against hostile takeovers, or
  - Be placed with friendly shareholders to block potential bids.
- Once authorized, shareholders lose the ability to control how and when these shares are used.
- We will not support proposals to authorize or increase blank-cheque preferred shares.

Section 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")

Principle: Shareholder rights plans should protect shareholder interests during a potential change of control, not entrench management or restrict shareholder decision-making.

Guidelines:

- A shareholder rights plan grants existing shareholders the right to purchase additional shares or sell shares at favorable prices if an unwanted takeover offer occurs, thereby imposing significant economic penalties on a hostile acquirer.
- We recognize three legitimate purposes of a shareholder rights plan:
    1. Ensuring equal treatment of all shareholders in connection with a change of control;
    2. Allowing the board sufficient time to evaluate alternative offers; and
    3. Permitting shareholders to make an informed decision about the bid and available alternatives.
- Many rights plans exceed these purposes and may discourage takeovers or limit shareholder choice.
- We believe shareholders should determine whether a rights plan should be implemented or maintained, as they are less likely than management or the board to face conflicts of interest.
- We review rights plans on a case-by-case basis.
- We generally do not support shareholder rights plans that go beyond:
    - Ensuring equal treatment of shareholders in a bid;
    - Allowing sufficient time to evaluate alternatives; and
    - Permitting shareholders to make an informed decision.
- Where a rights plan is adopted without shareholder approval, we may hold the chair or members of the governance committee (or equivalent) responsible and not support their re-election.

4.2 Advance Notice Requirement

Principle: Advance notice requirements should ensure orderly director nominations without creating unreasonable barriers for shareholders.

Guidelines:

- We evaluate advance notice by-law amendments on a case-by-case basis.

- We will not support proposals that impose unreasonable burdens on shareholders wishing to nominate directors.

4.3 Supermajority Approval of Business Decisions

Principle: Voting thresholds should balance shareholder protection with the ability to make timely and fair corporate decisions.

Guidelines:
- Supermajority requirements are often designed to deter hostile takeovers by creating artificially high voting barriers, typically requiring 75% or more of outstanding shares for approval.
- We agree that supermajority approval can be appropriate in some cases, but we believe a two-thirds (66.7%) threshold is sufficient and consistent with corporate law precedent.
- We review such proposals on a case-by-case basis.
- We will generally not support proposals in which management is seeking to increase the required votes above two-thirds (66.7%) of outstanding shares.

4.4 Going-Private Transactions, Leveraged Buyouts, and Other Purchase Transactions

Principle: Transactions that change ownership or control should be evaluated based on fairness, transparency, and adequate compensation for minority shareholders.

Guidelines:
- We review all going-private, leveraged buyout, and purchase transactions on a case-by-case basis.
- We will not support transactions that fail to adequately compensate minority shareholders.

4.4.1 Going-Private Transactions / Leveraged Buyouts

Principle: When a company seeks to go private, the process and terms must uphold fairness and protect the long-term interests of all shareholders.

Guidelines:
- We evaluate these transactions considering:
  - The long-term economic interests of shareholders; and
  - Whether the transaction favors one stakeholder group over another.
- In addition to economic considerations, we assess process integrity and will review whether:
  - For related-party transactions, a proper review was undertaken by an independent board committee;

  - Other potential bidders were given a fair opportunity to investigate and make competing offers;
  - A valuation or fairness opinion was obtained from a qualified, independent third party, and its analysis supports the proposal; and
  - In related-party transactions, minority shareholders are given the right to vote separately from related parties.

4.4.2 Other Purchase Transactions

Principle: Acquisition or sale transactions should enhance shareholder value and be conducted transparently.

Guidelines:
- We review such transactions on a case-by-case basis and will support those that are clearly in the best interests of shareholders.

Section 5 – Shareholder Rights and General Governance Matters

5.1 Action by Written Consent

Principle: Shareholder meetings provide a transparent forum for collective decision-making; written-consent actions risk disenfranchising shareholders.

Guidelines:
- We believe meetings requiring a formal shareholder vote are the best forum for engaging all shareholders on significant matters.
- Allowing shareholders to act by written consent introduces unknowns that can disenfranchise some shareholders.
- We therefore do not support proposals permitting action by written consent.

5.2 Right to Call a Special Meeting

Principle: Shareholders should have a reasonable ability to call special meetings under defined ownership thresholds.

Guidelines:
- We support proposals establishing a 10 % ownership threshold to call a special meeting when warranted.

