



Board Governance Manual

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 **BC Hydro**
Power smart

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Oversight & Decision-Making Authority

The BC Hydro Board Governance Manual is intended to provide Directors with general guidance related to fulfilling their responsibilities as stewards of the organization. As a Crown Corporation, BC Hydro operates in the public interest, providing reliable and affordable electricity to over 95% of the province's population. The corporation's vision is to power BC's future with clean, reliable electricity, and the Board plays a critical role in achieving this vision.

The manual includes summary descriptions of:

- key statutory, regulatory and government policy considerations that establish a legal framework for the carrying out of these responsibilities;
- specific leadership, advisory and support roles that are relevant to the functioning of Board activities;
- corporate policies and other reference material relevant to Board activities;
- the terms of reference for the various Board committees and subsidiary boards.

The manual reflects best practices in corporate governance and is updated as those evolve over time, often during the terms of each Director (e.g. in 2023, ongoing environmental, social and governance or ESG-related developments).

1. Directors as Stewards

One of the fundamental principles of corporate governance is that Directors act as the stewards of the organization. In BC Hydro's specific context, the Directors are stewards of a Crown Corporation created by special statute, and a designated agent of the Province. Directors are accountable to the Province for providing oversight and direction of BC Hydro's business including the implementation of directly relevant energy policy decisions of the Province. The Directors have two fundamental duties:

- (a) a duty of loyalty to act honestly in the best interests of the corporation and not according to conflicting personal interests or the interests of others (i.e. employers, special interest groups etc.); and
- (b) a duty of care to act prudently to the best of one's own personal abilities (i.e. skills and experiences) by disciplined reliance on the input, advice and recommendations of management and others.

In fulfilling their stewardship role, Directors must consider a broad range of interests including the Province (as owner of BC Hydro), customers, employees, Indigenous rights holders and stakeholders such as regulators, contractors and the communities in which we operate. Effective stewardship requires the Board to be knowledgeable about BC Hydro's core business and the context in which it operates, and to remain up to date on trends, innovations, and emerging risks in the utilities space and beyond. The advancement of reconciliation with Indigenous peoples factors prominently in this work.

The Board's stewardship role is particularly critical in a dynamic and rapidly changing environment, such as the energy sector. BC Hydro is facing a range of challenges, from the global imperative of decarbonization to the related need to invest in new infrastructure and technology, adapt to changing customer preferences and understand market conditions with enough foresight to take prudent action enabling it to advance its mandate. The Board must ensure that the corporation is well-positioned to meet these challenges and seize new opportunities, while maintaining its commitment to providing clean, affordable and reliable electricity to British Columbians.

As noted, this Manual provides general guidance only. If any of the Directors require more specific or further guidance in a particular situation they should confer with the Chair, each other, or any of the CEO, Corporate Secretary, General Counsel or Code Advisor.

2. Oversight: Risk & Strategy

Strategy drives risk and vice versa. Modern boards, BC Hydro's included, can and must consider the impacts of both each time a decision is taken or a direction pursued.

Challenging and ultimately approving a longer-term strategy for BC Hydro is a key responsibility of the Board. This requires strong collaboration between the board and management. The Board must enquire as to whether the strategy, coupled with Management's proposed performance measurement approach (currently, the metrics and targets as set out in the 5 Year Strategy and Annual Service Plan) is going to achieve BC Hydro's goals and meet government's, Indigenous communities', and stakeholders' expectations, some of which align, and some of which naturally conflict. In making this assessment, Directors consider how Management allocates BC Hydro's talent, technology, capital, and other resources to achieve the objectives in the strategy.

With respect to risk, the Board must ensure that Management is effectively identifying, managing, and mitigating the major enterprise-wide risks facing the company. While the exact approach taken will change over time, broadly speaking, it requires frameworks designed to take account of the links between various types of risk, the use of risk appetites, and the necessity to be prepared for material downside risks, especially those that are hard to quantify, through adequate capital and liquidity buffers; diversification across products and supply chains; and the appropriate redundancy in systems with the right depth of talent. Further, inherent in the identification of a risk, is also often the identification of related opportunities. Directors can and should challenge Management to think through what these may be, as they are not always immediately obvious.

Increasingly, Directors must examine companies' culture to satisfy themselves that the right culture exists to drive the corporate strategy forward, and to ensure key risks can be managed appropriately. This goes beyond simply setting the rules for what constitutes unacceptable conduct and towards ensuring BC Hydro's workplaces across the province, be they field offices, or the corporate head office, and interactions with Indigenous communities, the public, contractors, etc. respect and encourage diversity, equity and inclusion.

3. Decision-Making Authority

A question that arises often is *when* Board approval is required for a particular project, initiative, or course of action. There are three answers to that and they are all grounded in the language contained in the BC Hydro Power and Authority Act that "directors must manage the affairs of the authority or supervise the management of those affairs.", namely:

1. **Financial Threshold Approvals:** these approvals are relatively straightforward and defined by the Financial Responsibility and Approval Policy, found in section F of this manual, which sets out a schedule of financial thresholds, each requiring a higher level of approver through various levels of management, up to "transactions over \$65 million" which require Board approval. This type of approval is triggered frequently by capital projects.
2. **Strategically Significant Approvals:** determination of when these approvals are required is more nuanced than Financial Threshold Approvals, and perhaps best framed as "decisions of such strategic significance to the corporation that there is a reasonable expectation the Board will be

the approver”. Examples of this would include major strategies such as the 5 Year Strategy, the Code of Conduct, major regulatory filings like the Integrated Resource Plan, mandates or strategies for large negotiations with significant impact on the organization such as Energy Purchase Agreements, launches or wrap-up of certain programs such as the Standing Offer Program, etc.

3. **One-off Approvals:** these arise when the Board believes it is appropriate to intervene and become involved as the decision-maker in a situation or matter notwithstanding the policy referred to in 1 or practice referred to in 2.

Whether a decision fits into the category of approvals contemplated above in 2 and 3 is not always immediately obvious or clear. Dialogue between the Chair, CEO, and Corporate Secretary, and others as appropriate, will often assist in making this determination. When the Board makes a formal approval, it typically, but not always, does so on the recommendation of a Committee, the Chair, or Management. A formal approval is achieved by the passing of a resolution, which is recorded in the minutes. Any time Management asks the Board to support, or decline to support, a particular project, initiative or course of action, Directors can expect to see this request made formally via a resolution, and recorded as such in the corporate record.

4. Legal & Policy Framework – BC Hydro and Power Authority Act, Shareholder, Mandate Letter, Service Plan and BC Utilities Commission

The purpose of this section is to highlight some of the key aspects of BC Hydro’s legal, regulatory and policy environment as they relate to the governance of the corporation.

Hydro and Power Authority Act (Hydro Act)

BC Hydro is a statutory corporation continued under the Hydro Act. The corporation’s legal name is the British Columbia Hydro and Power Authority, but it is most commonly known as BC Hydro. BC Hydro’s statutory purposes are described in the Hydro Act, namely:

- (a) To generate, manufacture, conserve, supply, acquire and dispose of power or related products, and to supply and acquire services related to these purposes; and
- (b) To promote the use of electricity, including for the purpose of reducing greenhouse gas emissions.

All directors are appointed by the Lieutenant Governor in Council, including the Chair.

Among other things, the Hydro Act provides the legal framework for the governance and operation of the corporation and sets out the provincial laws that apply to BC Hydro. It also establishes BC Hydro as a Crown agent and describes certain associated rights, privileges, and obligations. Of note, as Crown agent, BC Hydro does not pay federal nor provincial income taxes.

Province as the “shareholder”

Given BC Hydro is a statutory corporation, it does not actually issue “shares” like an ordinary commercial corporation. Nevertheless, the Province is often colloquially referred to as BC Hydro’s “shareholder”.

Mandate Letter

The Minister of Energy, Mines and Low Carbon Innovation typically issues a Mandate Letter to BC Hydro which outlines the government's expectations and priorities for BC Hydro. Although Mandate Letters are not legally binding on BC Hydro, they are considered very important in setting corporate priorities.

Service Plan

The Service Plan is a document prepared each year for presentation to the B.C. Legislature under the *Budget Transparency and Accountability Act*. The Service Plan sets out the goals, strategies, and performance measures (key performance indicators) for BC Hydro over the next three-year time horizon. BC Hydro's Service Plan is submitted for approval by the Board in early January each year prior to submitting it to government. The Service Plan outlines the corporation's priorities for the coming year, includes targets for customer satisfaction, reliability, and financial performance and provides a roadmap for BC Hydro to achieve its objectives while operating within the constraints of its budget and regulatory environment.

British Columbia Utilities Commission

The British Columbia Utilities Commission or BCUC is an independent regulatory agency established under the *Utilities Commission Act*. It regulates public utilities in B.C., including BC Hydro, and has oversight over a range of matters including the rates we charge our customers, large capital expenditures and projects, energy supply contracts with independent power producers, and our long-term resource plans. The BCUC also oversees BC Hydro's compliance with Mandatory Reliability Standards. The BCUC's regulatory processes and hearings are for the most part public and may involve a range of intervenors such as Indigenous rights holders, customer groups, independent power producers and environmental interests.

The BCUC's is sometimes called an "economic regulator" because it is largely focused on economic and service-related issues, generally from the perspective of public utilities and their customers. The government may have broader policy expectations of BC Hydro such as economic development, Indigenous reconciliation and decarbonization and this may create tensions with the BCUC's regulatory framework, particularly as to whether it is appropriate for BC Hydro's customers to pay the costs of these broader government policy initiatives in their rates. While the government has mechanisms under the *Utilities Commission Act* to address these kinds of issues, such as the ability to direct the BCUC regarding how they must exercise of their statutory powers, concerns have been raised around the government's use of these powers, particularly as it affects the independent regulation of BC Hydro.

5. Code of Conduct Policy and Corporate Policy Statements

The Board is both the approver of, and bound by, the Code of Conduct Policy (the "Code"). The Code sets out, at a high level, the key behavioural expectations BC Hydro has of employees and the Board, the various safe-guards in place to protect them, and it is reviewed annually. The Code begins with a statement on BC Hydro's mission, vision and values (also outlined in the 5 Year Strategy), and covers subjects including conduct, information & records, BC Hydro property, conflicts, disclosure and whistleblower protection.

The Code is supported by four separate Corporate Policy Statements which are also Board-approved: Financial Responsibility & Approval, Fraud Risk, Risk Management, and Indigenous Contract & Procurement. These policies can be found in section F of this manual.

BC Hydro's contracts require contractors to comply with the Contractor Standards for Ethical Behaviour.

Specific Roles

This section of the Board Governance Manual covers the following duties and accountabilities for specific roles on and related to the Board:

1. Board Chair
2. Board Vice Chair
3. Directors
4. President & Chief Executive Officer
5. Corporate Secretary
6. Code Advisor
7. Ethics Officer

1. Board Chair

Introduction

The Board Chair (Chair) provides leadership in guiding the Board and coordinating its activities in the best interests of BC Hydro.

In performing this role, the Chair manages the affairs of the Board, works closely with the CEO, including ensuring effective relations with Government, other stakeholders and the public.

The Chair also works with Government and the Chair of the Corporate Governance and ESG Oversight Committee to ensure that the Board composition meets professional and other requirements and that the Board's membership is renewed on a timely basis.

In working with Management, the Chair will:

- Act as a sounding board and counselor for the CEO, including helping to identify problems, reviewing strategy, maintaining accountability, building relationships and ensuring the CEO is aware of concerns of the Board and Government, and the Board is aware of the principal concerns of Management.
- Lead the Board in monitoring and evaluating the CEO's performance.
- Ensure BC Hydro's public policy mandate is articulated and documented annually prior to the finalization of the strategic business plan.
- Together with the CEO, act as a primary spokesperson for BC Hydro and oversee BC Hydro's interfaces with Government and other stakeholders.
- Collaborate closely and rigorously exchange information with the CEO, including maintaining a close liaison regarding communication strategies with Government.
- Ensure corporate strategy, plans and performance are presented to the Board.
- Ensure the CEO presents Management succession and development plans at least annually and implements them.
- Foster a constructive and harmonious relationship between the Board and Management.
- Recommend appointment of, liaise with and provide direction to the Corporate Secretary.

In leading the Board, the Chair will:

- Chair Board meetings and provide leadership to the Board.

- Ensure the Board has full oversight of BC Hydro’s business and affairs and is alert to its obligations to BC Hydro, Government, stakeholders and rights-holders and under the law.
- Assist the Board in reviewing and monitoring the strategic business plan, policy and direction of BC Hydro and the achievement of its objectives.
- Ensure there is cohesion of direction and purpose at a policy and strategic level.
- Build consensus and develop teamwork within the Board.
- Communicate with the Board to keep it up to date on all major developments, including timely discussion of developing issues.
- Direct Management to ensure that the Board has sufficient knowledge to permit it to make major decisions when required.
- Co-ordinate the agenda, briefing packages and related events for Board meetings with the CEO and Corporate Secretary.
- In consultation with the Board, the Corporate Secretary and the CEO:
 - recommend the necessary Committee structure, mandates and the appointment of Committee Chairs and members to the Board for approval; and
 - annually evaluate each Committee’s appropriateness in the current environment and recommend such adjustments as are deemed necessary from time to time.
- Attend Committee meetings as appropriate.
- Set the frequency of Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board.
- Establish annually, in advance, the Board Calendar and coordinate fulfillment of the requirements set by this Board Governance Manual.
- Annually lead or conduct the review and assessment of Board composition, performance and compensation, all in conjunction with any relevant Committees of the Board.
- Ensure Board and Committee meetings are conducted in an efficient, effective and focused manner.
- Ensure, with the assistance of Management, that there is an orientation program for new Directors and an ongoing development program for existing Directors aimed at increasing the Directors’ familiarity with the Corporation, its industry, and their unique responsibilities as Crown corporation Directors.

Relations with Government, Other Stakeholders and the Public

The Chair is appointed by Government and as a result, has a unique relationship with and responsibility to Government. The Chair shall, in consultation with the CEO:

- Undertake speaking and/or other public engagements in connection with BC Hydro’s activities.
- Represent BC Hydro in its interface with Government, regulatory bodies, other stakeholders in Canada and other jurisdictions.
- Ensure Management and the Board are appropriately represented to Government and other stakeholders.
- Ensure Management and, where applicable, the Board are appropriately represented at official functions and meetings.

Acting Chair

In situations where the Chair is unable to perform his or her duties as set out above or as otherwise authorized by the Board, the Board delegates the Chair's authority and responsibilities to the following Acting Chairs, in succession, for the period of the Chair's inability to perform such duties:

- the Vice Chair, if one is appointed, or, if unable,
- the Chair of the Corporate Governance and ESG Oversight Committee, or, if unable,
- the Chair of the Audit and Finance Committee, or, if unable,
- the Chair of the People and Culture Committee, or, if unable,
- the Chair of the Strategy Oversight Committee, or, if unable,
- the Chair of the Operations, Planning and Information Technology Committee, or, if unable,
- the Chair of the Capital Projects Committee.

For the purposes of this delegation, a Chair is considered unable to perform duties in the following circumstances:

- they are physically or mentally incapacitated;
- where, in an emergency situation, it is impracticable to contact them within a reasonable time; and/or
- they declare a temporary inability or unavailability to perform their duties as Chair for any reason.

Any actions taken by an Acting Chair in reasonable reliance upon the delegation of authority set out above are considered to have been performed under the authority granted to the Chair.

2. Board Vice Chair

The Board may appoint a Vice Chair at any time.

As noted in the Acting Chair section above, the Vice Chair will have the responsibility of chairing Board meetings in the Board Chair's absence or if the Board Chair is otherwise unable or unwilling to act at a meeting of the Board.

The Vice Chair may have other powers and duties as assigned or delegated by the Board or Board Chair from time to time.

The Vice Chair will:

- Provide a source of Board leadership complementary to that of the Board Chair.
- As required, the Vice Chair acts as a conduit between Management and the Board and between Directors and the Board Chair/CEO.
- Maintain a close and collaborative relationship with both the Board Chair and the CEO.
- Act as a potential communication channel among the Directors and between Directors and the Board Chair/CEO, such that sensitive issues or concerns are raised in a manner that provides a voice for Directors who might not otherwise raise an issue or who might wish not to have a subject discussed publicly.
- Review the Board Chair/CEO's recommendations to the Board regarding the appointment of Committee Chairs and members.
- Communicate periodically with all Committee Chairs to ensure they are functioning effectively and with the appropriate resources they need to fulfill their responsibilities to the Board.

3. Directors

Goals and Objectives

As a member of the Board, each Director will:

- fulfill the legal requirements and obligations of a Director, which include a comprehensive understanding of statutory and fiduciary roles;
- oversee the governance of BC Hydro, ensuring that the best interests of BC Hydro are paramount in decisions of the Board; and
- participate in the review and approval of BC Hydro policies and strategic plan and in monitoring their implementation.

Duties and Responsibilities

Board Activity

As a member of the Board, each Director will:

- exercise good judgment and act with integrity;
- use his or her ability, experience and influence constructively;
- be available as a resource to Management and the Board;
- respect confidentiality;
- understand the difference between governing and managing, and not encroach on Management's area of responsibility; and
- participate in the evaluation of the performance of the CEO and BC Hydro.

Communication

Communication is fundamental to Board effectiveness and therefore each Director will:

- participate fully and frankly in the deliberations and discussions of the Board;
- encourage free and open discussion of the affairs of BC Hydro by the Board;
- ask probing questions of Management; and
- focus inquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day-to-day management of BC Hydro.

Committee Work

In order to assist Board Committees in being effective and productive each Director will:

- participate on Committees as assigned and become knowledgeable about the purpose and goals of the Committee; and
- understand the process of Committee work, and the role of Management supporting the Committee.

Business, Authority and Industry Knowledge

Recognizing that decisions can only be made by well-informed Directors, each Director will:

- become generally knowledgeable of the business of BC Hydro and its industry;
- develop an understanding of the unique role of BC Hydro within the community;
- maintain an understanding of the regulatory, legislative, business, social and political environments within which BC Hydro operates;

- become acquainted with senior Management of BC Hydro;
- remain knowledgeable about BC Hydro's facilities and visit them when appropriate; and
- be an effective ambassador and representative of BC Hydro.

4. President & Chief Executive Officer

Introduction

The President and Chief Executive Officer (CEO) is the senior management officer of BC Hydro.

The CEO may or may not be a member of the Board of Directors. When the CEO has not been appointed to the Board by Government, it will be Board policy that the CEO can expect to receive the same information as any other Director, except that information relating to the CEO's performance, as appropriate.

