

TERMS OF REFERENCE HUMAN RESOURCES & SAFETY COMMITTEE

Purpose

The purpose of the Human Resources and Safety Committee (the "Committee") is to provide a mechanism through which the Board can focus on human resource and compensation issues, especially as they relate to senior management, as well as on safety issues and performance applicable across BC Hydro. The Committee is also responsible for ensuring that principal risks associated with these issues are appropriately identified, monitored and managed.

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 be responsible for addressing the issues and tasks described in the following Committee Timetable according to the schedule identified. The table entitled "BC Hydro Compensation – Roles and Responsibilities" is incorporated into these Terms of Reference to provide clarity as to the levels of review and approval required for the compensation-related functions of the CEO, the Board Chair, the Committee and the Board.

Accountability

At every quarterly meeting of the Board, or more often if required, the Committee shall provide a report on its deliberations and recommendations since its last such report. Minutes of the Committee's meetings will also be made available to all Directors on request.

Please note: all Committee and Board of Director approvals outlined in Tabs 15 & 20 of the Board Governance Manual are subject to all necessary Public Sector Employer's Act approvals.

Committee Timetable¹				
	Q1 (May)	Q2 (Sept)	Q3 (Nov)	Q4 (Feb)
CEO ARRANGEMENTS (based on input and recommendations from the Board Chair)				
Review and make recommendations to the Board in respect of the CEO's employment and severance arrangements	As Required	As Required	As Required	As Required
Review & recommend CEO total compensation	✓			
Recommend, and when approved by the Board, implement the Performance Evaluation Process for the CEO	✓			
Recommend the CEO's goals & objectives (personal service plans) for Board approval.				✓
Monitor CEO performance relative to goals & objectives (mid-year and year-end)	✓		✓	
EXECUTIVE MANAGEMENT ARRANGEMENTS				
Review CEO recommendations regarding Senior Executives (personal service plans)				✓
Review and as appropriate, approve the CEO's recommendations regarding total compensation for Senior Executives	✓			
Approve employment and severance arrangements for Senior Executives	As Required	As Required	As Required	As Required
Review and verify management succession and development plans prior to the CEO's discussion of those plans with the Board.		✓		
BC HYDRO'S TOTAL COMPENSATION PHILOSOPHY AND PROCESSES				
Review and approve the total compensation philosophy			✓	
Review and approve any changes to the compensation structure (review to include any compensation market data)				✓
Approve the next year's M&P salary guideline/budget				✓
Approve the next year's annual variable pay/gainsharing targets				✓
Review variable pay/gainsharing from previous year	✓			
SAFETY (with respect to worker and public safety)				
Approve annual safety targets				✓
Monitor standing reports on safety performance	✓	✓	✓	✓
Review major safety incident investigations	As Required	As Required	As Required	As Required
Review findings of safety audits	As Required	As Required	As Required	As Required

¹ See attached Compensation Governance Approval Matrix approved August 2009

Committee Timetable¹				
	Q1 (May)	Q2 (Sept)	Q3 (Nov)	Q4 (Feb)
OTHER				
Review Aboriginal Employment and Education Strategy		✓		
Review Diversity Strategy		✓		
Review proposed recommendations respecting pension plan amendments prior to submission to the Board by the Audit & Finance Committee	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>
Receive and monitor timely reports from Management on pertinent human resources issues, provide advice as appropriate	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>
Review and approve benefit and pension arrangements for subsidiary CEOs	<i>As Required</i>	<i>As Required</i>	<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	✓	✓	✓	✓
Review the Ethics Officer's Annual Report and ascertain whether the Code of Conduct and Conflict of Interest Guidelines are strongly maintained across the Corporation	✓			
Other human resources issues (including collective agreement mandate and settlement) as delegated to the Committee by the Board of Directors or Chair	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>

BC Hydro Compensation – Roles and Responsibilities

	CEO		Board Chair	HRC		Board		
	Recommend	Approve	Recommend	Review/ Recommend	Approve	Review	Approve	
TOTAL COMPENSATION PHILOSOPHY & PROCESSES	✓				✓	✓		
EXECUTIVE COMPENSATION								
Personal Service Plans		✓		✓				
Compensation Structure	✓				✓			
Individual Salary Increases	✓				✓			
Individual Variable Pay Awards	✓				✓			
Performance Assessments	✓				✓			
Executive Appointments	✓				✓			
Employment Agreements	✓				✓			
Severance Arrangements	✓				✓			
CEO COMPENSATION								
Personal Service Plans	✓		✓	✓			✓	
Compensation Structure			✓	✓			✓	
Salary Increases			✓	✓			✓	
Individual Variable Pay Awards			✓	✓			✓	
Performance Assessments			✓	✓			✓	
CEO Appointment				✓			✓	
Employment Agreements				✓			✓	
Severance Arrangements				✓			✓	
OTHER COMPENSATION								
Pension Plans (in conjunction with the ARMC)	✓				✓			
Benefits Plans	✓				✓			
			CEO	HRC		Board		

M&P COMPENSATION	Recommend	Approve	Review	Approve	Review	Approve
Compensation Structure	✓			✓	✓	
Salary Increase Budget	✓			✓		
Individual Salary Increases		✓	✓			
Annual Variable Pay Targets	✓			✓	✓	
Annual Variable Pay Awards / Pool		✓	✓			
Benefits Plans	✓			✓		
Pension Plans (in conjunction with ARMC)	✓			✓		
UNION COMPENSATION						
Collective Agreement Mandate	✓		✓			✓
Collective Agreement Settlement	✓		✓			✓
Annual Gainsharing Targets		✓		✓		
Annual Gainsharing Payments		✓	✓			
Benefits Plans	✓			✓		
Pension Plans (in conjunction with ARMC)	✓			✓		

Subsidiary Executive Compensation – Approval Process

	CHRO	Sub. CEO		BC Hydro CEO		Subsidiary Bd		BCH HRSC		BCH Board
	Review	Recom	Approve	Recom	Approve	Recom	Approve	Recom	Approve	Approve
Compensation Structure	✓	✓		✓			✓			
Annual Sub. CEO Salary & Variable Pay	✓			✓		✓			✓	
Annual Sub. Exec Salary & Variable Pay	✓	✓					✓			
Sub. CEO Employment Agreements	✓			✓		✓			✓	
Sub. CEO Severance Agreements	✓			✓		✓			✓	
Sub. Exec. Severance Agreements		✓			✓					
Benefits								✓		✓
Pensions								✓		✓