


MEETING DATE	Wed, 08 Jun 2016 9:00 am	TYPE	AGM	ISSUE DATE	Mon, 06 Jun 2016
MEETING LOCATION	2550 Stanwell Drive, Concord, California 94520				
CURRENT INDICES	PIRC Global				
SECTOR	Surgical and medical instruments and apparatus				

PROPOSALS		ADVICE
1.01	<p>Elect Gail Schulze Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.</p>	Withhold
1.02	<p>Elect Laurence Corash, MD Senior Vice President and Chief Medical and Chief Scientific Officer.</p>	For
2	<p>Advisory Vote on 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: CDC. There is no disclosure of the targets for the annual incentive plan. The awards of options have no performance conditions attached. Also, there are concerns over the Compensation Committee's wide area of discretion when making awards. For these reasons, Triodos opposes this resolution.</p>	Oppose
3	<p>Say When on Pay 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 a frequency of every one year. It is considered an annual vote on executive compensation to be best practice for companies. Executive compensation comprises of 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. A one year frequency is therefore considered to be best practice. Triodos supports a one year period.</p>	1
4	<p>Appoint the Auditors Ernst & Young LLP proposed. Non-audit fees represented 3.09% of audit fees during the year. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. 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. Triodos opposes this resolution.</p>	Oppose

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

The Company has achieved an average level of disclosure; a poor balance for rewards; and an average approach to contracts with executives.

Disclosure: C- Annual cash incentives are based on the achievement of corporate performance (85%) and strategic objectives (15%). The Company granted long-term incentives in the form of stock options. There is no disclosure of the targets for the annual incentive plan.

Balance: D- For fiscal year 2015, annual cash awards were not excessive and no payout exceeded 200% of base salary. However, targets were not sufficiently disclosed, which is considered unacceptable and does not allow shareholders the opportunity to assess the challenging nature of targets. Whilst the amount of reward derived from stock options is determined by share price growth, the awards of options have no performance conditions attached. Thus an increase in share price over the lifespan of an option (and falls are unusual) can reward executives even in circumstances of poor relative performance. Also, there are concerns over the Compensation Committee's wide area of discretion when making awards. In June 2015, the Committee approved a retention stock option grant to Dr. Corash for 50,000 shares.

Contract: C- The Company does not have a compensation claw back policy.

For Private Circulation only

©Copyright 2016 PIRC Ltd

Researcher: Irene Tsopanoglou
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



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>

Regulated by the Financial Conduct Authority