VARIAN MEDICAL SYSTEMS INC

MEETING DATE	Thu, 11 Feb 2016 16:30 pm	TYPE	AGM	ISSUE DATE	Thu, 28 Jan 2016
MEETING LOCATION	3100 Hansen Way, Palo Alto, California 94304				
CURRENT INDICES	S&P500				
SECTOR	Electromedical and electrotherapeutic apparatus				

	PROPOSALS	ADVICE
1.01	**Elect R. Andrew Eckert** Non-Executive Chairman. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.02	**Elect Mark R. Laret** Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.03	**Elect Eric R. Reinhardt** Independent Non-Executive Director.	**For**
2	**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: DCC. Payouts were not considered excessive. However, CEO's maximum potential award was 240% of his base salary, which is not considered best practice. Stock options are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives. RSUs vest on the first, second and third anniversaries of the date of grant, which is not considered to be sufficiently long term. Based on the concerns above, Triodos opposes this resolution.	**Oppose**
3	**Appoint the Auditors** PwC proposed. Non-audit fees represented 23.24% of audit fees during the year under review and 13.40% on a three-year aggregate basis. 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 54 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.	**Oppose**

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory vote on executive compensation

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

Disclosure: D- Annual cash incentives were based on the following performance metrics: earnings before interest and taxes (EBIT) growth (50% weight); and gross orders growth (30% weight). The remaining 20% of each potential award related to the NEOs' achievement of qualitative goals. The Company has disclosed financial targets for its short-term incentives and has provided a list of individual performance factors for each NEO. The Company awarded long-term incentives in the form of stock options, restricted stock units (RSUs) and performance-based stock units (PSUs) that vest based on growth in Net earnings per diluted share (EPS) and relative TSR versus the Dow Jones U.S. Medical Equipment Index.

Balance: C- For fiscal 2015, the target incentive opportunity percentages ranged from 68% to 120% of base salaries. Payouts were not considered excessive. However, CEO's maximum potential award was 240% of his base salary, which is not considered best practice. Stock options are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives. RSUs vest on the first, second and third anniversaries of the date of grant, which is not considered to be sufficiently long term.

Contract: C- The Company has a compensation claw back policy. The change in control agreements provide for accelerated vesting of long-term incentives upon a change-in-control.

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