

The ABCs of ESG

2020 NIRI West – Fundamentals of IR

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January 14, 2020



Edwards

Agenda

- Sustainability is evolving
- ESG Landscape
- Edwards journey
- In the News and 2020 Trends
- My Journey

ESG 101

- “The consideration of **environmental, social and governance** factors along side financial factors in the investment decision-making process” – *MSCI ESG Research*



- Climate change
- Pollution
- Energy
- Waste
- Water



- Human rights
- Diversity
- Philanthropy
- Product liability
- Access to healthcare



- Board composition
- Executive pay
- Lobbying activities
- Tax transparency
- Ethics and compliance

“AKA”

- SRI – socially responsible investing
- Sustainable investing
- Mission- or values-related investing
- Screening

Sustainability is a lens through which to view all issues

Sustainability is Evolving Among Stakeholders

Investors: *“You can do good and do well. ESG could boost your returns by a significant amount.”*

~ BAML, ESG Matters

“We invest only where engagement allows for true ESG and strategic relevance assessment.”

~ Ownership Capital

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a **positive contribution to society**. Companies must **benefit all** of their **stakeholders**.”

~ Larry Fink, BlackRock

Customers: *“200 of the top corporations around the US are formally prioritizing the needs of all stakeholders over the singular need of shareholders.”* ~ BRT

Regulators: ESG Disclosure Simplification Act (HR 4329) – would require SEC to define ESG metrics and companies to disclose with audited financial statements.

“Without a sense of purpose, no company can achieve its full potential”

Multi-Stakeholder ESG-Related Inquiries

- **Institutional shareholder**
 - Topic: Tax, nuclear waste, geographic exposure (OFAC)
- **Institutional Investment Firm**
 - Topic: Clinical research regulations and compliance
- **Global customer**
 - Topic: ISO certifications
- **US customer**
 - Topic: Modern slavery and human trafficking
- **Global customer**
 - Topic: Supplier Sustainability Declaration compliance
- **Norwegian and UK customers**
 - Social Responsibility and Ethics self-assessment questionnaires
- **Employee**
 - Green ERG proposal



\$33
Trillion

in assets under management shows **sustainable finance** has moved beyond only activism and into the mainstream – and is steadily on its way to becoming the **new normal for capital markets**.*

ESG Investment Fund Holdings

Vanguard

STATE STREET

BLACKROCK

“**The Big 3**” manage more than \$14 trillion and account for more than a quarter of votes cast at S&P 500 companies*

Vanguard

- Owns 8% EW shares
 - SRI FTSE Developed World Fund
 - SRI Global Stock Fund
 - Ethically Conscious Intl Shares Index Fund/ETF

BlackRock

- Owns 5% EW shares
 - iShares ESG MSCI USA ETF
 - iShares ESG MSCI USA Leaders ETF
 - iShares DJ Global Sustainability Screened ETF

State Street

- Owns 4% EW shares
 - Multi-Factor Global ESG Index Equity Fund
 - World SRI Index Equity Fund
 - Low Carbon ESG Intl Equities Index Trust

ESG Ratings and Rankings Landscape

FRAMEWORKS

Some organizations simply provide frameworks or metrics for disclosure and do not evaluate companies



VOLUNTARY DISCLOSURE

Some actively request information, aggregate data, and add ratings



Now a Part of S&P Global



RESEARCH FIRMS

Some passively pull information from sustainability reports, aggregate data, and add ratings



SUSTAINALYTICS



Harvard Business Review



EQUILEAP
MAKE A DIFFERENCE AND A RETURN



GLASS LEWIS

AWARDS

Some organizations use raters' information to issue awards that primarily provide reputational benefits.

The UN Sustainable Development Goals

People. Planet. Prosperity.

Demonstrating alignment of corporate efforts with the United Nations' 17 Sustainable Development Goals is a mark of **best-in-class goal setting**.

- Launched in 2015
- Companies and investors are asked to contribute through business activities, asset allocation and investment decisions



Edwards' Journey



Edwards

Edwards' Sustainability Efforts...



- Align with our Aspirations and patient-focused innovation strategy for **long-term growth**
- Translate our culture and business practices into **measurable** Environmental, Social and Governance goals
- Establish a framework and roadmap of **accountability**
- Impact the sustainability of our **trusted stakeholder partnerships**



Corporate Sustainability Council

Sponsor: Corporate Responsibility

Aspiration Theme Champions

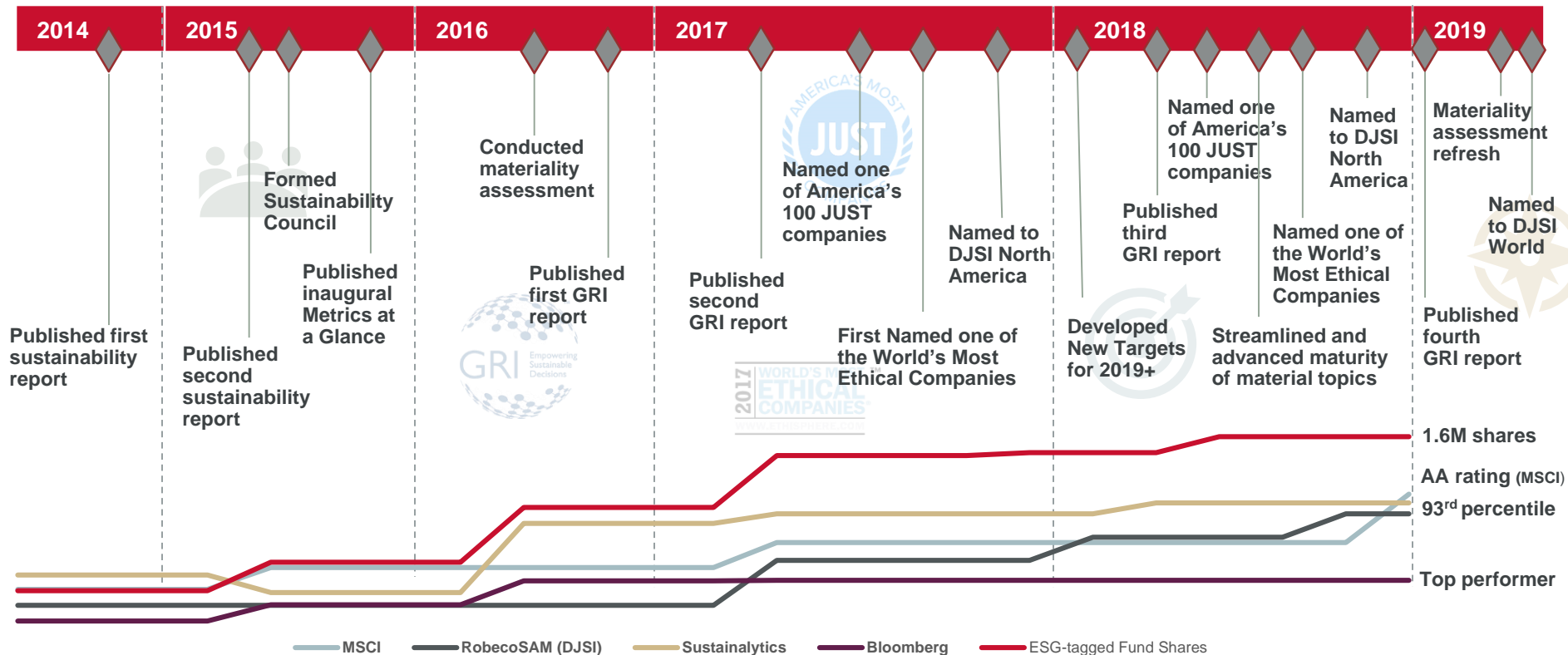
- IR, Shareholder Value
- Global Communications, Breakthrough Medical Technology
- EHS, Trusted Partner
- Philanthropy, Community
- HR, Inclusive Culture

Council

- Legal
- Communications
- Global Supply Chain
- Public Affairs
- Patient Engagement
- Product Steward
- EU, Business Operations
- ERM
- Quality
- Strategy

Our Sustainability Journey

Reporting & ESG Milestones



Materiality Assessment Process

We conducted a materiality assessment to identify, prioritize, and validate our most significant sustainability impacts, risks, and opportunities, to drive our sustainability strategy and goals, management approach, and reporting.



Engaged 13 different internal and external stakeholder groups through more an 100 interviews:

- Investors & Potential Investors
- Regulatory & Certifying Bodies
- Patients
- Customers
- Board
- Employees
- Industry Associations
- Peers
- GPOs
- Suppliers
- Wholesale/Distributors
- Community Organizations
- Senior Management

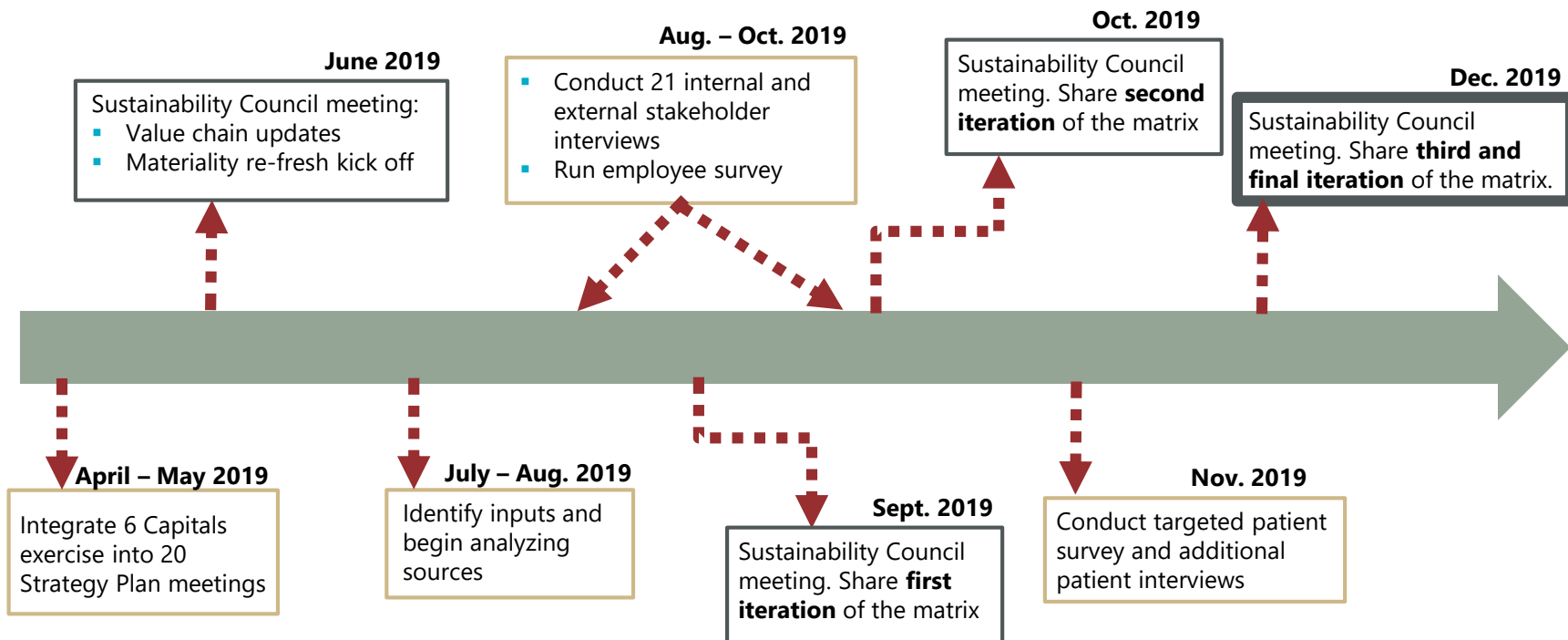
2019 Materiality Assessment Refresh

We integrated sustainability factors into our strategic planning process to ensure future sustainability goals continue to be closely aligned with our business strategy

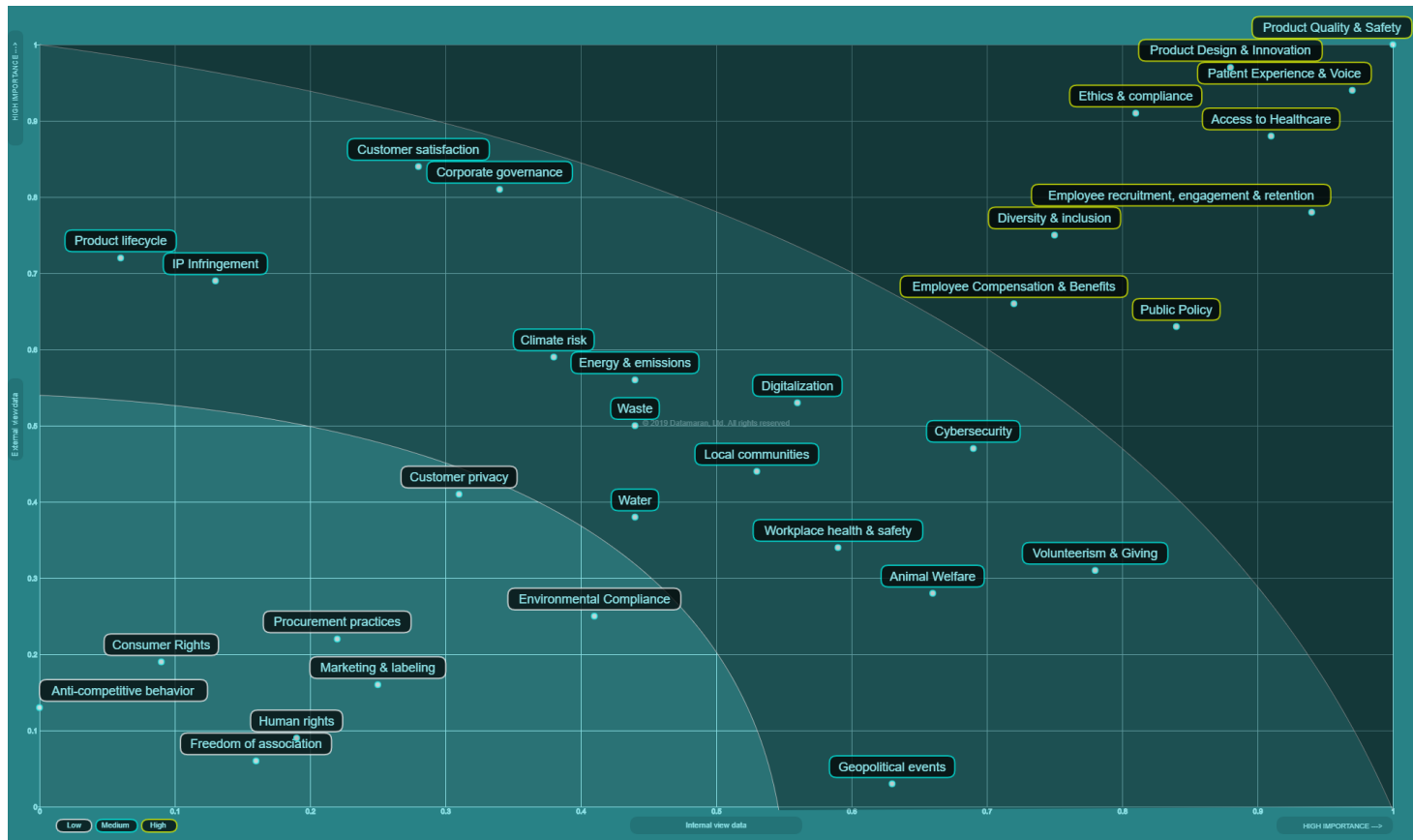
Objective:

- Ask questions that help Edwards' employees expand their perspectives on how Edwards creates value through the lens of sustainability
- Use interviews to help determine sustainability strategy, key indicators, and reporting practices
- Use outputs of interviews as input into the 2019 Materiality Assessment
- Assessment reflects changes to products, services, and strategy since 2015

Materiality Refresh Timeline




2019 Materiality Matrix



Sustainability Targets Guided by Edwards Aspirations

Our aspirations

● met ● in progress ○ not met


 Transforming patient lives with breakthrough medical technologies

Edwards is driven by a passion to help patients, partnering with clinicians to develop innovative technologies in the areas of structural heart disease and critical care monitoring. We put patients first, working to produce better technologies that enable better outcomes for patients.

Current sustainability targets

Conduct Edwards Patient Day event once per year in Irvine and inspire additional Patient Day events in other Edwards regions around the world.  ●

In 2018, we strive to educate 16,000 clinicians on the benefit of patient education.  ●

 Excelling as a trusted partner through distinguished quality and integrity

Edwards conducts business ethically and with integrity, providing the highest level of care and respect for our partners. We are committed to the quality and safety of our products, driving innovation and promoting resource efficiency.

Current sustainability targets

Strive to be conflict mineral free in our supplied materials.    ●

Code of Conduct certification by all active professional employees.   ●

 Fostering an inclusive culture where all employees grow and thrive

Fulfilling our mission to help patients requires a strong, healthy and talented workforce. Edwards recruits top candidates, offers employee wellness and engagement programs and fosters a diverse and inclusive culture to help employees deliver their best.

Current sustainability targets

All sites with greater than 100 employees have documented and implemented wellness program annually.   ●

 Passionate engagement that strengthens our communities


Edwards is committed to strengthening the health of our global communities. With patients as our top priority, we work to increase access to our innovative therapies, improve efficiency of healthcare processes, improve awareness of and treatment for life-threatening diseases and provide opportunities for our employees to give back.

Current sustainability targets

By 2020, reduce our environmental footprint according to Edwards' Environmental, Health and Safety plan.

- Energy consumption: 0% change normalized by annual revenue, base year 2015

  ●

 Delivering exceptional shareholder value

Through all of our sustainability initiatives and delivering on our focused company strategy, Edwards positions our company for long-term profitability that will benefit our stakeholders and also our bottom line.

New sustainability targets

Include sustainability targets in the CEO's performance goals annually.  ●

Integrate sustainability factors in the strategic planning process annually.   ●

2018 Sustainability Report

■ GRI Report

- Published June 2019
- Announcement via internal and external communications; social media campaign

■ Highlights of key changes

- Introduced new 2019+ goals
- Measurement of progress to date on current goals
- Consolidated topics, deeper look at key topics
- Incorporated EHS by reference
- Expanded governance maps to seven topics
- Expanded Metrics-At-a-Glance, 4 years of data
- Increased number of new highlight stories
- Improved alignment with business strategy



Unique Features

Governance Maps

- Interactive graphic mapping seven of our material topics
- Governance structures and practices
- Plan to evaluate remaining material topics for potential inclusion next year

Metrics-At-a-Glance

- Disseminated to most influential ESG research firms
- Four year history, four pages of data
- Good feedback and engagement

