



Voting Template Updates 2015

9

Effective Date:
Meetings Analysed on or after 2 March 2015

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The Manifest Voting Guidelines - Updates for 2015

In comparison to the significant number of regulatory changes introduced during 2013 which impacted corporate disclosures during the 2014 proxy season the 2014 corporate regulatory development scene has been relatively quiet. We have taken this opportunity to expand the coverage of certain Policy Questions and Resolution Guidelines as described in the document and introduce new Policy Questions centred on emerging best practice and regulatory developments.

A NAPF pre-set Voting Template has been set up allowing clients to adopt the 2015 NAPF Voting Policy in the UK market if desired. In order to cater for this amendments to the Manifest Template have been made to ensure all substantive issues raised by the NAPF Voting Policy are captured.

The first part of the document details the new Policy Questions and Resolution Guidelines that have been added to the Manifest Template. The following section details all changes made to the template, including the new Policy Questions and any alterations to existing Policy Questions, providing guidance on how and why the changes have been made. Lastly we identify the revisions to corporate governance codes that have been published during the year.

Changes to the Manifest Voting Guidelines will become effective for meetings analysis commenced by the Manifest team for companies with 31st December year-ends or later. In practice, the new guidelines will therefore be used for meetings held approximately on or after 20 March 2015.

1 New Resolution Guidelines

From 2 March 2015 the following new Resolution Guidelines will be available for the first time. Following the introduction of the Statutory Audit Services for Large Companies Market Investigation Order 2014 UK-listed companies will start putting forward the Audit Committee Report for a shareholder advisory vote, although not required until by 2016 there may be early adopters during this season. As Risk management comes up more and more on the corporate agenda Manifest has introduced Resolution Guidelines for the elections of Risk Committee members based on the recommendations of the Walker Review on Risk Committee composition.

1.1 Other Management Proposals

RESOLUTION CATEGORY	SUB-CATEGORY	RESOLUTION GUIDELINE	NOTES
Audit & Reporting	Report & Accounts	Audit Committee Report	UK – where an advisory vote of the audit committee report is put forward
Board	Directors - Elect	Director Election – Chairs Risk Com	UK – where a Company has a risk committee the guidelines are applied to the (re-)election of risk committee members.
Board	Directors - Elect	Director Election – Sits Risk Com	

2 New Policy Questions

The following new Policy Questions have been created, which can be applied to various Resolution Guidelines as described further below.

2.1 Audit & Reporting

ISSUE TYPE	NUMERIC IDENTIFIER	POLICY QUESTION	NOTES
Financial Reporting	1331	The directors have not confirmed the Company's long-term viability.	UK – new UK Code recommends the Board confirms the longer-term viability in addition to the going concern statement.
Auditor	1334	The tenure of the auditor has not been disclosed.	Reflects recent regulatory developments in the EU.
Auditor	1335	The auditor entity had changed and there is no explicit reassurance on changes to auditor liability disclosed.	UK – picks up on an overlooked contentious issue.
Auditor	1349	The auditors report includes an adequate explanation of how key audit matters were addressed in the audit including why the matter was considered to be significant, how the matter was addressed and a reference to the related disclosure.	IASB guidance on Audit Report report content
Disclosure	1332	The Company has a controlling shareholder and no relationship agreement has been disclosed.	Follows best practice and picks up on a concern identified in the NAPF voting policy.
Disclosure	1333	The Company has not complied with current FRC guidance regarding the Audit Committee Report Criteria (Source FRC 2012): 1. the issues that informed the boards' assessment of whether the company was a going concern 2. how these issues were addressed 3. how any matters communicated by the auditors to the audit committee were addressed.	For use in the UK on advisory votes on the Audit Committee Report.

