

Protocol to avoid Directors' and Executive Officers' conflicts of interests

Attachment 2 to Director and Employee Code of Conduct

In this document:

"Advisor" means the Code of Conduct Advisor;

"BC Hydro" includes each of its subsidiaries;

"Code" means the BC Hydro Director and Employee Code of Conduct;

"Executive Officer" means the President of BC Hydro and his or her direct reports.

Disclosure to advisor

At the time of appointment as a Director of BC Hydro, each Director will meet with the Advisor

1. to disclose to, and discuss with, the Advisor private interests that the Director and his or her associates have in order to assist the Director in determining whether such private interests could result in an actual or apparent conflict of interest under the Code, and
2. to discuss any steps that should be taken to avoid or manage such conflicts of interest.

In addition, each Director will meet the Advisor annually, usually in April, to update and review his or her disclosures for the purposes set out above. The Corporate Secretary will establish procedures to facilitate these meetings and disclosures.

Report to the Corporate Secretary

Following any meetings with, or disclosures to, the Advisor, Directors will report to the Corporate Secretary the general nature of the private interests that could result in a conflict of interest under the Code using the form prescribed by the Corporate Secretary. At the request of the Director, the Advisor may report such disclosure, on the Director's behalf, to the Corporate Secretary. A Director will report to the Corporate Secretary in a timely manner any material changes in these disclosures. The Corporate Secretary will maintain a record of these disclosures and will update the record with any material changes reported by a Director.

Agendas of board and board committee meetings

Relying on information that has been made available to the Corporate Secretary, the Corporate Secretary will monitor the subject matter of board or committee agendas for potential conflicts of interest for individual Directors.

If the Corporate Secretary has reason to believe that an agenda item could result in a conflict of interest for a Director, the Corporate Secretary will make reasonable efforts to discuss the issue generally with the Director before circulating background information to that Director on that subject matter.

The Corporate Secretary will prepare a board or committee agenda that is detailed enough for a Director to identify a potential conflict of interest and, whenever it is practical to do so, will circulate the agenda to the Directors before circulating the background materials.

If a Director identifies a conflict of interest in an agenda item, the Director will:

1. advise the Corporate Secretary that the Director should not be sent the background materials in respect of that agenda item, or
2. return the background materials on that item.

In either event, the Director will advise the Corporate Secretary that he/she is declaring a conflict of interest.

Declaration at meeting

The Director will declare to the board or the committee, as the case may be, the general nature of the conflict of interest when the subject matter arises on the agenda of the board or committee meeting and will leave the meeting until the discussion on that item is completed and a decision, if any, has been made.

If a Director makes a declaration of conflict of interest and leaves the meeting, the Corporate Secretary will record these facts in the minutes of the meeting.

A Director will not participate in the discussions, make any attempt to influence the discussions or vote on the subject matter of an agenda item in respect of which the Director has made a declaration of conflict of interest. More generally, a Director with an actual or apparent conflict of interest should excuse himself or herself from discussions or communications with management and staff where the issues could raise an actual or apparent conflict.

If a Director has made a declaration in respect of certain subject matter, the Director will only be provided minutes of the meeting that record the decision made respecting that subject matter but not minutes of any discussion that took place.

Responsibility of Directors

The foregoing is intended to introduce an additional process for helping to identify and avoid Directors' conflicts of interest. Nothing in this Protocol relieves Directors from the responsibility for fully complying with the Code.

Executive Officers responsibilities

At the time of appointment as an Executive Officer, each Executive Officer will meet with the Advisor

1. to disclose to, and discuss with, the Advisor private interests that the Executive Officer and his or her associates have in order to assist the Executive Officer in determining whether such private interests could result in an actual or apparent conflict of interest under the Code, and
2. to discuss any steps that should be taken to avoid or manage such conflicts of interest.

In addition, each Executive Officer will meet the Advisor annually, usually in April, to update and review his or her disclosures for the purposes set out above.

Following any meetings with, or disclosures to, the Advisor, Executive Officers will report to the Corporate Secretary the general nature of the private interests that could result in a conflict of interest under the Code using the form prescribed by the Corporate Secretary. At the request of the Executive Officer, the Advisor may report such disclosure, on the Executive Officer's behalf, to the Corporate Secretary. An Executive Officer will report to the Corporate Secretary in a timely manner any material changes in these disclosures. The Corporate Secretary will maintain a record of these disclosures and will update the record with any material changes reported by an Executive Officer. The Corporate Secretary will also provide copies of such disclosures to the President from time to time.

If the Executive Officer has reason to believe that a particular responsibility could result in an actual or apparent conflict of interest for the Executive Officer, the Executive Officer will advise the President who may determine to assign or reassign that responsibility to another Executive Officer.

An Executive Officer with an actual or apparent conflict of interest related to a matter should excuse himself or herself from discussions or communications with management and staff on the matter with such recusal being recorded in any minutes that are maintained and should not receive any information or documents relating to such matter.

The foregoing is intended to introduce an additional process for helping to identify and avoid Executive Officers' conflicts of interest. Nothing in this Protocol relieves Executive Officers from the responsibility for fully complying with the Code.