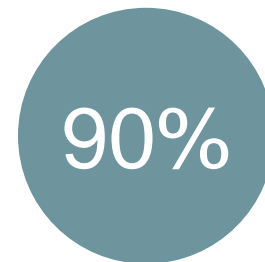


Edwards Lifesciences Our Sustainability Metrics At a Glance

Topic	Metric	2018	2017	2016	2015
Social					
Access to Healthcare	Number of underserved patients impacted through our philanthropic partners who provide education, screening and treatment	1,000,000+	900,000	400,000	200,000
	Community Spending (Foundation, Corporate Grants and Product Donations)	\$8.7 M	\$7.0 M	\$6.6 M	\$8.2 M
	Every Heartbeat Matters grants awarded	\$4.5 M	\$4.5 M	\$4.4 M	\$3.9 M
	Facilities engaged in local charitable activity (N)	100	100	100	100
Governance					
Governance	Number of independent members on Audit Committee	3	3	4	3
	Number of independent members on Compensation and Governance Committee	4	4	4	3
Environmental					
ISO 14001	Manufacturing operations maintaining ISO 14001 certification (%)	100	80	67	67
Air Emissions	Scope 1 Emissions (Th Tonnes)	12.7	10.9	7.5	6.8
	CO2e/annual revenue (% change from 2015 baseline)	(28)	(22)	(6)	-
	Scope 2 Emissions (Th Tonnes)	28.1	27.8	39.0	33.8
	CO2e/annual revenue (% change from 2015 baseline)	53	35	(6)	-
	Scope 1 and 2 Emissions (Th Tonnes)	40.8	38.7	46.5	43.6
	CO2e/annual revenue (% change from 2015 baseline)	(34)	(10)	(6)	-
	Scope 3 Emissions (Th Tonnes)	47.71	45.11	41.31	39.74
	CO2e/annual revenue (% change from 2015 baseline)	(5)	(4)	(2)	-
	Emissions Reduction Initiatives (y/n)	Yes	Yes	Yes	Yes
	Workforce participating in alternate transportation (%)	30	45	40	40

Sample of 2019 Rating & Ranking Activity

ESG Firm	Response Date
RobecoSAM – DJSI World and NA Index member	June 14
JUST Capital – "JUST 100" Forbes Magazine	August 27
MSCI – ESG Ratings and Governance Metrics	October 18
FTSE Russell – FTSE4Good Index Series	October 27
Corporate Knights – Global 100 Most Sustainable Corporations in the World	November 8
Ethisphere "World's Most Ethical Companies"	November 8
Sustainalytics – ESG Survey	December



of bankruptcies in the S&P 500 could have been avoided by screening out companies with below-average Environmental & Social scores*

Our Progress



Edwards

Edwards ESG Performance Snapshot

	2018 Performance	Comment
DJSI	Raw Score: 74 Percentile: 93	Made DJSI World! (and North America)
MSCI	Grade: AA	Among top in peer benchmark
Bloomberg	ESG Disclosure Score: 50	Among top companies in industry for ESG disclosure
Sustainalytics	Percentile Rank: 93	Among top performers
JUST Capital	Raw Score: 66	#15 overall of JUST 100 #1 in Healthcare Equip & Services
RepRisk	Risk Index score: 25	(0 indicates low risk; 100 high risk)
FTSE4Good	Score: 3.0	Made FTSE4Good Index 2019

Edwards is Committed to Good Corporate Citizenship

- Strengthening the trust of our stakeholders, partners and communities
- Sustainability goals and results aligned with our Aspirations and UN's Sustainable Development Goals
- Our report on sustainability is available on Edwards.com

Below is a selection of awards and recognitions we have received.



Forbes | JUST Capital

2020 America's Most JUST Companies

- #1 in our industry; #15 overall out of 922
- High marks in workplace culture and leadership



2019 Best Performing CEOs in the World

- Michael Mussallem honoree as #12 out of 883 CEOs in 29 countries
- Top healthcare CEO

MEMBER OF
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

- DJSI World
- DJSI North America



2020 America's Most Responsible Companies

- #65 of 2,000 screened for ESG performance
- Surveyed perceptions of 6,500 US citizens



Corporate Responsibility Magazine

2019 100 Best Corporate Citizens

- Overall rank of #85 for standout environmental, social and governance (ESG) performance



2019 America's Most Innovative Leaders

- Overall rank of #23



2019 Constituent
MSCI ESG
Leaders Indexes



Investor's Business Daily

50 Best ESG Companies in 2019

- Overall rank #1 of top 50 US stocks for ESG and stock performance
- Top healthcare company
- "Those doing well and doing right"



Future 50 in 2019

- Ranked #29 out of the top 50
- Identifies companies with the strongest long-term growth potential



America's Best Large Employers 2019

- Employer of choice as ranked by employees
- Also Best-In-State Employer for California and Utah



FTSE4Good

FTSE4Good Index Series Constituent

- Demonstrating strong environmental, social and governance practices



2019 World's Most Ethical Companies

- For the third consecutive year
- Only medical device honoree in the U.S.



