Triodos Investment Management

POLYPORE INTERNATIONAL INC

Meeting Date:	Tue, 13 May 2014 9:00am	**Type:**	AGM	**Issue date:**	Fri, 02 May 2014
Meeting Location:	Ballantyne Business Center, 13850 Ballantyne Corporate Place, Hixon Building, Suite 500, Charlotte, North Carolina 28277-2830				
Current Indices:	PIRC Global				
Sector:	Electrical Components & Equipment				

	PROPOSALS	ADVICE
1.1	**Elect Michael Graff** Senior Independent Director. Mr Graff was the Chairman of the Board between 2004 and 2011 before the roles of CEO and Chairman were combined. He is now Lead Independent Director. Independent by the company, not considered to be independent as he has been on the Board for more than nine years. There is sufficient independent representation on the Board.	**For**
1.2	**Elect Christopher J. Kearney** Independent Non-Executive Director.	**For**
2	**Appoint the auditors Ernst & Young LLP** Ernst & Young LLP proposed. Non-audit fees were 37.6% of audit fees during the year under review and 36.9% on a three year aggregate basis. This level of non-audit fees gives rise to concerns over the independence of the auditors. Triodos opposes this resolution.	**Oppose**
3	**Amend existing executive share option scheme/plan** The Board is seeking shareholder approval of the amendment to the Stock Option Plan. This will increase the number of shares of the Company's common stock authorized for issuance under the 2007 Stock Incentive Plan from 4,751,963 to 6,251,963, reflecting an increase of 1,500,000 shares. This amounts to a potential dilution of 13%, which is considered overly dilutive. The Board will be authorized to issue equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, cash-based or stock-based performance awards or other stock-based awards and has requested authority to make awards with full tax deductibility under Section 162(m) of the Internal Revenue Code. The individual cap per individual per year is $3 million in cash or 1,000,000 shares of common stock. There are concerns that the amended Plan has removed the requirement for a minimum vesting period. In addition, performance conditions may be attached to awards at the Compensation Committee's discretion. While the principle of performance-related pay is supported, the lack of performance conditions and the potential dilution from the Plan are a cause for concern. Triodos opposes this resolution.	**Oppose**

4 Approve Pay Structure **Oppose**

The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices.

The size of the annual incentive bonus pool is based on achievement of target levels of Company Adjusted EBITDA, but can be adjusted up or down in the discretion of the Compensation Committee based on Company performance. The target was not reached, but the committee used its discretion to pay a bonus despite this, on the basis of divisional performance. The EBITDA target for 2014 has not been disclosed. Each executive has specific performance targets to achieve for the annual bonus to be paid (individual or business unit goals). On target bonus for the CEO represents 100% of base salary. No cap has been disclosed.

All of the long-term equity incentives granted to Named Executive Officers have been in the form of stock options. The vesting period is three years, with a third vesting each year. Targets under the LTIP are not disclosed. During the year under review, the Company began granting time-vested restricted stock, which is not considered best practice.

In the event of change in control, the CEO is eligible to receive: (i) a lump sum cash payment equal to three times the annual base salary; (ii) a lump sum cash payment equal to three times the annual bonus; (iii) continuation of certain benefits for three years, including participation in the medical, dental, vision, long-term disability and life insurance plans. All stock options will remain exercisable for the shorter of the original term of the options, and three years following the termination date.

Based on the lack of performance conditions and the short vesting period for stock options as well as the use of time-based restricted stock awards without performance conditions, Triodos opposes this resolution.

In 2013, 1% of votes were cast against the remuneration report.

**** = Special resolution***

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