Triodos Investment Management

EDWARDS LIFESCIENCES CORPORATION

MEETING DATE	Wed, 08 May 2019 10:00 am	TYPE	AGM	ISSUE DATE	Mon, 01 Jul 2019
MEETING LOCATION	One Edwards Way, Irvine, California				
CURRENT INDICES	S&P500				
SECTOR	Orthopedic, prosthetic, and surgical appliances and supplies				

	PROPOSALS	ADVICE
1a	**Elect Michael A. Mussallem** Chair 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	**Elect Kieran T. Gallahue** Independent Non-Executive Director.	**For**
1c	**Elect Leslie S. Heisz** Independent Non-Executive Director. He is Chair of the Audit committee which is not fully independent which Triodos does not support.	**For**
1d	**Elect William J. Link** Non-Executive Director. Not considered independent owing to a tenure of over nine years. He is Chair of the Remuneration committee which is not fully independent which Triodos does not support. He is chair of the Nomination committee which is not fully independent which Triodos does not support.	**Oppose**
1e	**Elect Steven R. Loranger** Independent Non-Executive Director.	**For**
1f	**Elect Martha H. Marsh** Independent Non-Executive Director.	**For**
1g	**Elect Wesley W. von Schack** Elect Wesley W. von Schack	**Oppose**
1h	**Elect Nicholas J. Valeriani** Independent Non-Executive Director.	**For**
2	**Advisory Vote on Executive Compensation** The Company has achieved a market best practice level of disclosure. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. The maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. The Company uses only one performance metrics to determine the payout of performance awards, TSR. Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. 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: ACC. Triodos abstains this resolution.	

3 Appoint the Auditors **Oppose**

PwC proposed. Non-audit fees represented 17.65% of audit fees during the year under review and 21.35% 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 ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

4 Shareholder Resolution: Introduce an Independent Chair Rule **For**

Proposed by: n/d

Proponent's Argument: Shareholders request the Board of Directors to adopt as a policy, and amend the governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement. The proponent believes that this proposal is more important to Edwards Lifesciences shareholders because the Company does not have a Lead Director. It has a presiding director which is like having a passive Lead Director. The proponent believes that it is important to the succession planning efforts of the Board of Directors include a transition to an independent Board Chairman. An independent Chair is best positioned to build up the oversight capabilities of the directors while the CEO addresses the challenging day-to-day issues facing the company. The roles of Chair and CEO are fundamentally different and should be held by two directors, a CEO and a Chair who is completely independent.

Board's Argument: The Company recommends a vote against this resolution as it believes that the current leadership structure and corporate governance practices provide strong independent oversight. The Governance Guidelines provide that if the Chairman is not independent, our independent directors will annually select an independent director to serve as Lead Independent Director. Wesley von Schack currently serves as Lead Independent Director and formerly served as Presiding Director and his duties have been expanded, gaining additional responsibilities.

PIRC Analysis: 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. It is considered that an independent Chair can provide independent oversight of management and facilitates clearer lines of accountability with respect to corporate decisions. Support is recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A- 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) which are measured against relative total shareholder return (TSR).

Balance: C- Executive compensation is not aligned with peer group averages. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. However, maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. The Company uses only one performance metrics to determine the payout of performance awards, TSR. Instead of the use of a sole performance metric, it would be preferred that payout be linked to at least two or more performance metrics, with the inclusion of an non-financial performance criteria. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice.

Contract: C- Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The Company has given no specific description of its clawback policy.

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