

**CNS, INC.**  
**GOVERNANCE COMMITTEE CHARTER**

**Purpose**

To ensure that the Board is effectively discharging its responsibility by establishing an appropriate structure for the governance of the Board and its committees, including the process of Director selection and setting goals and monitoring Board performance.

**Composition**

The Governance Committee shall consist of at least two members of the Board of Directors, all of whom shall be independent. A majority of the members of the Committee are necessary to constitute a quorum.

**Charter of Responsibilities**

The Governance Committee shall have the following responsibilities:

1. Develop and recommend to the Board the corporation's governance guidelines, review them annually, and make recommendations for changes to the Board.
2. Review, at least annually, the composition of the Board of Directors in terms of experience, expertise, and special knowledge required for the effective discharge of the Board's responsibilities.
3. In concert with the CEO, establish the criteria and the screening process for membership of the Board.
4. Review and make recommendations to the Board relative to the size of the Board.
5. Evaluate the suitability of potential director nominees and recommend director nominees to the Board of Directors for further appointment to the Board and election by the shareholders. Evaluate and approve nominees recommended by the Company's shareholders, provided that the Committee determines that such shareholder is eligible to make the nomination, and follows the procedures set forth in the Company's bylaws and otherwise complies with applicable law and regulations.
6. Evaluate annually the performance of the Board as a whole and of its committees.
7. Establish the process of and be responsible for new director training and orientation.
8. Recommend to the Board the number and nature of Board committees and review their charters and membership as required from time to time.
9. Review and approve management's processes to ensure compliance with professional conduct and best business practices.
10. Establish and administer a code of ethics for senior officers to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements. Grant waivers to senior officers from

such code of ethics when appropriate and in the best interest of the Company.

11. Approve any Company transactions in which a Company officer, director or 5% or greater shareholder or any affiliate of these persons has a direct or indirect material interest; not including employment of the Company's officers or the compensation of the Company's officers or directors. Report all such transactions to the Audit Committee.
12. Review the independence of each member of the Audit Committee at least annually and communicate with the Board of Directors regarding the qualifications of each Audit Committee member.

### **Frequency of Meetings**

The Governance Committee shall meet two times a year and as otherwise needed.