

**FORWARD INDUSTRIES, INC.  
NOMINATING AND GOVERNANCE COMMITTEE  
CHARTER**

**I. GENERAL STATEMENT OF PURPOSE**

The Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Forward Industries, Inc. (the “Company”) is established for the purposes of (i) assisting the Board in its selection of individuals as nominees for election to the Board at meetings of the Company’s shareholders and to fill any vacancies or newly created directorships on the Board, (ii) proposing candidates for membership of committees of the Board, and (iii) assisting the Board in its oversight of the corporate governance of the Company and its subsidiaries.

**II. COMMITTEE COMPOSITION**

- A. **Number and Independence.** The number of individuals serving on the Committee shall be fixed by the Board from time to time but shall consist of no fewer than two members, each of whom shall (i) be a director of the Company, (ii) be “independent” of the Company in accordance with the rules and regulations of The Nasdaq Stock Market (“Nasdaq”) and the Securities and Exchange Commission (the “SEC”), subject to Nasdaq Marketplace Rule 4350(c)(4)(C), and (iii) otherwise qualify under applicable rules and regulations. Independent Committee members shall be free of any relationship that, in the opinion of the Board, excluding the vote of any interested director, would interfere with their exercise of independent judgment as Committee members.
- B. **Appointment and Removal.** The members of the Committee shall be appointed annually by the Board and shall serve until their successors are duly elected and qualify or their earlier resignation or removal. Any member of the Committee may be replaced or removed by the Board at any time with or without cause, provided that the composition of the Committee after giving effect to such action complies with the terms of this Charter. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies may be filled by the Board, subject to the requirements of paragraph II A hereof, based on nominations of the Committee.
- C. **Chairperson.** The Board shall designate one member of the Committee to serve as its Chairperson.

**III. MEETINGS**

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, but not less frequently than twice each year, in conjunction with regularly

scheduled meetings of the Board, and otherwise as necessary. The Committee may meet and act in any manner permitted to Boards of Directors under the New York Business Corporation Law. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. In the case of a tie vote, the Chairman's vote shall be decisive. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

##### **A. Authority and Responsibilities Relating to Nominations**

###### **1. Establish and Review Criteria for Board and Committee Membership.**

a. Criteria. The Committee shall develop and revise as appropriate criteria for Board and committee membership, taking into consideration the Board's current composition, including expertise, diversity, balance of management and non-management directors, independence and other qualifications required or recommended by Nasdaq, the SEC, and any applicable Company policies or procedures, and the general qualifications of potential nominees, including, but not limited to:

- i. Integrity and honesty;
- ii. Ability to exercise sound, mature and independent business judgment in the best interests of the Company's shareholders as a whole rather than special groups or constituencies;
- iii. Background and experience in manufacturing, wholesale or distribution operations, finance, marketing or other areas of expertise complementing the talents and experience of other Board members;
- iv. Willingness and capability to commit time and effort required to actively participate in meetings of the Board and its committees and related activities (considerations to include current employment status and membership on any other company boards and committees);
- v. Ability to work professionally and effectively with other Board members and Company management;
- vi. Availability to remain on the Board for a sufficient time period to effectively contribute to the Company;
- vii. Absence of material relationships with competitors or other third parties that could present realistic possibilities of conflict of interest or legal issues;
- viii. Number of boards and committees on which a potential nominee serves and
- ix. Any other criteria deemed relevant by the Committee at the time.

b. Assessment. Annually reassess the adequacy of such criteria.

###### **2. Identify, Evaluate and Select Director Nominees.**

a. Evaluation. As necessary, actively seek out, identify and evaluate through the use of questionnaires, interviews and other investigatory methods the suitability of potential nominees for membership on the Board under the criteria developed by the Committee. The Committee shall develop lists of desirable director nominees and share information concerning potential nominees and the process with the Board and may solicit input from other Board members, management, shareholders, and other sources, and may make its own inquiries. All potential nominees for membership on the Board must first be considered by the Committee before being contacted as possible nominees and before being recommended to the Board.

b. Search Firms. Retain and terminate any search firm that is to be used by the Company to assist in identifying director candidates and determine terms, costs and fees for such engagements;

c. Inquiries. Ensure all necessary and appropriate inquiries are made into candidate backgrounds.

d. Recommendations. (A) Recommend to the Board the number and names of proposed qualified nominees for election as director at each annual meeting of shareholders (or special meeting of shareholders, as the case may be), and in the case of a vacancy on the Board (including as a result of an increase in the size of the Board), the name of an individual to fill the vacancy. In making such recommendations, the Committee should endeavor to assure that the Board contains a majority of directors who meet the independence requirements of Nasdaq. (B) The Committee shall recommend to the Board the names of proposed qualified director nominees for appointment to its committees, including the Committee.

