Triodos Investment Management

THE HAIN CELESTIAL GROUP

MEETING DATE	Wed, 05 Dec 2018 11:00 am	TYPE	AGM	ISSUE DATE	Thu, 15 Nov 2018
MEETING LOCATION	1111 Marcus Avenue, Lake Success, New York				
CURRENT INDICES	PIRC Global				
SECTOR	Food preparations, not elsewhere classified				

	PROPOSALS	ADVICE
1a	**Elect Celeste A. Clark** Independent Non-Executive Director.	**For**
1b	**Elect Andrew R. Heyer** Lead Independent Director. Not considered independent as he has an aggregate tenure of over 9 years. It is considered that a Lead Independent Director should be independent in order to fulfil the responsibilities assigned to that role. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1c	**Elect R. Dean Hollis** Independent Non-Executive Director.	**For**
1d	**Elect Shervin J. Korangy** Independent Non-Executive Director.	**For**
1e	**Elect Roger Meltzer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board.	**For**
1f	**Elect Mark Schiller** Chief Executive Officer.	**For**
1g	**Elect Jack L. Sinclair** Independent Non-Executive Director.	**For**
1h	**Elect Glenn W. Welling** Non-Executive Director. Not considered independent as he is the founder of Engaged Capital, which is a significant shareholder of the Company. There is sufficient independent representation on the Board.	**For**
1i	**Elect Dawn M. Zier** Independent Non-Executive Director.	**For**
2	**Advisory Vote on Executive Compensation** 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. During Fiscal 2018, the CEO received no STI pay-out as the adjusted EBITDA target was not achieved, however the maximum possible award is considered excessive at 400% of base salary. The maximum long-term award opportunities are also considered excessive at up to 1050% of salary. Executive compensation is aligned with peer group averages, which is welcomed. However, executive compensation is not aligned with companies of a similar market capitalisation. The TSR vesting scale is not considered sufficiently broad to ensure superior awards reflect superior performance as executives may receive 100% payout for median performance. Furthermore, the performance period is three years, which is not considered sufficiently long-term. The grant of special bonuses in 2017 is against best practice, as there is no performance criteria attached to such awards. The compensation rating is: DDE. Based on this rating, Triodos opposes this resolution.	**Oppose**

3 Appoint the Auditors **Oppose**

EY proposed. Non-audit fees represented 0.00% of audit fees during the year under review and 3.28% 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.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: D The Company has disclosed the financial targets for its short-term incentives (STI). The Compensation Committee determined to assign 75% on to financial targets and a 25% weighting for individual performance targets for each NEO. The financial targets consist of adjusted EBITDA measure, Adjusted Earnings Per Share and Adjusted Net Sales. Target level of performance required the Company to achieve 5.5% net sales growth, 43% adjusted earnings per share growth and 35% adjusted EBITDA growth when compared to the previous year. Performance targets are fully disclosed. However there are concerns over the use of adjusted measures, as this does not permit an assessment on the challenging nature of performance targets.

The Company grants long-term incentives in the following manner: 50% in Restrictive Stock Units (RSUs) tied to relative TSR that vest at the end of a three-year period subject to achieving at least the threshold level of performance. The average net sales over the three-year performance period, starting with the middle of the range of net sales for fiscal year 2017 and increasing net sales by 3% growth for fiscal year 2018 and 4% for fiscal year 2019, awards shall be paid in full value shares.

Balance: D

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Contract: E

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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