Triodos Investment Management

WRIGHT MEDICAL GROUP N.V.

MEETING DATE	Fri, 29 Jun 2018 9:00 am	TYPE	AGM	ISSUE DATE	Thu, 14 Jun 2018
MEETING LOCATION	Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands				
CURRENT INDICES	PIRC Global				
SECTOR	Orthopedic, prosthetic, and surgical appliances and supplies				

	PROPOSALS	ADVICE
1a	**Elect Robert J. Palmisano** President and Chief Executive Officer	**For**
1b	**Elect David D. Stevens** Non-Executive Chairman, not considered to be independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1c	**Elect Gary D. Blackford** Non-Executive Director, not considered to be independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1d	**Elect J. Patrick Mackin** There is insufficient disclosure of meeting materials in a timely manner to provide an informed vote. Support cannot be recommended.	**Oppose**
1e	**Elect John L. Miclot** Non-Executive Director, not considered to be 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**
1f	**Elect Kevin C. O'Boyle** Independent Non-Executive Director.	**For**
1g	**Elect Amy S. Paul** Non-Executive Director, not considered to be independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1h	**Elect Richard F. Wallman** Non-Executive Director, not considered to be independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1i	**Elect Elizabeth H. Weatherman** Non-Executive Director, not considered to be independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
2	**Ratify KPMG LLP as Auditors** KPMG proposed. Non-audit fees represented 0.13% of audit fees during the year under review and 6.15% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	**For**
3	**Ratify KPMG NV as Auditors** KPMG NV proposed as Netherlands audior. Non-audit fees represented 0.13% of audit fees during the year under review and 6.15% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**For**
4	**Approve Financial Statements** Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	**For**

5 Discharge the Board **For**

Standard resolution.

PIRC Issue: The Company has not appointed a Data Protection Officer. Under the GDPR, it is mandatory for certain controllers and processors to designate a Data Protection Officer (DPO). It is considered that boards should ensure that risk assessment (including data protection and cyber risk) is complete for the entire organisation, and that appropriate security is provided for each type of data under use. Although applicable only from 25 May 2018, it is considered that directors should be considered accountable for this lack of discussion and relevant appointment.

6 Authorise Share Repurchase **Oppose**

Authority sought to allow the Board to repurchase and use capital stock within legal boundaries. The authority exceeds 5% of the share capital. As the Company has not duly provided an explanation regarding the rationale behind the proposal, opposition is recommended.

7 Advisory Vote on Executive Compensation **Abstain**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. Annual bonus is based upon the achievement of pre-determined corporate performance measures: Global net sales (40%), Adjusted EBITDA (30%), and Free cash flow (30%). The company awarded long-term incentives in the form of one-third performance share unit awards, one-third time-based stock options and one-third time-based restricted stock unit awards. The performance share unit awards will vest upon achievement of performance goals over a three-year performance period, which is market practice. However, best practice recommends a performance period of five years. The company has a strong compensation claw back policy in place that allows for the recoupment of payment if in the event that misconduct by an executive contributes to a restatement of the financial results. The also company incorporates a double-trigger, that vests outstanding long-term incentive awards in the event of a change in control followed by a termination. Severance entitlements and executive pay levels have not been sufficiently disclosed. A vote to abstain is recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 5 - Discharge the Board

The General Data Protection Regulation (GDPR), regulation number 2016/679, was introduced on 25th May 2016 and will become effective from 25th May 2018. The GDPR effects all member states and will require the transposition into national legislation once binding. The aim of the directive is to unify various data protection laws in the EU. It is suggested that in order establish a framework for accountability, a Data Protection Officer (DPO) is appointed by the Board. The DPO is expected to have sufficient expert knowledge depending on the sector.

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