

**CPAC, INC.**  
**NOMINATING AND GOVERNANCE COMMITTEE CHARTER**  
**Effective February 9, 2004**

**Purpose**

The purpose of the Nominating and Governance Committee is to regularly monitor the effectiveness of management policies and decisions including the execution of the corporation's strategies in order to insure that the Corporation represents the owners' interests, including optimizing long term financial returns. In furtherance of this objective the Committee shall identify, consider and recommend qualified individuals to the Board for election as directors, including the slate of directors that the Board proposes for election by shareholders at the annual meeting.

**Duties and Responsibilities**

In furtherance of this purpose the Committee shall have the following authority and responsibility:

1. A. To review periodically with the Board the requisite skills and characteristics for new Board members as well as the composition of the Board as a whole. In recommending candidates, the Committee shall consider the candidate's mix of skills, experience with businesses and other organizations of comparable size, reputation, background and time availability (in light of anticipated needs), the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board and any other factors the Committee deems appropriate. At a minimum, the Committee shall address the following skill sets in evaluating director candidates: accounting or finance, business or management experience, industry knowledge, customer base experience or perspective, international marketing and business experience, strategic planning and leadership experience. In making its recommendations the Committee shall consider candidates proposed by the Chief Executive Officer and, within the bounds of practicality, by any other senior executive or any director or shareholder.
- B. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interest of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We endeavor to have a Board representing diverse experience at policy making levels in business, government, education and technology, and in areas that are relevant to the Company's worldwide activities.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors should consider offering their resignation in the event that significant change in their personal circumstances, including their health, family responsibilities, or a change in their principal job responsibilities, would preclude them from devoting sufficient time to carrying out their responsibilities effectively.

The Board does not believe that arbitrary term limits on director service are appropriate, nor does it believe that directors should expect to be renominated automatically. The contribution of each member as a member of a committee or the Board shall be evaluated each year by the Committee before his renomination is recommended to the Board.

- C. A majority of the directors will be independent directors as defined under the listing standard promulgated by the National Association of Securities Dealers, Inc. ("NASD"). These independent directors shall have regularly scheduled meetings without members of management being present, which meetings may, but need not be, held at the same time and place as regularly scheduled meetings of the Board.
  
- D. Shareholders wishing to directly nominate candidates for election to the Board of Directors at an annual meeting must do so by giving notice in writing to the chairman of the Nominating and Governance Committee, CPAC, Inc. PO Box 175, Leicester, New York 14481. The notice with respect to any annual meeting must be delivered to the chairman not less than 120 days prior to the anniversary of the preceding year's annual meeting. The notice shall set forth (a) the name and address of the shareholder who intends to make the nomination; (b) the name, age, business address and residence address of each nominee; (c) the principal occupation or employment of each nominee; (d) the class and number of shares of CPAC securities which are beneficially owned by each nominee and by the nominating shareholder; (e) any other information concerning the nominee that must be disclosed in nominees and proxy solicitations pursuant to Regulation 14A of the Securities Exchange Act of 1934; and (f) the executed consent of each nominee to serve as a director of CPAC if elected. Nominations submitted in accordance with the foregoing procedure will be considered and voted upon by the Nominating and Governance Committee. Any shareholder nominee recommended by the Committee and proposed by the Board for election at the next annual meeting of shareholders shall be included in the Company's proxy statement for such annual meeting.

2. To review and reassess periodically the adequacy of CPAC's existing Articles of Incorporation, By-Laws, corporate code of conduct and financial integrity program and corporate policies and to recommend any proposed changes to the Board for its approval.
3. To review this Charter annually and recommend any proposed changes to the Board for its approval.
4. To periodically review and make recommendations to the Board regarding new director orientation and education as well as recommendations regarding continuing education of directors.

## **Committee Membership**

The Committee shall be comprised of three or more directors, each of whom is, in the judgment of the Board, "independent" under listing standards of the National Association of Securities Dealers, Inc. Members of the Committee shall be appointed by the full Board. The Committee members will be listed in the proxy statement delivered to shareholders in connection with the annual meeting of shareholders.

## **Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including full access to CPAC employees and officers and internal or external advisers and consultants. If a search firm is engaged by or on behalf of CPAC to identify director candidates, or if a consulting firm is engaged by or on its behalf to assist the Committee with respect to corporate governance principles, the Committee shall have sole authority to retain and terminate any such firm, including sole authority to approve the firm's fees and other retention terms.

## **Committee Structure and Operation**

The Board shall designate one member of the Committee as its chair. The Committee may meet in person or telephonically to act by unanimous written consent. The Committee chair, in consultation with Committee members, shall determine the scheduled meetings of the Committee. Further meetings shall occur, or matters be submitted for action by unanimous written consent, when deemed necessary or desirable by the Committee, its chair, or the chairman of CPAC. The scheduling of meetings shall be the responsibility of the Committee chair. The Committee chair, who may consult with management or other Committee members, shall develop the Committee's agenda for its meetings. Where practicable, materials should be distributed to Committee members prior to each Committee meeting.

## **Attendance**

The Committee chair may invite such members of management to the Committee's meetings as he or she may deem desirable or appropriate.

## **Shareholder Communications**

The Committee shall insure that CPAC's chief executive officer together with other senior management maintain effective communications with our shareholders, and that shareholder communication mechanisms have been established so that shareholders are able to communicate with the independent directors as a whole or the chairman of the Nominating and Governance Committee individually as follows:

- e-mail to the independent directors; or
- regular mail addressed to CPAC Independent Directors c/o CPAC, Inc., P.O. Box 175, Leicester, New York 1448, Attention: Robert Oppenheimer.

The chair of the Nominating and Governance Committee shall monitor the process by which the shareholder communications are answered or where appropriate forwarded to the appropriate committee(s), or independent director(s) and facilitate an appropriate response.