2.2 Board

ISSUE TYPE	NUMERIC IDENTIFIER	POLICY QUESTION	NOTES
Board Operation	1329	No performance evaluation process in place for the Board, individual directors and the executive board and there is no resolution to approve the report and accounts.	Allows for a more focused approach on Company disclosures.
Corporate Social Responsibility	1330	The Company has not included a section on environmental issues in the annual report or on the Company website and there is no resolution to approve the report and accounts.	
Board Operation	1325	Since the last AGM, the Board have unilaterally amended the governing documents without shareholder approval.	For use with United States incorporated companies.
Board Operation	1327	The Board have amended the governing documents since the last AGM in circumstances where shareholder rights have been diminished.	
Board Operation	1328	The Board have excluded a shareholder proposal without formal regulatory consent.	Follows recent controversies in the US.
Risk Committee	1346	The Chairman of the Audit Committee is Chairman of the Risk Committee.	
Risk Committee	1348	Nominee is a non-independent member of the Risk Committee and the percentage of the Risk Committee considered to be independent is less than [VALUE]	Follows emerging best practice on risk committees.
Risk Committee	1347	The Company has not identified at least one director on the Risk Committee as being a financial expert	

2.3 Remuneration

ISSUE TYPE	NUMERIC IDENTIFIER	POLICY QUESTION	NOTES
Remuneration - Policy	1336	The proposal seeks shareholder approval of an award outside the remuneration policy.	Follows recent controversies in the UK and best practice.
Remuneration - Extraordinary	1337	The Company has offered termination/severance payments in excess of a 'normal' award under the existing incentive arrangements.	Reflects emerging best practice on severance payments.
Disclosure	1339	Internal board appointment has been made and remuneration is not disclosed.	Follows recent controversies in the UK and GC100 Guidance on remuneration disclosure.
Salary	1340	There is no justification from the Company for above employee salary increases.	UK, US, Canada, IRE - In addition to the existing question on above inflation salary increase this focuses on demonstrating sensitivity of executive pay to pay elsewhere.
Disclosure	1341	The Company have reported pay against comparator group not based on employees generally and have not provided an explanation.	This follows emerging regulatory concern .
Bonus Performance	1342	The Company disclosures provides evidence of malus/forfeiture measures and no clawback in respect of the annual incentive.	New version of existing question with a clearer approach separating malus and clawback provisions.
LTIP Performance	1343	The Company disclosures provides evidence of malus/forfeiture measures and no clawback in respect of the Long-term incentives.	
Bonus Performance	1344	Concerns have been identified with the suitability of the Annual Bonus performance benchmark.	To cater for the continued use of the Manifest Remuneration Assessment and NAPF identified concerns.
LTIP Performance	1345	Concerns have been identified with the suitability of the LTIP performance benchmark.	
LTIP Performance	1338	The Company has utilised over frequent re-benchmarking.	
NED Remuneration	1319	The aggregate fees paid to the NEDs increased from the prior year by more than [VALUE]	For resolutions to approve the fees to be paid to the directors for the current/coming year.
NED Remuneration	1318	The additional fee and/or meeting attendance fee rates for the coming year will increase by more than [VALUE]	
NED Remuneration	1317	The fee rate for the coming year will increase by more than [VALUE]	

2.4 Investment Decisions

ISSUE TYPE	NUMERIC IDENTIFIER	POLICY QUESTION	NOTES
Dividends	1316	The dividend has fallen by more than <VALUE>	For use in with companies listed on United Kingdom – Official List and Ireland.
Share Capital & Reserves	1320	The proposed authority exceeds <VALUE>	For use with Netherlands incorporated companies.
Share Capital & Reserves	1321	The proposed authority (for use in mergers & acquisitions) exceeds <VALUE>	

2.5 Other Changes to Policy Questions

There have been some minor changes to the text of various Policy Questions mainly for clarification or to improve consistency across all Policy Questions.

3 Changes to Voting Template

This section includes all changes to the Voting Template implemented since the publication of the last Template Update document in March 2014 to provide an opportunity for clients to review all recent changes.

3.1 Audit & Reporting

RESOLUTION CATEGORY	Audit & Reporting
RESOLUTION SUB-CATEGORY	Reports & Accounts
RESOLUTION GUIDELINE	ACR Audit Committee Report

The Competition Commission (now the Competition & Markets Authority) published its report into competition for the audit of large listed companies in October 2013. One of the proposals was that the Audit Committee report should be subject to annual shareholder approval. The proposal was that the vote should be advisory. It is likely that companies will start to put the Audit Committee report to the vote in greater numbers ahead of the FRC addressing this issue in its planned 2016 review of the UK Corporate Governance Code.

Following the publication of “*Guidance on Audit Committees*” by the Financial Reporting Council in 2012 the quality of the disclosure of Audit Committee reports will be assessed considering whether the report is in line with the guidance by omitting any of the following a) the issues that informed the boards’ assessment of whether the company was a going concern b) how these issues were addressed c) how any matters communicated by the auditors to the audit committee were addressed.

Further Reading:

<https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/Guidance-on-Audit-Committees-September-2012.aspx>

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Disclosure	1333	The Company has not complied with current FRC guidance regarding the Audit Committee Report Criteria (Source FRC 2012): 1. the issues that informed the boards’ assessment of whether the company was a going concern 2. how these issues were addressed 3. how any matters communicated by the auditors to the audit committee were addressed.	02/03/2015
Meeting Resolutions	890	The Board does not recommend a vote For the proposal.	02/03/2015
Meeting Resolutions	891	The Board does not provide a recommendation on this proposal.	02/03/2015
Other contentious items	844	Some other contentious issue has been identified which is not otherwise captured by the guidelines.	02/03/2015

RESOLUTION CATEGORY	Audit & Reporting
RESOLUTION SUB-CATEGORY	Auditor - Election
RESOLUTION GUIDELINE	ADT Auditor - Appointment

Following client request Policy Question 1178 has been expanded for universal coverage, whereas before the Policy Question was only applied in the United Kingdom and Ireland.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Auditor	1178	The auditor has been in place for more than seven years and there is no evidence that a recent tender (last 3 years) has been undertaken or is planned.	02/03/2015

The International Auditing and Assurance Standards Board released its revised auditor reporting standards that are designed to significantly enhance auditors' reports. The audit report is now required to include "key audit matters" which the auditor considers to be most significant with an explanation of how they were addressed in the audit. The new standards will be effective for audits of periods ending 15th December 2016 or later.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Auditor	1349	The auditors report includes an adequate explanation of how key audit matters were addressed in the audit including why the matter was considered to be significant, how the matter was addressed and a reference to the related disclosure.	02/03/2015

The Policy Question below focuses on a UK specific issue and allows clients to consider whether it regards LLP status as an appropriate device to limit auditor liability. All UK audit firms now have this status however there have recently been a series of article changes requiring shareholder approval which sanction a change from plc to LLP, essentially a change of legal entity. The liability issue here is not straightforward. The two entities have the same access to the assets of the audit group going forwards however it is possible that the change to the new LLP status puts a ceiling on claims against the old entity which will no longer bring in new cash because it will cease to conduct audit engagements. This matters if shareholders are involved in legal action against any company where plc was the auditor and where the action may extend to the auditor. The Policy Question flags those companies which made this change during the year but failed to provide an explicit reassurance of the possible impact on liability and described the transition as a purely administrative matter. The Policy Question is available on the UK - Official List, AIM, and Investment Trust templates.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Auditor	1335	The auditor entity had changed and there is no explicit reassurance on changes to auditor liability disclosed.	02/03/2015

RESOLUTION CATEGORY	Audit & reporting
RESOLUTION SUB-CATEGORY	Report & Accounts
RESOLUTION GUIDELINE	FIN Financial Statements

Directors of listed companies incorporated in the UK are required by Listing Rule 9.8.6R(3) to include in their annual financial report a statement that the business is a going concern, together with supporting assumptions or qualifications as necessary. The revised UK Corporate Governance Code now requires companies with an accounting period starting 1st October 2014 or later to include a statement in their reporting on whether it is considered appropriate to adopt the going concern basis of accounting. In addition companies should now also state whether they believe they will be able to continue in operation and meet their liabilities taking account of their current position and principal risks. In particular companies are asked to specify the period covered by this viability statement and provide a reason why the chosen period is appropriate. The inclusion of the directors' opinion on appropriate accounting and viability statement is in response to the conclusions of the 2012 Sharman Inquiry into Going Concern and Liquidity risk. Policy Question 1331 has been introduced in order to cover the new required viability statement.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Financial Reporting	1331	The directors have not confirmed the Company's long-term viability	02/03/2015

Policy Questions 1126, 1160 and 1161 have been added to the financial statements guideline allowing clients to consider diversity disclosures on the approval of the report and accounts in line with the NAPF Voting Policy.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Board Diversity	1126	The Company has not disclosed a policy on Board diversity	02/03/2015
Board Diversity	1161	The Company has not disclosed the proportion of women on the board, women in senior executive positions and female employees in the whole organisation.	02/03/2015
Board Diversity	1160	The Company, being a large/mid cap constituent, has not disclosed a gender diversity target	02/03/2015

The following two Policy Questions have had their coverage expanded. Prior to expansion 996 was only applied to investment trusts, the Policy Question can now be applied to the UK - Official List. Policy Question 77 can now be applied to AIM listed companies.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Board Composition	996	The number of non-executive directors that have served in excess of nine years exceeds [VALUE]	02/03/2015
Meeting Resolutions	77	The Board does not propose a resolution to approve the company's remuneration report or policy.	02/03/2015

The FCA published Listing Rules (Listing Regime Enhancements) Instrument 2014 (FCA 2014/33) in May 2014 which applies to Premium Listed companies with a 'controlling shareholder' (defined as holding individually or through a concert party 30% of the voting rights). The revised rules states that the parties will have to enter into a relationship agreement and the annual report will include a statement by the directors that it has entered into the relationship agreement and that it has complied with the independence provisions of the agreement. In addition, the election of independent non-executive directors will need to be approved both by the shareholders as a whole and by the independent shareholders under a new dual voting structure. The below Policy Question has been introduced and has been applied to the universal template and all market templates.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Financial Reporting	1332	The Company has a controlling shareholder and no relationship agreement has been disclosed.	02/03/2015

3.2 Board

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	CHN Director Election - Chairman

Policy Questions 1329 and 1330 follow a more focused approach that is now generally taken by clients – rather than voting against both the report and accounts and the chairman on these policy issues, clients have preferred to consider the issue when voting on the approval of the report and accounts and on the chairman (re-)election resolution when there is no report and accounts resolution put forward. In order for the new Policy Questions to apply a client would need to turn off CHN.73 and CHN.546 and switch on the two new Policy Questions.

Policy Questions 1325 and 1327 focus on cases where the Board in the US have made amendments to the Company's governing documents without shareholder approval, a potentially contentious issue particularly when the amendments diminish shareholder rights.

Policy Question 1328 captures the issue whereby a Board have sought to exclude a shareholder proposal without the granting formal regulatory consent, the issue around proxy access and SEC no-action relief letters in the United States is representative of this emerging issue¹.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Board Operation	1330	No performance evaluation process in place for the Board, individual directors and the executive board and there is no resolution to approve the report and accounts.	02/03/2015
Sustainability	1329	The Company has not included a section on sustainability issues in the annual report or on the Company website and there is no resolution to approve the report and accounts.	02/03/2015
Board Operation	1325	Since the last AGM, the Board have unilaterally amended the governing documents without shareholder approval.	02/03/2015
Board Operation	1327	The Board have amended the governing documents since the last AGM in circumstances where shareholder rights have been diminished.	02/03/2015
Board Operation	1328	The Board has excluded a shareholder proposal without formal regulatory consent.	02/03/2015

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	NED Director Election – Non-executive/Sup Board

Policy Question 1001 has been expanded to cover the United Kingdom in relation to the new Listing Rules on controlling shareholders as above and universal templates.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Board Composition	1001	There is a controlling shareholder and the (non-executive) candidate is not independent and the number of independent directors on the Board comprises less than [VALUE]	02/03/2015

¹ <http://blog.manifest.co.uk/2015/01/6658.html#sthash.oztbfa1X.dpbs>

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	OFF Director Election - All Directors [Single]

As Director Election – Chairman, above. This is intended to capture the policy issues on all director elections, this would be relevant in cases where the chairman is not standing for election, in the United States and other countries companies do not necessarily hold annual director elections.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Board Operation	1325	Since the last AGM, the Board have unilaterally amended the governing documents without shareholder approval.	01/02/2015
Board Operation	1327	The Board have amended the governing documents since the last AGM in circumstances where shareholder rights have been diminished.	01/02/2015
Board Operation	1328	The Board have excluded a shareholder proposal without formal regulatory consent.	02/03/2015

