

# **BLUE NILE, INC.**

## **CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

### **PURPOSE AND POLICY**

The primary purpose of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Blue Nile, Inc. (the “Company”) shall be to act on behalf of the Board in fulfilling the Board’s responsibilities to: (i) identify, review and evaluate candidates to serve as directors of the Company; (ii) evaluate the composition, performance and other aspects of the Company’s Board committees; (iii) make other recommendations to the Board regarding affairs relating to the directors of the Company; (iv) develop and review from time to time a plan of succession for key management; and (v) administer and oversee all aspects of the Company’s corporate governance functions on behalf of the Board.

The policy of the Committee, in discharging these obligations, shall be to select well-qualified director nominees, and develop and review a set of corporate governance principles that enhance the overall management of the Company and provide a basis for governance that serves the best interests of the Company’s stockholders in building long-term value.

### **COMPOSITION**

The Committee shall consist of at least two (2) members of the Board. No Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board, in accordance with the applicable independence requirements of The Nasdaq Stock Market (“Nasdaq”) and the rules and regulations of the Securities and Exchange Commission (“SEC”), including any exceptions permitted by such requirements.

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s Chairperson shall be designated by the Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee.

### **OPERATING PRINCIPLES AND PROCESSES**

In fulfilling its functions and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- *Communication* – Regular and meaningful contact with the Chairman of the Board, other committee chairpersons, members of senior management and independent professional advisors to the Board and its various committees, as applicable, is important shall be

encouraged as a means of strengthening the Committee's knowledge of relevant current and prospective corporate governance issues.

- *Committee Education/Orientation* – Developing with management and participating in a process for systematic review of important corporate governance issues and trends in corporate governance practices that could potentially impact the Company shall be encouraged to enhance the effectiveness of the Committee.
- *Information Needs* – The Committee members shall communicate to the Chief Executive Officer or his or her designees the Committee's expectations, and the nature, timing, and extent of any specific information or other supporting materials requested by the Committee for its meetings and deliberations.
- *Meeting Agendas* – Committee meeting agendas shall be the responsibility of the Committee chairperson with input from the Committee members and other members of the Board as well as, to the extent deemed appropriate by the chairperson, from members of senior management and outside advisors.

## **MEETINGS**

The Committee will hold at least one (1) regular meeting per year and additional meetings as the Committee deems appropriate. Meetings may be called by the Chairperson of the Committee or the Chairman of the Board.

## **MINUTES AND REPORTS**

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Chairperson of the Committee will report to the Board from time to time, or whenever so requested by the Board. In addition, the Chairperson of the Committee or his or her delegate shall be available to answer any questions the other directors may have regarding the matters considered and actions taken by the Committee.

## **AUTHORITY**

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have authority to retain, at the Company's expense, advice and assistance from internal and external legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties. The Company shall make available to the Committee all funding necessary for the Committee to carry out its duties, including, without limitation, the payment of such expenses. The Committee shall have authority to require that any of the Company's personnel, counsel, Auditors or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants. The Committee may form and delegate authority to subcommittees as appropriate.

## **RESPONSIBILITIES**

The operation of the Committee will be subject to the provisions of the Bylaws of the Company and Delaware General Corporation Law, each as in effect from time to time. The Committee shall oversee the Company's nomination and corporate governance matters as established below and shall report the results of its activity to the Board. The Committee's functions and procedures should remain flexible to address changing circumstances most effectively. To implement the Committee's purpose and policy, the Committee shall, to the extent the Committee deems necessary or appropriate, be charged with the following functions and processes with the understanding, however, that the Committee may supplement or (except as otherwise required by applicable laws or rules) deviate from these activities as appropriate under the circumstances:

- 1.** Establish criteria for membership on the Board and on committees of the Board, including standards for the independence of directors to serve on the Board and committees of the Board.
- 2.** Identify, evaluate, review and recommend qualified candidates to serve on the Board and on committees of the Board.
- 3.** Evaluate, review and determine whether to recommend, upon conclusion of their terms, existing directors for re-election to the Board.
- 4.** Consider recommendations for Board nominees and proposals submitted by the Company's stockholders. Recommend to the Board appropriate action on any such proposal or recommendation and make any disclosures required by applicable law in the course of exercising its authority.
- 5.** Establish any policies, requirements, criteria and procedures, including policies and procedures to facilitate stockholder communications with the Board.
- 6.** Evaluate at least annually the performance, authority, operations, charter and composition of each standing Board committee and the performance of each committee member and recommend any changes considered appropriate in the authority, operations, charter, number or membership of each committee.
- 7.** Develop and periodically review and revise as appropriate, a management succession plan and related procedures and consider and recommend to the Board candidates for successor to the Chief Executive Officer of the Company and, with appropriate consideration of the Chief Executive Officer's recommendations, candidates for successors to other executive officers, in each case when vacancies shall occur in those offices.
- 8.** Establish a process for the periodic review and assessment of the performance of the Board and Board committees and management, seeking input from senior management, the full Board and others, including whether, individually and collectively, the directors and management provide the skills and expertise appropriate for the Company.

**9.** Consider and assess periodically the independence of directors, including whether a majority of the Board are independent of management within the meaning prescribed by Nasdaq and whether the members of the standing committees of the Board meet the independence requirements of Nasdaq applicable to such committees.

**10.** Evaluate the need and, if necessary, develop and institute a plan or program for the continuing education of directors.

**11.** Develop a set of corporate governance principles applicable to the Company to be adopted by the Board, and periodically review and assess these principles and their application and recommend any changes deemed appropriate to the Board for its consideration.

**12.** Review and make recommendations to the Board regarding proposals submitted by shareholders that relate to corporate governance matters.

**13.** Recommend to the Board the establishment of such special committees as may be desirable or necessary from time to time in order to address ethical, legal, business or other matters that may arise.

**14.** Oversee and review the processes and procedures used by the Company to provide accurate, relevant and appropriately detailed information to the Board and its committees on a timely basis.

**15.** Periodically review, discuss and assess the performance of the Committee as well as the Committee's role and responsibilities, seeking input from senior management, the full Board and others and recommend any changes to the Board.

**16.** Oversee the Company's policies and practices regarding philanthropic and political activities and undertake such additional activities within the scope of its primary functions as the Committee may from time to time determine.