

# NANOPHASE TECHNOLOGIES CORPORATION

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

(As amended through May 6, 2013)

### **Purpose**

The primary purpose of the Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Nanophase Technologies Corporation (the "Company") shall be to review and make recommendations to the Board on matters of corporate governance; to establish criteria for the selection of directors; to identify individuals qualified to serve as directors of the Company; to nominate and evaluate the candidates for all directorships to be filled by the Board or by the stockholders; and to review and recommend to the Board the persons to serve on the various Board committees.

### **Composition of the Committee**

The Committee shall consist of at least three members of the Board, with the exact number being determined by the Board. The members of the Committee shall be appointed and replaced from time to time by the Board. The Chairman of the Committee shall be designated by the Board.

Except in limited circumstances determined by the Board to be in the best interests of the Company and its stockholders, each member of the Committee shall satisfy the independence requirements of the rules and regulations of the Securities and Exchange Commission (the "SEC") and such additional regulatory or listing requirements as the Board may determine to be applicable or appropriate, and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

### **Meetings**

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than annually. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The Committee may establish its own meeting schedule, which it will provide to the Board. The Committee may invite other Board members, members of management or others to attend Committee meetings and provide pertinent information on the issues being considered, as the Committee may request. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the members of the Committee shall represent a quorum, and if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee. Any actions taken by the Committee during any period in which one or more members fail for any reason to meet the membership requirements set forth above shall be nonetheless duly authorized actions of the Committee for all corporate purposes.

The Committee shall regularly report its actions to the full Board and keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company.

### **Duties and Responsibilities**

The following functions shall be the common recurring activities of the Committee in carrying out its

responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes set forth in this Charter.

#### *Corporate Governance Generally*

- Review periodically the Company's Code of Business Conduct and Ethics and the Company's corporate governance principles approved by the Board to ensure that they remain relevant and are being complied with and recommend changes to the Board as necessary.
- Review proposed changes to the Company's Certificate of Incorporation and By-Laws and make recommendations to the Board.
- Determine the manner in which stockholders may send communications to the Board (as a whole or individually), as well as the process by which stockholder communications will be relayed to the Board and what the Board's response, if any, should be.
- Review periodically the succession planning for the Chief Executive Officer and other executive officers, report its findings and recommendations to the Board and work with the Board in evaluating potential successors to these executive management positions.
- Review governance-related stockholder proposals and recommend Board responses.
- Oversee compliance by the Board and its committees with applicable laws and regulations, including those promulgated by the SEC.

#### *Board Composition, Evaluation and Nominating Activities*

- Oversee the Board evaluation process, including conducting periodic evaluations of the performance of the Board as a whole and each Board committee and evaluating the performance of Board members eligible for re-election.
- Review and make recommendations to the Board regarding the composition and size of the Board and determine the relevant criteria (including any minimum qualifications) for Board membership, including issues of character, integrity, judgment, diversity, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of the Company's business, other commitments and the like.
- Establish procedures for the submission of candidates for election to the Board (including recommendations by stockholders of the Company).
- Establish procedures for identifying and evaluating nominees for Director.
- Review and recommend candidates for election to the Board at the annual meeting of stockholders in compliance with the Company's policies and procedures for consideration of Board candidates.
- Identify, consider and recommend candidates to fill new positions or vacancies on the Board; in performing these duties, the Committee shall have the sole authority, at the Company's

- expense, to retain and terminate any search firm to be used to identify Board candidates and shall have the sole authority to approve the search firm's fees and other retention terms.
- Review the disclosure included in the Company's proxy statement regarding the Company's nomination process.
  - Make recommendations for continuing education of Board members.

#### *Board Committees Activities*

- Periodically review the composition of each Board committee and make recommendations to the Board for the creation of additional Board committees or the change in mandate or dissolution of Board committees.
- Recommend to the Board persons to be members of the various Board committees.

#### **Delegation of Authority**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee or one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation or listing standard to be exercised by the Committee as a whole.

#### **Evaluation**

The Committee shall review the adequacy of this Charter on an annual basis and recommend any proposed changes to the Board. The Committee shall also engage in an annual self-assessment with the goal of continuing improvement.

#### **Investigations and Studies; Outside Advisers**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may, at the Company's expense, retain, hire and obtain advice, reports or opinions from such internal or external legal counsel or other consultants or advisers as it deems necessary.

While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter, and any amendments thereto, shall be displayed on the Company's website and a printed copy of such shall be made available to any stockholder of the Company who requests it.

#### **Compensation**

Members of the Committee shall receive such fees, if any, for their serve as Committee members as may be determined by the Board in its sole discretion.