Triodos Investment Management

TELADOC INC.

MEETING DATE	Mon, 17 May 2021 14:00	TYPE	AGM	ISSUE DATE	Wed, 12 May 2021
MEETING LOCATION	Virtual Meeting: www.virtualshareholdermeeting.com/TDOC2021				
CURRENT INDICES	PIRC Global				
SECTOR	Offices and clinics of doctors of medicine				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1.a	**Elect Christopher Bischoff - Non-Executive Director** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1.b	**Elect Karen L. Daniel - Non-Executive Director** Independent Non-Executive Director.	**For**
1.c	**Elect Sandra L. Fenwick - Non-Executive Director** Independent Non-Executive Director.	**For**
1.d	**Elect William H. Frist - Non-Executive Director** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1.e	**Elect Jason Gorevic - Chief Executive** Chief Executive.	**For**
1.f	**Elect Catherine A. Jacobson - Non-Executive Director** Independent Non-Executive Director.	**For**
1.g	**Elect Thomas G. McKinley - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of nine years. There is sufficient independent representation on the Board. Triodos supports this resolution.	**For**
1.h	**Elect Kenneth H. Paulus - Non-Executive Director** Independent Non-Executive Director. It is considered that at least one-third of the board should be reserved for the less represented gender and two female non-executive directors have recently joined the board, which Triodos supports.	**For**
1.i	**Elect David Shedlarz - Non-Executive Director** Independent Non-Executive Director.	**For**
1.j	**Elect Mark Douglas Smith - Non-Executive Director** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1.k	**Elect David B. Snow, Jr. - Chair (Non Executive)** Independent Non-Executive Chair. Triodos supports this resolution.	**For**

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. 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. For the year under review, annual bonus pay-outs are considered to be excessive as they represent more 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. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. 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.

The compensation rating is: ADB

Based on this rating opposition is recommended.

3 Ratify Ernst & Young LLP as Auditors **For**

EY proposed. Non-audit fees represented 13.50% of audit fees during the year under review and 13.93% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory 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% revenue; 25% adjusted EBITDA; 8% annual EBITDA; and 7% fourth quarter EBITDA.

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. For the year under review, annual bonus payouts are considered to be excessive as they represent more 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. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. 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: B -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 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. 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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