

CORPORATE GOVERNANCE GUIDELINES  
OF  
THE HAIN CELESTIAL GROUP, INC.

As of September 27, 2011

**THE HAIN CELESTIAL GROUP, INC.**  
**Corporate Governance Guidelines**

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## **I. INTRODUCTION**

The Board of Directors (the “*Board*”) of The Hain Celestial Group, Inc. (the “*Company*”) has adopted the following Corporate Governance Guidelines (the “*Guidelines*”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation, By-Laws (each, as currently in effect) and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Board may on occasion depart from the Guidelines when circumstances indicate that a departure is in the best interest of the Company and its stockholders. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

## **II. BOARD COMPOSITION AND DIRECTOR QUALIFICATIONS**

### **A. Size of Board.**

The company’s By-Laws provide that the number of directors will be determined by the Board from time to time. The Board reviews from time to time the appropriateness of its size and other factors affecting its composition and may adjust its size upward or downward to reflect the changing needs of the Company.

### **B. Director Tenure.**

At this time, the Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Corporate Governance and Nominating Committee will review each director’s continued service on the Board annually. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

### **C. Retirement Age.**

It is the policy of the Board that no Director should stand for reelection during or after the year in which he or she will attain the age of 75. The Board may, however, upon evaluation of a Director that has reached 75 years of age, in its discretion, ask such Director to remain on the Board if the Board believes that such Director will continue to make significant contributions to the work of the Board.

D. Directors Who Change Their Present Job Responsibility.

Management Directors are expected to submit a letter of resignation to the Board at the time of retirement from active employment with the Company, or when transferring from his or her most senior management position in the Company, other than as a result of promotion.

A Non-Management Director (*i.e.*, a Director who is not an executive officer of the Company whether or not he or she would also qualify as an “independent” Director) who retires or experiences a change in the position he or she held when most recently elected to the Board should submit his or her resignation to the Board, which the Board may accept or reject based on the recommendation of the Corporate Governance and Nominating Committee.

E. Independence of Directors.

It is the policy of the Board that a majority of the members of the Board will be “independent” Directors in accordance with the requirements of applicable laws, rules and regulations, including those of The Nasdaq Stock Market (“*Nasdaq*”). A Director will not qualify as an “independent” Director unless the Board has affirmatively determined pursuant to applicable legal and regulatory requirements that such Director has no material relationship with the Company. The Board may adopt categorical standards to assist it in making such independence determinations. The Board will identify the “independent” Directors and any transactions or relationships that were considered in making independence determinations in the Company’s annual proxy statement in accordance with applicable legal and regulatory requirements. Compliance with the definition of “independent” Director will be reviewed annually by the Corporate Governance and Nominating Committee.

F. Number of Directorships.

The number of boards on which a Director may sit may be reviewed on a case-by-case basis by the Corporate Governance and Nominating Committee. However, as a general rule, each independent Director should not hold more than three directorships of public companies other than the Company. A Director should notify the Chairperson of the Corporate Governance and Nominating Committee prior to accepting a new position on another board in order that the Corporate Governance and Nominating Committee may examine the relationship for a potential conflict of interest. In addition, Management Directors must obtain the prior written approval of the Company’s Chief Executive Officer prior to accepting an invitation to serve on the board of directors of another public company.

G. Board Membership Criteria.

The Corporate Governance and Nominating Committee, with the input of the Company’s Chief Executive Officer, is responsible for recommending to the Board (1) nominees for Board membership to fill vacancies or newly created positions and (2) the persons to be nominated by the Board for election at the Company’s Annual Meeting of Stockholders. In connection with the nomination process, the Corporate Governance and Nominating Committee shall review the desired experience, skills and other qualities to assure appropriate Board composition, taking into

account the current Board members and the specific needs of the Company and the Board. To be considered by the Corporate Governance and Nominating Committee, a director nominee must have experience as a board member or senior officer of a company in the natural food or other related industries or have a strong financial background and be a leading participant in another field relative to our business or have achieved national prominence in a relevant field as a faculty member, professional or government official. In addition, the Board will generally look for individuals who have displayed high ethical standards, integrity, sound business judgment, independence, knowledge, judgment, leadership skills, education, experience, financial literacy, standing in the community and a willingness to devote adequate time to Board duties. Lastly, as a majority of the Board must consist of individuals who are independent, a nominee's ability to meet the independence criteria established by Nasdaq is also a factor in the nominee selection process. This process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the business of the Company.

Consistent with past practices, the Board is committed to a strong and diverse membership and to a thorough process to identify those individuals who can best contribute to the Company's continued success. As part of this process, the Corporate Governance and Nominating Committee will continue to take all reasonable steps to identify and consider for Board membership all candidates who satisfy the business needs of the Company at the time of appointment.

From time to time, with the approval of the Board, the Company has and may in the future enter into contractual arrangements with third parties regarding the designation by such third parties of members of the Board.

The Corporate Governance and Nominating Committee will also consider proposals for nominees for Director from stockholders which are made in writing to the Corporate Secretary of the Company in compliance with the By-Laws of the Company and the written requirements, if any, provided by the Company from time to time in its public filings.

