

## Proxy Voting Policy



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## 1. OPERATIONAL ITEMS

ISSUE SUBJECT TO VOTE	VOTING POLICY
Financial Results/Director and Auditor Reports	<p data-bbox="643 477 1385 551">Vote FOR approval of financial statements and director and auditor reports, unless:</p> <ul data-bbox="643 584 1385 775" style="list-style-type: none"><li data-bbox="643 584 1385 651">› There are concerns about the accounts presented or audit procedures used; or</li><li data-bbox="643 674 1385 775">› The company is not responsive to shareholder questions about specific items that should be publicly disclosed.</li></ul>
Appointment of Auditors and Auditor Fees	<p data-bbox="643 837 1385 911">Vote FOR proposals to ratify auditors and/or proposals authorizing the board to fix auditor fees, unless:</p> <ul data-bbox="643 945 1385 1480" style="list-style-type: none"><li data-bbox="643 945 1385 1012">› There are serious concerns about the procedures used by the auditor;</li><li data-bbox="643 1034 1385 1135">› There is reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position;</li><li data-bbox="643 1158 1385 1258">› External auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company;</li><li data-bbox="643 1281 1385 1314">› Name of the proposed auditors has not been published;</li><li data-bbox="643 1337 1385 1370">› The auditors are being changed without explanation; or</li><li data-bbox="643 1393 1385 1480">› Fees for non-audit services exceed standard annual audit-related fees (only applies to companies on the MSCI EAFE index and/or listed on any country main index).</li></ul> <p data-bbox="643 1514 1385 1783">In circumstances where fees for non-audit services include fees related to significant one-time capital structure events (initial public offerings, bankruptcy emergence, and spin-offs) and the company makes public disclosure of the amount and nature of those fees, which are an exception to the standard "non-audit fee" category, then such fees may be excluded from the non-audit fees considered in determining the ratio of non-audit to audit fees.</p> <p data-bbox="643 1816 1385 1989">For concerns related to the audit procedures, independence of auditors, and/or name of auditors, PAM will target the auditor election. For concerns related to fees paid to the auditors, PAM will target remuneration of auditors if this is a separate voting item; otherwise PAM will target the auditor election.</p>

ISSUE SUBJECT TO VOTE	VOTING POLICY
Appointment of Internal Statutory Auditors	<p>Vote FOR the appointment or re-election of statutory auditors, unless:</p> <ul style="list-style-type: none"> <li>➤ There are serious concerns about the statutory reports presented or the audit procedures used;</li> <li>➤ Questions exist concerning any of the statutory auditors being appointed; or</li> <li>➤ The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.</li> </ul>
Allocation of Income	<p>Vote FOR approval of the allocation of income, unless:</p> <ul style="list-style-type: none"> <li>➤ The dividend payout ratio has been consistently below 30 per cent without adequate explanation; or</li> <li>➤ The pay-out is excessive given the company's financial position.</li> </ul>
Amendments to Articles of Association	<p>Vote amendments to the articles of association on a CASE-BY-CASE basis.</p>
Change in Company Fiscal Term	<p>Vote FOR resolutions to change a company's fiscal term unless a company's motivation for the change is to postpone its AGM.</p>
Lower Disclosure Threshold for Stock Ownership	<p>Vote AGAINST resolutions to lower the stock ownership disclosure threshold below 5 percent unless specific reasons exist to implement a lower threshold</p>
Amend Quorum Requirements	<p>Vote proposals to amend quorum requirements for shareholder meetings on a CASE-BY-CASE basis.</p>
Transact Other Business	<p>Vote AGAINST other business when it appears as a voting item</p>

## 2. BOARD OF DIRECTORS

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ISSUE SUBJECT TO VOTE	VOTING POLICY
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ISSUE SUBJECT TO VOTE	VOTING POLICY
Non-Contested Director Elections	<p data-bbox="639 338 1238 398">Vote FOR management nominees in the election of directors, unless:</p> <ul style="list-style-type: none"> <li data-bbox="639 443 1225 504">› Adequate disclosure has not been provided in a timely manner;</li> <li data-bbox="639 533 1278 593">› There are clear concerns over questionable finances or restatements;</li> <li data-bbox="639 622 1366 683">› There have been questionable transactions with conflicts of interest;</li> <li data-bbox="639 712 1382 772">› There are any records of abuses against minority shareholder interests; or</li> <li data-bbox="639 801 1318 862">› The board fails to meet minimum corporate governance standards.</li> <li data-bbox="639 891 1366 952">› There are specific concerns about the individual such as criminal wrong-doing or breach of fiduciary responsibilities.</li> <li data-bbox="639 981 1334 1041">› Repeated absences at board meetings have not been explained (in countries where this information is disclosed).</li> </ul> <p data-bbox="639 1059 1366 1155">In addition to these general factors, we may vote AGAINST due to concerns related to at least one of the following specific factors, which are presented below as separate subsections:</p> <ul style="list-style-type: none"> <li data-bbox="639 1200 842 1229">› Director Terms</li> <li data-bbox="639 1256 1134 1285">› Bundling of Proposals to Elect Directors</li> <li data-bbox="639 1312 911 1341">› Board independence</li> <li data-bbox="639 1368 1062 1397">› Disclosure of Names of Nominees</li> <li data-bbox="639 1424 967 1453">› Combined Chairman/CEO</li> <li data-bbox="639 1480 1270 1509">› Election of a Former CEO as Chairman of the Board</li> <li data-bbox="639 1536 927 1565">› Overboarded Directors</li> <li data-bbox="639 1592 999 1621">› One Board Seat per Director</li> <li data-bbox="639 1648 991 1677">› Composition of Committees</li> </ul> <p data-bbox="639 1682 1382 1742">Note that this policy is distinct from ISS' policy on contested director elections, which is presented as a separate policy item.</p> <p data-bbox="639 1787 1366 1912">Vote AGAINST the election or re-election of directors of all companies if the name of the nominee is not disclosed in a timely manner prior to the meeting. <i>[Please see the classification of Directors in Appendix 1]</i></p>

ISSUE SUBJECT TO VOTE	VOTING POLICY
Contested Director Elections	<p>For contested elections of directors, e.g. the election of shareholder nominees or the dismissal of incumbent directors, PAM will vote on a CASE-BY-CASE basis, determining which directors are best suited to add value for shareholders.</p> <p>The analysis will generally be based on, but not limited to, the following major decision factors:</p> <ul style="list-style-type: none"> <li>&gt; Company performance relative to its peers;</li> <li>&gt; Strategy of the incumbents versus the dissidents;</li> <li>&gt; Independence of directors/nominees;</li> <li>&gt; Experience and skills of board candidates;</li> <li>&gt; Governance profile of the company;</li> <li>&gt; Evidence of management entrenchment;</li> <li>&gt; Responsiveness to shareholders;</li> <li>&gt; Whether a takeover offer has been rebuffed;</li> <li>&gt; Whether minority or majority representation is being sought.</li> </ul> <p>When analysing a contested election of directors, PAM will generally focus on two central questions: (1) Have the dissidents proved that board change is warranted? And if so, (2) are the proponent board nominees likely to effect positive change i.e. maximize long-term shareholder value).</p>
Voting on Directors for Egregious Actions	<p>Under extraordinary circumstances vote AGAINST or withhold from directors, individually, on a committee or the entire board due to:</p> <ul style="list-style-type: none"> <li>&gt; Material failure of governance, stewardship, risk oversight or fiduciary responsibilities at the company;</li> <li>&gt; Failure to replace management as appropriate</li> <li>&gt; Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management, and serve the best interests of shareholders at any company</li> </ul>

ISSUE SUBJECT TO VOTE	VOTING POLICY
Discharge of Directors	<p>Generally vote FOR the discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling concerns that the board is not fulfilling its fiduciary duties, warranted on a CASE-BY CASE basis :</p> <ul style="list-style-type: none"> <li>&gt; A lack of oversight or actions by board members which invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest; or</li> <li>&gt; Any legal proceedings, (either civil or criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged action yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions; or</li> <li>&gt; Other egregious governance issues where shareholders will bring legal action against the company or its directors.</li> </ul> <p>For markets which do not routinely request discharge resolutions (e.g. common law countries or markets where discharge is not mandatory), we may voice concern in other appropriate agenda items, such as approval of the annual accounts or other relevant resolutions, to enable us to express discontent with the board.</p>
Director, Officer, and Auditor Indemnification and Liability Provisions	<p>Vote proposals seeking indemnification and liability protection for directors and officers on a CASE-BY-CASE basis.</p> <p>Vote AGAINST proposals to indemnify external auditors.</p>
Board Structure	<p>Vote FOR routine proposals to fix board size.</p> <p>Vote AGAINST the introduction of classified boards and / or mandatory retirement ages for directors.</p> <p>Vote AGAINST proposals to alter board structure or size in the context of a fight for control of the company or the board.</p>



