Triodos Investment Management

THE HAIN CELESTIAL GROUP INC

MEETING DATE	Thu, 19 Nov 2015 11:00 am	TYPE	AGM	ISSUE DATE	Thu, 12 Nov 2015
MEETING LOCATION	1111 Marcus Avenue, Lake Success, New York				
CURRENT INDICES	PIRC Global				
SECTOR	Groceries and related products, not elsewhere classified				

	PROPOSALS	ADVICE
1.01	**Elect Irwin D. Simon** Chairman and CEO. 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**
1.02	**Elect Richard C. Berke** Independent Non-Executive Director.	**For**
1.03	**Elect Andrew R. Heyer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. He previously served as a Director from 1993 to 2009. However, there is sufficient independent representation on the board.	**For**
1.04	**Elect Raymond W. Kelly** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not bring the gender diversity to an acceptable level. Triodos withholds on this director.	**Withhold**
1.05	**Elect Roger Meltzer** Non-Executive Director. Not considered independent as the the law firm in which he is a Partner currently acts as the Company's regular outside counsel. Further, he has served on the board for more than nine years. However, there is sufficient independent representation on the board.	**For**
1.06	**Elect Scott M. O'Neil** Independent Non-Executive Director.	**For**
1.07	**Elect Adrianne Shapira** Independent Non-Executive Director.	**For**
1.08	**Elect Lawrence S. Zilavy** Non-Executive Director. Not considered independent owing to a tenure of over nine years. He is chair of the Nomination committee and less than 20% of the board are women.	**Withhold**

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. Maximum annual bonus award for the CEO is 400% of base salary, which is excessive, actual payout was $5.57m, 301% of target award and base salary. Half of all long-term equity awards vest based on continued employment, which is not considered appropriate in linking pay with performance. Performance units have a two year performance period, which is not considered sufficiently long-term. In addition, the performance targets attached to long-term equity awards are not clear. The CEO under the 2014-2015 performance cycle is entitled to a target payout of 700% of base salary, which is considered excessive. Mr. Simon's employment agreement provides for severance in the event his employment is terminated for any reason or if his employment agreement is terminated for "non-renewal". His agreement provides for accelerated vesting of equity awards and three-years salary, three-years bonus and a pro-rata bonus for the fiscal year. The total package is estimated to be worth $89.26m, which is considered excessive.
The compensation rating is: CED
Based oin the concerns noted above Triodos does not support this resolution.

3 Appoint the auditors **Oppose**

EY proposed. Non-audit fees represented 9.29% of audit fees during the year under review and 14.05% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. For this reason, Triodos does not support this resolution.

4 Shareholder Resolution: Proxy Access **For**

Proposed by: James McRitchie. The Proponents request the Board to adopt a "proxy access" bylaw. This would allow shareholders who have held at least 3% of the Company's relevant issued shares for three years or more to nominate candidates for election to the Board. The Company would be obliged to include such nominees on the general meeting proxy form. The resolution includes proper procedural safeguards for the nomination process. The nominators will be required to certify that their shares were acquired as normal investment business and not for ancillary purposes. The Board is against this proposal and states that it believes that the current corporate governance guidelines and Board practices provide long-term stockholders a meaningful voice in electing directors; adoption of this proposal would be not only unnecessary but also potentially expensive and disruptive; and that Proxy access would serve only to interfere with the Board's ability to serve the long term interests of all stockholders.
The move, that would strengthen shareholder democracy, is supported, and it is considered that the proposal would help to increase independent representation on the Board. Furthermore, the requested threshold for holding requirement for nominators is considered sufficient. Furthermore, the nomination of new Board members would facilitate greater independence in the oversight of the Company. Triodos support this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory vote on executive compensation

Disclosure: C- The Company provides a below average level of disclosure of performance targets attached to both the annual bonus and long-term equity awards. For the annual bonus, the Company uses adjusted EBITDA as a gateway performance metric. Actual payouts are determined by the Compensation Committee based on individual and financial performance. Long-term equity is also awarded using EBITDA as a gateway performance metric (threshold target that must be achieved before any payout can take place). This is then split 50/50 into performance shares and retention awards.
Balance: E- Maximum annual bonus award for the CEO is 400% of base salary, which is excessive, actual payout was $5.57m, 301% of target award and base salary. Half of all long-term equity awards vest based on continued employment, which is not considered appropriate in linking pay with performance. Performance units have a two year performance

period, which is not considered sufficiently long-term. In addition, the performance targets attached to long-term equity awards are not clear. The CEO under the 2014-2015 performance cycle is entitled to a target payout of 700% of base salary, which is considered excessive.

Contract: D- Mr. Simon's employment agreement provides for severance in the event his employment is terminated for any reason or if his employment agreement is terminated for "non-renewal". His agreement provides for accelerated vesting of equity awards and three-years salary, three-years bonus and a pro-rata bonus for the fiscal year. The total package is estimated to be worth $89.26m, which is considered excessive.

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