

## 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.

### Composition

The Committee will be composed of not less than three and not more than five Directors. The Corporate Secretary will be secretary to the Committee.

### Duties and Responsibilities

Subject to the powers and duties of the Board, the Committee will:

- a) Annually review and recommend revisions to terms of reference for the Board and its Committees, the Chair, Chief Executive Officer and any other position descriptions or materials contained in the Board Governance Manual.
- b) Periodically review the Corporation's approach to corporate governance.
- c) 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.
- d) Ensure appropriate structures and procedures are in place to allow the Board to function independently of management.
- e) Ensure appropriate relationships are established and fostered with the Shareholder.
- f) 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.
- g) Develop and implement a process for communicating criteria for Government to consider when making appointments to the Board.
- h) Review processes for evaluating the effectiveness of the Board and its Committees.
- i) Ensure programs are in place for new Director orientation and ongoing Director development.
- j) Recommend Director compensation guidelines to the Board for further recommendation to Government by the Chair.
- k) Review the Code of Conduct Advisor's Annual report prior to submission to the Board and ascertain whether the Code of Conduct and Conflict of Interest Guidelines are strongly maintained.
- l) 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.
- m) Other corporate governance related responsibilities as assigned to the Committee by the Board or the Chair.

### Additionally

The Chair of the Corporate Governance Committee has a special role with respect to the Chair of BC Hydro where there is the potential for conflicts of interest relating to the Chair's private business interests. Since the Chair may be more actively involved in BC Hydro's activities than other Directors, particular attention is required to ensure that potential conflict of interest issues are dealt with in accordance with the Director and Employee Code of Conduct ("Code"). The Chair of the Corporate Governance Committee will:

- a) Engage periodically with the Chair and Chief Executive Officer as necessary with a view to ensuring that the Chair does not participate in discussions with management regarding issues that could result in an actual or apparent of interest.
- b) Act as a sounding board and counsellor for the Chair and Chief Executive Officer relating to matters where there could be an actual or apparent conflict of interest between the interests of BC Hydro and the private interests of the Chair.
- c) Consider requests from time to time for exemption under the Director and Employee Code of Conduct ("Code") by the Chair of BC Hydro, as provided for in attachment 4b of the Code.
- d) Consult with the Corporate Governance Committee as he or she considers appropriate with regard to item (a) to (c).

### Accountability

The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.

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

Committee Timetable		
	Q1	Q3
Review and recommend 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>To be Determined</i>	<i>To be Determined</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.		✓
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.		✓
Recommend Director compensation guidelines to the Board for further recommendation to Government by the Chair (current guidelines adopted by the Board on 23 May 2008).	<i>As Required</i>	<i>As Required</i>
Review the Code of Conduct Advisor's Annual Report prior to submission to the Board and ascertain whether the Code of Conduct and Conflict of Interest Guidelines are strongly maintained.	✓	
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>
Other corporate governance related responsibilities as assigned to the Committee by the Board or Chair.	<i>As Required</i>	<i>As Required</i>