

## **WGL HOLDINGS, INC.**

### **CHARTER OF THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS**

**As amended Effective November 15, 2012**

#### **Membership, Election, Chair**

Members of the Human Resources Committee (the "Committee") will be elected each year by the full Board of Directors of WGL Holdings, Inc. (the "Company"). The full Board of Directors (the "Board") will also designate one Committee member to serve as Chair of the Committee. The Board may change Committee membership at any time, including changes required by occurrence of a vacancy in the Committee, a change in the number of Committee members or removal of a Committee member by the Board.

The Committee shall consist of not less than three members of the Board. Members of the Committee shall be:

- "Independent" as defined in the listing standards of the New York Stock Exchange.
- A "non-employee director" within the meaning of Rule 16b-3 promulgated under the Securities and Exchange Act of 1934, as amended, and
- An "outside director" within the meaning Section 162(m) of the Internal Revenue Code of 1986, as amended.

#### **Member Independence**

In evaluating the independence of any director who may serve on the Committee, the Board and Committee must consider all factors relevant to determining whether a director has a relationship with the Company that is material to that director's ability to be independent from management in connection with performing the duties of a Committee member. These factors include, but are not limited to:

- (i) the source of the director's compensation, including any consulting, advisory or other compensatory fees paid by the Company; and
- (ii) whether the director has an affiliate relationship with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

In appointing members to the Committee, the Board will keep in mind whether an individual:

- Has sufficient time to commit to service on the Committee;

- Has experience with setting compensation policies, procedures and programs and in the review and administration of executive and director compensation programs;
- Has a strong understanding of financial performance measurement and related financial theory; and
- Brings skills and abilities not otherwise possessed by other Committee members that would aid the Committee in the execution of its duties and responsibilities.

### **Committee Meetings, Quorum, Invitees**

Regular meetings of the Committee will be called according to the schedule approved by the Committee for the year. Any member of the Committee, a majority of Board members, and the Chairman of the Board of the Company may also request the Chair to convene a meeting of the Committee. Committee members may attend meetings of the Committee by means of conference telephone call.

Attendance by a majority of the Committee members shall constitute a quorum for transaction of business of the Committee. The Committee may also act by unanimous written consent.

Directors who are not members of the Committee and other invitees may attend Committee meetings at the invitation of the Chair of the Committee. However, it is the Committee's intent to maintain regular executive sessions at which executives, management representatives, third-party service providers and other non-Committee members generally will be excluded.

The Chief Executive Officer and the Corporate Secretary will be the management liaisons to the Committee and will prepare a preliminary agenda for regularly scheduled meetings. The Committee Chairman will make the final decision regarding the agenda for regularly scheduled meetings and will develop the agenda for special meetings based on the information supplied by the party(ies) requesting the special meeting.

The Corporate Secretary will coordinate all mailings to the Committee members to the extent practicable.

The agenda and all materials to be reviewed at the meetings will be received by the Committee members as far in advance of the meeting day as practicable.

The Committee may delegate authority to act upon specific matters within specified parameters to a subcommittee consisting of one or more members, or to management. Any such delegates shall report any action to the full Committee at its next meeting.

The Committee will keep a record of its actions and proceedings and make reports regarding such on a regular basis to the Board.

## **Committee Purpose**

The Committee's purpose is to discharge the Board's responsibilities relating to compensation of the Company's executives, and to produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations. In addition, the Committee shall discharge other responsibilities as may be assigned to it by the full Board of Directors.

## **Committee Duties and Responsibilities**

The primary responsibilities of the Committee are to:

- (1) review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer of the Company ("CEO"), to evaluate the CEO's overall performance and have sole authority to determine the CEO's compensation level based on this evaluation;
- (2) make recommendations to the Board with respect to board compensation and the compensation of all officers incentive compensation plans and equity-based plans including the number of shares for which shareholder approval will be requested for use in such plans;
- (3) prepare the disclosure required by Item 407(e)(5) of Regulation S-K promulgated under the Securities and Exchange Act of 1934, as amended;
- (4) review and discuss with management the Compensation Discussion and Analysis ("CD&A") and based upon such review and discussion, determine whether to recommend to the Board that the CD&A be included either in the Company's annual report on Form 10-K or its annual meeting proxy statement;
- (5) make recommendations to the Board with respect to the adoption of executive and director share ownership guidelines and monitor compliance with any adopted guidelines;
- (6) make recommendations to the Board with respect to the adoption of severance or employment agreements (including, but not limited to, agreements which provide benefits in connection with a change in control of the Company); and
- (7) conduct an annual performance evaluation of the Committee.

