EDWARDS LIFESCIENCES CORPORATION

MEETING DATE | Thu, 17 May 2018 10:00 am
MONTH, DAY, YEAR | Thu, 03 May 2018
TYPE | AGM
ISSUE DATE | Thu, 03 May 2018

MEETING LOCATION | Edwards Lifesciences Corporation, One Edwards Way, Irvine, CA 92614
CURRENT INDICES | S&P500
SECTOR | Orthopedic, prosthetic, and surgical appliances and supplies

PROPOSALS | ADVICE
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1a Elect Director Michael A. Mussallem | Oppose
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.

1b Elect Director Kieran T. Gallahue | For
Independent Non-Executive Director.

1c Elect Director Leslie S. Heisz | For
Independent Non-Executive Director.

1d Elect Director William J. Link | For
Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.

1e Elect Director Steven R. Loranger | Oppose
Independent Non-Executive Director.
He is chair of the Remuneration committee which is not fully independent which Triodos does not support.

1f Elect Director Martha H. Marsh | For
Independent Non-Executive Director.

1g Elect Director Wesley W. von Schack | For
Lead Independent Director.

1h Elect Director Nicholas J. Valeriani | For
Independent Non-Executive Director.

2 Advisory Vote on Executive Compensation | Abstain
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.
Options vest and become exercisable in 36 equal monthly installments beginning one month after the award date. 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. PBRSUs are measured against relative TSR over a three-year performance period, which is a market standard. However, a five-year performance period is best practice. Payments made under the annual bonus represent 270% of base salary for the CEO, which is excessive. Best practice stipulates that variable pay should be capped at 400% of base salary (200% for the annual bonus and 200% for the long-term).
The Company has given no specific description of its clawback policy. Severance entitlements in a change of control scenario are considered excessive.
The compensation rating is: BCC.
Triodos abstains this resolution.
3 Appoint the Auditors
PwC proposed. Non-audit fees represented 25.00% of audit fees during the year under review and
35.80% 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 ten years.
There are concerns that failure to regularly rotate the audit firm can compromise the independence of
the auditor.

4 Shareholder Resolution: Written Consent
Proposed by: Not Disclosed.
Shareholders request that the board of directors undertake such steps as may be necessary to permit
written consent by shareholders entitled to cast the minimum number of votes that would be necessary
to authorize the action at a meeting at which all shareholders entitled to vote thereon were present
and voting. This written consent is to be consistent with applicable law and consistent with giving
shareholders the fullest power to act by written consent consistent with applicable law. This includes
shareholder ability to initiate any topic for written consent consistent with applicable law.

Proponent’s Supporting Argument: The Proponent argues that taking action by written consent
in lieu of a meeting is a means shareholders can use to raise important matters outside the normal
annual meeting cycle. A shareholder right to act by written consent and to call a special meeting
are two complimentary ways to bring an important matter to the attention of both management and
shareholders outside the annual meeting cycle. More than 100 Fortune 500 companies provide for
shareholders to call special meetings and to act by written consent.

Board’s Opposing Argument: The Board is against this proposal and states that the proposal would
allow critical actions to be approved without notice to other stockholders and without an opportunity
for discussion at a stockholder meeting. This proposal, if adopted, could disenfranchise stockholders
and may deprive them of these rights, while enabling other short-term or special interest investors
with no fiduciary duties to stockholders to approve proposals that are not in the best interest of all
stockholders. Because of these deficiencies, the Board believes that the written consent process is
not appropriate for a widely held public company.

Analysis: Action by written consent would circumvent the important deliberative process of a
shareholder meeting. While it is considered that the Board should remain accountable to its
shareholders regardless of the method of communication chosen, the there are concerns that using
written consent could lead to minority shareholders losing the ability to have their say on matters
affecting the company.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B- The Company has achieved a market best practice level of disclosure. There is good disclosure
of targets related to long- and short-term incentives. Cash incentives are awarded based on revenue growth, net income
and free cash flow targets; strategic, corporate and business unit objectives; and individual performance. Long-term
incentives are granted in the form of 55% Stock Options, 20% restricted stock units (RSUs) and 25% performance based
RSUs (PBRSUs).

Balance: C- Options vest and become exercisable in 36 equal monthly installments beginning one month after the award
date. 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. PBRSUs are measured against
relative TSR over a three-year performance period, which is a market standard. However, a five-year performance
period is best practice. Payments made under the annual bonus represent 270% of base salary for the CEO, which is
excessive. Best practice stipulates that variable pay should be capped at 400% of base salary (200% for the annual
bonus and 200% for the long-term).

Contract: C- The Company has given no specific description of its clawback policy. Severance entitlements in a change
of control scenario are considered excessive.
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