

# PENNICHUCK CORPORATION

## NOMINATING AND GOVERNANCE COMMITTEE CHARTER

The Nominating and Governance Committee (“Committee”) of Pennichuck Corporation (“Company”) is a standing committee of the Board of Directors (“Board”).

### A. Purpose

The purpose of the Committee is to:

1. Recommend to the Board the persons to be nominated for election as directors at any meeting of the sole shareholder;
2. Develop and recommend to the Board a set of corporate governance principles applicable to the Company; and
3. Oversee the evaluation of the Board.
4. Review the Corporate Code of Conduct.

### B. Structure and Membership

1. Number. The Committee shall consist of no less than three directors.
2. Chairman. The Committee shall elect one member as its chairman.
3. Selection and Removal. The members of the Committee shall be appointed by the Board. The Board may remove and replace any Committee member at any time with or without cause.

### C. Procedures and Administration

1. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. Reports to the Board. The Committee shall report regularly to the Board.
4. Charter. The Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

5. Independent Advisors. The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
6. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.

#### **D. Authority and Responsibilities**

1. The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with its business judgment.
2. Selection of Director Nominees. Except where the Company is legally required by contract, bylaw or otherwise to provide third parties with the right to nominate directors, the Committee shall be responsible for recommending to the Board the nominees for election as directors at any meeting of the sole shareholder.
3. Criteria for Selecting Directors. The Board's criteria for selecting directors are as set forth in Appendix A. The Committee shall use such criteria to guide its director selection process. The Committee shall be responsible for periodically reviewing with the Board the requisite skills and criteria for new Board members as well as the composition of the Board as a whole. The Committee may adopt, and periodically review and revise as it deems appropriate, procedures regarding director candidates proposed by its sole shareholder.
4. Board Leadership Structure. The Committee shall periodically review the Board's leadership structure to assess whether it is appropriate given the specific characteristics of the Company.
5. Additional Duties. The Committee shall have such other duties as may be delegated from time to time by the Board.
6. Evaluation of the Board. The Committee shall be responsible for overseeing an annual self-evaluation of the Board to determine whether it is functioning effectively. The Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and provide a summary, to be discussed with the Board.
7. The Committee shall annually review and periodically update the Company's Code of Conduct and annually review with the Company's Compliance Officer the Company's system to monitor compliance with and enforce the Corporate Code of Conduct.

## Appendix A

### **CRITERIA FOR NOMINATION AS A DIRECTOR**

#### **General Criteria**

1. Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.
2. Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
3. Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.
4. Nominees should have the interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include the sole shareholder, employees, customers, governmental units, creditors and the general public, and to act in the interests of the sole shareholder.
5. Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of the Company's sole shareholder and to fulfill the responsibilities of a director.
6. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. The value of diversity on the Board should be considered.
7. The nominees will be chosen in accordance with Article II, Sections 2A, 2B and 2C of the Company's By-Laws (as set forth in Appendix A-1).

#### **Application of Criteria to Existing Directors**

The renomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. In addition, the Committee shall consider the existing directors' performance on the Board and any committee.

#### **Criteria for Composition of the Board**

The backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities.

Appendix A-1

**Excerpt from Company's By-Laws**

Article II – Board of Directors

Section 2. Number and Qualifications.

A. The Board of Directors shall consist of a number to be determined at the annual meeting of the Sole Shareholder between seven and thirteen persons with the following qualifications:

- (1) at least five shall be residents of the City of Nashua; and
- (2) at least one shall be a natural person (a) who is not a resident of the City of Nashua, and (b) who takes water service from Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., or Pittsfield Aqueduct Company, Inc. (the “Water Utility Subsidiaries”);
- (3) at least one shall be nominated by the Merrimack Valley Regional Water District.

B. During the term of any member of the Board of Directors, a member of the Board of Directors shall not be:

- (1) except as set forth in Article II, Section 4 below with respect to the initial Board of Directors, the Mayor of the City of Nashua;
- (2) a member of the Board of Aldermen of the City of Nashua or of an elected member of the governing body of any municipality having residents served by any of the Water Utility Subsidiaries;
- (3) the director of the City of Nashua Public Works Department or a member of the Board of Public Works of the City of Nashua;
- (4) any person who served at any time during the two-year period immediately preceding the date on which he or she stands for election as a member of the Board of Directors as (i) Mayor of the City of Nashua, (ii) an elected member of the governing body of any municipality having residents served by any of the Water Utility Subsidiaries, or (iii) as the director of the City of Nashua Public Works Department or a member of the Board of Public Works of the City of Nashua; or
- (5) any person who is an immediate family member (as that term is defined below) of the Mayor of the City of Nashua or of any person who is excluded from service as a member of the Board of Directors under paragraphs (2), (3) or (4) above.

C. For all purposes of these By-Laws, the term “immediate family member” shall mean a person’s spouse, parent, stepparent, parent-in-law, child, child’s spouse, stepchild, stepchild’s spouse, son-in-law, daughter-in-law, sibling, grandparent, grandchild, or grandchild’s spouse.