STATEMENT OF GUIDELINES AND PROCEDURES ON PROXY VOTING

TABLE OF CONTENTS

Introduction 2
Primary Principles 2
Evolving Practices 3
Process 3
Guidelines for effective boards 4
1.1 Board Independence 4
1.2 Separation of CEO and Chair 4
1.3 Key Committees and Audit Function 4
1.4 Director Qualifications 5
1.5 Diverse boards 5
1.6 Over Boarding and Attendance 5
1.7 Term limits 6
1.8 Director Liability and Indemnification 6
1.9 Annual Elections 6
1.10 Proxy Contests 7
1.11 Majority Voting 7
1.12 Cumulative voting 7
Guidelines for Shareholder Rights and Shareholder proposals 8
1.13 Dual class share structure 8
1.14 Proxy Access 8
1.15 Linked/Bundled Proposals 8
1.16 Confidential voting 9
1.17 Supermajority Voting 9
1.18 Shareholder proposals 9
Guidelines on Compensation 11
1.19 Executive Compensation: 11
1.20 Director Compensation 13
Guideline on Corporate Structure and Capital Management 14
1.21 Takeover Protection 14
1.22 Shareholder Rights Plans 14
1.23 Lock-up arrangements 15
1.24 Corporate Transactions 15
1.25 Authorization of shares 15
1.26 Reincorporation 16

Introduction

At the Healthcare of Ontario Pension Plan (HOOPP), our mission is to deliver on our pension promise. Stewardship, a key piece of our investment management approach, helps protect and enhance the value of our investment portfolio. Through our stewardship activities, we encourage practices that support long-term shareholder value at companies in which HOOPP invests.

As a beneficial owner of shares in public companies in Canada and around the world, HOOPP has the right to vote on matters put forward by company management and shareholders. Our votes are an important mechanism to influence companies and express our views as a shareholder. Voting and corporate engagement are two key stewardship activities and may be used together. Voting results may inform future discussions with companies and engagement outcomes may inform voting action.

This Statement of Guidelines and Procedures on Proxy Voting (the "Guidelines") outlines our views on good governance structures and practices, as well as sustainability-related issues such as those related to climate change. These Guidelines provide a general indication of how HOOPP is likely to vote on certain ballot items rather than an exhaustive list of every proxy issue. We evaluate ballots on a case-by-case basis.

Primary Principles

HOOPP believes that strong, effective governance enhances and protects shareholder value. A corporation's board of directors is responsible for ensuring that management enhances long-term shareholder value. Corporate management is accountable to the board of directors, and the board is accountable to the shareholders. The board provides oversight of management and collectively represents all shareholders.

The following four principles guide our voting:

- **Effective boards:** Qualified, independent, and well-governed boards are essential for the long-term success of companies.
- **Strong shareholder rights:** Rights of shareholders are important levers for board accountability and foster trust between investors and companies.
- **Aligned compensation:** Fair, transparent, and performance-based compensation aligns management's interests with shareholders' and helps retain and attract top talent.
- **Sound corporate structure and capital management:** Robust corporate structure and financial management supports long-term growth.

These principles draw on guidance from trusted sources such as the Canadian Coalition for Good Governance (CCGG).



Evolving Practices

Our Primary Principles are supported by best practices that foster long-term shareholder value. We recognize that new issues can and will arise and these will be examined and voted in accordance with the principles outlined in this document. For some issues, best practices may still be developing. This section outlines practices we believe boards would benefit from adopting to enable effective oversight of these emerging issues.

- **Diversity of perspectives:** HOOPP believes that diverse boards, including but not limited to gender, increase the effectiveness of board oversight. Independence and diverse perspectives encourage effective challenge and reduces the likelihood of groupthink. We expect boards to actively consider the inclusion of groups not currently represented, ensuring that a diversity of perspectives informs decision-making.

- **AI governance:** With the rapid development and adoption of Artificial intelligence (AI), we believe there is a need for oversight of AI risks and opportunities. We expect boards to be aware of and mitigate any material risks that could arise from companies' use or development of AI. Similarly, we expect boards to consider the potential disruption from AI and resulting impact on corporate strategy in an increasingly AI-driven world. We expect that company boards begin to take AI competencies into consideration when building efficient boards. Boards could also consider hiring external AI expertise where needed.

- **Climate change:** HOOPP believes that the board is responsible for oversight of climate risks and opportunities. Similar to other key responsibilities like compensation, audit etc. we encourage boards to formalize oversight of climate change at the committee level. We also expect companies to measure and disclose their material carbon emissions along with near- and long-term credible emissions reductions target as well as progress towards achieving those targets.

Process

HOOPP believes that proxy voting is part of portfolio management activities for fundamental strategies and therefore the relevant portfolio manager is responsible for the voting analysis, where applicable. As input to the internal analysis, we reference corporate disclosures, regulatory filings, and proxy advisor research. Public disclosure is a key tool which enables shareholders to evaluate a board's performance.

HOOPP has established procedures to ensure that our proxies are voted on a timely basis. Votes are cast, in most instances, by use of a proxy. A proxy, which is a legal transfer to another party of a shareholder's right to vote, allows shareholders that cannot physically attend shareholder meetings to vote by mail or electronically. Our proxy voting activities and outcomes are reported annually to the HOOPP Board of Trustees and in our Annual Report. This document is reviewed annually by the Board of Trustees as part of the Funding and Investment Policies.



Guidelines for effective boards

Effective boards are a keystone of a well governed firm, and the board is ultimately accountable to the shareholders for the outcomes of the company decisions. Votes for or against nominees on a board of directors can be a means for shareholders to express satisfaction or dissatisfaction with a board's oversight of management and the state of corporate governance of the corporation.

1.1 Board Independence

HOOPP believes that the independence of the board from management is key and is best maintained if a majority of directors have no direct relationship with the corporation. Non-independent directors include executives and retired executives of the corporation as well as individuals who have a material business, personal or economic relationship with the corporation. In deciding upon a vote for or against director nominees, factors such as historical corporate performance and governance should be considered.

HOOPP does not support the election of director or directors if a majority of the candidates for the board of directors are non-independent. Consideration will be given of non-independent boards that have a strong history of good corporate performance and governance.

1.2 Separation of CEO and Chair

In order for the board of directors to maintain its independence from management of a corporation, a strong, independent leader is required. It follows that this leader should not be the Chief Executive Officer (CEO). In cases where the CEO and Chair are the same person, an independent lead director should be appointed by non-management board members and should have similar authority to the combined CEO-Chair role.

HOOPP supports the separation of the board chair and CEO and may vote against the Chair and/or members of the Nominating Committee where the CEO and the Chair are the same person. Consideration will be given in cases where there is a strong history of good corporate performance and governance or where a strong, independent board leader has been appointed.

1.3 Key Committees and Audit Function

In addition to having a majority of independent directors on the full board, the board should have completely independent audit, nominating and compensation committees.

HOOPP's preference would be for the audit committee to select a large, well known and reputable accounting firm as auditor. Over time, HOOPP believes that a programmed rotation of auditors may better serve a corporation, although in some instances there may be a legitimate reason to stay with one firm.

HOOPP's preference would be that most, if not all, of the revenues earned by the accounting firm with respect to a corporation be associated with the audit rather than with other consulting business.



HOOPP does not support non-independent directors on the committee in question when the audit, nominating, or compensation committees are not fully constituted of independent members.

Generally, HOOPP supports the choice of auditors recommended by the audit committee of the corporation. We may vote against auditors where non-audit related fees exceed those that are audit related.

1.4 Director Qualifications

Boards should have the appropriate mix of skills, knowledge and experience to enable effective governance and oversight. Diversity of educational discipline and professional or functional background is also important. We encourage boards to establish transparent and structured nomination and evaluation processes that ensure the board is composed of a diverse set of qualified directors.

HOOPP does not support individual director nominees if they lack the appropriate skills, knowledge and experience in the context of the composition of the full board. We support proposals to adopt and disclose a board skills matrix.

1.5 Diverse boards

Diversity on boards increases the effectiveness of board oversight and is likely to increase the prospect of positive outcomes for investors. In Canada, there are several initiatives and disclosure requirements related to equity, diversity and inclusion. Companies governed by the Canadian Business Corporations Act (CBCA) are required to provide disclosures along four dimensions of diversity: women, Indigenous peoples (First Nations, Inuit and Metis), persons with disabilities and members of visible minorities. We recognize there are additional underrepresented groups, such as the LGBTQ2SI+ community, not currently covered by the CBCA requirement.

Where a board has less than 30% women on the board or does not provide the board diversity disclosure, HOOPP may consider voting against or withholding our vote from the Chair of the Nominating Committee, or the entire Nominating Committee.

