Triodos Investment Management

EDWARDS LIFESCIENCES CORPORATION

MEETING DATE	Thu, 12 May 2016 10:00 am	TYPE	AGM	ISSUE DATE	Wed, 04 May 2016
MEETING LOCATION	One Edwards Way, Irvine, California 92614				
CURRENT INDICES	S&P500				
SECTOR	Orthopedic, prosthetic, and surgical appliances and supplies				

	PROPOSALS	ADVICE
1a	**Elect Michael A. Mussallem** Chairman and Chief Executive Officer. Combined roles at the top of the Company. It is considered best practice for these positions to be separated with a Chief Executive Officer responsible for the running of the business and the Chairman responsible for the functioning of the Board. Triodos oppose this resolution.	**Oppose**
1b	**Elect John T. Cardis** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1c	**Elect Kieran T. Gallahue** Independent Non-Executive Director.	**For**
1d	**Elect William J. Link** Independent Non-Executive Director. He is chair of the Nomination committee and less than 20% of the Board are women which Triodos does not support.	**Oppose**
1e	**Steven R. Loranger** Independent Non-Executive Director. He is newly appointed and his appointment does not improve the gender balance on the Board which Triodos does not support.	**Oppose**
1f	**Elect Martha H. Marsh** Independent Non-Executive Director.	**For**
1g	**Elect Wesley W. von Schack** Presiding Director.	**For**
1h	**Elect Nicholas J. Valeriani** Independent Non-Executive Director.	**For**

2 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: CDD.

The Company has achieved a poor balance for rewards. Annual bonuses were paid out from 172% to 200% of target, which is excessive and indicates that the targets may not have been challenging. Ms. Szyman received a hiring bonus of $300,000 as well as a special 'inducement' grant of stock options and RSUs. These kind of discretionary awards are not considered best practice. PBRSUs were paid out at 94% of target, which is within guidelines. The vesting schedules for stock options is not considered sufficiently long term to link pay with performance. In addition, whilst the amount of reward derived from stock 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.

The Company has achieved a poor approach to contracts with executives. Stock options, RSUs and PBRSUs granted before May 2015 are subject to accelerated vesting in a change of control situation, though awards granted after this date are double trigger. 'Good reason' is not defined appropriately because it includes any reduction in incentive plans. Potential severance entitlements in a change of control scenario are excessive. The clawback policy is not fully described.

Based on the excessive bonus and discretionary awards available, Triodos oppose this resolution.

3 Amend Long-Term Stock Program **Oppose**

The Board has asked for shareholder approval of an increase in the number of shares available for issuance under the Long-Term Stock Program by 2,000,000 shares and an extension of the term of the program to 2026. The Long-Term Stock Program permits stock options and RSUs to vest ratably over the applicable vesting period. In addition, there are no performance conditions for stock options other than share price appreciation.

The Long-Term Stock Program identifies a number of performance metrics that may be used, but leaves it to the discretion of the Compensation Committee as to which metrics are chosen. Shareholders cannot tell from the plan what performance targets (if any) would be applied to the metrics selected by the Committee. Furthermore, the Long-Term Stock Program provides for the annual vesting of RSUs and stock options, which is not considered sufficiently long term. The use of share price appreciation for stock options is not considered best practice, as an increase in share price over the lifespan of an option can reward executives even in circumstances of poor relative performance. For these reasons, Triodos oppose this resolution.

4 Appoint the Auditors **Oppose**

PwC proposed. Non-audit fees represented 61.54% of audit fees during the year under review and 33.33% 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 oppose this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: C - The Company has achieved an average level of disclosure for the fiscal year. The annual bonus was determined by evaluating achievement of Company-wide financial measures, achievement of Company-wide key operating drivers and individual performance. The Company-wide financial measures are revenue growth, net income and free cash flow. Long-term incentives consisted of 55% stock options, 25% performance-based stock units (PBRSUs) and 20% time-based restricted stock units (RSUs). PBRSUs are based on total shareholder return (TSR) over three years. Stock options granted in and prior to 2015 vest annually over four years. RSUS grant 50% on the third and fourth anniversaries of the grant date.

Balance: D - The Company has achieved a poor balance for rewards. Annual bonuses were paid out from 172% to

200% of target, which is excessive and indicates that the targets may not have been challenging. Ms. Szyman received a hiring bonus of $300,000 as well as a special 'inducement' grant of stock options and RSUs. These kind of discretionary awards are not considered best practice. PBRSUs were paid out at 94% of target, which is within guidelines. The vesting schedules for stock options is not considered sufficiently long term to link pay with performance. In addition, whilst the amount of reward derived from stock 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: D - The Company has achieved a poor approach to contracts with executives. Stock options, RSUs and PBRSUs granted before May 2015 are subject to accelerated vesting in a change of control situation, though awards granted after this date are double trigger. 'Good reason' is not defined appropriately because it includes any reduction in incentive plans. Potential severance entitlements in a change of control scenario are excessive. The clawback policy is not fully described.

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