

**Newfoundland and Labrador Hydro  
Corporate Governance Committee (“CGC”)  
June 29, 2006  
Item: Corporate Governance Committee Charter**



The purpose of this document is to identify potential roles and responsibilities for inclusion in the Charter of the newly created Corporate Governance Committee. The following is a summary of typical responsibilities of Corporate Governance Committee’s, benchmarked against the Corporate Governance Committee charter of three companies. The recommended course of action from the Corporate Governance Committee is included for each item.

Corporate Governance Committee Mandate	Aliant	CHC	Ontario Power Gen.	CGC Recommendations
Annually develop, and update a long-term plan for the composition of the Board of Directors that takes into consideration the current strengths, skills and experience of the Board, retirement dates and the strategic direction of the Company.	●	●	●	<ul style="list-style-type: none"> <li>❑ Develop matrix of functional, industry and other skills required.</li> <li>❑ Compare profile of current Board against desired skills matrix.</li> <li>❑ Board to provide input into Government selection of Directors based on the matrix of skills and experience as part of the Corporation’s Shareholder Relations efforts.</li> </ul>
Review, monitor, and make recommendations regarding new Director orientation and the ongoing development of existing directors.	●		●	<ul style="list-style-type: none"> <li>❑ Review and update current Director Orientation binder as necessary.</li> <li>❑ Ensure the orientation includes elements that address the Corporation’s safety program, corporate governance and strategic planning.</li> <li>❑ Ensure orientation program is linked to the matrix of required skills and experience.</li> <li>❑ Have each Committee develop an orientation for its new members.</li> </ul>

				<ul style="list-style-type: none"> <li><input type="checkbox"/> Consider registering Directors as members of the Institute of Corporate Directors.</li> <li><input type="checkbox"/> At each meeting have a Manager provide the Board with an overview of a specific area of Hydro.</li> </ul>
Recommend, for Board approval, a Code of Business Conduct and Ethics, applicable to directors, officers, and employees of the corporation, constituting written standards that are reasonably designed to deter wrongdoing, and monitor compliance with the Code.	●	●		<ul style="list-style-type: none"> <li><input type="checkbox"/> Review existing policies and update/revise to develop a Code of Business Conduct and Ethics</li> </ul>
Recommend to the Board an appropriate evaluation process for the Board as a whole, its Committees and Directors individually.	●	●	●	<ul style="list-style-type: none"> <li><input type="checkbox"/> Consider deferring development and implementation of the evaluation process for 12-18 months to allow results of governance review to be implemented for a year.</li> <li><input type="checkbox"/> Benchmark the practices of other organizations.</li> </ul>
Recommend to the Board the remuneration and benefits to be provided or paid to Directors.	●		●	<ul style="list-style-type: none"> <li><input type="checkbox"/> Prepare an analysis of Directors fees for progressive public sector organizations and for public companies of a similar size and level of complexity.</li> </ul>
Function as a forum for concerns of individual Directors about matters that are not readily or easily discussed at full Board meetings.	●			<ul style="list-style-type: none"> <li><input type="checkbox"/> Recommend that in-camera sessions be included in the mandates of the Board and each Committee.</li> </ul>
Review and approve any public disclosures included in the annual report or other public documents regarding the	●	●	●	<ul style="list-style-type: none"> <li><input type="checkbox"/> Ensure that the mandates of the Board and each Committee include responsibility</li> </ul>

<p>corporate governance of the Corporation.</p>				<p>for reviewing any public disclosures related to the activities of the Committee.</p>
<p>Recommend to the Board the members and/or Chairs to serve on the various committees.</p>	<p>●</p>		<p>●</p>	<ul style="list-style-type: none"> <li>❑ Coordinate this activity with the Board skills matrix and input provided to Government regarding director selection.</li> </ul>
<p>Review the terms of reference for the Board of Directors, the committees of the Board and the Chairman and CEO.</p>	<p>●</p>		<p>●</p>	<ul style="list-style-type: none"> <li>❑ Ensure the Board mandate is reviewed and approved by the Shareholder prior to finalizing.</li> <li>❑ Annually solicit input from the Board and Committee's on changes necessary to their respective mandates.</li> <li>❑ Annually review and recommended changes to Board and Committee mandates to the Board.</li> </ul>
<p>Annually, be responsible for overseeing the implementation of the assessment process approved by the Board, and report to the Board with the results of its assessment of Board and Committee performance.</p>	<p>●</p>		<p>●</p>	<ul style="list-style-type: none"> <li>❑ The Committee recommends that they coordinate this process annually, in conjunction with the last meeting of the year.</li> </ul>
<p>Review the Directors and officer's liability insurance coverage.</p>	<p>●</p>			<ul style="list-style-type: none"> <li>❑ Move this to the Audit Committee mandate.</li> <li>❑ Benchmark the existing D&amp;O insurance coverage against that of other crown corporations and public companies of similar size and complexity.</li> <li>❑ Annually at the January/February meeting review the</li> </ul>

				appropriateness of the D&O coverage and provide input into the annual insurance renewal process.
Monitor current developments in corporate governance and make recommendations to the Board as necessary.		●	●	<input type="checkbox"/> Annually management will provide a summary to the Committee of current developments in the area of corporate governance.
The committee shall make recommendations to the Board with respect to the independence criteria for Board members.		●		<input type="checkbox"/> Management to develop a summary of best practices with regard to Director independence in leading crown corporations. <input type="checkbox"/> Incorporate director independence into the director skills matrix.