### 3. CAPITAL STRUCTURE

ISSUE SUBJECT TO VOTE	VOTING POLICY
Share Issuance Requests	<p data-bbox="643 526 863 553"><b>General Issuances:</b></p> <p data-bbox="643 598 1369 696">Vote FOR issuance requests with pre-emptive rights to a maximum of 100 per cent over currently issued capital, as long as the share issuance authorities' periods are clearly disclosed.</p> <p data-bbox="643 741 1378 840">Vote FOR issuance requests without pre-emptive rights to a maximum of 20 per cent of currently issued capital, as long as the share issuance authorities' periods are clearly disclosed.</p> <p data-bbox="643 884 863 911"><b>Specific Issuances:</b></p> <p data-bbox="643 956 1378 1014">Vote on a CASE-BY-CASE basis on all requests, with or without pre-emptive rights.</p>
Increases in Authorized Capital	<p data-bbox="643 1099 1378 1220">Vote FOR non-specific proposals to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding.</p> <p data-bbox="643 1265 1378 1323">Vote FOR specific proposals to increase authorized capital to any amount, unless:</p> <ul data-bbox="643 1368 1378 1601" style="list-style-type: none"><li data-bbox="643 1368 1378 1467">➤ The specific <i>purpose</i> of the increase (such as a share-based acquisition or merger) does not meet the ISS guidelines for the purpose being proposed; or</li><li data-bbox="643 1489 1378 1601">➤ The increase would leave the company with less than 30 percent of its new authorization outstanding after adjusting for all proposed issuances.</li></ul> <p data-bbox="643 1624 1378 1682">Vote AGAINST proposals to adopt unlimited capital authorizations.</p>
Reduction of Capital	<p data-bbox="643 1767 1378 1825">Vote FOR proposals to reduce capital for routine accounting purposes unless the terms are unfavorable to shareholders.</p> <p data-bbox="643 1870 1378 1928">Vote proposals to reduce capital in connection with corporate restructuring on a CASE-BY-CASE basis.</p>

ISSUE SUBJECT TO VOTE	VOTING POLICY
Capital Structures	<p data-bbox="639 360 1378 423">Vote FOR resolutions that seek to maintain or convert to a one-share, one-vote capital structure.</p> <p data-bbox="639 468 1378 562">Vote AGAINST requests for the creation or continuation of dual-class capital structures or the creation of new or additional super-voting shares.</p>
Preferred Stock	<p data-bbox="639 645 1378 775">Vote FOR the creation of a new class of preferred stock or for issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.</p> <p data-bbox="639 819 1378 949">Vote FOR the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets ISS guidelines on equity issuance requests.</p> <p data-bbox="639 994 1378 1057">Vote AGAINST the creation of a new class of preference shares that would carry superior voting rights to the common shares.</p> <p data-bbox="639 1102 1378 1196">Vote AGAINST the creation of blank check preferred stock unless the board clearly states that the authorization will not be used to thwart a takeover bid.</p> <p data-bbox="639 1240 1378 1301">Vote proposals to increase blank check preferred authorizations on a CASE-BY-CASE basis.</p>
Debt Issuance Requests	<p data-bbox="639 1384 1378 1447">Vote non-convertible debt issuance requests on a CASE-BY-CASE basis, with or without preemptive rights.</p> <p data-bbox="639 1491 1378 1621">Vote FOR the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets ISS guidelines on equity issuance requests.</p> <p data-bbox="639 1666 1378 1765">Vote FOR proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.</p>
Pledging of Assets for Debt	<p data-bbox="639 1848 1378 1910">Vote proposals to approve the pledging of assets for debt on a CASE-BY-CASE basis.</p>

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ISSUE SUBJECT TO VOTE

VOTING POLICY

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Increase in Borrowing Powers

Vote proposals to approve increases in a company's borrowing powers on a CASE-BY-CASE basis.