CEO's Duties and Responsibilities

- Lead and manage BC Hydro within the parameters established by the Board and its Committees.
- Report to the Board and manage the Executive Team (ET).
- Develop and recommend the strategic plan to the Board and successfully implement corresponding corporate operational plans, capital plans and other supporting initiatives.
- Ensure BC Hydro's public policy responsibilities that have been assigned by the Government have been incorporated into the strategic plan.
- Identify and report to the Board principal risks of the business and ensure the implementation of systems to manage these risks.
- Develop and recommend to the Board the overall corporate organizational structure.
- Seek Board approval for expenditures, revenue measures, leases or other actions or transactions falling outside the plans approved by the Board.
- Direct and monitor BC Hydro's activities in a manner that ensures the assets of BC Hydro are safeguarded and optimized.
- Develop and implement operational policies to guide BC Hydro within the limits prescribed by the framework of the strategic directions adopted by the Board.
- Ensure BC Hydro builds strong, sustainable relationships with Indigenous communities which are grounded in mutual trust and respect, and the principles of reconciliation.
- Ensure the integrity of BC Hydro's internal control and management systems.
- Ensure the safe efficient operation of BC Hydro and ensure compliance with BC Hydro's Corporate Policies, as they may be amended from time to time by the Board.
- Ensure BC Hydro achieves and maintains a satisfactory competitive position within its industry and a high standard for its products and services.
- Continue to build BC Hydro's reputation as a leader in the fields of innovation and diversity.
- Prior to appointing ET members, review their appointment with the Chair and the Chair of the Corporate Governance and ESG Oversight Committee of the Board.
- Annually establish and maintain a Board reviewed plan for senior management development and succession.
- Provide the Board, with exposure to the BC Hydro's key Management at Board and Committee meetings.

- Together with the Chair, act as a primary spokesperson for BC Hydro and oversee BC Hydro's interfaces with Government and other stakeholders including:
 - developing and implementing a communications program; and
 - representing BC Hydro in its interface with Government, regulatory bodies and other stakeholders.
- Collaborate closely and rigorously exchange information with the Chair:
 - to maintain a close liaison regarding communication strategies with Government and other stakeholders; and
 - to review material issues and to ensure the Chair and other Directors are provided with relevant and timely information.
- Foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.
- When considering any significant non-BC Hydro public service commitments and/or accepting outside Board appointments, seek Board approval and ensure appointments are in accordance with applicable Government policies.

5. Corporate Secretary

Introduction

At the direction of the Chair, the Corporate Secretary of BC Hydro assists the Boards of Directors of BC Hydro and its Subsidiaries¹ in the discharge of their respective duties by organizing and recording the activities of each meeting of the Board and Committee of the Board. The Corporate Secretary provides advice to the Boards of BC Hydro and its Subsidiaries, individual directors, and employees of the Corporation to ensure compliance with BC Hydro's governance framework. As a Board-appointee, the Corporate Secretary acts as a signing officer for BC Hydro and its Subsidiaries.

Corporate Secretary's Duties and Responsibilities

Board Management

- Organize meetings of the Boards of Directors of BC Hydro and its Subsidiary companies in accordance with procedures established through the governance framework, or, as elsewhere stipulated by the Boards.
- In accordance with the Board calendar and Committee timetables, prepare draft agendas for Board, Board Committee and Subsidiary Board meetings for discussion with the Chair, CEO, Board Committee Chairs and Subsidiary Board Chairs, as appropriate.
- Coordinate and assemble briefing materials with the appropriate breadth and clarity to assist Directors prepare for meetings and perform their policy and oversight role by:
 - developing guidelines and templates to assist Management in the preparation of information in support of each Agenda item;
 - establishing timelines leading up to each meeting that provide for the adequate internal review while providing Directors with sufficient time to prepare. As a general rule, this will incorporate the weekend prior to a scheduled meeting;
 - advising and assisting Management throughout the meeting preparation process to ensure Board requirements are clearly understood and appropriately communicated to all staff involved in the process;

¹ For the purpose of this Tab, "Subsidiary" shall mean the subsidiaries of BC Hydro, other than its fully-operational subsidiaries (i.e. Powerex and Powertech who each have their own Corporate Secretary).

- identifying items that require approval by the Board, drafting resolutions as required while ensuring that, where appropriate, a legal review has been undertaken by the General Counsel.
- Attend and act as Secretary of Board, Subsidiary and Board Committee meetings, delegating Corporate Secretary staff as appropriate.
- Prepare minutes of Board and Committee proceedings, or ensure this responsibility has been delegated to an appropriate individual. Review all minutes for consistency, appropriateness of recorded decisions and issues with broader implications. Ensure the corporate record is at all times accurate and up to date.
- Refer issues for legal review and opinions to the General Counsel as required.
- Ensure that decisions taken by the Board are communicated to Management in a timely manner. Assist the CEO in ensuring all consequential actions are taken by BC Hydro.
- Acts as liaison between Board and Management and the main point of contact for Directors. At the direction of the Chair, provides Directors with timely information between Board meetings as events warrant. When responding to individual Director requests for briefings on particular topics, ensures that all Directors receive the information provided.
- Draft various reports or undertake research for the Chair or CEO, as required.
- Provide logistical support for annual Board retreats, working with Management to prepare and coordinate retreat materials and arrangements for associated events.

Corporate Governance

- Promote strong corporate governance practices within the Corporation. Act as an information source and advisor on all matters related to corporate governance for Directors and employees of BC Hydro and its Subsidiaries.
- Keep up to date on evolving corporate governance practices and trends, advising the Corporate Governance and ESG Oversight Committee and the Board as part of the annual governance framework review.
- In conjunction with the Chair and the Corporate Governance and ESG Oversight Committee, manage the annual Board assessment. Work with the Chair and CEO to implement changes to policy or process that result from the evaluation's recommendations.
- Prepare any required information related to governance or the Board of Directors for BC Hydro's Annual Report.
- Manage the Corporation's annual disclosure to ensure consistency with government's Crown Agencies and Board Resourcing Office requirements.
- Keep up to date on the Corporation's current initiatives and relationships with Government and stakeholders. A broad understanding of BC Hydro and its operations is required in order for the Corporate Secretary to be effective.
- Provide service and advice to both Directors and Management, working to promote a strong working relationship, that includes:
 - assisting with new director orientation, ongoing orientation, training and education throughout each Director's tenure on the Board;
 - with the General Counsel, keeping Directors informed of changing or new requirements relating to their legal and fiduciary responsibilities;
 - ensuring Management is informed of Director views and preferences.
- Administer Director remuneration consistent with Government guidelines. Periodically review the Board's compensation guidelines and make appropriate recommendations to the Chair and the Corporate Governance and ESG Oversight Committee when required.