1.6 Over Boarding and Attendance

Directors should be able to commit an appropriate amount of time to their role and therefore any director who is a CEO should sit on a maximum of two additional outside boards and any outside directors, i.e. those holding no full-time executive position, should sit on a maximum of five boards. Directors should have a record of attending at least 75% of the meetings in any one year.

HOOPP does not support directors who are CEOs and sit on more than two outside boards and directors with no full-time executive position who sit on more than five public company boards.

HOOPP does not support directors who attend less than 75% of the aggregate of board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed.



1.7 Term limits

Term limits for directors are designed to protect the board's independence by removing directors whose independence may be compromised by relationships with management they have developed during a long tenure. However, term limits may remove effective, experienced directors solely because of their length of service. We believe the decision to adopt age or term limits for directors should be made by the board itself. HOOPP expects the board to consider the tenure of the individual directors as well as the range of tenures throughout the board as a part of their annual board assessment.

HOOPP assesses the tenure of the board members collectively and HOOPP may consider voting against the chair of the nominating committee where more than one third of the board has a tenure greater than 15 years. Shareholder proposals to introduce term limits will be assessed on a case-by-case basis.

1.8 Director Liability and Indemnification

HOOPP believes that a limitation on directors' liability and appropriate indemnification of directors enables the attraction and retention of qualified directors while providing some recourse to shareholders on areas of misconduct by directors. HOOPP does recognize that directors might be more diligent if they were to be subject to personal liability, but HOOPP also believes that many qualified individuals would be reluctant to serve as corporate directors if this were the case.

HOOPP supports proposals that limit directors' liability and provide indemnification. However, these proposals should be limited to the directors acting honestly and in good faith with a view to the best interests of the corporation and, in criminal matters, to the director having reasonable grounds for believing the conduct was lawful.

1.9 Annual Elections

In a staggered board, directors are elected in groups, serving terms greater than one-year. Disadvantages with this structure are the difficulty in replacing individual undesirable board members and the inability to replace the entire board, making it difficult for shareholders to propose or vote for any change in control.

The counter argument is that by staggering the election of directors, some continuity and skill is maintained. HOOPP feels this can be addressed by annual elections, if the directors are careful to address the issue of succession.

HOOPP supports proposals calling for the annual election of directors over staggered board terms. Where staggered terms are already in place, we may support individual directors if doing so is deemed to be in the best interest of shareholders.

1.10 Proxy Contests

Most director elections in Canada and the U.S. are not contested. In the event of a contested election or a proxy contest, factors such as the long-term performance of the company relative to its peers and the track record of the current management team will be considered.

HOOPP examines proxy contests on a case-by-case basis and votes for the option that is best aligned with long-term shareholder value.

1.11 Majority Voting

Majority voting for director elections is corporate governance best practice. Majority voting requires that directors are elected with at least 50% of votes cast. This standard is becoming more common in Canada and the U.S. due to developments in stock exchange listing requirements and developments in corporate law. Where majority voting is not otherwise mandated, we believe it should be implemented.

HOOPP supports majority voting standards. Where such standards are not required by law or listing requirements, we support proposals calling for majority voting.

1.12 Cumulative voting

Cumulative voting gives shareholders votes equal to the number of shares they own multiplied by the number of directors to be elected which can then all be cast for a single candidate, or for any two or more of them. Directors in place as a result of cumulative voting may have the interests of a special interest group ahead of those of all shareholders. However, there may be occasions, as in cases involving control blocks, when it is desirable to facilitate independent or minority representation on a board.

HOOPP does not support cumulative voting unless voting for it would facilitate independent or minority representation on an unresponsive board or a board controlled by a block of inside shareholders.



Guidelines for Shareholder Rights and Shareholder proposals

HOOPP believes that shareholders' rights, which include the right to vote at shareholder meetings, are an important component of the value of an ownership position in a corporation. HOOPP does not support proposals that erode or attempt to subordinate the rights of common shareholders.

Ownership rights should not be subordinated. Minority shareholders should not be treated differently from controlling shareholders. All shareholders have a right to receive proper notice of corporate actions and to vote on issues that have a material financial impact upon their investments.

The format, design and logistical set-up of shareholder meetings can also impact shareholders' rights and ability to interact with the board. Hybrid formats can make it easier for shareholders to attend but should provide the same level of transparency and opportunity for participation for all attendees.

