SUSTAINABILITY REPORT 2019 – Intuitive Surgical

Resolved:

Shareholders request that Intuitive Surgical issue an annual sustainability report describing the company's policies, strategies, performance, and improvement targets on material environmental, social, and governance (ESG) issues. The report should be available to shareholders within a reasonable timeframe, prepared at reasonable cost, omitting proprietary information.

Supporting Statement:

The report should address relevant policies, practices, metrics and goals on important environmental and social issues such as those related to risks from ethical marketing, fair pricing, energy, water, and waste efficiency. At a minimum, we recommend that the report include a company-wide review of policies, goals, governance structures, and stakeholder engagement strategies related to significant ESG issues, including a materiality assessment. The Global Reporting Initiative, and the Sustainability Accounting Standards Board provide resources on ESG and materiality.

In our view, managing and reporting on ESG factors, such as those listed above, helps companies compete in a business environment characterized by finite natural resources, rapidly changing laws and regulations, and heightened public expectations for corporate accountability. Transparent, substantive reporting, in our opinion, better positions companies to mitigate emerging business risks and opportunities, enhance effective corporate communications, and recruit and retain employees.

Currently, Intuitive Surgical does not provide meaningful sustainability disclosure, while competitors Medtronic, Smith & Nephew, Johnson & Johnson, Philips, and General Electric all publish comprehensive reports. We believe it is an appropriate time for Intuitive Surgical to begin fulsome ESG disclosure.

Further, more than 1,700 institutional investors managing over $70 trillion have joined the Principles for Responsible Investment thereby publicly committing to seek comprehensive corporate ESG disclosure and incorporate these factors into investment decisions.

The link between strong sustainability management and value creation is increasingly evident. A 2015 Deutsche Bank review of approximately 2,200 individual studies on sustainable investing found a large majority of studies reported a positive relationship between ESG and corporate financial performance. In addition, a survey conducted by Ernst & Young found that 89% of global institutional investors agree that a focus on ESG issues can generate sustainable returns over time.

According to the Governance & Accountability Institute, corporate sustainability reporting is now a mainstream business practice, undertaken by 85% of companies in the S&P 500 in 2017. KPMG recently concluded that sustainability reporting is now standard practice for large-cap and mid-cap companies globally, with three-quarters of companies engaging in reporting.

We urge you to vote FOR this proposal.