Wall Street Journal

2019 Management Top 250

- Highlighted as one of 8 "all stars" for across-the-board rankings
- Ranked #25 of 820 companies



ISS E&S Disclosure QualityScore

Pillar Score of 1 in Environmental and Social Disclosure

New Sustainability Platform in Development

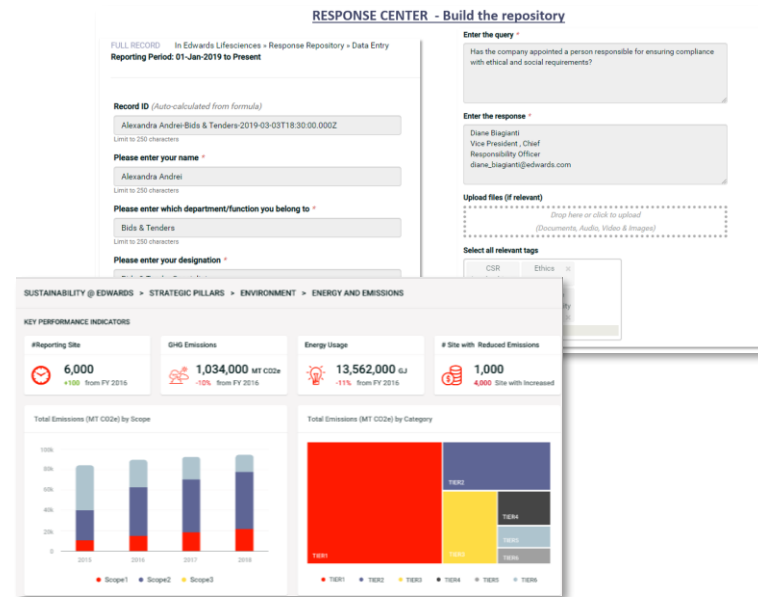
Two pilot programs:

1. Environment dashboard

- Customized data collection platform in progress
- Streamline workflow for data entry, invoice verification, conversions, reporting
- More efficient integrated data collection and external reporting submissions

2. Resource Center

- Collection of inquiries, bids and tenders
- Global Query Response Team - user group to provide content, validate usability and define reporting



Next Up:

- Talent Management and Global Supply Chain dashboards
- Data Collection dashboards for external reporting (DJSI, JUST, MSCI, FTSE and others)

Regional Sustainability Partners



Increase global engagement by establishing key partners in regional locations to provide information and share stories on sustainability projects and programs globally

Recent Developments and Trends for 2020

- 86% of S&P 1200 companies publish a sustainability report
- GRI 207: newly introduced reporting standard for tax disclosure
- Trucost reports increase in corporate engagement with suppliers
- TCFD reports support from 930 organizations, representing \$11 trillion market cap
- ESG Disclosure Simplification Act
- SSGA predicting that SASB will emerge as lead ESG disclosure framework
- Consideration of ESG will be seen as a fiduciary responsibility
- Schroders to integrate ESG into all funds by end of 2020
- ESG becoming a mainstream boardroom issue, resulting in better infrastructure and ESG disclosure by companies¹

My Journey

- 20+ years in public and investor relations
- Communications background, degree in public relations
- Mostly public companies from beginning: Micro-cap to Mega-cap
- Private equity, Pre-IPO, OTC, Nasdaq and NYSE listed firms
- Two-three years ago began evolving my IR role to focus on ESG
- Last year became a newly created, full-time position
 - Reports to Corporate Responsibility Officer

Q&A

Thank you!



Edwards



Edwards

Helping Patients is Our Life's Work, and

life is now