PROPOSALS | ADVICE
---|---
**1a Elect Peter Barrett**  
Non-Executive Director. Not considered independent as he held several senior management positions at the Corporation "throughout the 1980s and 1990s", most recently serving as Vice President, Corporate Planning and Business Development until 1998. There is insufficient independent representation on the board.  
**Oppose**

**1b Elect Robert F. Friel**  
Chairman and CEO. Combined roles at the head of the Company which Triodos does not support. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. There are concerns about his aggregate time commitment issues.  
**Oppose**

**1c Elect Sylvie Grégoire**  
Independent Non-Executive Director.  
**For**

**1d Elect Nicholas A. Lopardo**  
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.  
He is chair of the Remuneration committee which is not fully independent which Triodos does not support.  
**Oppose**

**1e Elect Alexis P. Michas**  
Lead Non-Executive Director. Not considered independent owing to a tenure of over nine years. Furthermore, there are concerns over his aggregate time commitments. There is insufficient independent representation on the board.  
**Oppose**

**1f Elect Vicki L. Sato**  
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.  
**Oppose**

**1g Elect Kenton J. Sicchitano**  
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.  
He is chair of the Audit committee which is not fully independent which Triodos does not support.  
**Oppose**

**1h Elect Patrick J. Sullivan**  
Independent Non-Executive Director.  
**For**

**2 Appoint the auditors**  
Deloitte proposed. Non-audit fees represented 11.70% of audit fees during the year under review and 17.42% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.  
**Oppose**
Advisory vote on executive compensation
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC.
Two-thirds of long-term awards vest based on continued employment, which is considered excessive, and are not appropriate in linking pay with performance. Stock options vest one-third on the first, second and on the third anniversary of the grant date. Based on these concerns, Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory vote on executive compensation

Disclosure: C- The annual bonus was funded based on the Company’s adjusted EBITDA (earnings before interest, taxes, depreciation and amortization). Once funded, the Company used adjusted EPS (50%) and free cash flow (50%) to determine the bonus payout, which was then adjusted by the Committee to factor in individual performance. The Company awards long-term awards in the form of stock options (1/3), restricted stock units (1/3), and cash-based performance units (1/3). Performance units have a three-year performance period based on financial goal achievement (operating margin expansion and revenue growth). Stock options and restricted stock units vest based on continued employment.

Balance: D- Performance targets that determine the award of annual cash incentives are not sufficiently challenging and payouts for the CEO during the fiscal year totalled 166% of base salary, 25% of this amount was based on the subjective evaluation of performance by the Compensation Committee. Two-thirds of long-term awards vest based on continued employment, which is considered excessive, and are not appropriate in linking pay with performance. Stock options vest one-third on the first, second and on the third anniversary of the grant date. Restricted shares vest on the third anniversary of the date of grant. For the fiscal year the Company failed to achieve the threshold target for organic revenue growth, which resulted in an overall payout of 63% for the 2013-2015 performance cycle.

Contract: C- The Company does not provide a definition of "good reason". In addition, subject to employment agreements, Messrs. Friel, Wilson and Goldberg are entitled to the full vesting of all outstanding restricted stock, option awards, or similar equity awards in the event of a change in control.