1.13 Dual class share structure

Dual class capitalization structures involve two classes of common shares with different voting rights. Generally, the shares that have lower or fewer voting rights can be bought and sold more easily than the shares that have superior voting rights. The shares that have superior voting rights are usually kept in the hands of management or a minority group who maintains control of the corporation. These classifications violate the principle of "one share, one vote" enabling management or a minority group to make changes to corporations without the support of the majority of shareholders.

HOOPP does not support the creation or extension of dual class voting stock with unequal voting rights.

1.14 Proxy Access

Proxy access refers to the ability of shareholders to nominate directors to the corporate board using the company's proxy circular. This tool is intended to increase board responsiveness to shareholder concerns. HOOPP believes that proxy access can be a useful shareholder right.

HOOPP supports proxy access measures that are aligned with the Proxy Access Policy of the Canadian Coalition for Good Governance (CCGG). CCGG proposes that a group of shareholders owning at least 3% of the shares for at least 3 years may nominate up to the greater of two directors or 20% of the board.

1.15 Linked/Bundled Proposals

Linked proposals seek to bundle two or more issues together in one vote. Such proposals can be a way to have shareholders approve a proposal that they would not support if it were proposed on its own.

HOOPP does not support "linked proposals" where one or more of the proposals is not in the best interests of shareholders.

1.16 Confidential voting

HOOPP believes that the way HOOPP votes on proxy issues should be confidential unless HOOPP decides to make its votes public. HOOPP does, however, feel that it is beneficial that management is aware that HOOPP is a shareholder.

HOOPP supports confidential voting resolutions.

1.17 Supermajority Voting

Super-majority voting requirements are designed to deter hostile takeovers by imposing voting barriers. They typically require the approval of well over 50% of shareholders to approve a particular transaction – often as high as 80%.

Such proposals erect barriers to potentially beneficial resolutions. Proposals that carry such provisions can impair share value.

HOOPP does not support proposals to increase the number of voters required on an issue above two-thirds of the outstanding shares unless it is in the best interests of shareholders.

1.18 Shareholder proposals

Shareholder proposals are typically advisory votes that are a vital tool in promoting improved governance and management accountability. HOOPP evaluates all shareholder proposals on a case-by-case basis. Some of the common shareholder proposal categories are as outlined below.

1.18.1 Sustainability related issues

HOOPP believes that sustainability related factors can materially impact a company. HOOPP believes that corporations that effectively manage these are likely to be more financially successful over the long-term than those which do not. Sustainability factors can take the form of risks or opportunities and can impact a company at the strategic, operational or reputational level. These factors include those related to climate change, which is a systemic risk and may impact a company through the physical effects of climate change and/or the transition to a low carbon economy. Credible transition plans and progress against those plans allow investors to assess if companies are effectively managing these risks.

HOOPP encourages reasonable disclosures related to relevant sustainability topics. The International Sustainability Standards Board (ISSB) created disclosure standards IFRS S1, which covers general requirements for disclosure of sustainability-related information and IFRS S2, regarding climate governance, strategy, risk management and metrics and targets. We expect companies to report using the ISSB standards or equivalent jurisdictional standards.

HOOPP examines shareholder proposals on sustainability issues on a case-by-case basis.

1.18.2 Sustainability Disclosures and Risk Management

HOOPP typically supports reasonable policies, practices and disclosure related to material sustainability related issues that will improve the company's management of related risks and opportunities.



HOOPP may consider voting against the relevant board members if any of the following are applicable. A company is:

1) ***not providing adequate disclosure of information, such as metrics or risk management, regarding these topics; and/or***
2) ***not adequately managing the risks of material sustainability related issues in a way that has had a meaningful impact on stock price performance or is reasonably likely to in the future.***

1.18.3 Say on Climate

Say on climate proposals request shareholder approval of the company's climate plan. We believe corporate strategy, including climate strategy, is the domain of management and the board due to the in-depth knowledge of the company required to set the strategy. Thus, we believe it is not appropriate for shareholders to vote on the climate strategy.

HOOPP generally does not support shareholder proposals requesting an annual say-on-climate vote.



Guidelines on Compensation

HOOPP believes a well-designed compensation plan is a powerful tool to incentivise executives and appropriately align their interests with shareholders to enhance long term shareholder value.

1.19 Executive Compensation:

Executive compensation should be structured in such a way as to provide management with incentive to act consistently with the long-term interests of the shareholders of the company and to ensure the motivation and retention of capable people. Total compensation should not be excessive, and incentive plans should be tied to individual and corporate performance.