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**ISSUE SUBJECT TO VOTE****VOTING POLICY**

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**Share Repurchase Plans**

Generally vote FOR market repurchase authorities (share repurchase programs) if the terms comply with the following criteria:

- > A repurchase limit of up to 10 per cent of outstanding issued share capital
- > A holding limit of up to 10 per cent of a company's issued share capital in treasury ("on the shelf"); and
- > A duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation or code of governance best practice.

Authorities to repurchase shares in excess of the 10 per cent repurchase limit will be assessed on a case-by-case basis. We may support such share repurchase authorities under special circumstances, which are required to be publicly disclosed by the company, provided that, on balance, the proposal is in shareholders' interests. In such cases, the authority must comply with the following criteria:

- > A holding limit of up to 10 per cent of a company's issued share capital in treasury ("on the shelf"); and
- > A duration of no more than 18 months.

In markets where it is normal practice not to provide a repurchase limit, we will evaluate the proposal based on the company's historical practice. However, we expect companies to disclose such limits and, in the future, may vote against companies that fail to do so. In such cases, the authority must comply with the following criteria:

- > A holding limit of up to 10 per cent of a company's issued share capital in treasury ("on the shelf"); and
- > Duration of no more than 18 months.

In addition, we will vote AGAINST any proposal where:

- > The repurchase can be used for takeover defences;
  - > There is clear evidence of abuse;
  - > There is no safeguard against selective buybacks;
  - > Pricing provisions and safeguards are deemed to be unreasonable in light of market practice.
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ISSUE SUBJECT TO VOTE	VOTING POLICY
Re-issuance of Repurchased Shares	Vote FOR requests to reissue any repurchased shares unless there is clear evidence of abuse of this authority in the past.
Capitalization of Reserves for Bonus Issues/Increase in Par Value	Vote FOR requests to capitalize reserves for bonus issues of shares or to increase par value.

**4. COMPENSATION**

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ISSUE SUBJECT TO VOTE	VOTING POLICY
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## ISSUE SUBJECT TO VOTE

## VOTING POLICY

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### Executive Compensation Related Proposals

We will evaluate management proposals seeking ratification of a company's executive compensation-related items on a CASE-BY-CASE basis, and will generally recommend a vote AGAINST a company's compensation-related proposal if such proposal fails to comply with one or a combination of several of the global principles and their corresponding rules:

Provide shareholders with clear and comprehensive compensation disclosures:

- > Information on compensation-related proposals shall be made available to shareholders in a timely manner;
- > The level of disclosure of the proposed compensation policy shall be sufficient for shareholders to make an informed decision and shall be in line with what local market best practice standards dictate;

Companies shall adequately disclose all elements of the compensation, including:

- > Any short- or long-term compensation component must include a maximum award limit.
- > Long-term incentive plans must provide sufficient disclosure of (i) the exercise price/strike price (options); (ii) discount on grant; (iii) grant date/period; (iv) exercise/vesting period; and, if applicable, (v) performance criteria.
- > Discretionary payments, if applicable.

Maintain appropriate pay-for-performance alignment with emphasis on long-term shareholder value:

- > The structure of the company's short-term incentive plan shall be appropriate.
- > The compensation policy must notably avoid guaranteed or discretionary compensation.

2.2 The structure of the company's long-term incentives shall be appropriate, including, but not limited to, dilution, vesting period, and, if applicable, performance conditions

2.2.1 Equity-based plans or awards that are linked to long-term company performance will be evaluated using ISS' general policy for equity-based plans; and

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ISSUE SUBJECT TO VOTE

VOTING POLICY

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Executive Compensation Related Proposals (continued)

2.2.2 For awards granted to executives, ISS will generally require a clear link between shareholder value and awards, and stringent performance-based elements.

2.3 The balance between short- and long-term variable compensation shall be appropriate

2.3.1 The company's executive compensation policy must notably avoid disproportionate focus on short-term

Avoid arrangements that risk "pay for failure":

3.1 The board shall demonstrate good stewardship of investor's interests regarding executive compensation practices.

3.1.1 There shall be a clear link between the company's performance and variable awards.

3.1.2 There shall not be significant discrepancies between the company's performance and real executive payouts.

The level of pay for the CEO and members of executive management should not be excessive relative to peers, company performance, and market practices.

Significant pay increases shall be explained by a detailed and compelling disclosure.

Severance pay agreements must not be in excess of (i) 24 months' pay or of (ii) any more restrictive provision, pursuant to local legal requirements and/or market best practices.

Arrangements with a company executive regarding pensions and post-mandate exercise of equity-based awards must not result in an adverse impact on shareholders' interests or be misaligned with good market practices.

Maintain an independent and effective compensation committee:

No executives may serve on the compensation committee.

In certain markets the compensation committee shall be composed of a majority of independent members, as per ISS policies on director election and board or committee composition.

In addition to the above, ISS will generally recommend a vote against a compensation-related proposal if such proposal is in breach of any other supplemental market specific ISS voting policies.



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ISSUE SUBJECT TO VOTE

VOTING POLICY

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Non- Executive Director Compensation

Recommend a vote AGAINST where:

- > Documents (including general meeting documents, annual report) provided prior to the general meeting do not mention fees paid to non-executive directors.
- > Proposed amounts are excessive relative to other companies in the country or industry.
- > The company intends to increase the fees excessively in comparison with market/sector practices, without stating compelling reasons that justify the increase.
- > Proposals provide for the granting of stock options, or similarly structured equity-based compensation, to non- executive directors.
- > Proposals introduce retirement benefits for non-executive directors.
- > And recommend a vote on a CASE-BY-CASE basis where:
- > Proposals include both cash and share-based components to non-executive directors.
- > Proposals bundle compensation for both non-executive and executive directors into a single resolution.

## 5. OTHER ITEMS

ISSUE SUBJECT TO VOTE	VOTING POLICY
Reorganizations/Restructurings	Vote reorganizations and restructurings on a CASE-BY-CASE basis.

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**ISSUE SUBJECT TO VOTE****VOTING POLICY**

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**Mergers and Acquisitions**

Vote CASE-BY-CASE on mergers and acquisitions taking into account the following:

- > For every M&A analysis, we review publicly available information as of the date of the report and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:
- > Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, we place emphasis on the offer premium, market reaction, and strategic rationale.
- > Market reaction - How has the market responded to the proposed deal? A negative market reaction will cause us to scrutinize a deal more closely.
- > Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.
- > Conflicts of interest - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? We will consider whether any special interests may have influenced these directors and officers to support or recommend the merger.
- > Governance - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.
- > Vote AGAINST if the companies do not provide sufficient information upon request to make an informed voting decision.

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**Mandatory Takeover Bid Waivers**

Vote proposals to waive mandatory takeover bid requirements on a CASE-BY-CASE basis.

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ISSUE SUBJECT TO VOTE	VOTING POLICY
Reincorporation Proposals	Vote reincorporation proposals on a CASE-BY-CASE basis.
Expansion of Business Activities	Vote FOR resolutions to expand business activities unless the new business takes the company into risky areas.
Related-Party Transactions	<p>In evaluating resolutions that seek shareholder approval on related party transactions (RPTs), vote on a CASE-BY-CASE basis, considering factors including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>&gt; The parties on either side of the transaction;</li> <li>&gt; The nature of the asset to be transferred / service to be provided;</li> <li>&gt; The pricing of the transaction (and any associated professional valuation);</li> <li>&gt; The views of independent directors (where provided);</li> <li>&gt; The views of an independent financial adviser (where appointed);</li> <li>&gt; Whether any entities party to the transaction (including advisers) are conflicted; and</li> <li>&gt; The stated rationale for the transaction, including discussions of timing.</li> </ul> <p>If there is a transaction that is deemed to be problematic and that was not put to a shareholder vote, we may vote AGAINST the election of the director involved in the related-party transaction or the full board.</p>
Anti-takeover Mechanisms	Generally vote AGAINST all anti-takeover proposals, unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