3.3 Committees

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	CAC Director Election – Audit Committee Chairman

Following the introduction of the EU Audit Directive which entered into force on 16 June 2014 and new EU regulation on specific requirements regarding audit of public interest entities, companies are required to put their audit to tender after a maximum period of ten years. As a result a new Policy Question has been introduced to flag up when a Company does not disclose the tenure of the auditor, the question has been added to the universal template and will therefore also capture this issue on companies incorporated outside of the EU.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Auditor	1178	The auditor has been in place for more than seven years and there is no evidence that a recent tender (last 3 years) has been undertaken or is planned.	02/03/2015
Auditor	1334	The tenure of the auditor has not been disclosed.	02/03/2015
Auditor	1335	The auditor entity had changed and there is no explicit reassurance on changes to auditor liability disclosed.	02/03/2015

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	CRR Director Election – Risk Committee Chairman

The new and broader view of risk and the need for improved risk management following the global financial crisis has lead to boards increasingly considering the need for a Risk Committee. These new policy questions are informed by the new joint guidance which The Federation of Risk Management Associations and the European Confederation of Institutes of Internal Audit have produced that includes recommendations regarding Risk Committee composition.

Further reading: <http://fr.slideshare.net/FermaForum/ferma-ecii-a-joint-guidance-audit>

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Risk Committee	1346	The Chairman of the Audit Committee is Chairman of the Risk Committee.	02/03/2015
Risk Committee	1348	Nominee is a non-independent member of the Risk Committee and the percentage of the Risk Committee considered to be independent is less than [VALUE]	02/03/2015
Risk Committee	1347	The Company has not identified at least one director on the Risk Committee as being a financial expert	02/03/2015

RESOLUTION CATEGORY	Board
RESOLUTION SUB-CATEGORY	Directors - Elect
RESOLUTION GUIDELINE	SRR Director Election – Risk Committee Member

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Risk Committee	1348	Nominee is a non-independent member of the Risk Committee and the percentage of the Risk Committee considered to be independent is less than [VALUE]	02/03/2015

3.4 Remuneration

RESOLUTION CATEGORY	Remuneration
RESOLUTION SUB-CATEGORY	Remuneration - Policy (Overall)
RESOLUTION GUIDELINE	RPO Remuneration Policy

Following the introduction of this new Resolution Guideline in 2014 the guideline has had its coverage expanded to the German market where remuneration policy votes are a regular item of meeting business, as well as on the universal template. The Policy Questions chosen have been primarily those which are forward-looking in nature. All Policy Questions in the table below are existing Policy Questions.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Remuneration - Performance Linkage	157	There is no disclosed policy whereby directors must build or maintain a minimum shareholding level	02/03/2015
Pension	294	Incentive pay is pensionable	02/03/2015
Bonus Structure	296	The upper bonus cap for any of the executive directors/CEO, where set and disclosed, as a percentage of salary exceeds [VALUE]	02/03/2015
Disclosure	680	The Company has not provided sufficient background data in respect of this resolution to enable an informed voting decision to be made.	02/03/2015
Bonus Structure	711	No upper individual limit been set and or where an upper limit has not disclosed for the annual bonus scheme	02/03/2015
Corporate Social Responsibility	717	There are no disclosures to indicate that the Remuneration Committee considers ESG issues when setting performance targets for incentive remuneration	02/03/2015
LTIP Participation	740	Where an upper individual limit has not been set or disclosed in respect of a long-term incentive plan	02/03/2015
Bonus Performance	757	The nature of the targets utilised under the bonus scheme are not disclosed	02/03/2015
LTIP Performance	803	The performance conditions are not disclosed	02/03/2015
Service Contracts - Notice	819	The number of months the maximum notice period, other than for new appointees, exceeds [VALUE]	02/03/2015
Bonus Performance	841	The Company disclosures do not provide any evidence of clawback or malus/forfeiture measures in place in respect of the short-term incentives.	02/03/2015
LTIP Performance	842	The Company disclosures do not provide any evidence of clawback or malus/forfeiture measures in place in respect of the long-term incentives.	02/03/2015
Other contentious items	844	Some other contentious issue has been identified which is not otherwise captured by the guidelines.	02/03/2015
Remuneration - Performance Linkage	845	There is no clear linkage between the performance measures used in the incentive pay elements and the key performance indicators	02/03/2015
NED Remuneration	851	Certain non-executive directors receive remuneration other than director fees and expenses.	02/03/2015
Service Contracts - Severance	917	The number of months' salary the maximum potential severance payment in the event of early termination of any of the directors' employment exceeds[VALUE]	02/03/2015
Remuneration - Policy	978	The aggregate maximum potential incentive pay as a percentage of salary for the CEO in respect of the year exceeds [VALUE]	02/03/2015
Remuneration - Policy	1040	The Manifest Executive Remuneration Assessment grade received is equal to or below [VALUE]	02/03/2015
Salary	1121	The percentage change in salary for the lead executive is set to increase by more than [VALUE]	02/03/2015
Remuneration - Total	1123	The projected percentage change in total remuneration for the lead executive is calculated to exceed [VALUE]	02/03/2015
Salary	1169	Concerns have been identified in relation to the choice of the salary peer group.	02/03/2015
LTIP Performance	1177	There may be concerns as to whether the LTIP targets as disclosed are sufficiently challenging.	02/03/2015

