

# **STEINER LEISURE LIMITED**

## **GOVERNANCE GUIDELINES**

### **Reviewed and Ratified April 24, 2013**

The Board of Directors (the “Board”) of Steiner Leisure Limited (the “Company”) has adopted these policies and principles to serve the best interests of the Company and its shareholders.

#### **1. Selection of Chairman and Chief Executive Officer**

The Chairman of the Board may, but is not required to, also hold the office of the Chief Executive Officer. The offices of Chief Executive Officer and Chairman of the Board shall be separately evaluated by the Board each year.

#### **2. Board Committees**

The Board may form new committees or disband a current committee. The Governance and Nominating Committee, Compensation Committee and Audit Committee shall each be composed exclusively of independent directors. There shall be charters for each of these committees, which define their respective functions and responsibilities.

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#### **3. Assignment of Committee Members**

The Board shall appoint members of its committees on an annual basis. The Governance and Nominating Committee shall be responsible for reviewing and recommending to the Board the composition, organization and responsibilities of the Board’s committees. As part of that process, the Governance and Nominating Committee shall evaluate the eligibility of Board members for membership in the respective Board committees. The full Board is ultimately responsible for determining committee eligibility and membership.

#### **4. Committee Meetings**

The Chair of the respective committee shall set the agenda for each such committee meeting.

#### **5. Selection of Agenda Items for Board Meetings**

The Governance and Nominating Committee shall prepare a master agenda setting forth an agenda of items to be considered by the Board at each of its regular meetings during the year. Each Board member may suggest inclusion of items on the agenda and may raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **6. Board Materials Distributed in Advance**

The Board shall be informed in advance of all major proposals to be presented for its consideration and shall have an opportunity to make meaningful and deliberate contributions to the decision-making process. To further this policy, and to the extent practicable, information and data that is deemed important to the Board's understanding of the business shall be distributed in writing to the Board for review prior to the Board meeting at which such matters will be considered.

Management shall make every attempt to see that this material is brief while still providing the desired information. On occasions where the subject matter is too sensitive to be put on paper, certain proposals will be discussed at the meeting without advance written information pertaining thereto.

## **7. Regular Attendance of Non-Directors at Board Meetings**

The Corporate Secretary - General Counsel and such executive officers of the Company as the Board may request, shall attend Board meetings, excluding its executive sessions.

## **8. Executive Sessions of Non-Management Directors**

Each Board meeting shall include an executive session of all non-management directors without the Chief Executive Officer present at the end of each regular meeting of the Board. These sessions shall be chaired by the Chair of the Governance and Nominating Committee.

## **9. Board Access to Senior Management and Outside Advisors**

Board members shall have complete access to the Company's senior management as well as its outside counsel and auditors, and, as necessary or appropriate, its own independent advisors.

Each non-management director is expected to become familiar with the condition and operations of the Company through Board and Committee meetings, by inquiry and by personal observation, including visits to Company facilities. In addition, it is the responsibility of the Chief Executive Officer to facilitate constructive interaction between the Board and management of the Company.

## **10. Board Compensation Review**

The Compensation Committee is responsible for approving and recommending to the Board all compensation plans for members of the Board.

## **11. Independence of Non-Management Directors**

A majority of the Board shall consist of outside directors who meet the independence standards of the Nasdaq Stock Market. No member of Company management will serve on the board of

directors or a similar body of an entity of which any independent director of the Company is an executive officer or (other than in the case of a not for profit entity) where a conflict of interest exists or could reasonably be perceived to exist.

## **12. Board Operations**

The Governance and Nominating Committee shall review and recommend the composition, organization and responsibilities of the Board. The ultimate responsibility for selection of new director candidates shall reside in the Board. The screening process for that responsibility shall be delegated to the Governance and Nominating Committee, which shall review candidates for election as directors and annually recommend a slate of directors for approval by the Board and election by the shareholders.

## **13. Assessing the Board's Performance**

The Governance and Nominating Committee shall, annually, evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of the Company's shareholders.

## **14. Succession Planning**

The Board is responsible for assuring that the status of organizational strength and succession planning is equal to the requirements of the long-range goals of the Company and that the Company has sufficient organizational strength in management to achieve its short- and long-term goals.

The Chief Executive Officer shall, annually, present to the Board an evaluation of the pace, direction and organizational strength of the Company and see that the Company has an effective corporate top management team, with provisions for succession.

The Board is required to review this presentation to determine whether management succession is properly being provided so that the status of organizational strength and succession planning is equal to the requirements of the long-range goals of the Company.

## **15. Board Interaction with Institutional Investors, the Press, Customers, Etc.**

The Chairman of the Board, Chief Executive Officer and Chief Financial Officer shall serve as the chief spokespeople for the Company and thereby see that the Company is properly represented to its various publics.

## **16. Orientation and Continuing Education**

New directors shall participate in an orientation program that includes discussions with senior management and background materials on the Company's plans, organization and financial statements. Board members are encouraged to obtain appropriate continuing education with

respect to their duties as directors of the Company and the Company will provide reimbursement for reasonable expenses in connection with such continuing education.