

# COMMUNICATIONS SYSTEMS, INC.

## CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS<sup>1</sup>

### PURPOSE

The purpose of the Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Communications Systems, Inc. (the “Company”) shall be to facilitate the fulfillment by the Board of its corporate governance responsibilities. Subject to the Board’s ultimate responsibility for governance of the Company, the Committee shall recommend to the Board the nomination of individuals to serve as directors of the Company, recommend to the Board individuals to serve as members of the Board committees, advise the Board with respect to Board composition, procedures and committees, and provide advice and direction to the Board and the CEO on related corporate governance matters.

### COMPOSITION

The Committee shall consist of at least 2 members of the Board of Directors. All members of the Committee shall satisfy the independence requirements set forth in the listing standards of The NASDAQ Stock Market (“NASDAQ”), as amended from time to time, applicable to governance committee members.

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies on the Committee shall be filled by the Board. Unless the Chair is elected by the entire Board, the Committee’s Chair shall be elected by the Committee’s members.

### RESPONSIBILITIES

The Committee shall be charged with the following duties and responsibilities:

1. Evaluation and Approval of Nominees. The Committee shall evaluate the suitability of potential director nominees, and approve all director nominees for appointment by the Board, according to criteria for selecting new directors, including the possession of knowledge, experience, skills, expertise and diversity so as to enhance the Board’s ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or NASDAQ listing standards, and any other criteria as determined by the Committee. The Committee shall also receive, evaluate and approve nominees recommended by the Company’s shareholders, provided that the Committee determines that such shareholder is eligible to make the nomination under and follows the procedures set forth in the Company’s Bylaws.

2. Director Orientation and Education. The Committee shall establish the process of, and oversee, the training and orientation of new directors. The Committee shall also implement and oversee ongoing director education as appropriate.

---

<sup>1</sup> Adopted March 29, 2004; last amended June 1, 2008.

3. Review of Existing Board Composition. The Committee shall review annually the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise, diversity and independence required for the Board as a whole. The Board shall consist of a majority of independent outside directors.

4. Review of Board Committees Composition and Function. The Committee shall review and evaluate periodically the size, composition, and functions of each committee of the Board, including the identification of individuals qualified to serve as members of a committee, and make recommendations to the Board for any changes, including changes in membership, or the creation or elimination of committees. The Committee shall review at least annually the independence of Audit Committee members.

5. Special Committees. The Committee may recommend that the Board establish such special committees as may be desirable or necessary from time to time in order to address ethical, legal or other matters that may arise.

6. Governance Guidelines and Matters. The Committee shall develop and review periodically the corporate governance guidelines adopted by the Board to assure that they are appropriate for the Company and comply with the requirements imposed by law, regulation, or the NASDAQ listing standards, and recommend any desirable changes to the Board. The Committee shall also consider any other corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board.

7. Evaluation of the Board. The Committee shall be responsible for periodically overseeing the evaluation of the Board as a whole and of individual Directors who may be nominated to the Board. The Committee shall establish procedures to allow it to exercise this oversight function.

8. Annual Evaluation of the Committee. The Committee shall review, discuss and assess at least annually its own performance under this Charter. In addition, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall deliver to the Board the results of its evaluation, including any recommended amendments to this Charter.

9. CEO Oversight; Evaluation and Succession. While the Compensation Committee is responsible for reviewing the performance of the CEO for compensation purposes, the Committee will review and advise regarding the CEO's strategic direction for the Company and the CEO's strategic management of the Company and shall otherwise be responsible for guiding the Board's evaluation of the CEO. The Committee is also responsible for overseeing the CEO succession planning process.

10. Executive Sessions. The Committee is responsible for facilitating sessions of the Board of Directors without management present.

## **COMMITTEE OPERATIONS**

1. Meeting Schedule. The Committee shall hold such meetings as its members deem necessary or appropriate, but in any event not less than twice annually. Minutes of each meeting will be prepared and distributed to each member of the Board and the Secretary of the Company. The

Committee may meet in person or by telephone conference call or may act by unanimous written consent.

2. Agenda and Materials. The Committee Chairman shall approve the agenda for the meetings, and any member may suggest items for the Committee's consideration. Briefing materials shall be provided to the Committee as far in advance of a meeting as practicable.

3. Attendance at Meetings. The Committee may, in the discretion of its Committee Chairman, invite members of management to attend the Committee's meetings.

4. Executive Sessions. The Committee shall hold an executive session at each regularly scheduled meeting. During at least some portion of each executive session, no non-Committee member or member of management shall be present.

5. Voting. A majority of the Committee members shall constitute a quorum. Each Committee member shall have one vote and actions at meetings may be approved by a majority of the members present.

6. Reporting to the Board. At the Board of Directors meeting following each Committee meeting, the Committee Chair (or the Chair's designee) shall report to the full Board on the Committee's actions.

## **OUTSIDE ADVISERS**

The Committee may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary to carry out its responsibilities.

ADOPTED BY THE BOARD OF DIRECTORS: March 29, 2004.