

# Triodos Investment Management

## WHOLEFOODS MARKET AGM Date: 2014

### **1.01 Elect Dr. John Elstrott**

**Withhold**

Non-Executive Chairman. Not considered to be independent as he has served on the Board for more than nine years. There is not sufficient independence on the Board.

### **1.02 Elect Gabrielle Greene**

**Withhold**

Non-Executive Director. Not considered to be independent as he has served on the Board for more than nine years. There is not sufficient independence on the Board.

### **1.03 Elect Shahid Hassan**

**Withhold**

Non-Executive Director. Not considered to be independent as he has served as a consultant to the company in the past. In addition, Mr. Hassan founded Fresh & Wild, Ltd., an organic food retailer in the United Kingdom in 1999, which the company acquired in 2004. Mr Hassan is a member of the audit committee, compromising the independence of this committee. There is not sufficient independence on the Board.

### **1.04 Elect Stephanie Kugelman**

**For**

Independent Non-Executive Director

### **1.05 Elect John Mackey**

**For**

Co-Chief Executive.

### **1.06 Elect Walter Robb**

**For**

Co-Chief Executive

### **1.07 Elect Jonathan Seiffer**

**Withhold**

Non-Executive Director. Not considered to be independent as Leonard Green & Partners, is an affiliate of Green Equity Investors V, L.P. which held 11.1% of the company's common stock. In addition, during the first part of fiscal year 2010, Green Equity Investors V, L.P. and affiliates owned 100% of the Class A Preferred Stock capital. These shares were converted into common stock during 2011 fiscal year. It is noted Mr Seiffer was nominated for appointment to the board by Leonard Green & Partners, which was the only shareholder voting on his election, as only holders of Class A Preferred Stocks had the right to vote. Green Equity Investors are no longer beneficial owners of 5% of common stock, Mr Seiffer however, remains on the board.

### **1.08 Elect Morris (Mo) Siegel**

**Withhold**

Non-Executive Director. Not considered to be independent as he has served on the Board for more than nine years. There is not sufficient independence on the Board.

### **1.09 Elect Jonathan Sokoloff**

**Withhold**

Non-Executive Director. Not considered to be independent as Leonard Green & Partners, is an affiliate of Green Equity Investors V, L.P. which held 11.1% of the company's common stock. In addition, during the first part of fiscal year 2010, Green Equity Investors V, L.P. and affiliates owned 100% of the Class A Preferred Stock capital. These shares were converted into common stock during 2010 fiscal year. It is noted that Mr Sokoloff was nominated for appointment to the board by Leonard Green & Partners, which was the only holder of Class A Preferred Stocks which was permitted to appoint two directors to the board. There are therefore also concerns regarding the nomination process of Mr Sokoloff to the board. Whilst Green Equity Investors are no longer beneficial owners of 5% of common stock, Mr Sokoloff however, remains on the board.

### **1.10 Elect Dr. Ralph Sorenson**

**Withhold**

Non-Executive Director. Not considered to be independent as he has served on the Board for more than nine years. There is not sufficient independence on the Board.

### **1.11 Elect William (Kip) Tindell, III**

**For**

Independent Non-Executive Director

## **2 Approve executive compensation**

**Oppose**

As a result of SEC legislation that has entered into force (Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act), 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 our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. Our main concerns:

Disclosure: Directors' pensions entitlements are not fully disclosed. Specific targets for the long term bonus plan are not included.

Balance: The compensation committee does not provide enough information to assure shareholders that targets are challenging under the annual bonus. In addition, discretion may be used both for the qualitative and the quantitative elements of the annual bonus. Stock options have no performance hurdles attached. Some retention options vest rateably over nine years. It is considered best practice that long-term awards should vest after a performance period of at least three years.

## **3 Appoint the auditors**

**For**

Ernst & Young LLP Proposed. There were no non-audit fees for the year under review nor over the three-year rolling period. Acceptable proposal.

## **4 Shareholder Proposal regarding the recoupment of unearned bonuses**

**For**

Proposed by: undisclosed

The proponent has requested that the board to take the steps necessary to enable our company to recover unearned incentive

bonuses or other incentive payments to all senior executives to the extent that their corresponding performance targets were later reasonably determined to have not been achieved and/or resulted from fraud or error(s). Restatements are one means to determine such unearned bonuses.

The Board is recommending a vote against this proposal as it the Company already has a recoupment policy in place.

It is considered that all incentive awards should reflect the achievement of stringent pre-determined performance targets and that recoupment should occur to the extent that these targets are not met. Therefore the proposal is supported.

#### **5 Shareholder proposal relating to confidential voting.**

**For**

Proposed by: undisclosed

The proponent is requesting that Board of Directors to take the steps necessary to adopt a policy that prior to the Annual Meeting, the outcome of votes cast by proxy on uncontested matters, including a running tally of votes for and against, shall not be available to management or the Board and shall not be used to solicit votes. This enhanced confidential voting requirement should apply to (i) management-sponsored or Board-sponsored resolutions seeking approval of executive pay or for other purposes, including votes mandated under NYSE rules; (ii) proposals required by law, or the Company's Bylaws, to be put before shareholders for a vote (e.g., say-on-pay votes); and (iii) shareholder resolutions submitted for inclusion in the proxy pursuant to SEC Rule 14a-8.

The Company believes that the current voting procedures are in the best interests of their shareholders and that the proponent's proposal is unnecessary. The Company states that it communicates with shareholders and monitors the voting tally for a variety of lawful purposes, which they believe are customary and beneficial to shareholders and, as such, believe that the proposal should not be adopted.

Although "confidential voting" rules guarantee a secret ballot, corporate officers are able to monitor voting results and take active steps to influence the outcome on matters. This potentially means that the corporate officers can contact shareholders and urge them to cast their votes, where they have a direct personal interest in the outcome. It is not seen as best practice for the management or Board of a Company to be able to use information so as to solicit votes and the operation of a running tally could contain elements of bias as to which resolutions are engaged upon. All year round engagement on important issues to shareholders is to be supported rather than specific targeting of engagement activities to help secure votes on potentially contentious proposals.

As such, we vote for the proposal.