Triodos Investment Management

PERKINELMER INC

MEETING DATE	Tue, 25 Apr 2017 8:00 am	TYPE	AGM	ISSUE DATE	Thu, 06 Apr 2017
MEETING LOCATION	940 Winter Street, Waltham, Massachusetts				
CURRENT INDICES	S&P500				
SECTOR	Laboratory analytical instruments				

	PROPOSALS	ADVICE
1a	**Re-elect Peter Barrett** Non-Executive Director. Not considered independent as he previously held several senior management positions, most recently serving as Vice President, Corporate Planning and Business Development. There is insufficient independent representation on the Board.	**Oppose**
1b	**Elect Samuel R. Chapin** Newly appointed Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not support.	**Oppose**
1c	**Re-elect Robert F. Friel** 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. Triodos opposes this resolution.	**Oppose**
1d	**Re-elect Sylvie Grégoire** Independent Non-Executive Director.	**For**
1e	**Re-elect Nicholas A. Lopardo** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1f	**Re-elect Alexis P. Michas** Lead Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1g	**Re-elect Patrick J. Sullivan** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1h	**Elect Frank Witney** Newly appointed Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not support.	**Oppose**
2	**Appoint the Auditors** Deloitte proposed. Non-audit fees represented 9.10% of audit fees during the year under review and 13.32% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. However, 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.	**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.

Rewarded executive compensation is above peer group averages and awarded pay for the CEO is not aligned with companies of a similar market capitalization. For fiscal 2016, annual cash awards to the CEO were excessive with the actual payout being 368% of base salary. A maximum limit on the annual bonus of 200% of base salary is considered best practice. The Company also granted stock options. 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. Stock options vest one-third on the first anniversary of grant, one-third on the second anniversary of grant, and the remaining one-third on the third anniversary of grant which is not considered sufficiently long-term. Based on these concerns, Triodos opposes this resolution.

4 Approve the Frequency of Future Advisory Votes on Executive Compensation **1**

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 supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

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

Disclosure: C- Annual cash incentives are based on adjusted Earnings Per Share (EPS) and free cash flow. The Company granted long-term incentives in the form of stock options with three-year annual vesting, restricted shares which vest 100% at the end of three years, and performance units which vest based on performance against three-year financial goals. The Committee approved adjusted revenue growth (40%), adjusted gross margin expansion (40%), and relative total shareholder return (20%) goals for the 2016 LTIP performance unit program. There is no disclosure of the targets for the 2016 performance units. Also, the targets for the annual bonus were set to a non-GAAP standards, which allows the Company discretion in adjusting the figure.

Balance: D- Rewarded executive compensation is above peer group averages and awarded pay for the CEO is not aligned with companies of a similar market capitalization. For fiscal 2016, annual cash awards to the CEO were excessive with the actual payout being 368% of base salary. A maximum limit on the annual bonus of 200% of base salary is considered best practice. The Company also granted stock options. 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. Stock options vest one-third on the first anniversary of grant, one-third on the second anniversary of grant, and the remaining one-third on the third anniversary of grant which is not considered sufficiently long-term.

Contract: C- The Company has a compensation claw back policy in place and provides for double trigger change in control benefits. Employment agreements after February 2010 provide that equity awards will vest following a change in control only if the individual has a qualifying termination of employment within a specified period of time following the change in control. The Company does not provide a definition of "good reason".

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