### 3. Evaluate and Monitor Unsolicited Recommendations.

1. Procedures. Establish and maintain procedures for the submission of unsolicited recommendations for Board nominees (including those received from shareholders, if any, in accordance with applicable Company policies and requirements of law, using the same selection criteria the Committee uses to evaluate other potential nominees), including appropriate deadlines and the type of information to be provided with such recommendations.
2. Consideration. Consider and evaluate any nominations of director candidates made in accordance with such procedures.

## **B. Authority and Responsibilities Relating to Corporate Governance**

1. Shareholder Communications. The Committee shall from time to time assess the effectiveness of the Company's Shareholder Communications Policy and shall recommend for approval by the Board such amendments thereto as the Committee deems appropriate.

2. Related Transactions.

a. The Committee shall review and report to the Board regarding any questions of possible conflicts of interest and related transactions involving Board members or members of senior management of the Company, including, but not limited to related party transactions required to be disclosed pursuant to Item 404(a) of Regulation S-K promulgated by the SEC, as well as transactions referred to in Item 404(b) of Regulation S-K. In this regard, (i) each Committee member shall undertake to keep the Committee informed as to possible conflicts and related transactions of which he or she becomes aware and (ii) the Committee shall avail itself of the resources and authority conferred in Article VI of this Charter by, among other things, requesting management or other interested parties to meet with the Committee.

b. The Committee shall from time to time develop policies and procedures for the identification, review, approval, or ratification of transactions with related persons (as such terms are defined in Item 404(a) of Regulation S-K, as it may be amended, or any successor provision thereto) that are reportable under Item 404, including, among other things, the types of transactions covered and the persons on the Board or otherwise who are responsible for applying such policies and procedures,

3. Board Performance. The Committee shall periodically review, discuss, and assess the performance of the Board, including Board committees, seeking input from senior management, the full Board, and others. The assessment shall include overall Board composition and make-up, including the re-election of current Board members.

4. Committee Structure. The Committee shall review the Board's committee structure and recommend to the Board for its approval directors to serve as members of each committee. The Committee shall make recommendations to the Board regarding qualifications, appointments and removal of committee members, including the Committee.

5. Governance Principles. The Committee shall develop and recommend to the Board for its consideration a set of corporate governance principles to be applicable to the Company; and shall periodically review, assess, and recommend to the Board for its consideration any changes deemed appropriate. In this regard, the Committee shall monitor compliance with, and recommend such changes as the Committee deems appropriate with respect to, the Company's Code of Business Conduct and Ethics.

## V. COMMITTEE MATTERS.

The Committee shall:

- A. **Charter.** Review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.
- B. **Reports; Evaluation.** Make regular reports to the Board (at least once annually) concerning areas of the Committee's responsibility by either submitting the minutes of all meetings of the Committee to the Board or discussing matters covered at each such meeting with the Board. The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall be conducted in such manner as the Committee deems appropriate. The report to the board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee so designated.
- C. **Listing Requirements.** Periodically and at least annually, review the Company's compliance with (i) Nasdaq's listing requirements and (ii) proxy disclosure with respect to the nominations process and report to the Board regarding same.
- D. **Subcommittee.** The committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee, provided that applicable laws and regulations so permit.
- E. **Other.** Perform any other activities consistent with this Charter, the Company's Bylaws and policies and procedures and applicable laws, rules and regulations, as the Committee deems necessary or appropriate or as the Board expressly delegates to the Committee.

## VI. AUTHORITY AND RESOURCES

The Committee shall have the authority and resources to:

- A. Determine funding for ordinary administrative expenses of the Committee;
- B. Meet and consult with the Chairman of the Board, the Chief Executive Officer and other members of management as appropriate in the exercise of its authority;
- C. Request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Committee or meet with any members of or advisors to the Committee; and

- D. Engage legal, accounting or other advisors to provide the Committee with advice and information in connection with carrying out its responsibilities and determine terms, costs and fees for such engagements. The Company shall bear any and all costs and fees of the Committee in performing its duties hereunder.
- E. Discharge its duties and responsibilities under this Charter.
- F. From time to time propose amendments to this Charter to the Board.