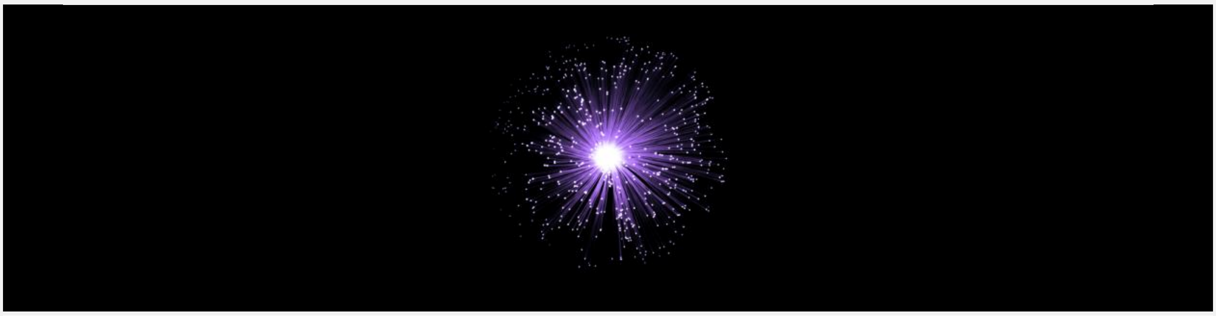

Glass Lewis
2017 Proxy Voting Guidelines

2nd February 2017

Glass Lewis released its 2017 proxy voting guidelines in November 2016. Whilst there were no material changes to the guidelines on executive remuneration, companies will note the following points.

Engagement process

- Glass Lewis does not usually discuss voting policies or recommendations with companies during the ‘solicitation / silent period’, which begins on the date the notice of AGM is released and ends on the date of meeting. Glass Lewis is also not available for engagement from March through June as they focus on research.

- Glass Lewis does not provide a preview of its recommendations and refrains from reviewing draft versions of proposed proxy materials.

- If Glass Lewis requires clarification on a particular issue during the solicitation period, an analyst will contact the company as long as the discussion is confined to publicly available information. Glass Lewis proxy research and recommendations are based solely on publicly available information that is available to all shareholders and it will not accept off-the-record clarifications or assurances in formulating its analysis or recommendations.

Voting against the remuneration committee members

Glass Lewis may recommend voting against the chair and/or all members of the remuneration committee under the following circumstances:

- Executive pay is excessive relative to the financial performance of the company.

- The board entered into excessive employment contracts and/or severance agreements with senior executives.

- Performance targets were inappropriately changed or lowered after an executive failed to meet the original goals or success became unlikely, or if performance-based remuneration was paid despite a failure to achieve the goals. Glass Lewis expects the board to provide a thorough and convincing explanation for the lowering or removal of any performance condition.

- The benefits paid are considered to be excessive.

- Pay policies are highly divergent from best practices or are otherwise not aligned with the interests of shareholders.

- The board has maintained poor remuneration practices in successive years, or if it has failed to adequately respond to a significant number of negative votes on recent remuneration proposals.

- The remuneration report fails to disclose the relationship, if one exists, between the company's remuneration policy and the company's performance. Glass Lewis believes that a significant portion of an executive's remuneration should be dependent on the company's performance.

Voting against remuneration arrangements

Glass Lewis identifies the following issues as likely to result in a vote against a remuneration policy or report:

- The policy allows for high pay (relative to the company's peers) that is not subject to relevant and challenging performance targets over the period and such pay has not been merited by outstanding company performance over the period.

- The terms of incentive schemes are considered to be inappropriate.

- The overall remuneration structure or the balance between short and long-term incentive plans is not considered to be appropriate or in shareholders' best interests.

- Pay levels are benchmarked above median without sufficient justification.

- Service contracts provide for notice periods longer than one year. For recruitment purposes only, longer notice periods may be approved if they revert to one year or less after the initial term expires.

- The policy does not reflect appropriate share-based dilution limits.

- Service contracts provide for the enhancement of employment terms or remuneration rights in excess of one year in the event of a change of control.

- Performance targets are not sufficiently challenging, or do not align with business strategy.

- Non-executive directors are eligible for cash and/or equity awards on similar terms as those granted to executives.

- The incentive structure relies on or allows an excessive level of committee discretion without appropriate justification.

The voting recommendations may reflect ongoing structural concerns as well as decisions and outcomes during the year and particular attention will be paid to alignment between performance and pay outcomes.

Incentives

Glass Lewis normally expects the majority of incentive awards to be subject to performance measured over at least three years. Extended performance and/or holding periods are encouraged.

Glass Lewis believes that the majority of the bonus should be based on financial measures.

Where adjusted financial measures are used, the report should disclose how the calculation differs from the reported accounting figures and provide a rationale for such adjustments. Glass Lewis will scrutinise payouts where performance differs significantly from the reported figures.

The Glass Lewis guidelines can be found here. Companies can seek to engage with Glass Lewis here.

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