Triodos Investment Management

THE HAIN CELESTIAL GROUP

MEETING DATE	Tue, 24 Nov 2020 11:00 am	TYPE	AGM	ISSUE DATE	Mon, 16 Nov 2020
MEETING LOCATION	Virtual Meeting/virtualshareholdermeeting.com/HAIN2020				
CURRENT INDICES	PIRC Global				
SECTOR	Food preparations, not elsewhere classified				
FYE	30 Jun 2020				

	PROPOSALS	ADVICE
1.a	**Elect Richard A. Beck** Independent Non-Executive Director.	**For**
1.b	**Elect Celeste A. Clark** Independent Non-Executive Director.	**For**
1.c	**Elect R. Dean Hollis** Non-Executive Chair. The Chair is not considered to be independent as Mr Hollis is chair of the board of SunOpta Inc., which is a supplier of the company. In fiscal year 2020, the company paid USD 19,550,645 to SunOpta Inc. and affiliated entities in the ordinary course of business. It is a generally accepted norm of good practice that a Chair of the Board should act with a proper degree of independence from the company's management team when exercising his or her oversight of the functioning of the Board. Being a non-independent Chair is considered to be incompatible with this. Triodos opposes this resolution.	**Oppose**
1.d	**Elect Shervin J. Korangy** Independent Non-Executive Director.	**For**
1.e	**Elect Mark Schiller** Chief Executive.	**For**
1.f	**Elect Michael B. Sims** Independent Non-Executive Director.	**For**
1.h	**Elect Glenn W. Welling** Non-Executive Director and Chair of the Remuneration Committee. The Director is not considered independent as he is the founder of Engaged Capital, which is a significant shareholder of the company. There is not a separate vote to elect this director to the Remuneration Committee. There is sufficient independence on the Remuneration Committee as well as the board. Triodos supports this resolution.	**For**
1.g	**Elect Dawn M. Zier** Independent Non-Executive Director.	**For**

2 Advisory Vote on Executive Compensation **Abstain**

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.

The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company does not consider non-financial metrics in its assessment of performance. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages.

The compensation rating is: ACB. Based on this rating Triodos abstains this resolution.

3 Ratify Ernst & Young LLP as Auditors of the company **Oppose**

EY proposed. Non-audit fees represented 34.32% of audit fees during the year under review and 16.01% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years and there are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the company. The grant of performance awards was based on the achievement of set levels of specific performance targets: adjusted EBITDA as the sole Company performance metric. The performance-based long term incentive is subject to quantified performance targets for TSR.

Balance: C The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company does not consider non-financial metrics in its assessment of performance. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages. The company uses only one performance metrics to determine the payout of performance awards. Instead of the use of a sole performance metric, it would be preferred that payout be linked to at least two or more performance metrics, with the inclusion of an non-financial performance criteria.

Contract: B Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

Researcher: Menelaous Paloumpis
Email: pircresearch@pirc.co.uk

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk