

TERMS OF REFERENCE HUMAN RESOURCES & SAFETY COMMITTEE

Purpose

The purpose of the Human Resources Committee (the "Committee") is to provide a mechanism through which the Board can focus on senior management human resource and compensation issues as well as on safety issues and performance applicable across BC Hydro.

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:

Chief Executive Officer

- a) Review and recommend the Chief Executive Officer's (the "CEO") employment and severance arrangements;
- b) Review and recommend compensation for the CEO including salary, incentive awards, perquisites, benefits and other remuneration.
- c) Recommend, and when approved by the Board, implement the Performance Evaluation Process for the CEO;
- d) Approve the CEO's goals and objectives annually, or as required, to ensure they are aligned with those of the Board;
- e) Monitor the CEO's performance relative to stated goals and objectives and report to the Board;

BC Hydro's Total Compensation Philosophy and Processes

- f) Approve the total compensation philosophy and annually review the compensation structure;
- g) Approve the next year's M&P salary guidelines / budget;
- h) Approve the next year's annual variable pay/gainsharing targets and review variable pay/gainsharing from previous year;
- i) Approve employment and severance arrangements for Senior Officers;
- j) Review and, as appropriate, approve the CEO's recommendations regarding total compensation for Senior Officers including salary, incentive awards, perquisites, benefits and other remuneration;

Safety

- k) Monitor standing reports on safety performance;
- l) Approve performance targets on safety-related measures;
- m) Review major safety incidents and resulting investigations and recommendations, where applicable;
- n) Review findings of safety audits completed by or on behalf of Internal Audit;

Other

- o) Annually review and verify for completeness management succession and development plans prior to the CEO's discussion of those plans with the Board;
- p) Review proposed recommendations respecting pension plan amendments prior to submission to the Board;
- q) Review and approve benefit and pension arrangements for Subsidiary CEOs;
- r) Receive and monitor timely reports from Management on pertinent human resources issues, providing advice as appropriate;
- s) Other human resource issues, including review and approval of collective agreement mandate and settlement, as delegated to the Committee by the Board of Directors or the Chair.

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.

Committee Timetable

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

Please note: all Committee and Board of Director approvals outlined in Tabs 16&22 of the Board Governance Manual are subject to all necessary Public Sector Employer's Act approvals.

Committee Timetable ¹				
	Q1	Q2	Q3	Q4
Review & recommend CEO total compensation	✓			
Recommend, and when approved by the Board, implement the Performance Evaluation Process for the CEO	✓			
Approve the CEO's goals & objectives (personal service plans)				✓
Monitor CEO performance relative to goals & objectives	✓		✓	
Review CEO recommendations regarding Senior Officers' personal service plans and receive bi-annual update	✓		✓	
Review and as appropriate, approve the CEO's recommendations regarding total compensation for Senior Officers	✓			
Approve the total compensation philosophy & annual review the compensation structure (inc. 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	✓			
Review and verify management succession and development plans prior to the CEO's discussion of those plans with the Board.		✓		
Monitor standing reports on safety performance - review major safety incidents.	✓	✓	✓	✓
Review Aboriginal Employment and Education Strategy	✓			
Review Diversity Strategy		✓		
Review proposed recommendations respecting pension plan amendments.	<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>
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>
Approve annual safety targets				✓
Review major safety incident investigations	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>
Review findings of safety audits	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>	<i>As Required</i>

¹ See attached Compensation Governance Approval Matrix approved August 2009

Total Compensation – July 2009

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

	CEO		HRC		Board	
	Recom.	Approve	Review	Approve	Review	Approve
M&P COMPENSATION						
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)	√			√		