ACUITY BRANDS INC

MEETING DATE	Fri, 05 Jan 2018 11:00 am	TYPE	AGM	ISSUE DATE	Wed, 13 Dec 2017
MEETING LOCATION	Four Seasons Hotel 75 Fourteenth Street, NE Atlanta, Georgia 30309				
CURRENT INDICES	S&P500				
SECTOR	Electric lighting and wiring equipment				

	PROPOSALS	ADVICE
1a	**Re-elect Peter C. Browning** Lead Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1b	**Elect G. Douglas Dillard, Jr.** Independent Non-Executive Director.	**For**
1c	**Re-elect Ray M. Robinson** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1d	**Re-elect Norman H. Wesley** Independent Non-Executive Director.	**For**
1e	**Elect Mary A. Winston** Independent Non-Executive Director.	**For**
2	**Appoint the Auditors** EY proposed. Non-audit fees represented 4.78% of audit fees during the year under review and 11.93% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**Oppose**
3	**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. The compensation rating is: CCC. The Annual Cash Incentive Target Percentage is 200% of salary for the CEO, which is potentially excessive. However, no annual cash incentive payments under the Annual Cash Incentive Plan were awarded to the named executive officers as negative discretion has been applied in light of performance conditions not having been met. There are concerns that performance measures attached to long-term incentives duplicate those attached to other awards. Equity awards vest over three to four years, which is not considered to be sufficiently long term. Executive compensation is in line with peer group averages, which is welcomed. Based on this rating, Triodos recommends to abstain.	**Abstain**

4 Approve the Frequency of Future Advisory Votes on Executive Compensation **1**

The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.

The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually.

Triodos recommends a one year frequency.

5 Amend Existing Omnibus Plan **Oppose**

It is proposed to approve the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Equity Incentive Plan. The Compensation Committee has plans to increase the number of shares of common stock reserved for issuance by 380,000 additional shares. There are concerns with the Plan as it has various elements bundled together, and although parts of it can benefit the majority of employees, it can still be used as a vehicle for potentially excessive executive payments. As performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. In addition, maximum award limits are excessive.

Triodos opposes this resolution.

6 Approve a New Bonus Plan **Oppose**

It is proposed to approve the Acuity Brands, Inc. 2017 Management Cash Incentive Plan. The 2017 Cash Incentive Plan will be administered by the Compensation Committee or other committee designated by the Board. There are various performance criteria under the Plan, amongst which adjusted measures feature, which is a concern, as it prevents shareholders from being able to fully assess the challenging nature of the performance targets. The maximum incentive award payable to a participant for any fiscal year of the Company will be USD 6 million, which is considered to be excessive, as it represents 1000% of the CEO's salary. There is no disclosure of performance targets underlying the grant of bonus awards. Based on the above concerns, Triodos opposes this resolution.

7 Shareholder Resolution: ESG Reporting **For**

Proposed by: Trillium Asset Management, LLC

The Proponent requests that the Company issue a report describing the company's environmental, social, and governance (ESG) policies, performance, and improvement targets, including a discussion of greenhouse gas (GHG) emissions management strategies and quantitative metrics. This report should be updated annually, be prepared at reasonable cost, and omit proprietary information. Proponents believe tracking and reporting on ESG practices strengthens a company's ability to compete and adapt in today's global business environment, which is characterised by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Transparent, substantive reporting allows companies to better integrate and capture value from existing sustainability efforts, identify gaps and opportunities in policies and practices, enhance company-wide communications, and recruit and retain employees. The Proponent argues that Acuity has not disclosed a qualitative description of its ESG policies nor quantitative metrics conveying the Company's operational ESG performance, its GHG data, or established goals to improve environmental performance.

Board's Opposing Argument: The Board is against this proposal as it does not believe that the production of the type of sustainability report described in the proposal would be a productive use of corporate resources or in the best interest of the Company and its stockholders. The Company recognises the importance of environmental, social and governance (ESG) considerations and has numerous informal processes in place today. As a leading provider of innovative and energy-efficient lighting solutions that include LED lighting, lighting controls and related products, the Company conducts its business with environmental considerations at the forefront of product design and development and is thus already in compliance with the proposal's main purpose. The Company also is focused on the energy efficiency of its products and is always looking for ways to reduce their impact on the environment. The Company believes that it is more appropriate to prudently allocate its resources to the continued development of its energy efficient products, to enhance its business operations and to continue to support ESG initiatives the Company deems will have the greatest impact, all of which will be set forth in the Company's Policy on Sustainability.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: C- There is good disclosure of performance targets related to the awards granted under the short- and long-term incentive plans. Annual cash incentive awards are made under the Acuity Brands, Inc. 2012 Management Cash Incentive Plan and use Adjusted diluted earnings per share, Adjusted consolidated operating profit margin and Adjusted cash flow as measures. The use of adjusted measures is a concern as it prevents shareholders from being able to fully assess the challenging nature of the performance targets.

Equity incentive awards are granted in the form of two-thirds in restricted stock and one-third in stock options. Performance criteria underlying the grant of restricted stock includes adjusted diluted earnings per share.

Balance: C- The Annual Cash Incentive Target Percentage is 200% of salary for the CEO, which is potentially excessive. However, no annual cash incentive payments under the Annual Cash Incentive Plan were awarded to the named executive officers as negative discretion has been applied in light of performance conditions not having been met. There are concerns that performance measures attached to long-term incentives duplicate those attached to other awards. Equity awards vest over three to four years, which is not considered to be sufficiently long term. Executive compensation is in line with peer group averages, which is welcomed.

Contract: C- Contracts do not define 'good reason' in an appropriate manner. The Company has double-trigger provisions in place, which is welcomed.

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