

Effective September 25, 2013

**WGL HOLDINGS, INC.**

**CHARTER OF THE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Membership, Election, Chair**

Members of the Governance 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.

**Committee Meetings, Quorum, Invitees**

The Committee will meet from time to time as requested by the Chair of the Committee. Any member of the Committee 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.

The Committee will meet at least one time each year to consider candidates for election to the Board. The Committee will meet such other times as appropriate to carry out its responsibilities, as described in this Committee charter.

Attendance by a majority of the Committee members shall constitute a quorum for transaction of business of the Committee.

Directors who are not members of the Committee and other invitees may attend committee meetings at the invitation of the Chair of the Committee.

## **Committee Purpose**

The Committee's purpose is to identify individuals qualified to become board members, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; and develop and recommend to the board a set of corporate governance principles applicable to the corporation. In addition, the Committee shall discharge other responsibilities as may be assigned to it by the full board of directors.

## **Committee Goals and Responsibilities**

The primary goals and responsibilities of the Committee are to consider and recommend to the Board (i) criteria for selection of candidates for election to the Board and to committees of the Board, (ii) adoption of policies and principles concerning board service and corporate governance, (iii) criteria for oversight of the evaluation of the board and management, and (iv) adoption of a code of business conduct. Committee procedures for carrying out these four primary responsibilities are outlined further below in this charter. In addition, the Board may determine that the Committee shall also carry out other functions and responsibilities from time to time.

The Committee may retain one or more independent consultants, including, but not limited to, any executive search firms and legal counsel, to assist the Committee in discharging its responsibilities. The selection of any such consultants is in the sole discretion of the Committee. The cost of any such consultant and search firm will be paid by the Company.

## **Committee Procedures: Board candidates**

The Committee will follow procedures which the Committee deems reasonable and appropriate in the identification of candidates for election to the Board and evaluating the background and qualifications of those candidates. The Committee will seek candidates having experience and abilities relevant to serving as a director of the Company and who will represent the best interests of shareholders as a whole and not any specific interest group or constituency.

The Committee will consider candidates submitted for consideration by shareholders. The Committee will adhere to any legal or Company charter and bylaw provisions which may apply to nominations by shareholders.

## **Committee Procedures: Board Service and Governance Practices**

### Board Service

The Committee will consider adoption of policies and procedures concerning service on the Board. These policies may include, but are not limited to, the number of Board and Board committee members, the frequency and content of Board and Board committee meetings, any mandatory retirement age for directors and such other matters as may bear upon Board membership and meeting procedures. The Committee may recommend adoption of, and changes to, those policies and procedures as the Committee deems appropriate for consideration by the Board.

### Governance Guidelines

The Committee will consider adoption of governance guidelines to be followed by the Board and management of the Company. These guidelines may include, but are not limited to:

- director qualification standards (including independence)
- director responsibilities
- director access to management and, as necessary and appropriate, independent advisors
- director compensation
- director orientation and continuing education
- management succession
- annual performance evaluation of the board.

The Committee may recommend changes in those governance guidelines as the Committee deems appropriate for consideration by the Board.

## **Committee Procedures: Code of Business Conduct and Ethics**

The Committee will consider adoption of a code of business conduct and ethics for the Company (a "code of conduct") and revisions to that code of conduct. The code of conduct shall apply to the directors and officers of the Company. The code of conduct may include, but is not limited to, policies concerning the following matters:

- conflicts of interest
- corporate opportunities
- confidentiality
- fair dealing
- protection and proper use of company assets
- compliance with laws, rules and regulations (including insider trading laws)
- encouraging the reporting of any illegal or unethical behavior
- charitable giving policy – and adherence to that policy.

The Committee will evaluate the effectiveness of the code of conduct and consider appropriate procedures to be followed in the event of significant violations of the code of conduct. The Committee shall from time to time review the code of conduct and make recommendations for changes.

### **Committee Procedures: Related Person Transaction Policy**

The Committee will, as appropriate, from time to time review the Company's Related Person Transaction Policy (the "Policy"). The Committee will recommend any changes to the Policy for approval by the full Board of Directors.

In accordance with the Policy, the Committee will, as required, review transactions that may constitute Related Person Transactions within the meaning of the Policy. The Committee may approve or ratify the Related Person Transaction under terms of the Policy. If the Committee shall determine that a Related Person Transaction cannot be approved or ratified, the Committee may refer the matter to legal counsel for the Company for consideration of appropriate action.

### **Committee Procedures: Executive Officer Exit Interviews**

The Lead Director of the Board of the Company, at his or her discretion, may conduct interviews (which may be conducted telephonically) with any executive officer that ceases employment with the Company in order to help identify opportunities for improvement in the Company's executive officer recruitment and retainment strategies (e.g., training, work-life balance, job design, etc.).

### **Committee Evaluation**

The Committee will meet at least once each year to evaluate the performance and effectiveness of the board, the Committee and management for the year in light of requirements of this charter.

### **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.