Triodos Investment Management

TELADOC INC.

MEETING DATE	Thu, 28 May 2020 14:00	TYPE	AGM	ISSUE DATE	Mon, 25 May 2020
MEETING LOCATION	Virtual-Only Meeting: www.virtualshareholdermeeting.com/TDOC2020				
CURRENT INDICES	PIRC Global				
SECTOR	Offices and clinics of doctors of medicine				
FYE	31 Dec 2019				

	PROPOSALS	ADVICE
1.1	**Elect Helen Darling** Independent Non-Executive Director.	**For**
1.2	**Elect William H. Frist** Independent Non-Executive Director. There are concerns over the director's potential time commitments, and the director could not prove full attendance of board and committee meetings during the year.	**Withhold**
1.3	**Elect Michael Goldstein** Independent Non-Executive Director.	**For**
1.4	**Elect Jason Gorevic** Chief Executive.	**For**
1.5	**Elect Catherine A. Jacobson** Independent Non-Executive Director.	**For**
1.6	**Elect Thomas G. McKinley** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. However, there are concerns over the director's potential aggregate time commitments and the director could not prove full attendance of board and committee meetings during the year. He is a non-independent member and chair of the remuneration committee, which does not meet Triodos guidelines.	**Withhold**
1.7	**Elect Kenneth H. Paulus** Independent Non-Executive Director. There are concerns over the director's potential time commitments, and the director could not prove full attendance of board and committee meetings during the year.	**Withhold**
1.8	**Elect David Shedlarz** Independent Non-Executive Director.	**For**
1.9	**Elect Mark Douglas Smith** Independent Non-Executive Director.	**For**
1.10	**Elect David B. Snow, Jr.** Independent Non-Executive Director. There are concerns over the director's potential time commitments, and the director could not prove full attendance of board and committee meetings during the year.	**Withhold**

2 **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 uses adjusted performance metrics for most elements of compensation. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard. The company does not appear to have double-trigger provisions in place, which is a concern as single-trigger vesting allows for awards to automatically vest in the event of a change-of-control. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern.

The compensation rating is: ADC

Triodos opposes this resolution.

3 **Appoint the Auditors** **For**

EY proposed. Non-audit fees represented 8.69% of audit fees during the year under review and 11.12% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.

PIRC Issue: 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.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A- The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the company. The grant of performance awards was based on the achievement of set levels of specific performance targets: 60% annual revenue; 20% adjusted EBITDA; and 20% cash flow from operations. The performance-based long term incentive is subject to quantified performance targets for RSUs that vest based on continued service and RSUs that vest based on performance measures tied to adjusted EBITDA, operating cash flow and revenue ("PSUs").

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 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. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages.

Contract: C- Cash severance is limited to three times base salary; which is welcomed. The company does not appear to have double-trigger provisions in place, which is a concern as single-trigger vesting allows for awards to automatically vest in the event of a change-of-control. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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