Remuneration - Policy	1247	The proposals will have a negative impact on the remuneration grade	02/03/2015
LTIP Performance	1248	The percentage of LTIP awards subject to performance conditions is less than [VALUE]	02/03/2015
LTIP Performance	1249	The minimum time between grant and the first release of the award is less than [VALUE]	02/03/2015
LTIP Performance	1250	The minimum time between grant and the first performance test is less than [VALUE]	02/03/2015
LTIP Participation	1253	The number of operational LTIP plans exceed [VALUE]	02/03/2015
Remuneration - Policy	1254	A shareholding requirement is in place, but there may be concerns that this is not sufficiently material, it (as a percentage of salary) is less than [VALUE]	02/03/2015
LTIP Performance	1255	The disclosures provided do not include full detail of the performance conditions to apply for the LTIP plan in the coming year.	02/03/2015
Remuneration Committee	1256	Concerns have been identified in relation to the composition of the Remuneration Committee	02/03/2015
Corporate Social Responsibility	1258	There are no disclosures to indicate that the Remuneration Committee considers ESG issues when setting performance targets for incentive remuneration and the Company operates in an environmentally sensitive sector	02/03/2015
Remuneration - Policy	1302	The remuneration policy provides for the use of blanket discretion	02/03/2015
Voting Results History	883	For this resolution last time, what was dissent%? (0 if not discl/no previous)	02/03/2015

The following new Policy Questions have been added as part of the ongoing developments of remuneration assessment.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Bonus Performance	1342	The Company disclosures provides evidence of malus/forfeiture measures and no clawback in respect of the annual incentive.	02/03/2015
LTIP Performance	1343	The Company disclosures provides evidence of malus/forfeiture measures and no clawback in respect of the Long-term incentives.	02/03/2015
Bonus Performance	1344	Concerns have been identified with the suitability of the annual incentive performance benchmark	02/03/2015
LTIP Performance	1345	Concerns have been identified with the suitability of the LTIP performance benchmark	02/03/2015

Following a client request the below four Policy Questions have been added to the United Kingdom – Official List remuneration policy guideline whereas before they applied to the remuneration report guideline.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Service Contracts - Severance	897	'Accelerated vesting of LTIP awards on termination is permitted for any of the executive directors (i.e. vesting of awards not pro-rated down on termination following a change of control)	08/01/2015
Pension	1146	Of the executive directors serving during the year, the largest pension contribution rate (as a percentage of salary) exceeds [VALUE]	08/01/2015
Pension	309	Executive pensions accrue at a preferential rate compared to ordinary employees	08/01/2015

RESOLUTION CATEGORY	Remuneration
RESOLUTION SUB-CATEGORY	Remuneration – Non-executive
RESOLUTION GUIDELINE	FPY NED Remuneration - Fees proposed for year

The following three Policy Questions allow clients to consider increases in NED remuneration on resolutions seeking to approve the fees to be paid to the directors for the current or the coming year.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
NED Remuneration	1319	The aggregate fees paid to the NEDs increased from the prior year by more than [VALUE]	21/3/2014
NED Remuneration	1318	The additional fee and/or meeting attendance fee rates for the coming year will increase by more than [VALUE]	21/3/2014
NED Remuneration	1317	The fee rate for the coming year will increase by more than [VALUE]	21/3/2014

RESOLUTION CATEGORY	Remuneration
RESOLUTION SUB-CATEGORY	Remuneration - Report
RESOLUTION GUIDELINE	REP Remuneration Report

The following new remuneration Policy Questions have been introduced for the 2015 season.

Policy Question 1337 allows clients to consider termination payments that go beyond normal incentive arrangements. The template already offers a similar Policy Question in relation to recruitment awards.

NAPF suggest a possible against vote on the remuneration report when a company utilises over frequent re-benchmarking of awards, in order to cover this issue a new Policy Question has been introduced.

Policy Question 1339 is intended to capture cases where a Board makes an internal appointment to the Board from within the Company and do not disclose his or her remuneration, while a Company does not have to technically disclose such information as the new appointment was not a member of the board prior to appointment it is considered best practice to do so, this issue becomes more of a substantive issue if the Company has paid retention or promotion awards to the appointee. GC100 Guidance on remuneration disclosures recommends that a Company should disclose the same remuneration details for internal appointments as for external hires.

The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 requires companies to compare pay increases for executives with the wider workforce. However from our experience companies may utilise an employee comparator group that contravenes the spirit of the regulations. Policy Question 1341 flags those companies that have used employee comparator groups that comprise less than 40% of company employees. Staying on the issue of demonstrating sensitivity to employee pay, Policy Question 1340 raises concern with those companies that have granted a greater percentage rate of director salary increase than rate of all employee salary increase without a meaningful explanation.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Remuneration - Extraordinary	1337	The Company has offered termination/severance payments in excess of a 'normal' award under the existing incentive arrangements	02/03/2015
Disclosure	1339	Internal Board appointment has been made and remuneration not disclosed.	02/03/2015
LTIP Performance	1338	The Company has utilised over frequent re-benchmarking	02/03/2015
Salary	1340	There is no justification from the Company for above employee salary increases	02/03/2015
Disclosure	1341	The Company have reported pay against comparator group not based on employees generally and have not provided an explanation.	02/03/2015

RESOLUTION CATEGORY	Remuneration
RESOLUTION SUB-CATEGORY	Remuneration - Amount (Total, Individual)
RESOLUTION GUIDELINE	LTl Long-term Incentive Plans

Policy Question 1336 is intended to flag resolutions that specifically seek shareholder approval to grant an incentive award that is outside of the scope of the shareholder approved remuneration policy. It is intended as a flag for client review of such proposals.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Remuneration - Policy	1336	The proposal seeks shareholder approval of an award outside the remuneration policy.	02/03/2015

3.5 Sustainability

RESOLUTION CATEGORY	Sustainability
RESOLUTION SUB-CATEGORY	Political Activity
RESOLUTION GUIDELINE	PDA Authorise Political Donations & Expenditure

Following a client request the political donations and expenditure guideline has been expanded beyond just the UK Company Law and Other Incorporated templates to the Universal template. This allows for voting guidance to be provided regardless of listing and/or incorporation, covering Companies listed in the UK but incorporated elsewhere, e.g. Guernsey, Jersey etc as well as any other markets/incorporations.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Donations	316	The number of months for which the authority is sought exceeds [VALUE]	25/11/2014
Donations	462	The Company has failed to give an assurance that no donations to political parties will be made.	25/11/2014
Donations	463	The amount of the proposed authority exceeds GBP[VALUE]	25/11/2014
Donations	824	Direct contributions (rather than political expenditure) have been made to political parties during the last reported period	25/11/2014
Meeting Resolutions	890	The Board does not recommend a vote For the proposal.	25/11/2014
Meeting Resolutions	891	The Board does not provide a recommendation on this proposal.	25/11/2014
Other contentious items	844	Some other contentious issue has been identified which is not otherwise captured by the guidelines.	25/11/2014

3.6 Investment Decisions

RESOLUTION CATEGORY	Capital
RESOLUTION SUB-CATEGORY	Dividends
RESOLUTION GUIDELINE	ORD Dividends - Ordinary

