Triodos Investment Management

OCEAN POWER TECHNOLOGIES AGM Date: 2013-10-03

1.01 Re-elect Seymour S. Preston III — **Withhold**

Vice Chairman and Lead Independent Director. Independent by Company, but not considered independent as he has served on the Board for nine years. There is insufficient independent representation on the Board.

1.02 Re-elect Terence J. Cryan — **Withhold**

Non-Executive Director. Independent by the Company, but not considered independent as Mr. Cryan has been a member of the Board of Advisors of the Company since 2003. There is insufficient independent representation on the Board. In addition, there are concerns about his external time commitments.

1.03 Re-elect David L. Keller — **For**

1.04 Re-elect Charles F. Dunleavy — **Withhold**

Chairman and Chief Executive Officer. Owns 4.1% of the Company. It is considered that the role of the Chairman should be separate from that of Chief Executive in order to retain objectivity over the management of the Board. There is insufficient independent representation on the Board.

1.05 Re-elect George W. Taylor — **Withhold**

Executive Vice Chairman. 12 Month Rolling Contract. Founder of the company, owning 6.6% of the Company's issued share capital. The separation of power at the head of the Company between executive and chairmen (of which there are three - two Vice Chairmen and a Chairman - is not clearly defined. The role of the chairman should be independent in order to retain objectivity over the management of the Board. There is insufficient independent representation on the Board.

2 Appoint the auditors — **For**

3 Approve Pay Structure — **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. We have some concerns:
Disclosure - While performance criteria are disclosed, there are no clear specific performance targets for the long or short term incentive plans.
Balance - Directors have the opportunity to earn performance related elements, which is not considered appropriate for Non-Executives. Performance targets are not disclosed, meaning that it is impossible to assess whether the long and short term bonuses are challenging. RSUs and stock options vest in yearly instalments rather than after a three year period, and the committee has discretion over the size of

awards.
However, nonfinancial performance metrics are included in director compensation, which we consider positive.
Contracts - Change in control payments are made when a director resigns without cause or for good reason, and severance payment is limited within three times annual salary and bonus. However, acceleration of long term awards is automatic upon a change in control and there is no clawback policy.
Based upon these concerns we oppose.

4 Amend aggregate number of shares issuable under the 2006 Stock Incentive Plan **Oppose**

The Board requests shareholders' approval to increase the number of shares available for issuance under the Incentive Plan by 800,000 shares to 2,453,215.
The Incentive Plan was originally approved by stockholders on January 12, 2007. The Incentive Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other stock-unit awards. The aggregate number of shares originally approved for issuance under the Incentive Plan was 803,215.
All Company Employees are eligible to participate in the Scheme, however, it has previously been limited to Directors and Executives. In addition, consultants, advisers and Directors are eligible to participate in the scheme. This is not deemed in the best interest of current shareholders.
The Board of Directors retains full discretion to award shares under the scheme and to determine the vesting scale, performance period and performance targets. A maximum cap of 2,000,000 shares exist per participant per year. This is deemed highly excessive, representing 80% of share available under the scheme.
If granted, the revised number of issuable shares would be 2,453,215 and if these shares were issued in full this would lead to over 20% dilution of current issued and outstanding share capital.
This is overly dilutive. Based on these concerns, we oppose.