EDWARDS LIFESCIENCES CORPORATION

MEETING DATE	Thu, 11 May 2017 10:00 am	TYPE	AGM	ISSUE DATE	Thu, 04 May 2017
MEETING LOCATION	One Edwards Way, Irvine, California 92614				
CURRENT INDICES	S&P500				
SECTOR	Orthopedic, prosthetic, and surgical appliances and supplies				

	PROPOSALS	ADVICE
1a	**Re-elect Michael A. Mussallem** Chairman and CEO. Combined roles at the head of the Company. 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**
1b	**Re-elect Kieran T. Gallahue** Independent Non-Executive Director.	**For**
1c	**Elect Leslie S. Heisz** Independent Non-Executive Director.	**For**
1d	**Re-elect William J. Link** Independent Non-Executive Director.	**For**
1e	**Re-elect Steven R. Loranger** Independent Non-Executive Director.	**For**
1f	**Re-elect Martha H. Marsh** Independent Non-Executive Director.	**For**
1g	**Re-elect Wesley W. von Schack** Senior Independent Director.	**For**
1h	**Re-elect Nicholas J. Valeriani** Independent Non-Executive Director.	**For**
2	**Approve the Frequency of Future Advisory Votes on Executive Compensation** 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 an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises 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. Triodos recommends a one year frequency.	**1**

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: BCB. Variable compensation for the CEO is excessive, with both the annual and long-term awards exceeding 200% of base salary. Further, the Company grants stock options as part of its long-term award. Whilst the amount of reward derived from stock options is determined by share price growth, the awards of options have no performance conditions attached.

Triodos opposes this resolution.

4 Amend Existing Long Term Stock Incentive Compensation 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 programme by 1.40m shares. It would also place a limit on the number of shares that may be delivered pursuant to "incentive stock options" granted under the Long-Term Stock Program equal to 109.20m shares. This plans permit the granting of stock options, restricted stock awards and restricted stock units (RSU). The Long-Term Stock Program permits stock options and RSUs to vest ratably over the applicable vesting period. It is noted that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards.

It is considered that, as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that awards under the Plan will not necessarily be subject to sufficiently robust performance targets (if any). As a result, shareholders cannot assess whether the Plan will operate to align participants' incentives with shareholders' interests.

Triodos opposes this resolution.

5 Amend U.S. Employee Stock Purchase Plan **For**

The Company is requesting that stockholders approve an increase in the number of shares available for issuance under the U.S. ESPP by 1.50m shares. The U.S. ESPP is designed to allow the Company's eligible employees and the eligible employees of the Company's participating parent and subsidiaries (whether now existing or subsequently established) to purchase shares of common stock at periodic intervals through their accumulated payroll deductions.

It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. As the Plan is open to the majority of employees and is capped at purchase price of no less than 85% of fair market value, Triodos supports this resolution.

6 Appoint the Auditors **Oppose**

PwC proposed. Non-audit fees represented 22.22% of audit fees during the year under review and 35.53% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

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

Disclosure: B- Overall disclosure is considered transparent. Annual incentives were determined by revenue growth, net income, and free cash flow targets, as well as achievement of Company-wide key operating drivers and individual performance. Long-term incentives consist of 55% stock options, 20% restricted stock units (RSU) and 25% performance-based stock units (PBRSU). PBRSUs are based on total shareholder return (TSR) over three years. Stock options granted vest annually over four years.

Balance: C- Executive compensation is aligned with companies of a similar market capitalisation, but not with peer

group averages. The Compensation Committee comprises of fully independent directors which is considered best practice. Separate performance measures are set for annual and long-term incentives, which is welcomed. However, variable compensation for the CEO is excessive, with both the annual and long-term awards exceeding 200% of base salary. Further, the Company grants stock options as part of its long-term award. 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. considered sufficiently long term to link pay with performance.
Contract: B- There are some concerns over the excessiveness of potential cash severance. The Company has double-trigger provisions and claw-back policy in place.

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