TELADOC INC.

MEETING DATE	Thu, 31 May 2018 14:00	TYPE	AGM	ISSUE DATE	Fri, 18 May 2018
MEETING LOCATION	Virtual-Only Meeting: www.virtualshareholdermeeting.com/TDOC2018				
CURRENT INDICES	PIRC Global				
SECTOR	Offices and clinics of doctors of medicine				

	PROPOSALS	ADVICE
1	**Approve Authority to Increase Authorised Share Capital** The Company is seeking shareholder approval to increase the number of authorised shares of the Company's common stock up to 150.0m. As of April 6, 2018, there were 62.2m shares of the Company's common stock outstanding. In addition, 8.1m shares of common stock were reserved for issuance in connection with the Company's various employee benefit and compensation plans. If the proposed amendment is approved, 50.0m additional shares of common stock would be authorised but unissued and unreserved, resulting in a total of 58.1m shares of common stock available for future issuance. The proposed increase of 33.3% of the common stock is considered acceptable, and will give the Board the additional flexibility to issue shares for future corporate needs. However, it is noted that even though increasing the number of authorised shares does have an immediate effect on shareholder rights, the US market does not have pre-emption rights for share issuance, and thus the increase allows the Board more opportunity in the future to issue more shares, which will have a dilutive effect on voting power for existing shareholders. Triodos supports this resolution.	**For**
2.01	**Elect Helen Darling** Independent Non-Executive Director.	**For**
2.02	**Elect William H. Frist** Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. It is noted that the shareholder right to physically attend a meeting has been removed. This is considered a governance concern and as such opposition is recommended for members of the governance committee.	**Withhold**
2.03	**Elect Michael Goldstein** Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. It is noted that the shareholder right to physically attend a meeting has been removed. This is considered a governance concern and as such opposition is recommended for members of the governance committee.	**Withhold**
2.04	**Elect Jason Gorevic** Chief Executive.	**For**
2.05	**Elect Brian McAndrews** 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.	**Withhold**
2.06	**Elect Thomas G. McKinley** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Withhold**
2.07	**Elect Arneek Multani** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**

2.08 Elect Kenneth H. Paulus **Withhold**

Independent Non-Executive Director. It is noted that the shareholder right to physically attend a meeting has been removed. This is considered a governance concern and as such opposition is recommended for members of the governance committee.

2.09 Elect David Shedlarz **For**

Independent Non-Executive Director.

2.10 Elect David B. Snow, Jr. **Withhold**

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. It is noted that the shareholder right to physically attend a meeting has been removed. This is considered a governance concern and as such opposition is recommended for members of the governance committee.

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 Company has achieved a poor level of disclosure. There are no specific targets for the annual bonus or long-term awards. Under the long-term incentive plan, the Compensation Committee makes grants of both RSUs and stock options to executive officers as part of their performance evaluations.

During 2017, Mr. Hirschhorn was awarded a special cash bonus of USD 150,000 for outstanding performance. Such awards are not in line with best practice, as they do not necessarily link pay to performance. The vesting for RSUs occurs over a three-year period with 33% of the award vesting in equal annual installments over such three-year period, while the vesting for stock options occurs over a four-year period, with 25% of the award vesting in equal annual installments over such four-year period. 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. Retention awards make up the majority of the long-term incentives, which is a concern.

Potential severance entitlements in a change of control scenario are excessive. The Company does not appear to have a clawback policy in place, contrary to best practice.

The compensation rating is: EDC.

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 recommends a one year frequency.

5 Appoint the Auditors **For**

EY proposed. Non-audit fees represented 3.29% of audit fees during the year under review and 2.36% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: E- The Company has achieved a poor level of disclosure. There are no specific targets for the annual bonus or long-term awards. Annual cash incentives were granted based on Annual Revenue (50%), Adjusted EBITDA (20%), Visit Volume (20%) and Fourth Quarter Adjusted EBITDA (10%). The Company uses adjusted performance metrics elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to fully assess the challenging nature of the performance targets. Under the long-term incentive plan, the Compensation Committee makes grants of both RSUs and stock options to executive officers as part of their performance evaluations.
Balance: D- During 2017, Mr. Hirschhorn was awarded a special cash bonus of USD 150,000 for outstanding performance. Such awards are not in line with best practice, as they do not necessarily link pay to performance. The vesting for RSUs occurs over a three-year period with 33% of the award vesting in equal annual installments over such three-year period, while the vesting for stock options occurs over a four-year period, with 25% of the award vesting in equal annual installments over such four-year period. 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. Retention awards make up the majority of the long-term incentives, which is a concern.
Contract: C- Potential severance entitlements in a change of control scenario are excessive. The Company does not appear to have a clawback policy in place, contrary to best practice.

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