Triodos Investment Management

THE HAIN CELESTIAL GROUP

MEETING DATE	Thu, 16 Nov 2017 11:00 am	TYPE	AGM	ISSUE DATE	Thu, 26 Oct 2017
MEETING LOCATION	1111 Marcus Avenue, Lake Success, New York				
CURRENT INDICES	PIRC Global				
SECTOR	Food preparations, not elsewhere classified				

	PROPOSALS	ADVICE
1a	**Elect Irwin D. Simon** Chief Executive Officer.	**For**
1b	**Elect Celeste A. Clark** Independent Non-Executive Director.	**For**
1c	**Elect Andrew R. Heyer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1d	**Elect R. Dean Hollis** Independent Non-Executive Director.	**For**
1e	**Elect Shervin J. Korangy** Independent Non-Executive Director.	**For**
1f	**Elect Roger Meltzer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1g	**Elect Adrianne Shapira** Independent Non-Executive Director.	**For**
1h	**Elect Jack L. Sinclair** Independent Non-Executive Director.	**For**
1i	**Elect Glenn W. Welling** Non-Executive Director. Not considered independent as he is the founder of Engaged Capital, which beneficially owns 9.9% of the share capital. There is sufficient independent representation on the Board.	**For**
1j	**Elect Dawn M. Zier** Independent Non-Executive Director.	**For**
1k	**Elect Lawrence S. Zilavy** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
2	**Amend Articles: Implement advance notice procedures** It is proposed to amend the Bylaws to implement advance notice procedures for stockholder proposals. Such notice would give the Company time to consider the proposal and to determine whether to include appropriate information regarding the matter in its proxy materials. Stockholders also would benefit from the adoption of this advance notice provision because it would allow the Company to supply such information to stockholders, and stockholders would have additional time to decide how they would like to vote on the proposal. It is considered that the by-law amendment to require advanced notice of shareholder-nominated directors will provide more clarity and consistency with how shareholder candidates are nominated. The proposal is considered reasonable, as it will provide shareholders with improved information on shareholder nominated candidates. Triodos supports this resolution.	**For**

3 **Amend Articles: Proxy access** **For**

It is proposed to approve an amendment to the Bylaws to implement proxy access. The Board believes that the implementation of proxy access in the manner set forth in this proposal will provide meaningful rights to our stockholders while ensuring the rights are used by stockholders in a responsible manner. The proposed changes are in the best interest of shareholders, and further improve shareholders' ability to nominate a director. Any director put forward through the use of proxy access will still have to be voted on at the annual meeting by all shareholders. Therefore, shareholders can choose to support who they believe is the best candidate, whether it be a company candidate or a shareholder candidate.

Triodos supports this resolution.

4 **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.

Due to the Company's internal accounting review, which did not permit the Company's Annual Operating Plan to be fully developed, the Compensation Committee was not able to establish formal criteria for the annual incentive programme at the beginning of fiscal year 2017. Accordingly, no awards were made under the Company's annual incentive plan during fiscal year 2017. However, the Compensation Committee decided to award special one-time incentive bonuses. Operating Income is measured on a non-GAAP basis, which is against best practice, as it prevents shareholders from being able to fully assess the challenging nature of the performance targets.

The grant of special bonuses is against best practice, as there are no performance criteria attached to such awards.

The Company has double-trigger provisions in place, which is welcomed. Potential severance awards are considered to be excessive. 'Good reason' and 'cause' are not defined appropriately.

The compensation rating is: CBC.

Triodos considers inappropriate to grant bonuses when the company is under review for potential accounting breaches. Based on this rating and the concerns noted above, Triodos opposes this resolution.

5 **Approve the Frequency of Future Advisory Votes on Executive Compensation** **1**

The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.

The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually.

Triodos recommends a one year frequency.

6 **Appoint the Auditors** **Oppose**

EY proposed. Non-audit fees represented 6.02% of audit fees during the year under review and 4.96% 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 seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - Advisory Vote on Executive Compensation

Disclosure: C- Due to the Company's internal accounting review, which did not permit the Company's Annual Operating Plan to be fully developed, the Compensation Committee was not able to establish formal criteria for the annual incentive programme at the beginning of fiscal year 2017. Accordingly, no awards were made under the Company's annual incentive plan during fiscal year 2017. However, the Compensation Committee decided to award special one-time incentive bonuses.

In fiscal year 2017, the long-term incentive programme (LTIP) consisted of two performance-based long-term incentive plans (the "2016-2018 LTIP" and the "2017-2019 LTIP"). As a consequence of increasing the performance period for the long-term incentive programme from two years to three years, there was no long-term incentive programme to assess the performance at the end of fiscal year 2017 and therefore, no award determination. The last long-term incentive plan with a two-year performance period covered fiscal years 2015 and 2016. For the 2016-2018 LTIP, the Compensation Committee established an overall performance goal of attaining a three-year average adjusted operating income of USD 354.5 million. For the 2017-2019 LTIP, the Compensation Committee established an overall performance goal of attaining a three-year average operating income3 of USD 302.4 million. Each individual named executive officer award is based on the achievement of the pre-determined performance measures of Relative TSR and net sales.

Operating Income is measured on a non-GAAP basis, which is against best practice, as it prevents shareholders from being able to fully assess the challenging nature of the performance targets.

Balance: B- The grant of special bonuses is against best practice, as there is no performance criteria attached to such awards.

Contract: C- The Company has double-trigger provisions in place, which is welcomed. Potential severance awards are considered to be excessive. 'Good reason' and 'cause' are not defined appropriately.

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