#### H. Selection of Directors.

The Board is responsible for selecting director nominees for election to the Board and for filling vacancies on the Board and newly created Directorships that may occur between annual meetings of stockholders.

#### I. Chairman of the Board.

The Board has no policy with respect to the need to separate or combine the offices of Chairman of the Board and Chief Executive Officer of the Company. 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.

### **III. BOARD AND DIRECTOR RESPONSIBILITIES; PROCEDURES FOR MEETINGS**

#### **A. Board and Director Responsibilities.**

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, Directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. Each Director is expected to spend the time and effort necessary to properly discharge his or her responsibilities.

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Bylaws and committee charters. The Board will regularly monitor the effectiveness of management in order to evaluate whether the Company is being properly managed. It is the sense of the Board, however, that it should not involve itself in the day to day management decisions of the Company.

The Board expects each Director, as well as the Company's officers and employees, to be familiar with and comply with the Company's Code of Business Conduct and Ethics.

#### **B. Frequency and Length of Meetings.**

The annual schedule for regular meetings of the Board will be submitted and approved by the Board in advance. Board meetings will be for such length of time as may be required to cover the subjects on the scheduled agenda. Special meetings of the Board may be called as provided in the Company's By-Laws. Directors are expected to attend Board meetings and the meetings of Board committees on which they serve, and to spend the time required and meet as frequently as necessary to properly discharge their responsibilities. Directors are also expected to attend the annual meeting of stockholders.

#### **C. Agenda for Board Meetings.**

The Chairman of the Board, working together with the Company's management, will establish the agenda for each Board meeting. The agenda for each meeting will be distributed to Directors in advance. Board members may suggest items for inclusion on the agenda and, subject to the will of the majority of those Directors present, may raise for discussion at any Board meeting subjects not on the agenda.

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

Directors will be provided, sufficiently in advance of each meeting to permit ample time for review, background information and materials relating to the items to be addressed at such meeting. Directors have a responsibility to review these materials in advance of such scheduled meetings. The Company's officers will strive to make the information clear and concise yet comprehensive, and will make an ongoing effort to solicit suggestions from Non-Management Directors on how to best meet their information needs. Directors will also receive and are

expected to review financial statements, earnings reports, significant press releases, certain analyst reports and other information designed to keep them informed of material aspects of the Company's business, performance and prospects.

E. Meetings of Non-Management Directors.

To promote open and unfettered discussion among Non-Management Directors and independent Directors, the Non-Management Directors and independent Directors will meet without management before or after each regularly scheduled Board meeting. Except as otherwise designated, the Chairperson of the Corporate Governance and Nominating Committee shall serve as the presiding Director at each such executive session and meeting of independent directors.

#### IV. BOARD COMMITTEES

A. Number and Structure.

The Board will at all times have an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. These committees and all of the members of these committees will satisfy and comply with the independence requirements of Nasdaq and all other applicable laws, rules and regulations. Committee members will be recommended by the Corporate Governance and Nominating Committee and approved by the Board and may be removed by the Board in its discretion. The Board may also form additional committees. A Non-Management Director may attend any committee meeting *ex officio* with the concurrence of the chairperson of such committee. Committee members and Committee chairpersons will be appointed by the Board upon recommendation of the Corporate Governance and Nominating Committee with consideration of the desires of individual directors.

It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

B. Committee Agenda.

The chairperson of each committee, in consultation with appropriate members of the applicable committee and management, will develop the committee's agenda. At the beginning of the Board year, each committee will establish a schedule of agenda subjects to be discussed during the year (to the extent these can be foreseen).

C. Committee Charter; Annual Self-Evaluation.

Each of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee have developed, and will maintain and comply with, a charter describing, among other things, its duties and responsibilities in accordance with applicable legal and regulatory requirements, including those of Nasdaq. Additional committees formed or maintained by the Board may, under the leadership of their respective chairpersons,

develop and maintain charters describing their respective duties and responsibilities. Committee charters developed or amended by a committee will be reviewed by the Corporate Governance and Nominating Committee and approved by the Board. Each committee shall, on an annual basis, review and reassess the adequacy of its charter, conduct an evaluation of its performance during such past year, and report these findings to the full Board as appropriate. In addition, the Corporate Governance and Nominating Committee shall, on an annual basis, review and reassess the adequacy of the charter of each other Board committee.

D. Disclosure of Committee Activities.

The chairperson of each committee will report to the Board, no later than the next regularly scheduled meeting of the Board following a committee meeting, on all significant matters discussed, actions taken and recommendations made by such committee. The chairperson and other committee members will have an opportunity to comment on committee activities at each Board meeting. Copies of the final minutes of all committee meetings will be distributed to Directors upon request.

E. Number of Audit Committee Directorships.

Members of the Audit Committee shall not simultaneously serve on the audit committee of more than three public company boards (including the Company's).

