Triodos Investment Management

EDWARDS LIFESCIENCES CORPORATION

MEETING DATE	Thu, 14 May 2015 10:00 am	TYPE	AGM	ISSUE DATE	Mon, 11 May 2015
MEETING LOCATION	Edwards Lifesciences Corporation, One Edwards Way, Irvine, California 92614				
CURRENT INDICES	S&P500				
SECTOR	Orthopedic, prosthetic, and surgical appliances and supplies				

	PROPOSALS	ADVICE
1a	**Elect John T. Cardis** 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 Nomination committee and recent appointments to the Board did not improve the gender balance to an acceptable level. Triodos opposes this resolution.	**Oppose**
1b	**Elect Kieran T. Gallahue** Independent Non-Executive Director. He is a new appointment to the Board and his appointment did not improve the gender balance on the board. Triodos opposes this resolution.	**Oppose**
1c	**Elect Barbara J. McNeil** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.	**Oppose**
1d	**Elect Michael A. Mussallem** Chairman and CEO. Combined roles at the head of the Company which Triodos does not support. 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 Nicholas J. Valeriani** Independent Non-Executive Director. He is newly appointed to the Board and his appointment did not improve the gender balance on the Board. Triodos opposes this resolution.	**Oppose**
2	**Approve 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: ADC. As a high proportion of the Company's long-term incentives consist of stock options, which are time-based (ie no performance conditions) and have an annual vesting rate, Triodos opposes this resolution.	**Oppose**

3 Approval of the 2015 Edwards Incentive Plan **Oppose**

The Board is seeking shareholders' approval of the Company's new Incentive Plan.

One element of the Incentive Plan is the flexibility to grant certain cash awards with performance-based requirements that are designed to satisfy the requirements of the "performance-based exception" under Section 162(m). Stockholders must also approve the material terms of the performance goals pursuant to which compensation is paid under the awards. The Compensation Committee will serve as the administrator for all Covered Awards under Incentive Plan and may delegate authority to a designee with respect to administration of awards which are not intended to be performance-based for purposes of Section 162(m). The administrator selects participants in the Incentive Plan from among the Company's officers and employees. As of February 27, 2015, 2,674 employees (including all executive officers) were eligible to be designated to participate in the Incentive Plan. Performance goals may be based upon the attainment of specified levels of the Company's performance under one or more measures. Unless otherwise determined by the administrator, awards under the Incentive Plan will include a target bonus expressed as a dollar amount, and no participant will be entitled to receive a bonus under the plan for a particular fiscal year that exceeds 200% of his or her target bonus amount for that year. In addition, the maximum bonus payable to with respect to all Covered Awards granted to any one participant in a fiscal year may not exceed $2,500,000.

The Compensation Committee has a wide discretion to apply, or not, performance conditions to the Incentive Plan and the level of awards are also at the Committee's discretion; the Committee has full discretion over which officers and key employees can join the Plan, which is a concern. Based on the foregoing concerns, Triodos opposes this resolution.

4 Amendment and Restatement of the Long-Term Stock Incentive Compensation Program **Oppose**

The Board is seeking shareholders' approval to amend the Company's Long-Term Stock Incentive Compensation Program to increase the number of shares available for issuance under the Plan by 2,000,000 additional shares.

Under the Plan, the Company may grant stock options and restricted stock units. The Plan would also place a limit on the number of shares that may be delivered pursuant to "incentive stock options" granted, equal to 52,900,000 shares. The 2,000,000 shares requested in this proposal represent 1.86% of the Company's outstanding shares at December 31, 2014. Beginning in May 2015, all equity awards will require both a change in control and a qualifying termination of employment in order to vest immediately, except for those awards that are terminated and not assumed by the acquirer. Stock options, restricted stock awards, and restricted stock units will become vested over a minimum period of three years measured from the applicable award date. Vesting may occur in one or more installments ratably over the applicable minimum vesting period. Only employees and independent contractors providing services to the Company or its subsidiaries are eligible to participate in the Long-Term Stock Program.

The limit put on the amount of incentive stock options that may be granted under the Plan represents 48.22% of the Company's common stock, which is considered to be overly dilutive. Performance conditions may be attached to awards at the Compensation Committee's discretion, and there are concerns that stock options and restricted stock are not subject to robust enough performance hurdles. Based on these concerns, Triodos opposes this resolution.

5 Appoint the auditors **Oppose**

PricewaterhouseCoopers LLP proposed. Non-audit fees represented 21.74% of audit fees during the year under review and 21.74% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. However, 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.

6 Shareholder Resolution: Written consent **Oppose**

Proposed by: Not disclosed

Shareholders request that the Board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorise the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders the fullest power to act by written consent consistent with applicable law. The proponent argues that a shareholder right to act by written consent is one method to equalise shareholder's limited provisions for shareholders to call a special meeting, as it takes 25% of the Company's shareholders, with at least one-year of continuously stock ownership, to call a special meeting. Delaware law allows 10% of shareholders to call a special meeting without mandating a holding period.

The Board opposes the proposal as it believes that a special meeting is preferable to action by written consent because a meeting allows all stockholders to participate in, and discuss the merits of, a proposed action, and allows the Board to make a considered recommendation about the action. As a result, stockholder action by calling a special meeting is better suited to a culture of transparency and good corporate governance, and makes the proposed written consent procedure unnecessary. In addition, the Board has also taken several other actions to promote effective corporate governance and accountability to stockholders, and has demonstrated responsiveness to the views and concerns of stockholders.

While it is considered that the Board should remain accountable to its shareholders, regardless of the method of communication chosen, there are concerns that using written consent could lead to minority shareholders losing the ability to have their say on matters affecting the company. On this basis Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Approve Executive Compensation.

Disclosure: A - Disclosure of performance targets and potential awards is adequate.

Balance: D - There are concerns that the Compensation Committee has too broad a discretion in assessing awards. A high proportion of the Company's long-term incentives consist of stock options, which are time-based (ie no performance conditions) and have an annual vesting rate.

Contract: C - Disclosed severance and change in control awards are potentially excessive. Contracts do not define "good reason" appropriately as it could mean a reduction in an executive's benefits.

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