



November, 2015

**EMERA INCORPORATED  
MANAGEMENT RESOURCES AND  
COMPENSATION COMMITTEE  
CHARTER**

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**PART I  
MANDATE AND RESPONSIBILITIES**

*Committee Purpose*

*The Management Resources and Compensation Committee (the “Committee”) is a committee of the Board of Directors of Emera Incorporated (the “Company” or “Emera”). Its primary purpose is to assist the Board in carrying out its responsibilities by reviewing compensation and management resource issues and making recommendations to the Board as appropriate.*

**Compensation of Senior Officers**

1. The Committee shall annually:
  - (a) Support the Chair of the Board in conducting a review of corporate goals and objectives relevant to the President and Chief Executive Officer’s compensation and support the Chair of the Board in recommending such goals and objectives for the current year to the Board of Directors.
  - (b) Review and recommend to the Board for consideration and approval the President and Chief Executive Officer’s performance relating to the corporate goals and objectives for the previous year.
  - (c) Make recommendations to the Board of Directors relating to the President and Chief Executive Officer’s compensation level, participation in incentive-compensation plans, and equity-based plans based on the Committee’s evaluation.
  - (d) Review the President and Chief Executive Officer’s evaluation of the performance of the other officers of the Company and its subsidiaries (collectively, the “Senior Officers”) and review the President’s recommendations with respect to the amount of compensation to be provided to the Senior Officers.
  - (e) Make recommendations to the Board of Directors relating to the Senior Officers’ compensation, incentive-compensation plans, and equity-based plans.
  - (f) Review the alignment of Emera’s pay programs, including incentive pay programs, with
    - (i) Emera’s strategic plans and risk profile;
    - (ii) Emera’s performance;
    - (iii) risk management principles.
  - (g) Review executive compensation disclosure prior to the Company releasing such information to the public.
  - (h) Review share ownership guidelines for executive officers and compliance with those

guidelines.

- (i) Review the composition and use of comparator groups used in assessing compensation payable to Company executives.
- (j) Review pension plan benefits in determining compensation of the President and Chief Executive Officer and of the Senior Officers.

### **Compensation Policies**

The Committee shall:

- 2. Review and recommend to the Board compensation policies and processes and any new incentive compensation and equity compensation plans of Emera or changes to such plans and, in particular, the compensation policies, processes and plans respecting the President and Chief Executive Officer and the Senior Officers;
- 3. Oversee the administration of any incentive plans providing for the award of stock options, performance share units (PSUs) and deferred share units (DSUs) or other equity-based incentive compensation in accordance with the provisions of the respective plans, including (a) in the case of the Senior Management Stock Option Plan, determine eligibility to receive stock options, make awards under the plan (subject to 1(c) above) and recommend changes to the plan and (b) in the case of PSU and DSU Plans, determine eligibility to receive PSUs and DSUs, make awards under the Plans (subject to 1(c) above) and recommend changes to the Plans and (c) in the case of all other equity-based incentive compensation, make recommendations to the Board respecting awards under such plans, including recommending who should receive awards and the terms thereof, the overall level of outstanding equity-based awards and changes to the plans;
- 4. Conduct a compensation risk review annually to ensure that the compensation policies are designed to take account of, and mitigate the following risks:
  - (a) Incentive opportunities that inadvertently encourage excessive and unnecessary risk taking;
  - (b) Pay structure that inadvertently encourages behaviour that destroys long-term value;
  - (c) Pay and performance not appropriately aligned; and
  - (d) Payouts which are not aligned with Emera's business strategy;
- 5. Review and recommend to the Board the approval of, or material changes to, agreements which specify compensation payments to be made in the event of involuntary termination or a change in control of Emera;

### **Succession Planning**

- 6. Recommend officer appointments to the Board of Directors for approval;
- 7. Support and contribute to the Board's succession planning process in respect of the President and Chief Executive Officer of the Company;
- 7.1 Annually review the succession planning process for senior management and other potential

senior management candidates, including its subsidiaries (in this charter a subsidiary of Emera means an entity which is controlled, directly or indirectly, by Emera), and oversee and contribute to that process.

### **Human Resources Programs**

8. Review and provide input with respect to those human resource policies of Emera and its operating subsidiaries which the Committee, in its discretion, determines to be material to ensure that they are supportive of Emera's near and long-term strategies.
9. Oversee the labour relations strategies for Emera and its operating subsidiaries by receiving regular updates on labour relations when the Committee requires, or otherwise when appropriate, such as during labour contract negotiations or labour disputes.
10. The Emera Board of Directors has adopted the Emera Inc. Pension Oversight Framework ("Oversight Framework"). In accordance with the Oversight Framework, the Committee shall:
  - (a) review the design of any pension plan within the Emera group of companies (including the NSPI SERP) and associated cost, make recommendations to NSPI respecting the NSPI SERP and to the pension plan sponsors regarding design and cost, and receive regular updates when the Committee requires, or as may otherwise be appropriate;
  - (b) For clarity, in accordance with the Oversight Framework, the Audit Committee oversees investment activities, financial reporting, and funding of the pension plans, and receives from management regular reports to support these oversight responsibilities.
11. Perform such other duties as may be delegated to the Committee by the Board of Directors.
12. Nothing contained in the above Charter is intended to assign to the Committee the Board's responsibility to ensure the Company's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the Directors or the members of the Committee.

## **PART II COMPOSITION**

13. The Company's Articles of Association require that there be a Management Resources and Compensation Committee.
14. The Company's Articles of Association require that the Committee be composed of not less than three Directors, that the Committee consist of Directors selected by the Board who are not employees of the Company or any subsidiary or of any affiliate of the Company.
15. The Company's Articles of Association require that the Chairman of the Board not be a member of the Committee.
16. Committee members shall be independent Directors as defined by applicable legislation. Directors may enter into contracts with the Company in accordance with Article 92 of the Company's Articles of Association.

17. Committee members shall be appointed at the Board meeting following the election of Directors at the Company's annual shareholders' meeting and membership may be based upon the recommendation of the Nominating and Corporate Governance Committee.
18. Members of the Committee should have an appropriate background of experience and skills.

### **PART III COMMITTEE PROCEDURE**

19. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a Director.
20. The Committee shall choose one of its own members to be its Chair. In selecting a Committee Chair, the Committee may consider any recommendation made by the Nominating and Corporate Governance Committee.
21. The Articles of Association require that a majority of Committee members shall constitute a quorum.
22. The Committee shall establish its own schedule but shall meet at least three times annually.
23. Meetings of the Committee may be called by the Committee Chair or at the request of any member.
24. The times of and places where Meetings of the Committee shall be held and the proceedings at such Meetings shall be determined by the Committee as governed by provisions contained in the Company's Articles of Association.
25. Notice of meetings may be given at least 48 hours before the time fixed for the meeting. The accidental omission to give such notice or failure to receive such notice, shall not invalidate any resolution passed at such meeting.
26. A Committee member may participate in meetings by telephone or other communications facilities and will be considered to be present at the meeting.
27. The Committee shall set aside a portion of its meetings to discuss issues without Management in attendance.
28. The Secretary of the Company shall be the Secretary of the Committee and shall keep Minutes and all records of the Committee's meetings.
29. The Committee, in consultation with the Chairman of the Board, is authorized, at the expense of the Company, to retain any independent advisors that it determines necessary in order to carry out its duties and shall have the authority to instruct, retain and terminate such advisors.

#### **Compensation Consultant**

30. In the event that a compensation consultant is retained by the Committee to assist the Committee,

the Committee shall:

- (a) pre-approve any other services provided by the compensation consultant to the Company;
  - (b) conduct an annual review of the compensation consultant's independence and shall take into consideration:
    - (i) What other services the compensation consultant provides to the Company;
    - (ii) Any business or personal relationship between the personnel of the compensation consultant providing services to the Committee and the members of the Committee;
  - (c) review annually the appointment of compensation consultants retained by the Company to ensure that no conflict of interest exists between such consultants, the Committee's compensation consultants and the members of the Committee;
  - (d) review the disclosure to be made in the proxy circular prepared in connection with the Company's annual meeting of shareholders respecting the fees paid to the compensation consultant for such assistance as well as the nature of any other work performed by the compensation consultant to the Company and the fees paid for such other work.
31. On an annual basis the Committee shall review its Charter.
32. The Committee shall report its activities to the Board at the following Board meeting.
33. In accordance with policies and procedures established by the Committee, the Committee may delegate certain authority to a member of the Committee or a sub-committee thereof.

#### PART IV ANNUAL SCHEDULE

34. The timetable on the following pages outlines the Committee's annual schedule of activities.

	Feb	Sep	Nov	Dec	As Needed
<b>Compensation of Senior Officers</b>					
1. The Committee shall annually:					
(a) Support the Chair of the Board in conducting a review of corporate goals and objectives relevant to the President and Chief Executive Officer's compensation and support the Chair of the Board in recommending such goals and objectives for the current year to the Board of Directors.	√				
(b) Review and recommend to the Board for consideration and approval the President and Chief Executive Officer's performance relating to the corporate goals and objectives for the previous year.	√				
(c) Make recommendations to the Board of Directors relating to the President and Chief Executive Officer's compensation level, participation in incentive-	√				