5.3 Resolutions Pass with a Simple Majority

Principle: A simple-majority voting standard supports fair and efficient decision-making.

Guidelines:
- A simple majority (more than 50 % of votes cast in favour) is appropriate for most resolutions. We support this structure except where a higher majority is required by statute.

5.4 Voting by Poll / Show of Hands

Principle: Voting should reflect proportional ownership, not attendance.

Guidelines:
- Voting by poll or show of hand applies a one-hand, one-vote standard, disregarding actual share ownership. This approach disenfranchises shareholders unable to attend in person and ignores equity investment.
- We therefore do not support voting by poll or show of hands.

5.5 Dual-Class Share Structure

Principle: We support one-share, one-vote structures that ensure equitable treatment of all shareholders.

Guidelines:
- We do not support the creation or extension of dual class share structures.
- Where dual-class structures exist, share provisions must ensure fair and equitable treatment of all classes; we assess this on a case-by-case basis.
- We consider coattail provisions[11] appropriate safeguards for dual-class structures.
- We support collapsing dual-class structures where transactions serve the long-term interests of the corporation.
- We will not support collapses that transfer significant control premiums to controlling shareholders.
- We support sunset clauses specifying reasonable time limits or triggers to end dual-class arrangements.
- Where majority-class rights are used to weaken or ignore minority-shareholder rights, we may vote against the directors responsible.

5.6 Controlled Companies

Principle: Controlled companies should uphold fair governance and equitable treatment of all shareholders.

Guidelines:
Equity-Controlled Companies
- Where control is achieved through significant equity ownership, alignment with minority shareholders can exist; therefore, some deviations from best practice may be acceptable.

Multiple-Vote Controlled Companies
- Where control is achieved through disproportionate voting rights, we expect provisions ensuring fair treatment of all shareholders.
- We hold the controlling shareholders accountable for equitable treatment and may take voting action if subordinated shareholders are seriously disadvantaged.

5.7 Director Nomination by Shareholders (Proxy Access)

Principle: Proxy-access frameworks should allow meaningful shareholder participation while preventing abuse.

Guidelines:

[11] 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.

- We review proxy-access proposals on a case-by-case basis.
- We are generally supportive of thresholds representing sufficiently high ownership value to avoid misuse of proxy-access authority.

5.8 Use of a Universal Proxy in Contested Elections

Principle: Universal proxy ballots promote fair and efficient shareholder choice in contested elections.

Guidelines:
- We prefer universal proxy ballots listing all management and dissident nominees on a single card.
- Universal ballots make elections less confusing and enable shareholders to select the optimal combination of nominees, regardless of who nominated them.

5.9 Virtual-Only Meeting

Principle: Shareholder engagement should not be restricted by eliminating in-person participation.

Guidelines:
- We are concerned when companies hold virtual-only shareholder meetings, as this can limit meaningful dialogue.
- Virtual meetings should supplement, not replace, in-person meetings and must provide equal participation opportunities.
- Where virtual-only meetings are adopted, we hold the Board Chair and/or the Governance and Nominating Committee Chair responsible and will not support their re-election.

5.10 Exclusive Forum Provisions

Principle: Exclusive forum provisions should not restrict shareholders' ability to hold directors accountable.

Guidelines:
- Shareholder derivative lawsuits are an important mechanism to ensure fiduciary accountability.
- Exclusive-forum provisions restrict such actions to a single jurisdiction.
- While there can be legitimate reasons for adoption, these provisions may also discourage or limit shareholder recourse.
- We review requests on a case-by-case basis and will:
    - Support them when the company provides a clear, sufficient rationale and the proposed jurisdiction is appropriate;
    - Not support them when used solely to restrict shareholder rights.

- Where implemented without shareholder approval, we may hold the chair or members of the governance committee (or equivalent) responsible and not support their re-election.

5.11 Bundled Proposals

Principle: Shareholders should vote separately on distinct matters to preserve transparency and accountability.

Guidelines:
- We expect to vote on separate resolutions rather than bundled items.
- Bundled proposals can combine supportable and objectionable elements, creating a voting dilemma that undermines shareholder democracy.
- We will evaluate each item individually and not support a bundled resolution if we hold significant reservations about any component, even if others are acceptable.

5.12 Disclosure of Voting Results

Principle: Timely and transparent disclosure of voting outcomes enhances shareholder trust and accountability.

Guidelines:
- We support prompt public disclosure of the voting results for each proposal at shareholder meetings.
- For companies with dual class share structures, results should be reported by share class to enhance transparency for minority shareholders.
- If voting results are not published, the company should provide a clear rationale.