Incentive plans have become more complex over time. Proposals to implement or change the terms of such plans should be reviewed on a case-by-case basis in the context of management and corporate performance of the company. It is the role of an independent Compensation Committee to set executive compensation. Disclosure of compensation plan metrics, targets and rationale for deviations from the plan are essential for shareholders to ensure compensation practices are aligned with long-term value.

HOOPP favours compensation arrangements that encourage the outright ownership of a significant number of shares of the corporation by management. HOOPP believes that a significant portion of the total compensation of senior executives should reflect business performance achieved.

1.19.1 Equity Based Awards

While stock options can be an appropriate way to compensate management, each plan should be scrutinized carefully to ensure that undesirable features are not included. HOOPP believes that the outright ownership of shares of the corporation by management aligns the interests of shareholders and management much more closely than does ownership of options, which bear less downside risk.

HOOPP supports stock option plans that contain features that align the interests of shareholders and management. We vote for proposals to link vesting of options with appropriate performance measures.

HOOPP generally does not support plans that have any of the following features:

- ***i. Dilution of more than the greater of 10% in total or 1% per annum.***
- ***ii. The ability to lower the strike price of outstanding options.***
- ***iii. Options are awarded at strike prices that are at a discount to the market price.***
- ***iv. Omnibus plans (where several types of awards are included in one plan) unless each individual type of award is appropriate.***
- ***v. Evergreen plans (where options that have been exercised are loaded back into the pool available for grant).***
- ***vi. Accelerated vesting of awards in the event of a change in corporate control.***
- ***vii. Options vest immediately.***



viii. Terms of more than ten years.

ix. Option ownership is concentrated among a small number of senior executives.

The above elements are standard in many institutional equity compensation and executive pay voting policies. These criteria help ensure that equity incentive plans align with long-term shareholder interests, minimize excessive dilution, and discourage opportunistic executive behavior.

1.19.2 Severance Packages

Golden parachutes are payments paid to directors or senior officers whose appointment or employment is terminated following a merger or takeover of the corporation. In many cases these payments are viewed by shareholders as excessive, however they can also be viewed in other cases as being viable in order to retain management during takeover speculation.

Shareholders typically do not have the right to vote on golden parachutes, but they can be taken into consideration when voting on other compensation-related proposals or for boards of directors.

HOOPP may not support excessive severance compensation packages paid to any director, officer or employee, which are contingent upon the merger or acquisition of the corporation with a resulting change in control. Excessive in this case is defined as being more than three times the salary plus bonus of the individual.

HOOPP may withhold votes from directors on the compensation committee who have approved of excessive severance compensation packages which have not clearly provided shareholder value.

1.19.3 Hedging and Pledging

Compensation in the form of equity or stock options is often issued to senior officers in order to align their medium and long-term interests with those of shareholders. For this reason, HOOPP deems reasonable equity compensation as desirable, however hedging, pledging or other financial transactions designed to off-set any declines in the company's share price in general negate the original alignment principle of such grants.

HOOPP does not support equity compensation plans that do not explicitly disclose a prohibition against financial transactions for the purpose of hedging, pledging or otherwise designed to eliminate the "at risk" nature of such compensation.

1.19.4 Advisory Vote on Compensation

Advisory votes on executive compensation or "Say on Pay" votes are an important mechanism for shareholders to communicate their views on the alignment of pay and performance and compensation practices. If an advisory vote on executive compensation receives relatively low support, HOOPP expects the board to engage shareholders and respond appropriately to their concerns.



HOOPP supports annual advisory votes on executive compensation. If there is no advisory vote on executive compensation on the ballot and there are concerning compensation practices, we may consider voting against Compensation Committee members.

1.19.5 Employee loans

Loans to employees to purchase stock or to exercise options beyond their ability to repay engender risk to the company as a result of uncollectible debt should the share price fall. The company may feel that termination of employees who are substantially in debt is more difficult.

HOOPP does not support corporations making loans to employees to allow employees to pay for stock or to exercise options.

1.20 Director Compensation

HOOPP believes that directors should be compensated reasonably in order to attract and retain qualified individuals. HOOPP encourages ownership of a meaningful holding of shares of the corporation by directors. Stock options, which align directors' interests more closely with those of management who hold stock options, are not a preferred type of compensation for directors.

HOOPP does not support stock option plans that include awards to directors.



Guideline on Corporate Structure and Capital Management

A sound capital structure and prudent financial management support stability, resilience, and long-term growth. They enable companies to weather economic cycles, invest strategically, and deliver sustainable value to shareholders. Effective oversight of leverage, liquidity, and capital allocation is essential to maintaining financial health and ensuring disciplined growth.

