

MAXWELL TECHNOLOGIES INC

MEETING DATE	Tue, 15 May 2018 11:00 am	TYPE	AGM	ISSUE DATE	Wed, 09 May 2018
MEETING LOCATION	3888 Calle Fortunada, San Diego, California 92123				
CURRENT INDICES	PIRC Global				
SECTOR	Electronic capacitors				

PROPOSALS		ADVICE
1.01	Elect Franz Fink President and Chief Executive Officer	For
1.02	Elect Steven Bilodeau Independent Non-Executive Chairman. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not support	Oppose
2	Amend 2013 Omnibus Equity Incentive Plan The board of Directors is requesting shareholders' approval to amend the 2013 Omnibus Equity Incentive Plan (2013 Plan). Under the Plan, employees and directors may receive grants of stock options, restricted stock awards (RSAs), restricted stock units (RSUs), and performance cash awards. The proposed amendments will increase the total number of shares that may be issued under the 2013 Plan by 1,500,000 shares to 4,707,298 shares. The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. However, it is noted that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that 'management employees' appear most likely to be the principal beneficiaries of the Plan).	Oppose
3	Appoint the Auditors BDO UK proposed. No non-audit fees were paid to the auditors in the past three years. This approach is commended.	For
4	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. For fiscal 2017, annual cash awards were not considered to be excessive. The CEO's actual bonus for fiscal 2017 was 540,000 USD, representing 108.00% of his base salary, which is welcomed. Best practice states that all executives should hold at least six times base salary in stocks, currently executives hold four times base salary. Executive compensation is not aligned with companies of a similar market capitalisation. Mr. Lyle received an additional milestone-based RSU award, some of which vest in less than three years. These kind of discretionary awards are not considered best practice. The compensation rating is: DEB. Triodos opposes this resolution.	Oppose

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - Advisory Vote on Executive Compensation

Disclosure: D- Annual performance-based compensation is paid upon achievement of pre-established performance (financial and strategic) objectives. The financial performance metrics were revenue and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). The strategic objective component included securing design wins and delivering technology milestones to enhance the Company's long range strategic plan. Long-term incentive compensation is awarded in the form of market stock unit awards (MSUs), certain milestone-based RSUs and service-based RSUs. The Company has not provided specific targets with respect to the Performance-Based awards. The Company uses adjusted metrics, which is against best practice as it does not permit an assessment on the challenging nature of performance metrics. Peer groups are disclosed. However, the Company failed to provide the fees it paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency.

Balance: E- For fiscal 2017, annual cash awards were not considered to be excessive. The CEO's actual bonus for fiscal 2017 was 540,000 USD, representing 108.00% of his base salary, which is welcomed. Best practice states that all executives should hold at least six times base salary in stocks, currently executives hold four times base salary. Executive compensation is not aligned with companies of a similar market capitalisation. Mr. Lyle received an additional milestone-based RSU award, some of which vest in less than three years. These kind of discretionary awards are not considered best practice.

Contract: B- Maxwell Technologies Inc. has a strong compensation claw back policy in place that allows for the recoupment of payment if in the event that misconduct by an executive contributes to a restatement of the financial results. Change-in-control payments are not subject to double-trigger provisions. Good reason is not adequately defined.

For Private Circulation only

©Copyright 2018 PIRC Ltd

Researcher: Folarin Akinsola
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority