

MEDIA RELEASE

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Binding Vote on Pay

ACSI is concerned that the current discussion around a binding vote on remuneration is missing the opportunity for wholistic reform.

Shareholders do not want to run companies – this is the role of the CEO managed by their boards.

Boards manage their CEO and executives in terms of attracting and motivating them through remuneration practice. Shareholders want boards to ensure remuneration practice incentivises executives for the long term.

The current non binding vote on remuneration provides shareholders with the opportunity to engage with boards of companies on their long term strategies.

Current remuneration reports provide an overview of a companies approach to:

- executive director pay
- director (non executive pay)
- executive pay, and
- staff remuneration policy

Shareholders do not have the expertise to develop policies that accommodate each individual company's strategy - they can advise the board as to their satisfaction with long term alignment.

We do not require a binding vote on remuneration policy.

We have and will use our binding vote on the election of directors - it is the board who are accountable for the development of remuneration policy - not shareholders - it is our job to provide a view on both incentive structures and quantum. The community has already expresses their view on both these issues.

If a company ignores the views of shareholders - directors will be held accountable.

However, we do want a binding vote on:

- all executive share incentives and options, and
- any payment greater than 1 year's salary on termination

In addition, we want CEOs excluded from voting on their own remuneration policies.

We want improved explanations for hurdles for bonuses and incentives and the disclosure of remuneration consultants for companies.

For additional information on the news that is the subject of this release please contact:

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The Australian Council of Superannuation Investors (ACSI) was formed in April 2001 to provide independent research and education services for not-for-profit superannuation funds in relation to the environmental, social and governance (ESG) risk management practices of companies.

Our overriding objective is to ensure that trustees are properly equipped to deal with these issues in a practical way that is consistent with the general duty to protect and advance the investments of superannuation fund members.