Triodos Investment Management

BECTON, DICKINSON AND COMPANY

MEETING DATE	Tue, 28 Jan 2020 13:00	TYPE	AGM	ISSUE DATE	Fri, 24 Jan 2020
MEETING LOCATION	The Westin Governor Morris, 2 Whippany Road, Morristown, New Jersey.				
CURRENT INDICES	S&P500				
SECTOR	Surgical and medical instruments and apparatus				

	PROPOSALS	ADVICE
1.01	**Elect Catherine M. Burzik** Independent Non-Executive Director.	**For**
1.02	**Elect R. Andrew Eckert** Independent Non-Executive Director.	**For**
1.03	**Elect Vincent A. Forlenza** Executive Chair. It is a generally accepted norm of good practice that the Chair of the Board should act with a proper degree of independence from the Company's management team when exercising his or her oversight of the functioning of the Board. Holding an executive position is incompatible with this. Triodos opposes this resolution.	**Oppose**
1.04	**Elect Claire M. Fraser** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**
1.05	**Elect Jeffrey W. Henderson** Independent Non-Executive Director.	**For**
1.06	**Elect Christopher Jones** Non-Executive Director.	**For**
1.07	**Elect Marshall O. Larsen** Senior Independent Director. Not considered independent owing to a tenure of nine years. It is considered that the senior independent director should be considered independent, irrespective of the level of independence of the Board. He is chair of the Remuneration Committee which is not fully independent which Triodos does not support.	**Oppose**
1.08	**Elect David F. Melcher** Independent Non-Executive Director.	**For**
1.09	**Elect Thomas E. Polen** Chief Executive.	**For**
1.10	**Elect Claire Pomeroy** Independent Non-Executive Director.	**For**
1.11	**Elect Rebecca W. Rimel** Independent Non-Executive Director.	**For**
1.12	**Elect Timothy M. Ring** Non-Executive Director. Not considered independent as the director served as Chair and Chief Executive Officer of Bard from August 2003 until the closing of its acquisition by the Company. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**

1.13 Elect Bertram L. Scott **Oppose**

Non-Executive Director. Not considered 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.

2 Appoint the Auditors **Oppose**

EY proposed. Non-audit fees represented 6.67% of audit fees during the year under review and 6.14% 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.

Triodos opposes this resolution.

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 failed to provide the fees it paid the Compensation Consultants. The Company does not consider non-financial metrics in its assessment of 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 the best practice. The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. '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 Company does not have an appropriate clawback policy in place.The compensation rating is: ADE. Based on this rating, opposition is recommended.

4 Amend Existing Omnibus Plan **Oppose**

It is proposed to amend the Becton Dickinson and Company 2004 Employee and Director Equity Based Compensation Plan. The first is to amend the 2004 Plan to extend its term for a period of ten years following shareholder approval of the amendment, or January 29, 2023. The second is to amend the 2004 Plan to increase the number of shares available for awards by 6,200,000 shares, from 39,800,000 to 46,000,000. The Plan is 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. These plans permit the granting of options, stock appreciation rights, restricted stock, restricted stock units, restricted performance shares, restricted performance units, management incentive awards and other cash awards. Approval of the proposed plan will allow the committee to award key executives with cash awards with full tax deductibility under Section 162(m) of the Internal Revenue Code. As of February 2, 2010, there were approximately 13,940,000 shares of common stock reserved and available for future awards under remaining equity compensation plans. Unless the Compensation Committee determines that an award will not be performance-based compensation, the maximum number of shares that may be earned by an executive pursuant to any such performance-based award is 250,000 shares. The Compensation Committee has the power to select employees to receive awards and determine the terms and conditions of awards.

There are concerns with the Plan as it has various elements bundled together, and although parts of it can benefit the majority of employees, it can still be used as a vehicle for potentially excessive executive payments. As performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. In addition, maximum award limits are excessive.

Triodos opposes this resolution.

5 Amend Existing Omnibus Plan **Oppose**

It is proposed to amend the French Addendum Becton Dickinson and Company 2004 Employee and Director Equity Based Compensation Plan. The purpose of this Addendum is to ensure that Awards granted under this Addendum are in conformity with applicable legislation on the following issues: Articles L.225-197-1 to L.225-197-6 of the French Commercial Code for legal purposes, article 80 quaterdecies of the French General Tax Code for tax purposes; and, Articles L.241-1, L.137-13 and L.137-14 of the French Social Security Code for social security purposes. Participants to the Plan are the employees and officers with a valid employment contract. In addition, an Award may not be made under this Addendum to employees and/or corporate officers which holding more that 10% of the issued share capital of the Company or who, after having received Shares under an Award granted hereunder, would hold more than 10% of the issued share capital of the Company.

There are concerns with the Plan as it has various elements bundled together, and although parts of it can benefit the majority of employees, it can still be used as a vehicle for potentially excessive executive payments. As performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. In addition, maximum award limits are excessive.

Triodos opposes this resolution.

6 Shareholder Resolution: Right to Call Special Meetings **For**

Proponent: Kenneth Steiner

Shareholder Proposal: Kenneth Steiner, proposes that the board to take the steps necessary to amend the by-laws and each appropriate governing document to give holders in the aggregate of 10% of our outstanding common stock the power to call a special share owner meeting. This proposal does not impact our board's current power to call a special meeting.

Shareholder Argument Shareholders need to have the power to play a greater role in Becton Dickinson due to the mismanagement of the company. AmerisourceBergen is among opioid distributors proposing USD 10 billion in payments to settle state claims. It's the first time in two years of discussions that AmerisourceBergen and 2 other distributors put a dollar figure on the table to resolve lawsuits against them. The National Association of Attorneys General- handling talks on behalf of more than 35 states- countered with a demand for USD 45 billion to cover costs from the public-health crisis of opioid addiction and overdoses. A 10% stock ownership threshold is important because the current 25% stock ownership threshold for shareholders to call a special meeting may be unreachable due to time constraints and the detailed technical requirements that can trip up half of shareholders who want a special shareholder meeting. Thus, the 25% stock ownership threshold to call a special meeting can be a 50% stock ownership threshold to call a special meeting for all practical purposes.

Board recommendation: The Board consider that it is important for shareholders to have the ability to call special shareholder meetings to address matters that require attention prior to the next annual shareholders meeting. BD's by-laws provide for a 25% ownership threshold, which is an appropriate standard for balancing shareholder rights and is consistent with prevailing practices at large public corporations. Lowering this threshold to 10% creates the risk that a few shareholders with narrow or short-term interests could call special meetings to advance their own particular agendas that are not aligned with the long-term interests of BD and our other shareholders. Such shareholders could also call special meetings solely to seek concessions that serve their own interests in exchange for avoiding a special meeting. In addition, special shareholder meetings not only subject BD to considerable expense, but also distract management and the Board from important business initiatives and objectives. Preserving our current 25% ownership threshold ensures that a special meeting will be called only when there is significant support for the meeting among our shareholders.

PIRC Recommendation: The right to call a special shareholder meeting provides shareholders with a way of communicating with the Board and debating and voting on issues with the rest of shareholders which in itself enhances shareholders' rights. The 10% threshold recommended by the Proponent is considered acceptable.

Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - 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: Adjusted EPS (40%),Revenue (40%) and Free cash flow as a percentage of sales (20%) . The performance-based long term incentive is subject to quantified performance targets are Average return on invested capital (ROIC) and Relative total shareholder return (TSR)

Balance:D 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 the best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. 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 the best practice. Executive compensation is not aligned with peer group averages.

Contracts:E The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. 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' 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 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.

Rating: ADE

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