	Feb	Sep	Nov	Dec	As Needed
compensation plans, and equity-based plans based on the Committee's evaluation.					
(d) Review the President and Chief Executive Officer's evaluation of the performance of the other officers of the Company and its subsidiaries (collectively, the "Senior Officers") and review the President and Chief Executive Officer's recommendations with respect to the amount of compensation to be provided to the Senior Officers.	√				
(e) Make recommendations to the Board of Directors relating to Senior Officers compensation, incentive-compensation plans, and equity-based plans.	√				
(f) Review the alignment of Emera's pay programs, including incentive pay programs, with (i) Emera's strategic plans and risk profile; (ii) Emera's performance; and (iii) risk management principles.	√				
(g) Review executive compensation disclosure prior to the Company releasing such information to the public.	√				
(h) Review share ownership guidelines for executive officers and compliance with those guidelines.	√				
(i) Review the composition and use of comparator groups used in assessing compensation payable to Company executives		√			
(j) Review pension plan benefits in determining compensation of the President and Chief Executive Officer and of the Senior Officers.					
<b>Compensation Policies</b>					
The Committee shall:					
2. Review and recommend to the Board compensation policies and processes and any new incentive compensation and equity compensation plans of Emera or changes to such plans and, in particular, the compensation policies, processes and plans respecting the President and Chief Executive Officer and the Senior Officers;		√			
3. Oversee the administration of any incentive plans providing for the award of stock options, performance share units (PSUs) and deferred share units (DSUs) or other equity-based incentive compensation in accordance with the provisions of the respective plans, including (a) in the case of the Senior Management Stock Option Plan, determine eligibility to receive stock options, make awards under the plan (subject to 1(c) above) and recommend changes to the plan and (b) in the case of PSU and DSU Plans, determine eligibility to receive PSUs and DSUs, make awards under the Plans (subject to 1(c) above) and recommend changes to the Plans, and (c) in the case of all other equity-based incentive compensation, make recommendations to the Board respecting awards under such plans, including recommending who should receive awards and the terms thereof, the overall level of outstanding equity-based awards and changes to the plans;	√				

	Feb	Sep	Nov	Dec	As Needed
<p>4. Conduct a compensation risk review annually to ensure that the compensation policies are designed to take account of, and mitigate the following risks:</p> <p>(a) Incentive opportunities that inadvertently encourage excessive and unnecessary risk taking;</p> <p>(b) Pay structure that inadvertently encourages behaviour that destroys long-term value;</p> <p>(c) Pay and performance not appropriately aligned; and</p> <p>(d) Payouts which are not aligned with Emera's business strategy;</p>			√		
5. Review and recommend to the Board the approval of, or material changes to, agreements which specify compensation payments to be made in the event of involuntary termination or a change in control of Emera;		√			
<b>Succession Planning</b>					
6. Recommend officer appointments to the Board of Directors for approval;			√		
7. Support and contribute to the Board's succession planning process in respect of the President and Chief Executive Officer of the Company;			√		
7.1 Annually review the succession planning process for senior management and other potential senior management candidates, including its subsidiaries (in this charter a subsidiary of Emera means an entity which is controlled, directly or indirectly, by Emera) and oversee and contribute to that process.			√		
<b>Human Resources Programs</b>					
8. Review and provide input with respect to those human resource policies of Emera and its operating subsidiaries which the Committee, in its discretion, determines to be material to ensure that they are supportive of Emera's near and long-term strategies.				√	
9. Oversee Emera's labour relations strategies for Emera and its operating subsidiaries by receiving regular updates on labour relations when the Committee requires, or otherwise when appropriate, such as during labour contract negotiations or labour disputes.				√	√
<p>10. The Emera Board of Directors has adopted the Emera Inc. Pension Oversight Framework ("Oversight Framework"). In accordance with the Oversight Framework, the Committee shall:</p> <p>(a) review the design of any pension plan within the Emera group of companies (including the NSPI SERP) and associated cost, make recommendations NSPI respecting the NSPI SERP and to the pension plan sponsors regarding design and cost, and receive regular updates when the Committee requires, or as may otherwise be appropriate;</p> <p>(b) For clarity, in accordance with the Oversight Framework, the Audit Committee oversees investment activities, financial reporting, and funding of the pension plans, and receives from management regular reports to support these oversight responsibilities.</p>			√		√
11. Perform such other duties as may be delegated to the Committee by the Board of Directors.					√
<b>Compensation Consultant</b>		√			

	Feb	Sep	Nov	Dec	As Needed
<p>In the event that a compensation consultant is retained by the Committee to assist the committee, the Committee shall:</p> <p>(a) pre-approve any other services provided by the compensation consultant to the Company;</p> <p>(b) conduct an annual review of the compensation consultant’s independence and shall take into consideration:</p> <p style="padding-left: 40px;">(i) What other services the compensation consultant provides to the Company;</p> <p style="padding-left: 40px;">(ii) Any business or personal relationship between the personnel of the compensation consultant providing services to the Committee and the members of the compensation committee;</p> <p>(c) review annually the appointment of compensation consultants retained by the Company to ensure that no conflict of interest exists between such consultants, the Committee’s compensation consultants and the members of the Committee;</p> <p>(d) review the disclosure to be made in the proxy circular prepared in connection with the Company’s annual meeting of shareholders respecting the fees paid to the compensation consultant for such assistance as well as the nature of any other work performed by the compensation consultant to the Company and the fees paid for such other work.</p>					