Triodos Investment Management

EDWARDS LIFESCIENCES CORPORATION

MEETING DATE	Thu, 07 May 2020 10:00 am	TYPE	AGM	ISSUE DATE	Fri, 01 May 2020
MEETING LOCATION	One Edwards Way, Irvine, CA 92614				
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. PIRC Issue: there are serious concerns over the Company's sustainability policies and practice. PIRC Issue:there are serious concerns over the lack of board level accountability for sustainability issues.	**Oppose**
1b	**Elect Kieran T. Gallahue** Independent Non-Executive Director.	**For**
1c	**Elect Leslie S. Heisz** Independent Non-Executive Director.	**For**
1d	**Elect William J. Link** Non-Executive Director. Not considered independent owing to a tenure of over nine years. Although there is sufficient independent representation on the Board, he is a non-independent member of the Remuneration Committee 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 Ramona Sequeira** Independent Non-Executive Director.	**For**
1h	**Elect Nicholas J. Valeriani** Independent Non-Executive Director.	**For**
2	**Advisory Vote on Executive Compensation** 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 uses adjusted performance metrics for most elements of compensation. The Company does not consider non-financial metrics in its assessment of performance. The Company uses only one performance metrics to determine the payout of performance awards. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Executive compensation is not aligned with peer group averages. 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 does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer. The compensation rating is: ADC. Triodos opposes this resolution.	**Oppose**

3 Approve New Omnibus Plan **Oppose**

The board proposes to approve the 2020 Non-employee Directors Stock Incentive Program, which was adopted, subject to stockholder approval, by the Board on February 20, 2020. The board believes that the 2020 Non-employee Directors Program will allow the continual grant of equity awards to the non employee directors in order to align the non employee directors' interests more closely with the interests of the stockholders.

The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. However, it is noted that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that 'management employees' appear most likely to be the principal beneficiaries of the Plan). On this basis, opposition is recommended.

4 Amend Articles: Stock Split **For**

As of March 13, 2020, the company has 207,325,907 shares of common stock outstanding and the number of authorized shares of common stock is 350 million. Based on the number of shares of common stock outstanding as of March 13, 2020, following filing of the Amendment and after giving effect to the Stock Split and a proportional increase in authorized but unissued shares of common stock, there will be approximately 621,977,721 shares of common stock outstanding and the number of authorized shares of common stock will be increased to 1.05 billion. The Board is recommending the proposed increase in the number of authorized shares of common stock to provide adequate shares of common stock for the Stock Split, including to provide for a proportional increase in our authorized but unissued shares of common stock. No significant concerns have been identified. The proposed amendments are in line with applicable regulation. Support is recommended.

5 Appoint the Auditors **Oppose**

PwC proposed. Non-audit fees represented 44.60% of audit fees during the year under review and 29.49% 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.

6 Shareholder Resolution: Written Consent **For**

PIRC's Analysis

There are emergency situations where convening a special meeting might take too long or be too difficult, and written consents may be gathered more quickly. Since the company has weak or no special meeting rights, written consent rights are very important.

Triodos supports this resolution.

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: D- The Company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The Company does not consider non-financial metrics in its assessment of performance. The Company uses only one performance metrics to determine the payout of performance awards. 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. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Executive compensation is not aligned with peer group averages.

Contract: C- Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The Company does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer.

Proposal 6 - Shareholder Resolution: Written Consent

Proponent's Argument

Shareholders request that our board of directors take the steps 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 give shareholders the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any appropriate topic for written consent.Hundreds of major companies enable shareholder action by written consent. This proposal topic won majority shareholder support at 13 large companies in a single year. This included 67%-support at both Allstate and Sprint. This proposal topic also won 63%-support at Cigna Corp. (CI) in 2019. This proposal topic would have received higher votes that 63% to 67% at these companies if more shareholders had access to independent proxy voting advice.Edwards Lifesciences shareholders already gave 51%-support to the written consent topic in 2015. This 51% vote can mean close to 60% support from shareholders who had access to independent proxy voting advice.This 51%-vote apparently triggered a sort of engagement redirection lead by Wesley von Schack, presiding director. After Mr. von Schack did his sort of engagement redirection it was somehow determined that the 51% of Edwards Lifesciences shareholders who voted for written consent purportedly really wanted to tinker with the special meeting provisions.Mr. von Schack is apparently a lesson in how management "engagement" can be used to negatively redirect the purported meaning of a shareholder vote.The right for shareholders to act by written consent is gaining acceptance as a more important right than the right to call a special meeting. This seems to be the conclusion of the Intel Corporation (INTC) shareholder vote at the 2019 Intel annual meeting.

Company's Argument

The same stockholder proposal was submitted by the same stockholder in 2018, and that proposal received support from only 23.7% of the votes cast, confirming what we heard in the course of our active stockholder engagement efforts-most stockholders support the Board's position on this proposal.The stockholder proposal would deprive all stockholders of the right to be consulted on key matters impacting their investment.The Board expanded the right of stockholders to call special meetings in direct response to feedback received through extensive stockholder outreach led by our Lead Independent Director in 2015-2016 on this exact topic. In those conversations, stockholders overwhelmingly indicated that expansion of our existing special meeting right was superior to implementing a right for stockholders to act by written consent.The existing right to call a special meeting is preferable and is set at an appropriate threshold.In these engagement discussions, we received feedback from stockholders on a range of topics including corporate governance. Although stockholders possess a variety of views, the feedback we have received affirms that most of our stockholders are supportive of the Company's existing stockholder rights, including our special meeting threshold of 15%, and recognize that a written consent right would deprive stockholders of the right to be consulted on key matters impacting their investment.The stockholder proposal would deprive all stockholders of the right to be consulted on key matters impacting their investment.The above stockholder proposal was submitted by the same stockholder in 2014 and then again in 2015. Following the vote on this proposal in 2015 (the "2015 proposal"), which was approved by 50.8% of the votes cast (39% of the shares then outstanding), we, including Mr. von Schack, the Board's Lead Independent Director (then-Presiding Director), engaged in substantial stockholder outreach in order to be able to inform the Board of our stockholders' current views on this matter. The feedback provided by stockholders during these meetings was provided to the full Board for consideration.2015 Outreach. During 2015, our management contacted 26 of our largest stockholders representing approximately 54% of our outstanding shares to, among other things, seek their feedback on the 2015 proposal that was narrowly approved at the 2015 Annual Meeting. This outreach resulted in conversations with 13 stockholders representing approximately 43% of our outstanding shares. The engagement included extensive discussions of the positive and negative aspects of the special meeting versus the written consent rights, both generally and specifically as it relates to the Company.

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