Triodos Investment Management

WHOLE FOODS MARKET INC

MEETING DATE	Tue, 15 Sep 2015 8:00 am	TYPE	AGM	ISSUE DATE	Mon, 07 Sep 2015
MEETING LOCATION	The Westin Charlotte, 601 South College Street, Charlotte, North Carolina 28202				
CURRENT INDICES	S&P500				
SECTOR	Grocery stores				

	PROPOSALS	ADVICE
1	**Elect Dr. John Elstrott** Non Executive Chairman. Not considered independent as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
2	**Elect Shahid (Hass) Hassan** Non-Executive Director. Not considered 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. There is insufficient independent representation on the Board.	**Withhold**
3	**Elect Stephanie Kugelman** Independent Non-Executive Director	**For**
1.4	**Elect John Mackey** Co-Chief Executive Officer	**For**
1.5	**Elect Walter Robb** Co-Chief Executive Officer	**For**
1.6	**Elect Jonathan Seiffer** 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. There is insufficient independent representation on the Board.	**Withhold**
1.7	**Elect Morris (Mo) Siegel** Non-Executive Director. Not considered independent as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.8	**Elect Jonathan Sokoloff** Non-Executive Director. Not considered 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. Therer is insufficient independent representation on the Board.	**Withhold**
1.9	**Elect Dr. Ralph Sorenson** Non-executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.10	**Elect Gabrielle Sulzberger** Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.11	**Elect William (Kip) Tindell, III** Independent Non-Executive Director	**For**

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. In fiscal year 2014, annual bonuses included qualitative and quantitative components. Performance measures consisted of comparable store sales growth, year-over-year improvement in earnings before interest, taxes and non-cash expenses (EBITANCE), return on invested capital (ROIC) and positive free cash flow. Specific targets are disclosed in the compensation analysis; however, there is limited information with respect to the qualitative criteria. For fiscal 2104, the Compensation Committee did not engaged any outside consultants. The non-financial portion of the bonus is considered excessive and subjective. Based on this, it is not possible to assess if the payout was justified. In addition, there are concerns over the Compensation Committee's discretion to adjust performance results. Adjustments of financial results gives rise to doubts as to how stringently performance targets are being applied. Stock options have no performance conditions attached and vest in four equal installments each year beginning on the first anniversary of the grant date.

The Company has adopted a compensation 'claw back' policy. Accelerated vesting of long-term incentives is followed by a change-in-control. The compensation rating is: CDB.

The non-financial portion of the bonus is considered excessive and subjective. Based on this, it is not possible to assess if the payout was justified. In addition, there are concerns over the Compensation Committee's discretion to adjust performance results. Adjustments of financial results gives rise to doubts as to how stringently performance targets are being applied. Stock options have no performance conditions attached and vest in four equal instalments. Triodos oppose this resolution.

3 Appoint the auditors **Oppose**

PwC LLP proposed. Non-audit fees represented 3.19% of audit fees during the year under review and 1% 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. Triodos oppose this resolution.

4 Approve authority to increase authorised share capital **Oppose**

The Company has put forward a resolution requesting shareholders to amend Article IV, Section A of the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of the Company's common stock from 600,000,000 to 1,200,000,000. As of June 18, 2015, there were 358,497,323 shares of Common Stock outstanding, 18,617,454 treasury shares, and 57,845,430 shares reserved for future issuance pursuant to equity compensation plans. If shareholders approve the proposal, 783,657,2473 shares of Common Stock would be authorized and available for issuance. The Board of Directors argues that the proposed increase will give the Company greater flexibility in planning future corporate needs.

The Board proposes a 100% increase of the authorised share capital. It is considered that the Company's reasoning for this increase is insufficient in providing an explanation for the need to double the authorised share capital.

As there are concerns over the potential dilutive effect that this proposal may have, Triodos oppose this resolution.

5 Shareholder Resolution: Limit Accelerated Executive Pay **For**

Proposed by: Not disclosed. The Proponents request the Board of Directors to adopt a policy that in the event of a change in control, there shall be no acceleration of vesting of any equity award granted to any senior executive, provided, however, that the Board's Compensation Committee may provide in an applicable grant or purchase agreement that any unvested award will vest on a partial, pro rata basis up to the time of the senior executive's termination. The Proponents argue that if such pay is made on an accelerated schedule the link between pay and long-term performance could be broken. The Board recommends shareholders oppose and argues that the Compensation Committee is in the best position to implement appropriate compensation arrangements and if shareholders approve the proposal it could restrict the Committee's judgment and place the Company at a competitive disadvantage in attracting and retaining talent. The Board argues that the current NEOs' agreements do not provide for accelerated vesting of equity upon a change in control (rather upon certain types of termination of employment). The Board believes that it may be appropriate in future circumstances to provide for accelerated vesting and adopting of the proposed policy could affect shareholder value.

Triodos does not support the acceleration of unvested stock pursuant to a change in control where there is no reference to performance. Triodos support this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory vote on executive compensation

Disclosure: C- In fiscal year 2014, annual bonuses included qualitative and quantitative components. Performance measures consisted of comparable store sales growth, year-over-year improvement in earnings before interest, taxes and non-cash expenses (EBITANCE), return on invested capital (ROIC) and positive free cash flow. Specific targets are disclosed in the compensation analysis; however, there is limited information with respect to the qualitative criteria. For fiscal 2104, the Compensation Committee did not engaged any outside consultants.

Balance: D- The non-financial portion of the bonus is considered excessive and subjective. Based on this, it is not possible to assess if the payout was justified. In addition, there are concerns over the Compensation Committee's discretion to adjust performance results. Adjustments of financial results gives rise to doubts as to how stringently performance targets are being applied. Stock options have no performance conditions attached and vest in four equal installments each year beginning on the first anniversary of the grant date.

Contract: B-The Company has adopted a compensation 'claw back' policy. Accelerated vesting of long-term incentives is followed by a change-in-control.

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