Triodos Investment Management

DENTSPLY SIRONA INC

MEETING DATE	Wed, 25 May 2016 11:00 am	TYPE	AGM	ISSUE DATE	Mon, 16 May 2016
MEETING LOCATION	221 West Philadelphia Street, York, Pennsylvania				
CURRENT INDICES	S&P500				
SECTOR	Dental equipment and supplies				

	PROPOSALS	ADVICE
1a	**Elect Michael C. Alfano** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board. He is chair of the Nomination committee and less than 20% of the Board are women which Triodos does support.	**Oppose**
1b	**Elect David K. Beecken** Non-Executive Director. Not considered independent owing to an aggregate tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1c	**Elect Eric K. Brandt** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1d	**Elect Michael J. Coleman** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**For**
1e	**Elect Willie A. Deese** Independent Non-Executive Director.	**For**
1f	**Elect Thomas Jetter** Independent Lead Director.	**For**
1g	**Elect Arthur D. Kowaloff** Non-Executive Director. Not considered independent owing to an aggregate tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1h	**Elect Harry M. Jansen Kraemer, Jr.** Non-Executive Director. Not considered independent owing to an aggregate tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1i	**Elect Francis J. Lunger** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1j	**Elect Jeffrey T. Slovin** Independent Non-Executive Director.	**For**
1k	**Elect Bret W. Wise** Executive Chairman. It is not considered best practice for a Chairman to hold an executive position in the Company, as the management of the business and the functioning of the Board are best kept separa	**Oppose**
2	**Appoint the auditors** PWC proposed. Non-audit fees represented 58.83% of audit fees during the year under review and 76.28% on a three-year aggregate basis. This level of non-audit fees raises major 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. Triodos opposes this resolution.	**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 compensation rating is: CDC.

tock option grants vest and become exercisable over three years - one-third on each of the first three anniversaries following the grant. The annual bonus payouts ranged 128.2% to 167% of target, which is excessive and indicates that the targets may not have been challenging.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory vote on executive compensation

Disclosure: C - The Company has achieved an average level of disclosure for the fiscal year. The annual bonus was based on the achievement of goals related to internal sales growth, adjusted net income and net working capital (80%), as well as strategic objectives (20%). Long-term incentives consisted of stock options, time-based restricted stock units (RSUs) and performance-based restricted stock units (PRSUs). RSUs cliff vest after three years, and for some named executive officers, RSUS will only vest if a specific net income goal is also achieved. PRSUs also cliff vest after three years if an operating income target is achieved. Stock option grants vest and become exercisable over three years - one-third on each of the first three anniversaries following the grant.

Balance: D - The Company has achieved a poor balance for rewards. The annual bonus payouts ranged 128.2% to 167% of target, which is excessive and indicates that the targets may not have been challenging. The vesting schedule for stock options is not considered sufficiently long term to link pay with performance. In addition, whilst the amount of reward derived from options is determined by share price growth, the awards of options have no performance conditions attached. Therefore, an increase in share price over the lifespan of an option can reward executives even in circumstances of poor relative performance.

Contracts: C - The Company has achieved an average approach to contracts with executives. Potential severance entitlements in a change of control scenario are considered excessive because certain executives are entitled to three times both their base salary and annual bonus awards. The definition of 'good reason' is not provided.

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