


<b>MEETING DATE</b>	Thu, 20 Sep 2018 14:30	<b>TYPE</b>	AGM	<b>ISSUE DATE</b>	Tue, 11 Sep 2018
<b>MEETING LOCATION</b>	The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB				
<b>CURRENT INDICES</b>	FTSE 100, FTSE EuroFirst				
<b>SECTOR</b>	Distillers & Vintners				

<b>PROPOSALS</b>		<b>ADVICE</b>
<b>1</b>	<p><b>Receive the Annual Report</b></p> <p>Strategic report meets guidelines. Adequate employment and environmental policies are in place and relevant, up-to-date, quantified, environmental reporting is disclosed. The Company also disclosed the proportion of women on the Board, in Executive Management positions and within the whole organisation.</p> <p>Triodos supports this resolution.</p>	<b>For</b>
<b>2</b>	<p><b>Approve the Remuneration Report</b></p> <p><b>Disclosure:</b> Overall, disclosure is considered sufficient. All elements of each director's cash remuneration and pension contributions are disclosed as are future performance conditions and past targets for the annual bonus and LTIP. However, although the increase in CEO salary (+2%) is in line with the average salary increase for US and UK workforce (+4.5%). As a Company which is operating on a global scale, PIRC would prefer to see disclosure of salary movements across all employees and not just the US and UK.</p> <p><b>Balance:</b> The CEO's salary is in the upper quartile of the Company's comparator group. This raises concerns over potential excessiveness of variable incentive schemes as the base salary determines the overall quantum on the remuneration structure. This concern is compounded by the total realised rewards under all incentive schemes during the year which amounts to 641.21% of base salary (Annual Bonus: 140.65% - LTIP: 411.8% - Discretionary Incentive Plan: 88.76%) and considered highly excessive. The balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over the last five years is aligned to the change in TSR over the same period. Over the five year period average annual increase in CEO pay has been approximately 14.8% whereas, on average, TSR has increased by 12.07%. However, CEO pay compared to average employee pay stands at 68:1, which is not considered to be appropriate.</p> <p>Rating: AD</p> <p>Triodos opposes this resolution.</p>	<b>Oppose</b>
<b>3</b>	<p><b>Approve the Dividend</b></p> <p>A final dividend of 40.4 pence per share is proposed, which brings the total dividend for the year under review to 65.3 pence per share. This payment is covered by earnings.</p>	<b>For</b>
<b>4</b>	<p><b>To elect SS Kilsby as a Director of the Company.</b></p> <p>Newly appointed independent Non-Executive Director. There are concerns over her aggregate time commitments.</p> <p>Triodos abstains this resolution.</p>	<b>Abstain</b>
<b>5</b>	<p><b>To re-elect Lord Davies as a Director of the Company.</b></p> <p>Senior Independent Director. Considered independent.</p>	<b>For</b>
<b>6</b>	<p><b>To re-elect J Ferrán as a Director of the Company.</b></p> <p>Non-Executive Chairman. Independent upon appointment.</p>	<b>For</b>
<b>7</b>	<p><b>To re-elect Ho KwonPing as a Director of the Company.</b></p> <p>Independent Non-Executive Director.</p>	<b>For</b>

<b>8</b>	<b>To re-elect NS Mendelsohn as a Director of the Company.</b> Independent Non-Executive Director.	<b>For</b>
<b>9</b>	<b>To re-elect IM Menezes as a Director of the Company.</b> Chief Executive Officer. 12 months rolling contract.	<b>For</b>
<b>10</b>	<b>To re-elect KA Mikells as a Director of the Company.</b> Chief Financial Officer. 12 months rolling contract.	<b>For</b>
<b>11</b>	<b>To re-elect AJH Stewart as a Director of the Company.</b> Independent Non-Executive Director.	<b>For</b>
<b>12</b>	<b>Re-appoint PricewaterhouseCoopers LLP as the Company Auditors</b> PwC proposed. Non-audit fees represented 16.67% of audit fees during the year under review and 19.68% 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>13</b>	<b>Allow the Board to Determine the Auditor's Remuneration</b> Standard proposal.	<b>For</b>
<b>14</b>	<b>Approve Political Donations</b> The proposed authority is subject to an overall aggregate limit on political donations and expenditure of £100,000 which is within recommended limits. However, it is noted that the Group made political donations of £300,000 state candidate committees, state political parties and federal leadership committees in North America. This raises concerns about the potential political donation which could be made by the Company under this authority. Triodos considers political donations as an inappropriate use of shareholder funds.	<b>Oppose</b>
<b>15</b>	<b>Issue Shares with Pre-emption Rights</b> The authority is limited to 33% of the Company's issued share capital and expires at the next AGM. Within acceptable limits.	<b>For</b>
<b>16*</b>	<b>Issue Shares for Cash</b> Authority is limited to 5% of the Company's issued share capital and will expire at the next AGM. Within acceptable limits.	<b>For</b>
<b>17*</b>	<b>Authorise Share Repurchase</b> The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, Triodos opposes this resolution.	<b>Oppose</b>
<b>18*</b>	<b>Adopt New Articles of Association</b> Board is seeking Shareholders' approval to amend the Company's Memorandum of Association to increase the maximum aggregate amount of the fees payable to Non-Executive Directors excluding the Chairman's fees for their services from £1,000,000 to £1,200,000; and include updated provisions on payment methods and currencies for dividends thereby giving the company flexibility to choose how it pays dividends in the future. It is noted that the basic fee for Non-Executive Directors was increased from £87,000 to £92,000 effective 1 January 2018 and the additional fee for the Chairman of the Remuneration Committee was increased from £25,000 to £30,000. After the appointment of Ursula Burns as Non-Executive Director, which has been delayed, and including the additional fees for the Senior Non-Executive Director and Chairman of the Audit and Remuneration Committee, Non-executive fees will total £637,000 which leaves a head room under the current cap of £1 million of 36.3%. This level of headroom provides sufficient flexibility to the Company for increasing fees further and appointing new directors if required to do so. The purpose of the limit is to act as a barrier for excessive fee increases. Triodos opposes this resolution.	<b>Oppose</b>
<b>19*</b>	<b>Meeting Notification-related Proposal</b> All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos does not support this resolution.	<b>Oppose</b>

\* = **Special resolution**

## SUPPORTING INFORMATION FOR RESOLUTIONS

### **Proposal 2 - Approve the Remuneration Report**

It is noted that the EPS figure used as the performance condition for the LTIP is compound annual 'adjusted' EPS. It is considered that adjustments to EPS for remuneration purposes are inappropriate. In this case the calculation excludes the impact of exchange, exceptional items and the post employment net charges included in other financial charges. These are real costs which are born by shareholders but which, in the case of executive remuneration, management are not held responsible for. Upon engagement, the Company stated that adjustments for exchange or exceptional items 'go both ways' and that these adjustments may increase or decrease EPS vs the reported number.

### **Proposal 11 - To re-elect AJH Stewart as a Director of the Company.**

A remuneration committee member who is an executive director elsewhere is considered likely to be a beneficiary of a defective remuneration scheme, as well as less likely in general to wish to see a reduction in executive remuneration. There is a perceived conflict as these individuals have a personal interest in maintaining the status quo in pay setting and pay levels in companies.

### **Proposal 19 - Meeting Notification-related Proposal**

The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice.

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