**V. BOARD ACCESS TO MANAGEMENT AND INDEPENDENT AND OUTSIDE ADVISORS**

A. Board Access to Management and Counsel.

Directors will have open access to the Company's management team and counsel. Directors may contact members of the management team without permission of the Chief Executive Officer. However, they should use judgment to ensure that this contact is not distracting to Company business operations and will, to the extent not inappropriate, copy the Chairman of the Board and the Chief Executive Officer on any written communications between a director and an officer or an employee of the Company.

Furthermore, the Board encourages the management team to, from time to time, bring executives into Board meetings who (i) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (ii) are managers with future potential that the senior management believes should be given exposure to the Board.

B. Board and Committee Access to Independent and Outside Advisors.

The Board and each Committee shall have the authority to engage independent or outside counsel, accountants or other advisors, in each case of its choice and as it determines to be necessary or appropriate. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices.

## **VI. CHIEF EXECUTIVE OFFICER EVALUATION AND MANAGEMENT SUCCESSION**

### **A. Evaluation of Chief Executive Officer.**

The Compensation Committee will meet in an executive session without management to evaluate the performance of the Chief Executive Officer at least once a year for the purpose of setting the compensation of the Chief Executive Officer. In addition to any factors set forth in the Chief Executive Officer's employment agreement, the following factors will be considered in evaluating the performance of the Chief Executive Officer:

1. leadership and vision;
2. integrity;
3. keeping the Board informed on matters affecting the Company;
4. performance of the business;
5. development and implementation of initiatives to provide long-term economic benefit to the Company;
6. accomplishment of strategic objectives;
7. succession planning and development of management; and
8. such other factors as the Compensation Committee considers relevant.

### **B. Management Succession.**

The Board plans for succession to the position of Chief Executive Officer. The Compensation Committee is responsible for making recommendations to the Board about succession planning. The Compensation Committee also recommends to the Board succession plans in the event of an emergency or the retirement of the Chief Executive Officer.

## **VII. BOARD ORIENTATION, COMPENSATION AND SELF-EVALUATION**

### **A. Director Orientation and Continuing Education.**

Each Director, upon his or her initial election to the Board, will receive, on an individualized basis, materials and briefings to permit such Director to become familiar with the Company's business, finances, corporate governance and compensation practices and policies. The Company will also provide, on an ongoing basis, additional opportunities for Directors to further familiarize themselves with the Company's business, finances and operations, which may

include, among other things, presentations from members of management of the Company and its subsidiaries and site visits to the Company's operational sites. In addition, Directors are encouraged to attend continuing director education programs on best practices at the Company's expense.

B. Director Compensation.

As provided in its charter, the Compensation Committee will from time to time review and make recommendations to the Board regarding the form and amount of Director compensation, taking into consideration whether Directors are being rewarded in a manner consistent with the compensation strategy of the Company, competitive market practices and applicable legal and regulatory requirements. The Compensation Committee will consider whether Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which a Director is affiliated. A meaningful portion of the compensation of the Non-Management Directors may consist of stock or other equity-based compensation. Directors who are employees of the Company or its subsidiaries and Directors who serve pursuant to contractual arrangements with the Company shall not be entitled to receive additional compensation for serving on the Board.

The Directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, By-Laws and any indemnification agreements, and to exculpation as provided by Delaware law and the Company's charter.

C. Board Self-Evaluation.

The Board will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. This review will be overseen by the Corporate Governance and Nominating Committee, in accordance with the charter, policies and principles of that committee. The objective of the self-evaluation is to increase the effectiveness of the Board, and thereby its value to the Company, through the consideration of, among other things, improved and alternative Board structures, organization or processes. The Board will discuss the results of such self-evaluation to determine whether any actions would be appropriate in order to improve Board or Board committee performance.

## **VIII. GENERAL**

A. Communications with the Board.

Security holders of the Company and other interested parties may communicate with one or more of the Directors (including any presiding Director or the Non-Management Directors as a group) by mail in care of the Corporate Secretary at the principal executive offices of the

Company and should specify the intended recipient or recipients. All such communications, other than unsolicited commercial solicitations or communications, will be forwarded to the appropriate Director or Directors for review.

B. Periodic Review of These Guidelines.

The operation of the Board is a dynamic and evolving process. Accordingly, these Corporate Governance Guidelines will be reviewed at least annually by the Corporate Governance and Nominating Committee and any recommended revisions will be submitted to the Board for consideration.

C. Conflicts of Interest.

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director should immediately report the matter to the General Counsel. Any significant conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director will disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter.

D. Stockholder Advisory Vote on Executive Compensation.

The Compensation Committee will review the results of any advisory stockholder votes on executive compensation (“*Say on Pay Votes*”) as presented to the Company’s stockholders at the Company’s annual meeting as required by Section 14A of the Securities and Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder. The Compensation Committee will consider whether to recommend any changes or modifications to the Company’s executive compensation policies and practices as a result of the Say on Pay Votes. Further, the Compensation Committee will recommend for approval by the Board how frequently the Company should provide its stockholders with the opportunity to cast a Say on Pay Vote, taking into account the results of any prior stockholder votes regarding the subject.