

## **TERMS OF REFERENCE CORPORATE GOVERNANCE COMMITTEE**

### **Purpose**

The purpose of the Corporate Governance Committee (the "Committee") is to ensure that BC Hydro develops and implements an effective approach to corporate governance which enables the business and affairs of the Corporation to be carried out, directed and managed with the objective of enhancing shareholder value. The Committee is also responsible for ensuring that principal risks associated with the Corporation's governance framework are appropriately identified, monitored and managed.

### **Composition**

The Committee will serve as a "Committee of the Whole", and as such will be comprised of all Directors of BC Hydro. The Corporate Secretary will be secretary to the Committee.

### **Duties and Responsibilities**

Subject to the powers and duties of the Board, the Committee will be responsible for addressing the issues and tasks described in the attached Committee Timetable according to the schedule identified.

### **Code of Conduct**

The Corporation is to retain the services of an external resource responsible for providing advice related to the *Code of Conduct* to Directors and Executive Officers. In certain circumstances, the Code Advisor's ability to provide these services may be compromised, or may be perceived to be compromised. Those circumstances are described in the *Protocol in Respect of Code Advisor Conflicts* set out below, as are additional roles of the Chair of the Corporate Governance Committee which apply in those circumstances.

### **Protocol in Respect of Code Advisor Conflicts**

Where the Code Advisor holds private interests, or occupies a position or office, which has the potential to place him or herself in (a) a conflict of interest, (b) a position of divided loyalty, or has the potential to otherwise compromise the integrity of the role, conduct or advice of the Code Advisor, the following shall apply:

1. The Code Advisor will inform the Chair of the Corporate Governance Committee and the Corporate Secretary of the circumstances in question.
2. The Chair of the Corporate Governance Committee will ensure that the Directors and Executive Officers of BC Hydro and its subsidiaries are informed of the conflict.
3. Directors and Executive Officers of BC Hydro and its subsidiaries will refrain from discussing any matter related to the conflict with the Code Advisor, and from seeking any advice or guidance in respect thereof. The Directors and Executive Officers will seek such advice and guidance from the Chair of the Corporate Governance Committee.

4. If, notwithstanding the foregoing provisions, a Director or Executive Officer does raise an issue with the Code Advisor which is related to the conflict, the Code Advisor will, as soon as he or she recognizes the conflict, discontinue the conversation and encourage the Director or Officer to consult with the Chair of the Corporate Governance Committee.

**Accountability**

The Committee will hold its meetings during regularly scheduled meetings of the Board during a session conducted as a Committee of the Whole. In addition, special meetings may be held from time to time, as circumstances may require.

The following timetable outlines the Committee's schedule of activities during the year.

<b>Committee Timetable</b>		
	<b>Q1 (May)</b>	<b>Q3 (Nov)</b>
Review and consider revisions to terms of reference for the Board and its Committees, the Chair, Chief Executive Officer and any other positions, descriptions or materials contained in the Board Governance Manual.		✓
Review the Corporation's approach to corporate governance.		✓
Oversee the Corporation's annual disclosure mechanisms to ensure their consistency with the Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations.	✓	
Ensure appropriate structures and procedures are in place to allow the Board to function independently of management.	<i>As Required</i>	<i>As Required</i>
Ensure appropriate relationships are established and fostered with the Shareholder.	<i>As Required</i>	<i>As Required</i>
Develop and update a long-term plan for the composition of the Board that takes into consideration the skills, experience and background of each existing Director, and the strategic direction of the Corporation.		✓
Develop and implement a process for communicating criteria for Government to consider when making appointments to the Board.	<i>As required</i>	<i>As Required</i>
Review processes for evaluating the effectiveness of the Board and its Committees.		✓
Ensure programs are in place for new Director orientation and ongoing Director development.		✓
Review the Code Advisor's Annual Report and ascertain whether the Code of Conduct and Conflict of Interest Guidelines are strongly maintained at the Director and Executive Officer level.	✓	
When determined appropriate, review and approve for payment requests from individual directors for engagement of an outside expert or advisor to assist that director in overseeing his/her responsibilities.	<i>As Required</i>	<i>As Required</i>
Review report from Management illustrating the Company's risk profile with respect to those risks related to the Committee's mandate and convey report to the Board.	✓	✓
Other corporate governance related responsibilities as assigned to the Committee by the Board or Chair.	<i>As Required</i>	<i>As Required</i>