Triodos Investment Management

APTIV PLC

MEETING DATE	Thu, 26 Apr 2018 9:00 am	TYPE	AGM	ISSUE DATE	Fri, 13 Apr 2018
MEETING LOCATION	Embassy Suites, 800 North Central Avenue, Glendale, California 91203				
CURRENT INDICES	S&P500				
SECTOR	Motor vehicle parts and accessories				

	PROPOSALS	ADVICE
1	**Elect Director Kevin P. Clark** President and Chief Executive.	**For**
2	**Elect Director Nancy E. Cooper** Independent Non-Executive Director.	**For**
3	**Elect Director Frank J. Dellaquila** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not suppor	**Oppose**
4	**Elect Director Nicholas M. Donofrio** Independent Non-Executive Director.	**For**
5	**Elect Director Mark P. Frissora** Independent Non-Executive Director. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
6	**Elect Director Rajiv L. Gupta** Non-Executive Director. Not considered independent as s Mr. Gupta serves on the board of The Vanguard Group Inc., a significant shareholder. There is sufficient independent representation on the Board. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
7	**Elect Director Sean O. Mahoney** Independent Non-Executive Director.	**For**
8	**Elect Director Colin J. Parris** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not suppor	**Oppose**
9	**Elect Director Ana G. Pinczuk** Independent Non-Executive Director.	**For**
10	**Elect Director Thomas W. Sidlik** Independent Non-Executive Director.	**For**
11	**Elect Director Lawrence A. Zimmerman** Independent Non-Executive Director.	**For**
12	**Allow the Board to Determine the Auditor's Remuneration** EY proposed. Non-audit fees represented 30.00% of audit fees during the year under review and 30.38% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor.	**Oppose**

13 Advisory Vote to Ratify Named Executive Officers' Compensation **Abstain**

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.

For fiscal 2017, annual cash awards were not excessive, with overall pay below above peer group averages. However, there is a concern over the Committee's use of discretion when awarding annual bonuses. With respect to 2015-2017 performance-based RSUs, the TSR vesting scale is insufficiently broad to ensure superior awards reflect superior performance as executives may receive payouts for below median performance. Essentially rewarding the executives for performing below average. The time-based RSUs vest ratably over three years, beginning on the first anniversary of the grant date which is not considered sufficiently long-term. Also, the use of time-vesting equity is not considered acceptable in linking pay with performance.

The compensation rating is: CCB. Based on this rating, Triodos recommends to abstain.

14 Advisory Vote on Say on Pay Frequency **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.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 13 - Advisory Vote to Ratify Named Executive Officers' Compensation

Disclosure: C- Annual cash incentives are based on corporate/division performance metrics. In addition, the Compensation Committee assessed Named Executive Officer's (NEO's) performance with respect to the Strategic Results Modifiers (SRM) and individual qualitative performance. The Company has disclosed financial targets for its short-term incentives but has not provided information with respect to individual performance factors. The Company granted long-term incentives in the form of performance-based restricted stock units (RSUs) (75%) and the time-based RSUs (25%). Specific targets are disclosed for the 2015-2017 performance-based RSUs. The Company failed to provide the fees it paid to its external compensation consultant during the year under review. Also, the use of "adjusted" targets is complex and not clearly understandable in our view.

Balance: C- For fiscal 2017, annual cash awards were not excessive, with overall pay below above peer group averages. However, there is a concern over the Committee's use of discretion when awarding annual bonuses. With respect to 2015-2017 performance-based RSUs, the TSR vesting scale is insufficiently broad to ensure superior awards reflect superior performance as executives may receive payouts for below median performance. Essentially rewarding the executives for performing below average. The time-based RSUs vest ratably over three years, beginning on the first anniversary of the grant date which is not considered sufficiently long-term. Also, the use of time-vesting equity is not considered acceptable in linking pay with performance.

Contract: B- The Company has a compensation claw back policy in place for equity awards upon a change in control.

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Researcher: Ahmed Suliman
Email: pircresearch@pirc.co.uk

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk

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