ISSUE SUBJECT TO VOTE	VOTING POLICY
Shareholder Proposals	<p>Vote all shareholder proposals on a CASE-BY-CASE basis.</p> <p>Vote FOR proposals that would improve the company's corporate governance or business profile at a reasonable cost.</p> <p>Vote AGAINST proposals that limit the company's business activities or capabilities or result in significant costs being incurred with little or no benefit.</p>
Social / Environmental Issues	<p>Issues covered under the policy include a wide range of topics, including consumer and product safety, environment and energy, labour standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all votes focuses on how the proposal may enhance or protect shareholder value in either the short term or long term.</p> <p>Generally vote CASE-BY-CASE, taking into consideration whether implementation of the proposal is likely to enhance or protect shareholder value, and in addition the following will be considered:</p> <ul style="list-style-type: none"> <li>&gt; If the issues presented in the proposal are more appropriately dealt with through legislation or government regulation;</li> <li>&gt; If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;</li> <li>&gt; Whether the proposal's request is unduly burdensome (scope, timeframe, or cost) or overly prescriptive;</li> <li>&gt; The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;</li> <li>&gt; If the proposal requests increased disclosure or greater transparency, whether or not reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and</li> <li>&gt; If the proposal requests increased disclosure or greater transparency, whether or not implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.</li> </ul>

## APPENDIX I – CLASSIFICATION OF DIRECTORS

### Executive Director

Employee or executive of the company;

Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company.

### Non-Independent Non-Executive Director (NED)

Any director who is attested by the board to be a non-independent NED;

Any director specifically designated as a representative of a significant shareholder of the company;

Any director who is also an employee or executive of a significant shareholder of the company;

Any director who is nominated by a dissenting significant shareholder, unless there is a clear lack of material<sup>[4]</sup> connection with the dissident, either currently or historically;

Beneficial owner (direct or indirect) of at least 10% of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., family members who beneficially own less than 10% individually, but collectively own more than 10%), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances);

### Government representative;

- > Currently provides (or a relative<sup>[1]</sup> provides) professional services<sup>[2]</sup> to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in excess of \$10,000 per year;
- > Represents customer, supplier, creditor, banker, or other entity with which company maintains transactional/commercial relationship (unless the company discloses information to apply a materiality test<sup>[3]</sup>);
- > Any director who has conflicting or cross-directorships with executive directors or the chairman of the company;
- > Relative<sup>[1]</sup> of a current employee of the company or its affiliates;
- > Relative<sup>[1]</sup> of a former executive of the company or its affiliates;
- > A new appointee elected other than by a formal process through the General Meeting (such as a contractual appointment by a substantial shareholder);
- > Founder/co-founder/member of founding family but not currently an employee;

### Former executive (5 year cooling off period);

- > Excessive years of service from the date of first appointment, as determined by the EC Recommendation 2005/162/EC, local Corporate Governance Codes, or local best practice, is generally a determining factor in evaluating director independence.
- > Any additional relationship or principle considered to compromise independence under local corporate best practice guidance.

## Independent NED

- › No material<sup>[5]</sup> connection, either directly or indirectly, to the company (other than a board seat) or to a significant shareholder.
- › Not classified as non-independent (see above)

## Employee Representative

Represents employees or employee shareholders of the company (classified as “employee representative” but considered a non-independent NED)

## Footnotes:

<sup>[1]</sup>“Relative” follows the definition of “immediate family members” which covers spouses, parents, children, stepparents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.

<sup>[2]</sup>Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship.

<sup>[3]</sup>A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 per cent of the company’s turnover or 1 per cent of the turnover of the company or organization with which the director is associated. OR, A business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 per cent of the company’s shareholder equity or the transaction value (of all outstanding financing operations) compared to the company’s total assets is more than 5 per cent.

<sup>[4]</sup>For example, in continental Europe, directors with a tenure exceeding 12 years will be considered non-independent. In the United Kingdom and Ireland, directors with a tenure exceeding nine years will be considered non-independent, unless the company provides sufficient and clear justification that the director is independent despite his long tenure.

<sup>[5]</sup>For purposes of director independence classification, “material” will be defined as a standard of relationship financial, personal or otherwise that a reasonable person might conclude could potentially influence one’s objectivity in the boardroom in a manner that would have a meaningful impact on an individual’s ability to satisfy requisite fiduciary standards on behalf of shareholders.