

MEDIA STATEMENT

For use 13 September 2016

- **Leading Index reveals the market will be stagnant for the rest of 2016**
- **WATCH OUT! Executive pay is under the microscope following a record number of 'strikes'**
- **Shareholders don't believe that higher executive pay is linked to better performance**

Sydney, AUSTRALIA – Domestic economic concerns continue to weigh on shareholder confidence with the GPS – Melbourne Institute Shareholder Confidence Index falling slightly in the August quarter. The survey reveals that in the short term investors expect to see little to no gains and share trading will drop.

The survey reveals that there is major public concern about executive pay at Australian publicly listed companies with 2 in 3 shareholders believing that current remuneration is “excessive” and that higher executive pay is not linked to better company performance or greater returns for shareholders.

GPS Director Andrew Thain says the results highlight that executive remuneration is still very much a “hot” button for retail investors.

“With the AGM season just around the corner it is clear that focus will again be on the salaries and bonuses paid to the CEO, especially if shareholder returns aren't aligned with executive pay outcomes. Already, we have seen several companies receive "strikes" over their remuneration reports, with a well known IT company receiving a staggering 70 per cent against vote.”

The two strikes rule came into effect on July 1, 2011 and allows shareholders to vote against the remuneration report at the company's annual general meeting; if 25 per cent of shareholders vote against two consecutive reports, a resolution is put forward to dump the board.

Last year saw a jump in strikes against listed companies, from 95 to 113 – the highest number in three years. The number of those that involved a second strike more than doubled, from 10 to 22. Seven of the companies that received strikes were in the ASX200.

In real terms, the salaries of Australia's business elite still tower over those of the average worker.

Findings from a recent Harvard Business Review study show that the average ratio between the pay of a chief executive and an unskilled worker in Australia is 93 times, while in the US it is about 350 times. There is such concern about pay disparity that the UK wants to pass a law for UK publicly listed companies to disclose the executive to average worker pay ratio.

The Index, published quarterly by the University of Melbourne and Global Proxy Solicitation (GPS), is designed to track the likely change in share market behavior and provides information that informs the shareholder engagement and governance advice that GPS provides to boards.

ENDS

For interviews or media enquiries, contact:

Andrew Thain - Director, GPS, Ph: 02 8022 7940 E: athain@gpsproxy.com.au or

Dr. Sam Tsiaplias, Melbourne Institute, Ph: 03 9035 3353 E: stsiaplias@unimelb.edu.au

ABOUT THE GPS – MELBOURNE INSTITUTE LEADING INDEX OF SHAREHOLDER CONFIDENCE

The Index is a summary balance measure of shareholders current and expected confidence in the Australian share market. The measure enables Australian share investors to compare their own expectations, preferences and instincts about shares to that of their fellow investors. The Index is based on shareholders' assessment of three factors: returns, volatility and trading intentions (whether to buy or sell). The Index is designed for easy interpretation: a value below 100 is suggestive of bearish sentiments while a value above 100 is suggestive of bullish sentiments.

The first survey was conducted during March 2009 and the second survey was conducted during the first week of May 2009. Each survey was conducted over the telephone and is based on between 1000 to 1,600 respondents aged 18 years and over, across Australia, who directly own shares in companies listed on the Australian Securities Exchange.

The Index marks a collaboration between GPS and the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne.

ABOUT GPS

GPS is recognised as the Australian leader in shareholder engagement, governance advice, proxy strategies, discrete institutional and retail investor research and solicitation. As the only specialist and the most experienced, boards, management and active investors turn to GPS for professional advice and execution services.

A long-standing partnership with the Melbourne Institute of Applied Economic and Social Research produces the quarterly Leading Index of Shareholder Confidence, placing GPS firmly at the forefront of Australian shareholder research. For more information, visit www.gpsproxy.com.au

ABOUT THE MELBOURNE INSTITUTE OF APPLIED ECONOMIC AND SOCIAL RESEARCH

The Melbourne Institute is the first University-based research institute of its kind in Australia, established for the purpose of conducting research into a wide range of macroeconomic, microeconomic and social economic issues. It was established in 1962 as a research Department of the Faculty of Economics and Commerce at the University of Melbourne.

The Melbourne Institute is a major centre for applied economic and social research that is nationally and internationally renowned in academia, government, business and community groups. The Melbourne Institute seeks to promote a deeper understanding and discussion of economic and social issues of national significance as well as to foster effective policy responses to these issues.

As well as contributing strongly to the academic literature in economics, the Melbourne Institute has a long-standing tradition of collaborating with major organisations by providing consultancy services and evidence-based quantitative research.

Further information on the Melbourne Institute can be found at www.melbourneinstitute.com