


<b>MEETING DATE</b>	Mon, 22 Oct 2018 12:00	<b>TYPE</b>	AGM	<b>ISSUE DATE</b>	Tue, 02 Oct 2018
<b>MEETING LOCATION</b>	Cree Lighting Experience Center, 4408 Silicon Drive, Durham, North Carolina 27703				
<b>CURRENT INDICES</b>	PIRC Global				
<b>SECTOR</b>	Semiconductors and related devices				

<b>PROPOSALS</b>		<b>ADVICE</b>
<b>1.01</b>	<b>Elect John C. Hodge</b> Independent Non-Executive Director.	<b>For</b>
<b>1.02</b>	<b>Elect Clyde R. Hosein</b> Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	<b>For</b>
<b>1.03</b>	<b>Elect Darren R. Jackson</b> Independent Non-Executive Chairman He is chair of the Audit committee which is not fully independent which Triodos does not support.	<b>Withhold</b>
<b>1.04</b>	<b>Elect Duy-Loan T. Le</b> Independent Non-Executive Director.	<b>For</b>
<b>1.05</b>	<b>Elect Gregg A. Lowe</b> Chief Executiv	<b>For</b>
<b>1.06</b>	<b>Elect John B. Replogle</b> Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments.	<b>Withhold</b>
<b>1.07</b>	<b>Elect Thomas H. Werner</b> 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.	<b>Withhold</b>
<b>1.08</b>	<b>Elect Anne C. Whitaker</b> Independent Non-Executive Director.	<b>For</b>
<b>2</b>	<b>Appoint the Auditors</b> PwC proposed. Non-audit fees represented 5.71% of audit fees during the year under review and 8.13% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	<b>For</b>
<b>3</b>	<b>Advisory Vote on Executive Compensation</b> 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: DDC. It is noted that as the Non-GAAP operating income target was not met, the CEO did not receive the full annual bonus for Fiscal 2018. PSUs vest in three equal tranches tied to Cree's non-GAAP operating income performance in the Company's 2017, 2018 and 2019 fiscal years. Non-GAAP operating income is also used for the annual bonus, raising concerns that executives are being rewarded twice for the same performance. Best practice is a five year performance period at least and for there to be at least two performance conditions attached. RSUs granted vest ratably in annual increments over four years. The CEO's Fiscal 2018 equity awards are considered excessive at 1994.79% of salary. Based on these concerns, Triodos opposes this resolution.	<b>Oppose</b>

## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 3 - Advisory Vote on Executive Compensation

**Disclosure: D-** Peer groups used for pay comparison are disclosed. It is noted that only 11.17% of shareholders voted against the Company's say-on-pay vote at the 2017 AGM. The Company's variable compensation programme is composed of an annual performance based cash incentive compensation and long term equity incentive compensation in the form of time-based Restricted Stock Units (RSUs) and Performance-based Stock Units (PSUs). Performance targets for the annual bonus and PSUs are disclosed. PSUs and RSUs each make up 50% of the long-term incentive awards.

**Balance: D-** It is noted that as the Non-GAAP operating income target was not met, the CEO did not receive the full annual bonus for Fiscal 2018. PSUs vest in three equal tranches tied to Cree's non-GAAP operating income performance in the Company's 2017, 2018 and 2019 fiscal years. Non-GAAP operating income is also used for the annual bonus, raising concerns that executives are being rewarded twice for the same performance. Best practice is a five year performance period at least and for there to be at least two performance conditions attached. RSUs granted vest ratably in annual increments over four years. The CEO's Fiscal 2018 equity awards are considered excessive at 1994.79% of salary.

**Contract: C-** Change-in-control payments are subject to double-trigger provisions. Contracts do not define good reason and case in an appropriate manner. The Company does not have a clawback provision in place which is considered a material omission.

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