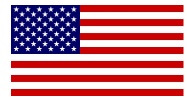
Triodos Investment Management

ACUITY BRANDS INC

MEETING DATE	Fri, 04 Jan 2019 11:00 am	TYPE AGM	ISSUE DATE Fri, 21 Dec 2018
MEETING LOCATION	Four Seasons Hotel, 75 Fourteenth Street, NE Atlanta, Georgia 30309		
CURRENT INDICES	PIRC Global		
SECTOR	Electric lighting and wiring equipment		

	PROPOSALS	ADVICE
1a	**Elect Peter C. Browning** Lead Independent Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1b	**Elect G. Douglas Dillard, Jr.** Independent Non-Executive Director.	**For**
1c	**Elect James H. Hance, Jr.** Independent Non-Executive Director.	**For**
1d	**Elect Vernon J. Nagel** Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.	**Oppose**
1e	**Elect Julia B. North** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1f	**Elect Ray M. Robinson** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1g	**Elect Mary A. Winston** Independent Non-Executive Director.	**For**
2	**Appoint the Auditors** EY proposed. Non-audit fees represented 6.69% of audit fees during the year under review and 9.14% 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 ten 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 **Oppose**

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 Annual Cash Incentive maximum payout is over 200% of salary for the CEO, which is considered 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. During the year under review, Messers Reece and Vernerey received discretionary payments of USD 750,000 each, in recognition of their the individual performance and to aligned their long-term interests with that of stockholders. This kind of discretionary.

The compensation rating is: BEE. Based on this rating, it is recommended that shareholders oppose.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: B- 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: E- The Annual Cash Incentive maximum payout is over 200% of salary for the CEO, which is considered 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. During the year under review, Messers Reece and Vernerey received discretionary payments of USD 750,000 each, in recognition of their the individual performance and to aligned their long-term interests with that of stockholders. This kind of discretionary award is not considered best practice.

Contract: E- Contracts define 'good reason' in an appropriate manner. However, the Company does not have double-trigger provisions in place.

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