



TRANSEASTERN POWER TRUST

**CORPORATE GOVERNANCE AND
NOMINATING COMMITTEE CHARTER**

March 2014

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COMMITTEE CHARTER

1. GENERAL

The term “**Trust**” as used herein shall refer to the Transeastern Power Trust and include all of the direct and indirect subsidiaries of the Transeastern Power Trust, and the Transeastern Power Administrator Inc. (the “**Administrator**”), as the context so requires. The Administrator is the administrator of Transeastern Power Trust, and as such, the board of directors of the Administrator (the “**Board**”) is responsible for the stewardship of the affairs of the Trust and the Trust’s direct and indirect subsidiary entities.

The Board has established a Corporate Governance and Nominating Committee (the “**Committee**”), the primary role of which is to assist the Board develop and monitor the Trust’s approach to: (i) matters of governance and (ii) the nomination of directors to the Board.

2. COMPOSITION, PROCEDURES AND ORGANIZATION

The Committee shall consist of at least three members (the “**Members**”) of the Board, the majority of whom should be, in the determination of the Board, “independent” (as such term is defined in NI 58-101 – *Disclosure of Corporate Governance Practices*, as amended from time to time).

The Board, at its organizational meeting held in conjunction with each annual meeting of securityholders, shall appoint the Members for the ensuing year. The Board may at any time remove or replace any Member and may fill any vacancy in the Committee. Any Member ceasing to be a director shall cease to be a Member.

Unless the Board shall have appointed a chair of the Committee, the Members shall select a chair from amongst their number. The chair shall be “independent” and shall not have a second, or casting, vote in addition to the chair’s initial vote.

The Committee shall meet at such times and at such locations as the chair of the Committee shall determine. Any Member may request a meeting of the Committee.

3. DUTIES OF THE COMMITTEE

The duties of the Committee are as follows:

- (a) to develop and monitor the Trust’s overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects good standards of corporate governance practices and to continue to develop the Trust’s approach to corporate governance issues;

- (b) to undertake an annual review of corporate governance issues and practices as they affect the Trust and make a comprehensive set of recommendations to the Board during each calendar year;
- (c) to advise the Board or any committees of the Board of corporate governance issues which the Committee determines ought to be considered by the Board or any such committee;
- (d) to review with the Board on a regular basis but not less than annually, the Board Charter, the charter of each of the committees of the Board and the methods and processes by which the directors fulfill their respective duties and responsibilities, including without limitation:
 - (1) the number and content of meetings of the directors;
 - (2) the number of meetings of the independent directors at which members of Management are not present;
 - (3) the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
 - (4) material which is to be provided to the Board generally and with respect to meetings of the Board or its committees;
 - (5) resources available to the Board; and
 - (6) the communication process between the Board and management;
- (e) to recommend to the Board a system which enables a committee or an individual director to engage separate independent counsel and advisors at the expense of the Trust in appropriate circumstances and, upon the approval by the Board of such a process, to be responsible for the management and administration thereof;
- (f) to develop a position description for the executive chairman of the Board (the “**Executive Chairman**”) and to assess the performance of the Executive Chairman;
- (g) ensure an orientation and educational program for new directors in order to familiarize them with the business of the Trust, its management and professional advisers and its facilities as well as to inform such recruits of the contribution they are expected to make including, but not limited to, the commitment of time and energy that the Administrator expects from its directors;
- (h) to develop and implement a process for assessing the effectiveness of the Board, individual directors, Board committees and the chairs thereof and to report and make recommendations to the Board thereon;
- (i) to review the effectiveness of the charters of the Audit Committee and the Corporate Governance and Nominating Committee of the Trust as they relate to matters affecting governance;
- (j) to report annually to the Trust’s unitholders on the Trust’s approach to corporate governance;

- (k) to adopt and implement a communications policy for the Trust as well as a black-out policy for directors, executives and employees of the Trust;
- (l) to recommend to the Board for adoption a business code of conduct to ensure ethical behavior and compliance with laws and regulations, to monitor compliance with such code of conduct and to consider and, if deemed appropriate, provide waivers from compliance with the code;
- (m) from time to time, to provide education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Trust's business remain current;
- (n) to adopt a process to determine what competencies and skills the Board, as a whole, should possess given the nature of the business of the Trust;
- (o) to assess the competencies and skills of each existing director, with a view to assessing the Board as a whole for the purpose of, in part, facilitating effective decision making by the Board;
- (p) when required, to identify and recommend qualified individuals to become new members of the Board, giving due consideration to (i) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess; (ii) the competencies and skills that the board considers each existing director to possess; and (iii) the competencies and skills each new nominee will bring to the boardroom; and
- (q) to recommend the slate of directors to be nominated for election at the annual meeting of securityholders.

4. SELECTION CRITERIA FOR DIRECTORS

The Committee shall determine the appropriate criteria for selecting and assessing potential new members of the Board and shall select candidates for nomination to the Board accordingly. The Committee shall engage in the following activities to ensure an effective process for selecting candidates for nomination:

- (a) develop criteria for the selection of new directors;
- (b) identify the desired competencies, expertise, skills, background and personal qualities that are sought in potential candidates;
- (c) annually review these criteria to determine whether any amendments are required or whether there are any gaps in the skills of the existing directors;
- (d) identify and recommend individuals qualified and suitable to become directors, taking into consideration any identified gaps; and

- (e) maintain a list of suitable candidates for the Board.

The following characteristics are necessary for new candidates being considered for nomination, as well as for existing directors:

- (a) a reputation for integrity and ethical behaviour;
- (b) a demonstrated ability to exercise judgment and communicate effectively;
- (c) financially knowledgeable;
- (d) prominence in the individual's area of expertise;
- (e) previous experience relevant to the operations of the Trust; and
- (f) sufficient time to dedicate to Board and committee work.

5. OTHER CORPORATE GOVERNANCE AND NOMINATION MATTERS

In addition, the Board may refer to the Committee such other matters and questions relating to corporate governance and nomination as the Board may from time to time see fit.

6. ACCESS TO PERSONNEL & INFORMATION

The Committee shall have access to such officers and employees of the Trust, to the Trust's independent auditors and its legal counsel, to separate legal counsel and advisors and to such information respecting the Trust as it considers to be necessary or advisable in order to perform its duties and responsibilities.

7. DIRECTORS MAY REQUEST MEETING

Any director of the Administrator may request the chair of the Committee to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the chair of the Committee.

The times of and places where the meetings of the Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Committee.