1.21 Takeover Protection

There have been several different mechanisms developed over time by corporations seeking to protect themselves from unwanted takeover bids or to inhibit competitive bidding for ownership positions. In many cases, these mechanisms are not in the best interests of all shareholders or may undermine shareholder rights.

HOOPP does not support anti-takeover defenses unless they can be shown to be in the best interest of shareholders.

1.22 Shareholder Rights Plans

Poison pills are shareholder rights plans that may be triggered most often as a result of a hostile takeover bid. They provide existing shareholders with the ability to purchase additional shares or to sell shares at advantageous prices. This has the result of imposing a financial penalty on the potential acquirer.

Poison pills can be acceptable to shareholders if they ensure that all shareholders are equal in the event of a change of control of a corporation or if they are a method of providing the board of the target company enough time to search for a better alternative to the existing takeover bid.

HOOPP may support a shareholder rights plan if it complies with all the criteria specified below:

- There must be a "permitted bid" which goes directly to the shareholders with no residual discretion by the corporation's board to refuse to allow the bid.
- The takeover threshold should be at least 20%.
- Partial bids should be permitted.
- The permitted bid must remain outstanding for 45 - 60 days, by which time there should be a response from the corporation's board announcing either:
    - an alternative bid, or
    - the success of the original bid, i.e. more than 50% of shares have been tendered.
- The offeror should have the right to amend the offer at any time before the expiry of the bid.
- A majority of the outstanding shares tendered to the bid should be sufficient to approve the offer.
- The plan should be submitted for shareholder approval at least every three years.
- Any "break fee" should be based on the direct costs of the acquirer's bid and should not be intended to discourage other bids.
- The plan must contain an exemption for permitted lock-up arrangements.



HOOPP reviews shareholder rights plans on a case-by-case basis considering the above features.

1.23 Lock-up arrangements

"Lock-up" arrangements are agreements entered into by shareholders to sell their shares to an acquirer, often without the knowledge of management or directors. These agreements are sometimes structured so that the shareholders who are party to the agreement are not able to get out of the agreement should a more attractive bid come along. Competitive bidding ensures that shareholders receive the highest price for their shares. Restrictive practices such as "lock-up" arrangements provide no such assurance, thus, impair shareholder value.

HOOPP does not support arrangements that lock up a bid so that other bids are prevented.

1.24 Corporate Transactions

Leveraged buyouts involve offers to buy a company by a group that includes management of the company. One of the implications of such an offer would be that management, as insiders, would have more information than the shareholders as to the company's prospects.

HOOPP evaluates leveraged buyout proposals on a case-by-case basis. Elements we consider are if:

i. ***other potential bidders have had an opportunity to investigate the company and make competing bids;***
ii. ***management with a controlling interest is willing to match or exceed competing offers in buying out the remaining public shareholders or, alternatively, sell its shares to the highest bidders;***
iii. ***an independent valuation and / or an independent fairness opinion has been issued.***

If the evaluation indicates that management is not pursuing shareholders' best interests, we may vote against the leveraged buyout proposal.

1.25 Authorization of shares

Management may propose increases in the number of authorized but unissued shares. This can provide a company with flexibility needed to deal with changing financial conditions, e.g. implement a stock split, aid in a restructuring or acquisition. However, increases can also be used to thwart takeover bids which, in some instances, are in the best interests of shareholders.

"Blank cheque" preferred shares are one of the types of shares sometimes used as a defence against takeover bids. They provide a board with broad discretion in determining the shares' voting rights, conversion rights, etc. In almost all cases, once an increase in authorized shares is approved, shareholders no longer have control over the use of the shares when issued.



HOOPP supports proposals for an increase in authorized common shares provided the amount requested is reasonable and there are sound business reasons. We may vote against the authorization of or an increase in "blank cheque" preferred shares.

1.26 Reincorporation

From time to time, corporations will submit proposals to shareholders to change the jurisdiction of incorporation of the corporation. This can be done for a number of legitimate, economic reasons. It can, however, also be proposed by boards that seek to limit directors' liability or as part of an anti-takeover defence.

HOOPP evaluates reincorporation proposals on a case-by-case basis, considering whether they are supported by sound financial and/or strategic rationale. We do not support reincorporation proposals that are preposed as part of an anti-takeover defence or solely to limit directors' liability.

