Triodos Investment Management

THE HAIN CELESTIAL GROUP

MEETING DATE	Thu, 28 Oct 2021 16:00	TYPE	AGM	ISSUE DATE	Fri, 15 Oct 2021
MEETING LOCATION	virtualshareholdermeeting.com/HAIN2021				
CURRENT INDICES	PIRC Global				
SECTOR	Food preparations, not elsewhere classified				
FYE	30 Jun 2021				

	PROPOSALS	ADVICE
1a	**Re-elect Richard A. Beck - Non-Executive Director** Independent Non-Executive Director.	**For**
1b	**Re-elect Celeste A. Clark - Non-Executive Director** Independent Non-Executive Director.	**For**
1c	**Re-elect R. Dean Hollis - Chair (Non Executive)** 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 the fiscal year 2021, the company paid USD 13,050,000 to SunOpta Inc. and affiliated entities in the ordinary course of business. Also, in April 2021 the company sold its North America non-dairy beverages business to SunOptas for USD 31,320,000. 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**
1d	**Re-elect Shervin J. Korangy - Non-Executive Director** Independent Non-Executive Director.	**For**
1e	**Re-elect Mark Schiller - Chief Executive** Chief Executive.	**For**
1f	**Re-elect Michael B. Sims - Non-Executive Director** Independent Non-Executive Director. This director worked for Arthur Young & Company, the company's current auditor (n.k.a Ernst & Young) as a cooling-off period of more than 5 years has passed, Triodos considers this director to be independent. Triodos supports this resolution.	**For**
1g	**Re-elect Glenn W. Welling - Non-Executive Director** 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. Triodos supports this resolution.	**For**
1h	**Re-elect Dawn M. Zier - Non-Executive Director** 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.

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. Executive compensation is aligned with peer group averages. 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. 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. 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. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice.

The compensation rating is: ADB.

Based on this rating, it is recommended that Triodos oppose.

3 Re-appoint the Auditors: Ernst & Young **Oppose**

EY proposed. Non-audit fees represented 9.19% of audit fees during the year under review and 21.16% 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 opposes this resolution.

4* Shareholder Resolution: Introduce an Independent Chair Rule **For**

Proponent's argument: Shareholders request that the Board of Directors adopt as policy, and amend the governing documents as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy could be phased in when there is a contract renewal for the current CEO or for the next CEO transition. Shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. A CEO serving as Chair can result in excessive management influence on the Board and weaker oversight of management. The CEO becomes his own boss.

Company's response: The Board recommends a vote against this proposal. The Board states that agrees with the proponent of this proposal on the importance of an independent Chair, and that is why the company has had an independent Chair since December 2018. The Corporate Governance Guidelines expressly state that the Board believes that the separation of the roles of Chair and Chief Executive Officer is best practice. The Board affirm that is committed to ensuring that there is strong, independent leadership in place to provide effective oversight of management and that Board leadership structure aligns with and supports the evolving needs and circumstances of the company and its stockholders. At this time, the Board has no intention of combining the roles of Chair and Chief Executive Officer and continues to believe that having an independent Chair who is appointed annually by the independent members of the Board is the most appropriate leadership structure for the company. That said, in recognition that the needs of the company and its stockholders will change over time, the Board believes that stockholders are best served if the Board retains flexibility to decide what leadership structure works best for the company based on the facts and circumstances existing from time to time.

PIRC analysis: 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. It is considered that an independent Chair can provide independent oversight of management and facilitates clearer lines of accountability with respect to corporate decisions. Although the company currently applies this principle, it is considered that adopting this policy would set it into the company practice.

Triodos supports this resolution.

**** = Special 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: D - 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. Executive compensation is aligned with peer group averages. 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. 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. 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. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice.

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.

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