

# **RAND CAPITAL CORPORATION**

## **GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHARTER**

(v 3-3-20)

#### **Purpose of the Committee**

The Committee will carry out the responsibilities delegated by the Board of Directors relating to providing leadership to the Board in the development and maintenance of an effective corporate governance structure and process. The Committee will also have responsibility the director nomination process and any related matters under federal securities laws.

#### **Composition: Delegation**

The Board of Directors shall, as appropriate, appoint and rotate the membership of this Committee, who shall serve for such term or terms as the Board shall determine. The Board may remove any member of the Committee at any time with or without cause. In appointing the members of the Committee, the Board of Directors shall comply with all laws, regulations and rules applicable with respect to the number and qualifications of such members; as such laws, regulations and rules may from time to time be modified or supplemented; provided, however, the number of members on the Committee shall not be less than three (3). Each member shall, as determined by the Board of Directors, be independent (as defined by NASDAQ Listing Rule 5605) and free of any relationship that would interfere with his/her exercise of independent judgment as a member of the Committee. One member of the Committee shall be appointed as the Chair by the Board.

To the extent permitted by applicable laws, regulations and rules, the Committee may delegate any of its responsibilities to a subcommittee.

#### **Meetings**

The Committee shall meet at least two (2) times each year at such places and times as it deems necessary to fulfill its responsibilities. Meetings of the Committee may be called by the Chairman of the Board of Directors, the Chairman of the Committee or a majority of the members of the Committee.

A majority of the members of the Committee may determine its action and fix the time and place of its meetings unless the Board shall otherwise provide.

The Committee may invite other Directors and guests to attend meetings, as appropriate. The Committee shall report to the Board on the proceedings of Committee meetings and make recommendations to the Board when appropriate.

#### **Responsibilities**

1. Annually review and assess the adequacy of the Charter of the Committee and submit any proposed changes to the Board of Directors for consideration.

2. Develop and recommend to the Board guidelines for corporate governance, including, among other things, provisions with respect to the qualifications and responsibilities of directors, the structure and responsibilities of Board committees and access of directors to the Corporation's executive officers and members of management of Rand Capital Management, LLC and independent advisors.
3. At least annually, the Committee should coordinate a discussion with the Board members during one of its executive sessions regarding the Board's performance. The Committee will also request each other Committee of the Board (currently just Audit) to review their individual Committee's performance, with the Chair of the respective Committee reporting such discussions directly to the Chair of the Governance and Nominating Committee.
4. The Committee is responsible for considering and making recommendations to the Board concerning the appropriate size, function, and membership of the Board including:
  - establishing criteria for Board membership, with criteria to cover, among other things, experience, skill set, diversity, and the ability to act on behalf of shareholders;
  - evaluate periodically the desirability of, and recommend to the Board, changes in the size and composition of the Board;
  - recruiting, and considering Board candidates who may be proposed by any director or executive officer of the Corporation, or by any shareholder if the proposal is made in accordance with the Corporation's certificate of incorporation, by-laws, and applicable laws and regulations;
  - conducting the appropriate inquiries into the backgrounds and qualifications of possible candidates for Board positions;
  - recommending the director nominees for selection and approval by the Board and the shareholders,
  - monitoring that a majority of Board of Directors is composed of Independent Directors to comply with the NASDAQ and 1940 Act requirements; and
  - review and make recommendations to the full Board regarding the amount and type of compensation that shall be paid to the Corporation's non-employee Directors, taking into account compensation of Directors at comparable companies and such other factors as the Committee deems relevant.
5. Review, at least annually, membership of the Board committees and recommend to the Board which directors should be appointed to such committees, and their respective chairs.

6. Assure that Independent Directors meet at regularly scheduled executive sessions, without management at least twice per year.
7. The Committee should discuss its own performance on an annual basis.
8. Consider, discuss and make recommendations to the Board of Directors regarding the President/CEO position of the Corporation and the organizations structure.
9. **Outside Advisors** - The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a director search firm as necessary to assist with the execution of its duties and responsibilities as set forth in this charter. The Committee shall set the compensation and oversee the work of the director search firm. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel, an executive search firm, a compensation consultant and such other advisors as it deems necessary to fulfill its duties and responsibilities under this charter. The Committee shall set the compensation and oversee the work of its outside counsel, the executive search firm, the compensation consultant and any other advisors. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its search consultants, outside counsel, compensation consultant and any other advisors.
10. When appropriate, review periodically the executive officer succession plans relating to positions held by elected corporate officers, discuss with President and make recommendations to the Board with respect to the selection of persons to hold those positions.
11. The Chairman of the Committee should interact with the other Committee Chairs to discuss governance issues affecting the Corporation.
12. Annually review the Corporation's Board of Directors (Non-Interested) Business Ethics Policy Statement, Joint Code of Ethics and Code of Conduct application to all non-interested Directors demonstrating to investors Rand and management's ethical dealings in Rand matters as required by NASDAQ Rule 5610.
13. Annually review Insider Trading Policy for completeness and signatures.
14. Annually review the Business Continuity Plan.
15. Nothing in this Charter is intended to preclude or impair the protection provided in Section 717 of the New York Business Corporation Law for good faith reliance by members of the Committee on reports or other information provided by others.