



### *Methodology for the Pay Alignment Ranking*

The Pay Alignment Ranking (PAR) is a number between 0% and 100% and is based on a sector by sector comparison of alignment between CEO compensation and corporate performance. It indicates where a company sits in relation to a peer group of companies in achieving this alignment. For example, if a hypothetical company, ABC Inc., has a PAR of 23%, it means GMI considers that 77% of companies in the sector have a better pay alignment than ABC Inc. In other words, a high ranking reflects good alignment between CEO compensation and performance and a low ranking indicates poor alignment and governance concerns.

The PAR is calculated by determining the company's ranking within its market sector (as classified under the FTSE/Dow Jones Industry Classification Benchmark (ICB)) for three measures: Ranking of Total Shareholder Returns (TSR), Ranking of Change in Total Direct Compensation Expense\* for the CEO (TDCE) and Actual TDCE. GMI uses relative assessment within a company's sector for each of these measures.

GMI uses two factors in calculating the PAR. The first factor is the comparison of TSR to Change in TDCE. In determining the PAR, high relative sector rankings in TSR and low relative sector rankings in Change in TDCE will tend to give a company a higher PAR. Similarly, low relative sector rankings in TSR and high relative sector rankings in Change in TDCE will tend to give a company a lower PAR.

For the second factor, the overall TSR achieved relative to the actual TDCE incurred is ranked within the sector. Higher values will tend to give a company a higher PAR and vice versa.

### *Total Direct Compensation Expenses Adjustments*

GMI has made some necessary adjustments to the reported total direct compensation expenses to enable meaningful year-on-year comparisons between compensation reported under the new and old SEC regulations. This means that Total Direct Compensation Expense (TDCE) in our Summary CEO Compensation Reports may not be the same as that reported by companies in their regulatory filings.

The TDCE in GMI's Summary CEO Compensation Report uses an aggregate of two sets of data provided by Equilar, Inc. and gathered from the regulatory filings of the relevant company: Base Salary, Discretionary Bonus and All Other Compensation, all from the Summary Compensation Table; and Annual Cash Incentive Targets, Multi-Year Cash Incentive Plan Targets, Grant Date Present Value of Options (as calculated using Equilar Inc.'s Standardized Methodology for consistency), Grant Date Present Value of Full Value Shares (multiplies number of shares by the closing price on the date of grant), Annual Equity Incentive Plan Targets and Multi-Year Equity Incentive Plan Targets, all from the Grants of Plan Based Awards Table.