The Committee may also serve as administrator for certain compensation plans ("plans"), as determined by the Board. As administrator, in accordance with provisions of the plans, the Committee may have responsibility to set and evaluate performance targets and make short-term and long-term grants of cash or equity-based compensation, including, but not limited to, qualified and non-qualified stock options, performance shares and performance units. Amendments to plans which do not require approval of shareholders or the Board may be approved by the Committee.

In addition, the Board may determine that the Committee shall also carry out other functions and responsibilities from time to time. Committee procedures for carrying out these responsibilities are outlined below in this charter.

### **Authority to Retain and Oversee Advisers**

The Committees shall have broad authority, in its sole discretion, to engage, retain or obtain the advice of any compensation consultant, legal counsel or other adviser (as used herein, "Adviser") to assist in the performance of its functions. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Adviser retained by the Committee. The costs and fees of any such Adviser will be paid by the Company.

### **Adviser Independence**

Before engaging an Adviser, the Committee must consider all relevant independence factors relating to the Adviser, including, but not limited to:

- (i) The provision of other services to the Company by the Adviser's employer;
- (ii) The amount of fees received from the Company by the Adviser's employer, as a percentage of the total revenue of the Adviser's employer;
- (iii) The policies and procedures of the Adviser's employer that are designed to prevent conflicts of interest;
- (iv) Any business or personal relationship of the Adviser with a member of the Committee;
- (v) Any stock of the Company owned by the Adviser; and
- (vi) Any business or personal relationship of the Adviser or the Adviser's employer with an officer of the Company.

The Committee shall exercise its own judgment in the fulfillment of its duties and is not required to implement or act consistently with the advice or recommendations of any Adviser. Further, the Committee need not engage in an analysis of these adviser independence factors before consulting with or obtaining advice from in-house legal counsel.

At least annually, the Committee shall assess the independence of any compensation consultant who has performed services for the Committee taking into account such factors as required by the Securities and Exchange Commission and applicable law and such other factors as the Committee determines are relevant.

## **Committee Procedures: Compensation and Benefits**

The Committee will follow such procedures as it deems reasonable and appropriate in evaluating the compensation and benefits of officers and directors of the Company. These include:

- Submitting all equity plans to shareholders for approval.
- Reviewing total compensation market data on similar companies at least biannually.
- Having a detailed executive compensation philosophy as a guide for management proposals and Committee approvals.
- Consulting with an Adviser in determining reasonable and appropriate levels of compensation for officers of the Company and for service on the Board.
- Assessing whether any of the Company's compensation policies and practices give rise to risks that are reasonably likely to have a material adverse effect on the Company at least annually.
- Pursuant to the Company's Related Person Transaction Policy, consider any Related Person Transaction that may involve compensation of officers.

Total compensation levels for each Company officer shall be set at levels which are reasonable, fair and competitive with executives with similar experience and responsibility in the relevant market. The Committee will seek to align officer compensation with the interests of the Company's shareholders. To the extent deemed appropriate by the Committee, the Committee will recommend base salary, short-term incentives, long-term incentives and other benefits for each officer.

The Committee will receive and consider recommendations from the CEO regarding compensation levels and components for officers except himself or herself. Individual and corporate performance factors will be considered by the Committee in its evaluation of appropriate levels of compensation for each officer.

Compensation of the CEO will be considered by the Committee in light of overall corporate goals and achievements as well as the CEO's individual performance. The Committee will obtain the advice of an Adviser in setting the compensation levels and components for the CEO.

In determining the long-term incentive component of CEO compensation, the Committee shall consider factors it deems relevant such as: the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.

Any equity-based and incentive-based compensation plans will be reviewed by the Committee for recommendation to the Board. The Board may designate the Committee to serve as administrator of these and other compensation plans for the Company.

The Committee will from time to time consider adjustments to compensation for members of the Board. In considering changes in compensation levels, the Committee may obtain the advice of one or more Advisers.

### **Committee Procedures; Succession Planning**

In consultation with the CEO, the Committee will consider succession planning for senior executives. In the course of succession planning, the Committee will consider the Company's long-term business strategies and the skills which are necessary for the Company's long-term success. The Committee will consider plans to identify and develop individuals to meet those anticipated business needs.

### **Committee Procedures: Reports**

Reports regarding executive compensation for use in the Company's proxy statements, Form 10-K and other similar public documents will be prepared or approved by the Committee. These reports shall conform to any applicable legal or regulatory requirements.

### **Committee Evaluation**

The Committee will meet at least once each year to evaluate the effectiveness of its performance for the year.

### **Charter Evaluation**

The Committee will review and assess the adequacy of this charter on an annual basis, and recommend any proposed changes to the Board.

### **Reports to the Board**

The Committee will report to the Board on its meetings at the Board meeting next following a meeting of the Committee.