

## **A. O. SMITH CORPORATION**

### **NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

#### **Purpose**

The purpose of the Nominating and Governance Committee (the “Committee”) is to provide assistance to the Board of Directors (“Board”) in identifying qualified individuals to become Board members, in providing direction as to the independence of directors, in determining the composition of the Board and its committees, in monitoring a process to assess Board effectiveness, in developing and implementing the Corporate Governance Guidelines and advising the Board on corporate governance matters.

#### **Composition of the Committee**

The Committee will be annually appointed by the Board and will consist of at least 2 directors all of whom in the judgment of the Board of Directors will be independent, unless and to the extent the Board elects to exempt one or more Directors under the “Controlled Company” exemption as it deems appropriate. Any such exemption will be disclosed in the proxy statement. The Chairperson of the Committee shall be designated by the Board. The Board may at any time remove one or more directors as members of the Committee.

#### **Authority and Responsibilities**

In furtherance of its purpose, the Committee will have the following authority and responsibility:

1. Establish the general criteria to be considered when selecting candidates for the Board, which are attached as Appendix A, and to periodically review and amend the criteria as the Committee deems appropriate.
2. Coordinate the search for individuals qualified to become members of the Board. As part of this process, the Committee will review the qualifications of candidates for Board membership, including any candidates recommended by shareholders. The Committee will make recommendations as to nominees for approval by the Board and by the shareholders at the Company’s annual meeting of shareholders, or by the Board in the interval between annual shareholder meetings.
3. Recommend to the Board the standards for determining director independence, consistent with the New York Stock Exchange rules and other

legal or regulatory corporate governance requirements. Further, the Committee will review both these requirements and the individual circumstances of Board members on a periodic basis, no less frequently than annually, and make recommendations to the Board as it may deem appropriate concerning the on-going independence of Board members.

4. Review the independence of compensation consultants, legal counsel and other advisors to the Personnel and Compensation Committee (“PCC”) of the Board, taking into consideration factors relevant to the independence of such advisors under New York Stock Exchange (“NYSE”) requirements and other applicable laws and regulations, and make recommendations to the PCC as to the advisor’s independence prior to the PCC selecting any such advisor.
5. Review the Board’s committee structure, functions and composition, and make such recommendations to the Board as the Committee deems appropriate. Specifically, on an annual basis the Committee will review and recommend committee slates; on an on-going basis the Committee will recommend appointments to fill vacancies, and the removal of members, as necessary. Further, the Committee will confirm that each committee of the Board has a charter in effect and that each charter is reviewed at least annually by its committee.
6. Review and recommend to the Board the compensation to be paid to directors for their services as directors, committee members and committee chairpersons.
7. Make recommendations to the Board regarding the Board’s composition, size and the structure of its Board meetings, as appropriate from time to time.
8. Develop and recommend to the Board for its approval a set of Corporate Governance Guidelines. The Committee will periodically review and, as appropriate, recommend changes to the Guidelines for Board approval.
9. Evaluate the Company’s compliance with the corporate governance requirements. The Committee will recommend to the Board such additional corporate governance actions as the Committee may deem appropriate from time to time.
10. Review on an annual basis the Board’s approach to, and delegation to committees of, the Board’s oversight of Company risks.
11. Develop and recommend to the Board for its approval an annual self-evaluation process regarding the performance of the Board and each of its committees. The Committee will oversee the annual self-evaluations.

12. Review on an annual basis compliance with the “Conflicts of Interest/Affiliations Involving Directors and Immediate Family Members” policy found in Article III of the Corporate Governance Guidelines. In connection with this review, all directors shall deliver to the Committee an annual director and officer questionnaire disclosing any reporting obligations that a director has under this policy and, no less than quarterly, provide an update with respect to any changes. The Committee will report its findings to the Board after completing its review.
13. Oversee the Company’s response to, and make recommendations to the Board regarding, the outcome of advisory shareholder votes on the compensation of certain executive officers of the Company (the “Say On Pay” vote) and the frequency of Say on Pay Votes (the “Say When on Pay Vote”).
14. Make a recommendation to the Board regarding a desired frequency for the Say When on Pay vote, if any, to be proposed to shareholders at the annual meeting at least once every six years in accordance with applicable law and requirements of the Securities and Exchange Commission and the New York Stock Exchange.

The Committee will have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. The Committee may retain independent legal counsel for advice and assistance as it deems appropriate.

Further, the Committee will have the authority to retain a search firm to assist in the identification of director candidates, as the Committee may deem appropriate in its sole discretion. The Committee will have the sole authority to approve related fees and retention terms.

The Committee will report its actions and its recommendations to the Board after each Committee meeting and will conduct and present to the Board an annual performance evaluation of the Committee. The Committee will review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## APPENDIX A

UPDATED 2-13-17

### **CRITERIA FOR SELECTING BOARD OF DIRECTORS CANDIDATES OF A. O. SMITH CORPORATION**

In considering possible director candidates, the Nominating and Governance Committee (“Committee”) and the other directors should recognize that the contribution of the Board of Directors (“Board”) will depend not only on the individual character and capacities of the directors but also on their collective strengths. The Committee considers the needs of the Board and evaluates each recommended candidate in light of, among other things, the candidate’s qualifications. All candidates are reviewed in the same manner, regardless of the source of recommendation. The following criteria should be considered:

#### **The Board of Directors should be composed of:**

1. Directors who will bring to the Board a variety of experience and backgrounds.
2. Directors who are highly educated and have substantial senior management experience, industry-related experience and/or financial expertise, or other relevant experience, such as with government, charitable organizations or academic institutions. In particular, one or more directors should have such financial expertise as to qualify as an Audit Committee Financial Expert.
3. Directors who have diverse backgrounds and expertise so as to ensure that the Board has a wealth of experiences to inform its decisions. Consistent with this philosophy, and as part of each candidate search, the Committee shall review the composition of the Board to ensure it reflects the knowledge, experience, skills, and diversity, including diversity of gender and race, required for the Board to fulfill its duties; and take into consideration this review as it seeks new candidates.
4. Directors who together will represent the balanced, best interests of the shareholders as a whole and the interests of the Company’s stakeholders, as appropriate, rather than special interest groups or constituencies.
5. Directors who, given their backgrounds and experiences, provide the Board with a balanced approach in assessing risk and encouraging management to avoid unnecessary or excessive risk taking.

6. A majority of directors who are independent. A director is “independent” if he or she meets the requirements for independence set forth in the rules of the New York Stock Exchange and the Securities and Exchange Commission, as appropriate, for Board and, if applicable, committee participation.

### **Minimum Qualifications for Directors**

The qualifications of directors should, at a minimum, include the following:

1. Be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work collaboratively with others.
2. Be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
3. Possess substantial and significant experience which would be of value to the Company in the performance of the duties of a director.
4. The Board prefers that more than one member of the Audit Committee meet the definition of “Audit Committee Financial Expert.”
5. Should be independent. A majority of independent directors must be maintained at all times, while recognizing that it is appropriate for certain key members of the Company’s management to participate on the Board.
6. Have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director and be of an age that, if elected, the candidate could serve on the Board for at least five years before reaching the mandatory retirement age.