Triodos Investment Management

HAIN CELESTIAL GROUP INC

Meeting Date:	Thu, 20 Nov 2014 11:00am	**Type:**	AGM	**Issue date:**	Mon, 03 Nov 2014
Meeting Location:	1111 Marcus Avenue, Lake Success, New York				
Current Indices:	PIRC Global				
Sector:	Groceries and related products, not elsewhere classified				

	PROPOSALS	ADVICE
1.1	**Re-elect Irwin D. Simon** Chairman and Chief Executive Officer. Combined roles at the head of the Company which Triodos does not support. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.	**Withhold**
1.2	**Re-elect Richard C. Berke** Independent Non-Executive Director	**For**
1.3	**Re-elect Jack Futterman** Non-Executive Director. Independent by company, not considered to be independent as he has served on the board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.4	**Re-elect Andrew R. Heyer** Non-Executive Director. Independent by Company, not considered to be independent as he previously served as a Director from 1993 to 2009, thus having been more than nine years on the Board. There is insufficient independent representation on the Board.	**Withhold**
1.5	**Re-elect Roger Meltzer** Non-Executive Director. Not independent by Company, not considered to be independent because the law firm in which he is a partner acts as the company's regular outside counsel. Further, he has served on the board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.6	**Re-elect Scott M. O'Neil** Independent Non-Executive Director.	**For**
1.7	**Elect Adrianne Shapira** Newly nominated independent Non-Executive Director.	**For**
1.8	**Re-elect Lawrence S. Zilavy** Non-Executive Director. Independent by Company but not considered to be independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**

2 Amend Articles **For**

The Board are seeking shareholder approval to an amendment of Article III, Section 2 of the Company's Amended and Restated By-Laws that would provide for a majority voting standard in uncontested director elections. In a contested election, director nominees would continue to be elected by a plurality vote standard. A majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. Votes cast shall include votes "for" and "against" a nominee and exclude "abstentions" and "broker non-votes" with respect to that nominee's election.

Majority voting is supported as it is considered that the will of shareholders expressed as a majority voting against re-election should automatically lead to that director's removal from the board. It is considered that simple majority voting provides better accountability than the status quo which the board is advocating, where the directors are effectively guaranteed re-election in uncontested elections under the plurality voting system. Triodos supports this resolution.

3 Amend Articles **Oppose**

The Board are seeking shareholder approval to of an amendment to the Amended and Restated Certificate Incorporation to increase the number of authorized shares of Common Stock available for issuance from 100,000,000 to 150,000,000. The number of shares currently outstanding is 50,406,006. The Company has adequate shares available for issuance.

The Board has not disclosed a specific and suitable reasoning behind the proposed increase, and there is a concern over the potential dilutive effect that this proposal may have. Triodos does not support this resolution.

4 Approve new long term incentive plan **Oppose**

The Board are seeking shareholder approval of the Hain Celestial Group, Inc. 2015-2019 Executive Incentive Plan, as a means of providing executive officers and other key employees with incentive compensation based on the performance of the Company in order to align such employees with stockholders and enhance stockholder value. The Plan is designed so that the awards payable under the Plan may be exempt from the $1 million deduction limitation of Section 162(m) of the Internal Revenue Code of 1986.

Five employees are currently eligible for participation under the Plan. The maximum payment that can be made to any one participant under the annual award portion of the Plan is $15 million, which maximum has been established by the Board taking into account expected increases in compensation and inflation over the five-year term of the Plan.

There are concerns regarding the excessive nature of the maximum individual annual award, and the unspecific and generic performance criteria which are disclosed. Furthermore, it is unclear what proportion of incentives are currently performance-based. For these reasons, Triodos does not support this resolution.

5 Approve Pay Structure **Oppose**

The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The commentary on the disclosures made by the company are contained in the body of this report and 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 compensation rating is: BDC

Disclosure: B - The targets for the annual awards are disclosed and include non-financial targets, but are not disclosed for the forthcoming year.

Balance: D - Awards are potentially excessive. Half of the restricted stock awards are time vested after one year. The other half are subject to a one year performance period which is not considered sufficiently long-term.

Contracts: C - Restricted stock agreements provide for immediate vesting of such stock grants upon a change in control. There is a recoupment policy in place.

Based on the unacceptable vesting and the lack of performance conditions attached to the time-vested restricted stock grants, Triodos opposes this resolution.

6	**Amend existing long term incentive plan** The Board are seeking shareholder approval of the Amended and Restated 2002 Long Term Incentive and Stock Award Plan (the "2002 Plan"), and specifically: the increase the maximum number of shares authorized for issuance under the 2002 Plan by 1,750,000 shares, to a total of 15,750,000 shares; and the material terms of performance goals under the 2002 Plan for purposes of deductibility under Section 162(m) of the Internal Revenue Code (the "Code"). Plan overview: The 2002 Plan provides for the grant to eligible employees, consultants and directors (no exact number of eligible participants stated) of stock options, SARs, restricted shares, restricted share units, performance shares, performance units, dividend equivalents and other share-based awards. The maximum number of shares available to granted to any eligible person during a calendar year is 1,000,000 shares for stock options and SARs, and 800,000 shares for performance shares, performance units, restricted shares or restricted share units. Eligibility: Employees of the Company, its subsidiaries and affiliates (including employees who are directors), directors of the Company and its subsidiaries and affiliates who are not employees and consultants to the Company are eligible to receive Awards under the 2002 Plan. Approximately 5,000 employees and nine non-employee directors are eligible to receive awards under the 2002 Plan. It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. Although the Plan is open to the majority of the full-time employees the maximum individual share award limit is considered to be excessive and therefore the Plan is viewed as an executive compensation vehicle. Firstly, the Plan is overly dilutive (more than 10% over five years). Further, precise performance measures used to determine payout are not disclosed to shareowners prior to approval of the plan. In addition, not all awards are subject to performance hurdles; the plan measures performance over less than three years (where applicable); incentive awards vest in full or partially one year from date of grant; and upon a change of control unearned awards vest immediately without reference to prior vesting requirements. Given the above noted considerations, Triodos does not support this resolution.	**Oppose**
7	**Appoint the auditors** Ernst & Young LLP proposed. Unacceptable non-audit fees represented 8.6% of audit fees for the year under review and 16% on a three-year rolling basis. Acceptable proposal.	**For**

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