5.13 Any Other Business

Principle: Shareholders should not be asked to approve unspecified business matters without adequate information.

Guidelines:
- We do not support proposals seeking advance approval for unspecified “other business” at shareholder meetings when insufficient information is provided.

Section 6 – Shareholder Proposals

Principle: Shareholder proposals can play an important role in improving disclosure, governance, and risk management when focused on material issues and implemented reasonably.

Guidelines:

- We evaluate all shareholder or stakeholder proposals on a case-by-case basis.
- We will generally support proposals that enhance disclosure or address issues that may present a material risk, improve risk management, or strengthen governance processes and practices.
- We will not support proposals that:
    - Seek to direct company strategy;
    - Place arbitrary constraints on the company, its board, or management;
    - Duplicate existing practices; or
    - Hinder long-term shareholder value creation.
- We also consider whether a company has attempted to influence or obstruct the inclusion of a shareholder proposal on the ballot where the proposal relates to a material issue.
- We expect companies to provide complete disclosure about shareholder proposals, including the name of the proponent, to allow for proper evaluation.
- As shareholder proposals are typically advisory, we recognize that implementation timelines may vary.
- Where we support the intent of a proposal but find the proposed timeline overly restrictive or unrealistic, we may support the proposal while allowing for a longer implementation timeframe.

6.1 Environmental & Social (E&S) 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.

This framework focuses on whether the issue is material to the company, whether the request is reasonable and practical, and whether it can be implemented in a fair way. This helps us make decisions that are consistent, thoughtful and in the best long-term interests of our members. We also consider our own engagement history with the company and relevant market practices before reaching a decision.

Shareholder proposals can address a variety of E&S related topics. The following is our approach to assessing E&S-themed shareholder proposals on three of the more common themes: climate change; human capital management; and political activities, expenditures and trade associations.

Shareholder Proposals Addressing Climate Change
Principle: We support proposals that strengthen a company's climate change-related practices, disclosure, and alignment with a low-carbon economy.

Guidelines:
- We assess climate-related proposals on a case-by-case basis. Examples of proposals we may support include those requesting:
    - Improved climate change governance and board oversight;
    - A materiality assessment to better understand climate risks;
    - Enhanced disclosure of decision-useful climate information;
    - Strengthened monitoring and management of climate change-related risks and opportunities;
    - Additional action to align the business with a low-carbon transition and credible net-zero initiatives;
    - Reporting aligned with ISSB's SASB Standards and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Shareholder Proposals Addressing Human Capital Management
Principle: Strong human capital practices contribute to innovation, productivity, and long-term value creation.

Guidelines:
- We encourage companies to adopt leading practices in human capital management (HCM) and to provide relevant disclosures that enable shareholders to evaluate HCM effectiveness.
- We typically support proposals requesting that companies:
    - Improve governance and oversight of HCM;
    - 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.

Shareholder Proposals Addressing Political Activities, Expenditures, and Trade Associations
Principle: Corporate political activities and affiliations should align with stated commitments, strategy, and long-term value creation.

Guidelines:
- We expect companies to ensure consistency between their public commitments and actual practices, policies, goals, and strategy.
- 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 long-term value for shareholders and stakeholders.

- If there is a misalignment between the company's actions and its 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

Appendix - Our Approach to Proxy Voting

We look to enhance the long-term value of our investments through the thoughtful exercise of our voting rights. Our voting decisions are guided by the principles and expectations set out in these Guidelines.

Integrated Assessment Process

We evaluate the company's proxy materials relative to the expectations laid out in our Guidelines, and 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 investment perspective is reflected in the vote. Contentious issues or positions may be discussed with senior management in the Investment Division as well as the President and CEO. We may also work closely with our colleagues across the Fund when assessing shareholder proposals on potentially contentious material, environmental, or social issues for a company.

We review all ballot items – routine and non-routine – within the context of these Guidelines and make every effort to cast an informed vote. While we generally avoid abstaining, we may do so in limited circumstance, such as when insufficient information is available or when a director withdraws their nomination.

We aim to exercise all voting rights where we are able. This may be hindered in some cases by practical considerations, including but not limited to "share-blocking" (an inability to trade freely ahead of the general meeting if a vote was exercised), company or market level Power of Attorney requirements, untimely notice of shareholder meetings or difficulties in translating the proxy.

Disclosure of Vote Decisions

We provide a public 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.[12]

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[12] 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 our website for more information.