Policy Question 1316 was introduced following a client request. It is applied to Companies in the UK and Ireland where the dividend has fallen relative to the prior year on the resolution to approve the ordinary dividends.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
NED Remuneration	1316	The dividend has fallen by more than <VALUE>	11/3/2014

RESOLUTION CATEGORY	Capital
RESOLUTION SUB-CATEGORY	Issue of Shares & Pre-emption Rights
RESOLUTION GUIDELINE	ISO Auth Board to Issue Shares
RESOLUTION GUIDELINE	DPR Auth Board to Issue Shares w/o Pre-emption

Following new requirements in the Netherlands on capital authorities Policy Questions 1320 and 1321 have been introduced.

ISSUE TYPE	ID	POLICY QUESTION	DATE EFFECTIVE
Share Capital & Reserves	1320	The proposed authority exceeds <VALUE>	03/4/2014
Share Capital & Reserves	1321	The proposed authority (for use in mergers & acquisitions) exceeds <VALUE>	03/4/2014

3.7 Ceased Resolution Guideline and Policy Questions

The GES analysis guideline has been ceased in the Manifest template a long with associated Policy Questions.

RESOLUTION CATEGORY	Audit & Reporting
RESOLUTION SUB-CATEGORY	Report & Accounts
RESOLUTION GUIDELINE	GES Financial Statements - GES Analysis

ISSUE TYPE	ID	POLICY QUESTION	DATE CEASED
GES	985	Where the Company has been subject to <variable> GES Alerts or Extended Alerts in the past 24 months	14/10/2014
GES	986	The Company is not compliant with GES Global Ethical Standard analysis against UN Global Compact Principles 1 and 2 and OECD Guideline 2 on human rights and progress of the human rights case is equivalent to or less than [VALUE]	14/10/2014
GES	987	The Company is not compliant with GES Global Ethical Standard analysis against UN Global Compact Principle 3 on labour standards and OECD Guideline 4 on employment and progress of the labour standards/employment case is equivalent to or less than[VALUE]	14/10/2014
GES	988	The Company is not compliant with GES Global Ethical Standard analysis against UN Global Compact Principles 7-9 and OECD Guideline 5 on environment and progress of the environment case is equivalent to or less than[VALUE]	14/10/2014
GES	989	The Company is not compliant with GES Global Ethical Standard analysis against UN Global Compact Principle 10 and OECD Guideline 6 on corruption and progress of the corruption case is equivalent to or less than [VALUE]	14/10/2014
GES	990	The GES Risk Rating score for Environment is less than [VALUE]	14/10/2014
GES	991	The GES Risk Rating score for Human Rights is less than [VALUE]	14/10/2014
GES	992	The GES Risk Rating score for Governance is less than [VALUE]	14/10/2014

4 Corporate Governance Code Updates

While compared to the last few years this year has seen a relatively smaller number of regulatory developments there have been a number of corporate governance code updates during the year. The table below details the codes revised during the year and the codes currently under consultation.

MARKET	TITLE	PUBLISHED
EUROPE		
Denmark	Recommendations on Corporate Governance	November 2014
Germany	Germany Corporate Governance Code	June 2014
Italy	Codice di Autodisciplina	July 2014
Norway	The Norwegian Code of Practice for Corporate Governance	October 2014
Portugal	Codigo de Governo das sociedades	January 2014
Russia	Russian Code of Corporate Governance	April 2014
United Kingdom	The UK Corporate Governance Code	September 2014
INTERNATIONAL		
Global	ICGN Global Governance Principles	August 2014
Global	OECD Principles of Corporate Governance	November 2014
REST OF THE WORLD		
Australia	Corporate Governance Principles and Recommendations	April 2014
Kenya	Draft Code of Corporate Governance Practices for Public Listed Companies in Kenya	May 2014
Malta	Corporate Governance Manual for Directors of Investment Companies and Collective Investment Schemes	September 2014
New Zealand	Corporate Governance in New Zealand – Principles and Guidelines	January 2015
Pakistan	Corporate Governance Code	January 2014
Philippines	Code of Corporate Governance	June 2014
UNDER CONSULTATION		
Japan		
Netherlands		
Romania		
Sweden		

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