- Promote the role and responsibilities of the Corporate Secretary both within BC Hydro and externally, building networks to share ideas, discuss new trends in corporate governance and benchmark best practices.

Director and Employee Code of Conduct Policy

- Administer BC Hydro's contract with the Code Advisor, an independent contractor appointed by the Board of Directors to provide advice to Directors and Executive Officers on Code of Conduct and conflict of interest related matters.
- Upon appointment, arrange for new Directors and Executive Officers to meet with the Code Advisor. Annually, request all Executive Officers and Directors of BC Hydro and its Subsidiaries to sign a written declaration indicating their understanding of the requirements of the Code of Conduct.
- Maintain and update annually (or as necessary) a record of disclosures made by Directors and Executive Officers.
- Work with Ethics Officer, Code Advisor and others as required to revise and update the Code of Conduct from time to time as necessary.
- Meet with the Ethics Officer and Code Advisor periodically to assess the effectiveness of processes relating to the Code of Conduct.
- Schedule the Code Advisor's annual report to the Board of Directors and the Ethics Officer's annual report to the Corporate Governance and ESG Oversight Committee.
- Communicate any recommendations from the Board as appropriate or take any action required that result from the Code Advisor's annual report.

Corporate Records

- As an authorized signing officer, apply the corporate seals of BC Hydro and its Subsidiary companies in accordance with established policy or Subsidiary Articles of Incorporation.
- Ensure all legal and filing requirements relating to BC Hydro's Subsidiary companies are met.
- Act as custodian for BC Hydro's corporate and historical records, meeting minutes and related Board information.

Corporate Policy Framework

- Provide policy advice to employees, directing particular questions to subject matter experts within BC Hydro.
- Update BC Hydro's corporate policy framework as business needs necessitate, ensuring appropriate sign off has been obtained through the CEO and Board.
- Periodically survey the business groups and Subsidiaries of the Corporation to assess whether corporate policies and procedures continue to meet business needs, are well understood and that new employees receive appropriate orientation on policy matters.

Accountability

The Corporate Secretary is an employee of the Corporation who reports to the Chair and is accountable to the Board. Resource requirements for the Office of the Corporate Secretary are determined by the Chair in consultation with the Chief Human Resources Officer.

6. Code Advisor

As outlined in the Code of Conduct Policy, the Code Advisor reports to the Corporate Governance Committee, through the Office of the Corporate Secretary, and performs the following services:

- meet with Directors and Executive Officers annually as contemplated by the *BC Hydro Code of Conduct* to discuss their personal interests, disclosure obligations and steps that should be taken to avoid or manage conflicts of interest;
- provide independent expert advice in relation to the Code of Conduct including duty and responsibility questions, conflict of interest issues, and if appropriate, issue verbal or written opinions to Directors and Executive Officers on such matters;
- in confidence, counsel Directors and Executive Officers on appropriate Code of Conduct and conflict of interest matters, such advice typically being sought of the Code Advisor, but where appropriate at his or her initiation;
- review and discuss personal interests disclosure documentation, and personal interests generally, with new Directors and Executive Officers; discuss steps that should be taken to avoid or manage conflicts; generally, provide orientation to new Directors and Executive Officers on the Code of Conduct and related matters;
- provide Directors and Executive Officers with assistance as may be requested with respect to reporting a breach or potential breach of the Code of Conduct;
- on request of the Corporate Secretary, review, update or establish appropriate policies, guidelines, procedures and processes relating to BC Hydro's Code of Conduct as it applies to Directors and Executive Officers;
- report on the activities of the Code Advisor to the Corporate Secretary annually or on request;
- provide support to BC Hydro's Ethics Officer to ensure consistency of practice and coordination of reports, etc. with respect to their respective obligations; and
- provide independent expert advice in relation to the Code of Conduct, including duty and responsibility questions, conflict of interest issues, whether of a general nature or specific to any Director(s) or Executive Officer(s), as the Corporate Secretary, Chair of the Corporate Governance Committee or Board Chair may direct.

7. Ethics Officer

The Ethics Officer provides a similar function to the Code Advisor with a focus on employees of BC Hydro, its subsidiaries and contractors.

The Ethics Officer and their team manages complaints and provides advice, support and resources to managers and employees on policies including the Code of Conduct, Fraud Risk Policy, Respectful Workplace Policy, as well as the Merit Review and Ombudsperson programs. The Ethics Officer is the Designated Officer for the *Public Interest Disclosure Act* (PIDA) for BC Hydro. The Ethics Officer provides confidential support and guidance, providing advice and recommendations intended to assist individuals to make informed and responsible decisions about their own work-related circumstances and/or conduct.

The Ethics Officer:

- Leads development of relevant corporate policies related to the Code of Conduct;
- Promotes awareness campaigns on relevant Code of Conduct topics, including respectful workplace, and develops supports and resources for employees and managers;
- Oversees the development and implementation of corporate Code of Conduct and Respectful Workplace training for employees and management;

- Provides advice, receives disclosures, coordinates investigations of allegations of wrongdoing under PIDA and reports annually about PIDA for BC Hydro;
- Provides comprehensive advice to employees and managers about the Code of Conduct and relevant policies intended to assist individuals to make informed and responsible decisions about their own work-related circumstances and/or conduct.;
- Develops, maintains and oversees confidential reporting and case management procedures for the handling of complaints and allegations related to the Code of Conduct and related policies;
- Collaborates with Human Resources and other relevant departments on complaint handling, coordinating investigations to ensure compliance with the Code of Conduct and related policies and effective conflict resolution and restoration of workplace relationships;
- Maintains an up-to-date knowledge and understanding of corporate governance requirements, compliance and reporting responsibilities; and
- Reports to the Board quarterly on Ethics Office program statistics and trends, providing insights and facilitating discussions on sensitive topics.

Board and Committees General Terms of Reference

Purpose: The Board oversees BC Hydro's affairs – a wide-ranging and significant task. To assist with discharging its oversight obligations, the Board creates Committees to conduct some of the more in-depth testing of Management's assumptions, strategies and proposed direction across a variety of matters. The Board also revises scope, renames and disbands Committees as it deems necessary in performing its duties.

All Committees report up to and make recommendations to the Board. The Board will take into consideration but will not be bound by Committee recommendations. Each Committee has the authority to approve its own minutes and the Board may delegate further authority to the Committees, as it deems appropriate, noting that the Board retains ultimate responsibility for oversight of BC Hydro's affairs.

Each Committee has a unique Terms of Reference which capture its core oversight obligations, and which are reviewed on an annual basis.

Duties:

1. **Strategy and ESG:** Consider how the Committee's work aligns with BC Hydro's overall strategy (i.e. the current 5 Year Strategy), corporate governance framework (including mission, vision and values), and an evolving Environmental, Social and Governance (ESG) landscape;
 - i. ESG subject areas Committees will routinely consider include: Indigenous, environmental, regulatory, community or other stakeholders, supply chain, GBA+ (gender-based analysis plus), affordability, data governance, equity/inclusion/diversity, and culture.
2. **Risk:** Review Board-assigned risks¹ and the mitigations proposed by Management to manage these and consider opportunities that may arise from each risk, probing areas of potential disconnect;
3. **Review and test** Management's assumptions related to initiatives, expenditures, projects and programs underway or proposed which are within the Committee's mandate; and
4. **Make informed recommendations** to the Board with respect to the above.²

Overlap: Mindful that overlap can lead to duplication of effort, Committees will do their best to ensure it is limited, both to ensure efficiency of oversight and to minimize any unnecessary reporting burden on management. Careful review of proposed agendas will assist in this regard, as will routine check-ins between Committee Chairs. Terms of Reference are to be reviewed annually for the same reason.

That said, in a complex organization that serves much of the province, with performance and reporting obligations set by government, legislation, regulators and other entities, and with a pan-organizational multi-year strategy, there will naturally be some areas of unresolvable overlap. This is to be expected.

¹ Risk are as set annually by the Board in alignment with the current Risk Landscape as presented to the Board each quarter).

² Including, where the Board financial approval threshold is triggered, or where there are significant strategic implications for the organization, recommending various types of negotiation mandates. BC Hydro is required to develop these from time to time (examples include: bargaining mandates related to collective agreements – People & Culture Committee, negotiation mandates related to Energy Purchase Agreements – Operations, Planning and Information Technology Committee)

Note that the work of the Strategy Oversight Committee and the Corporate Governance and ESG Oversight Committee is closely related. The Strategy Oversight Committee oversees discrete but related initiatives which are referenced in, or are closely tied to the 5 Year Strategy – its focus is tactical and deep. The Corporate Governance and ESG Oversight Committee is focused on developing a lens through which to understand and improve corporate performance – its focus is broader and more long-term than the 5 Year Strategy.

Membership & Composition: Committee Chairs and members are appointed by the Board on the recommendation of the Board Chair. A Committee member may be removed or replaced at any time by the Board and will cease to be a member upon ceasing to be a Director of BC Hydro. Each Committee will be composed of at least three Directors.

The Board Chair is an ex-officio, non-voting member of all Committees. The Board Chair will be a voting member of any Committee to which they have been explicitly appointed. The Corporate Secretary will be secretary to each Committee.

Meetings & Special Meetings: The Board and Committee Chair will determine the frequency of meetings. In general, the Board and each Committee will have at minimum one quarterly meeting. Additional ad-hoc meetings will be set as needed. Meetings will generally be scheduled a year in advance in conjunction with Board meetings where possible. All meetings may be held in person or virtually. Any Director is welcome to attend as a non-voting observer at any Committee meeting, including any in-cameras.

Special meetings may be held at any time at the call of the Board or Committee Chair. Notice of a special meeting will be delivered to each Director at any time prior to the start of the meeting. In the Board or Committee Chair's absence, a special meeting may be called by any two directors or Committee members.

The Corporate Secretary will liaise with the Board Chair, Committee Chairs and members of the Executive Team to prepare meeting agendas and related materials.

Procedures at Board and Committee Meetings:

1. **Quorum:**
 - a) the presence of at least 50% of eligible voting Directors will constitute a quorum and, with respect to quorum, the meeting is then validly constituted;
 - b) attendance at a meeting of the Board/Committee may be in person or virtual; and
 - c) a meeting of the Board/Committee, once validly constituted, will remain so despite departure or recusal of Director(s) due to a declared conflict of interest.
2. **Votes** arising at any meeting of the Board/a Committee will be decided by a majority of votes cast by those present (and not excluded from voting on the question due to a declared conflict of interest). In a case of tie vote, the Chair of the meeting will have a second vote;
3. **Consent Resolutions (in lieu of a meeting):** a resolution circulated in writing, and unanimously agreed to by signature or by electronically verifiable means by at least 80% of Directors not excluded from voting on the question due to a declared conflict of interest, will be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

4. **In-Camera:** the Board and each Committee will hold a regular in-camera during each quarterly meeting.

Minutes: The Corporate Secretary will prepare minutes for each Board and Committee meeting in a timely fashion. Minutes will be provided to the responsible member(s) of Management and to the Board or Committee Chair for review. The Corporate Secretary will submit reviewed minutes for approval at a future meeting.

The Corporate Secretary will maintain complete meeting records for each Board and Committee meeting that will be available to any Director, the CEO and certain members of Management, as required.

Committee Support & Outside Advisors: Each Committee Chair will advise the Chair and CEO when the Committee wishes to use BC Hydro staff as Committee support, beyond the use of the Corporate Secretary. The CEO, or the appropriate Executive Team Member, will designate staff for the Committee's assistance as required.

Similarly, the Board or a Committee may from time to time require the services of an outside advisor in order to effectively fulfill its responsibilities. A Committee Chair who wishes to engage an outside advisor must first obtain the authorization of the Board Chair. The Board Chair will update Directors of their authorization to engage outside advisors.

Outside advisors will be entitled to reasonable compensation, and whatever Treasury Board Directive regarding Board Director Pay is in place at the time this is contemplated should be taken as general guidance with respect to compensation.³

Outside advisor engagements will be formalized using applicable standard form contracts in use by BC Hydro from time to time, noting that confidentiality, indemnity and insurance provisions should be comparable to those which are applicable to Board Directors.

Task Groups, Project Boards and Advisory Committees of the Board are all bodies which may be adopted from time to time by the Board of Directors to facilitate a greater degree of oversight into a task or project, or to solicit views and expertise from beyond the present Board membership. Where appropriate, bodies of other types may also be created by the Board from time to time.

Task Groups and Project Boards

Task Groups and Project Boards are Committees of the Board of Directors, but differ from standing Committees in that they are established for a specific task or for a specific project, respectively, rather than having a more general mandate.

Task Groups and Project Boards are created by, and their membership is appointed by, the Board of Directors. Like other Committees of the Board, membership of Task Groups and Project Boards are primarily made up of current Directors, although non-Directors may be appointed. A current Director appointed to a Task Group or Project Board ceases to be a member upon ceasing to be a Director of BC Hydro.

³ Current directive is available [here](#).

Task Groups and Project Boards operate according to a Board-approved Terms of Reference that outlines their duties and responsibilities. The General Terms of Reference for Board Meetings & all Committees in this tab also apply to Task Groups and Project Boards.

Advisory Committees

Advisory Committees may function more autonomously from the Board, being free to establish their own meeting protocols and guidelines. Advisory Committees may include members who are not Directors of the Corporation and provide general advice rather than recommendations on policy matters. One advisory committee exists at the present time - the *Peace River/Williston Reservoir Advisory Committee* (refer to Tab 3.8 for its Terms of Reference).

Membership for Task Groups, Project Boards and Advisory Committees

The Chair is responsible to the Board for periodically proposing the leadership and membership of each Task Group, Project Board, Advisory Committee or other body. In preparing membership recommendations, the Chair will consult with the CEO and the Board, where applicable taking into account the preferences, skills and experience of each Director.

The use and continuation of Task Groups, Project Boards, Advisory Committees or other bodies will be reviewed regularly as the Board considers which of its responsibilities will best be fulfilled through these means.

Audit and Finance Committee (AFC) Terms of Reference

Purpose: Provide oversight of and strategic recommendations with respect to BC Hydro's overall financial performance (including treasury, financial reporting, corporate controls, debt management), pension, and oversee BC Hydro's internal and external audit function.

The Committee will consider the presence and intersection of various Environmental, Social and Governance (ESG) factors in its work. Members of the Committee must be financially literate.

Approach: Due to its financial oversight role, the AFC's work is connected to the various provincial reporting requirements. The Board delegates its authority to the AFC to approve the quarterly financial statements and associated Management discussion and analysis as well as financial forecasts as the related provincial filing deadlines are generally earlier in the quarter than the Board's quarterly meeting dates.

Annual and quarterly financial statements are subject to review or audit by the External Auditor, as appropriate, pursuant to their professional standards. The External Auditor also reads the Management discussion and analysis. They report their findings to Management and the Committee prior to Management seeking the Committee's approval of the financial statements and Management discussion and analysis.

Further, in making its approvals, the Committee will be guided by the requirement that public reporting represents a complete, accurate and balanced portrayal of BC Hydro's performance and financial situation and that the financial statements are fairly presented in accordance with generally accepted accounting standards. Moreover, the Committee will draw to the attention of the Board all financial matters it is aware of which may materially affect the current or future financial position of BC Hydro.¹

The Committee has free and open communication with both the Internal and External Auditor. Both will be notified of the Committee's meeting schedule, invited to attend, and will receive the appropriate meeting materials in advance of meetings.

¹ In considering the financial statements, the Committee will:

1. obtain assurance, through communication with Management, Internal Auditor and External Auditor, that accounting systems are reliable, and internal controls adequate;
2. consider whether appropriate accounting methods are being applied;
3. discuss with Management and with the External Auditor such things as follows: all proposed changes in accounting policy, material risks or uncertainties associated with financial matters or business processes, compliance with accounting standards, significant adjustments arising out of the audit process, related party transactions, including business rationale and applicable disclosures, major issues as to the adequacy of the Corporation's internal control over financial reporting and any specific remedial actions adopted as a result, consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements, all estimates or judgements of Management that may be material to financial reporting, judgement of both Management and the External Auditor about the quality of accounting principles, and the clarity of the disclosures in the financial statements;
4. discuss with Management and the External Auditor significant financial reporting, recording or presentation issues discussed during the fiscal period and the manner of their resolution;
5. consider the consolidated audited annual financial statements in conjunction with the report of the External Auditor, which will include whether the statements: properly reflect the significant accounting policies selected, reflect estimates and other financial statement elements that are reasonable and consistent, adequately disclose all major transactions and issues, disclose all required subsequent events, and are understandable, relevant, reliable and comparable.
6. consider Management's assessment of how the annual financial results impact the risks faced by the Corporation, and
7. consider any recommendations brought forward by Management in terms of their impact on the risks faced by the Corporation.

External Auditor: The Committee will have ultimate responsibility for the relationship with, and oversight of, the External Auditor. It will meet with the External Auditor on any matter either the Committee or the External Auditor deems appropriate, whether during or outside of the regularly scheduled quarterly meetings. It must satisfy itself that the External Auditor is and remains independent² throughout their engagement and that they follow appropriate quality control practices. The Committee Chair typically meets separately with the External Auditor ahead of each quarterly meeting.

Internal Auditor: The Internal Auditor is comprised of employees of the Corporation who report in respect of their work directly to the Audit Committee. They will provide an annual plan for consideration and approval by the Committee, and this plan will take into consideration the enterprise and operating risks identified by the Board and Management of the Corporation. The results of their work will be reported to the Committee following a review with Management for their consideration of the accuracy of the findings and to solicit the responses of Management to the recommendations made by the Internal Auditor. Reports to the Committee on individual audits will be in executive summary form and the Committee will be provided more detailed when the Internal Auditor's work identifies unmitigated risks that could represent an issue of high consequence to the Corporation. The Committee will also be provided with more detailed reports for any other work at their request.

Pension: The following matters are to be addressed by the Committee as required: monitoring the health of the pension plan; approving changes to the BC Hydro Pension Plan Funding Policy; making recommendations to the Board respecting plan design, benefit levels, and the Pension Statement of Investment Policy; review actuarial valuation and assumptions; approving the annual pension plan audited financial statements; and review material variances in pension expense.

Materials and Reporting: Management and the External Auditor and Internal Auditor will report on key financial, audit and related matters on a quarterly basis, pursuant to the schedule set out below.

² Discharge of this responsibility involves reviewing and discussing with the External Auditor all relationships that the External Auditor and their affiliates have with BC Hydro and its affiliates in order to satisfy the Committee of the External Auditor's independence, including, without limitation (i) pre-approving any non-audit services to be provided by the External Auditor following the recommendation of Management (the Committee Chair may pre-approve non-audit services on behalf of the Committee if required between the Committee's quarterly meetings. Finance will share documentation of any Committee Chair pre-approvals with the Corporate Secretary); and (ii) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the External Auditors delineating all relationships that may reasonably be thought to bear on the independence of the External Auditor with respect to the Corporation (iii) discussing with the External Auditor any disclosed relationships or services that the External Auditor believe may affect the objectivity and independence of the External Auditor, and (iiii) recommending that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence.

COMMITTEE TIMETABLE³				
	Q1 (May)	Q2 (Aug)	Q3 (Nov)	Q4 (Feb)
1. FINANCIAL REPORTING & FORECASTS				
a. Annual Financial Statements and Management's Discussion & Analysis	Recommend			
b. Quarterly Financial Statements and Management's Discussion & Analysis		Approve	Approve	Approve
c. Financial Forecast Updates, as needed		Approve	Approve	
2. EXTERNAL AUDIT				
a. External Auditor <ul style="list-style-type: none"> • Annual appointment • Annual renewal of terms/fees • Annual pre-approval of non-audit services 				Approve
b. Quarterly Report of External Auditor	Review	Review	Review	Review
c. Annual External Audit Plan			Review	
d. Annual External Auditor's post-audit Management letter (if any), and Management's response (if any)	Review			
e. Annual Report detailing External Auditor's Quality Control Procedures ⁴	Review			
3. INTERNAL AUDIT				
a. Quarterly pre-meeting between AFC Chair and Director, Internal Audit	Discussion	Discussion	Discussion	Discussion
b. Annual Internal Audit Plan (incl. budget and resource plan)	Approve			
c. Annual Review of Audit Services Charter (incl. assurance that Internal Auditor following adopted recognized standards i.e. Institute of Internal Auditor)	Approve			
d. Quarterly Report of Internal Auditor	Review	Review	Review	Review
e. Annual Performance Review of Director of Audit Services:				
i. Performance assessment (an input to the review process)				Review
ii. Final performance assessment and compensation implications	Review			
f. Approve decisions on the appointment and removal of the Director of Audit Services, as needed.				
4. TREASURY				
a. Quarterly Treasury Report (incl. credit exposure, foreign exchange, debt, interest rate hedging and derivatives, pension, insurance)	Review	Review	Review	Review
b. Annual Liability Risk Management Strategic Plan Report	Review			
c. Semi-Annual Insurance Program and Management Strategies Report		Review		Review

³ Note: "Recommend" means to consider the item and make a recommendation to the Board with respect to approval of that item.

⁴ Report to describe auditing firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the auditing firm or by any inquiry or investigation by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the External Auditor and any steps taken to deal with any such issues and all relationships between the External Auditor and BC Hydro.

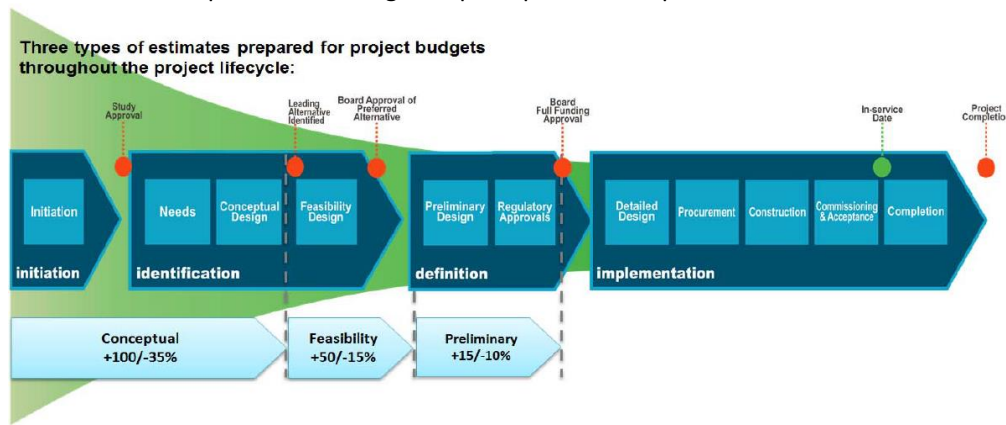
		(Executive Liability & Cyber)		(General Liability and Property)
d. Review and approve changes to the Treasury Risk Management Policy, as needed.				
5. PENSION PLANS				
a. Quarterly Corporate Pension Management Committee Reports (may be included in the Quarterly Treasury Report – item 4.a.)	Review	Review	Review	Review
b. Annual Pension Plan Audited Financial Statements	Approve			
c. Review actuarial valuations and approve or recommend changes to the Board for approval regarding applicable Pension Plan policies, as needed.				
7. GENERAL				
a. Annual Committee Terms of Reference Review			Recommend	
8. QUARTERLY IN-CAMERAS				
a. External Auditor	Discussion	Discussion	Discussion	Discussion
b. Internal Auditor	Discussion	Discussion	Discussion	Discussion
c. Chief Financial Officer	Discussion	Discussion	Discussion	Discussion
9. TABLED REPORTS				
a. Quarterly Summary of Significant Exposures (incl. legal)	Review	Review	Review	Review
b. Quarterly Employee Accounting and Audit Concerns Report	Review	Review	Review	Review
c. Quarterly Risk Report (“key risks” related to the Committee’s mandate)	Review	Review	Review	Review
d. Quarterly Accounting Standards Update	Review	Review	Review	Review

Capital Projects Committee (CPC) Terms of Reference

Purpose: Provide oversight of and strategic recommendations with respect to BC Hydro’s activities in support of growing and sustaining the power system, including capital planning and construction to generate and supply power (properties, Capital Infrastructure and Project Delivery managed power system and dam safety projects, asset health assessments, and the 10 Year Capital Plan). The Committee will consider the presence and intersection of various Environmental, Social and Governance (ESG) factors in its work.

Approach: The Committee assists the Board in providing strategic and policy level advice and direction to Management on matters related to asset health, capital planning, capital projects, and fulfilling its associated obligations and oversight responsibilities. With respect to asset health, the Committee will inquire into the processes in place to monitor and assess the condition of the Corporation’s major assets, the adequacy of resources in place to ensure the safe and reliable operation of the Corporation’s major assets in the context of acceptable risk parameters, and the Corporation’s asset management practices, ensuring that they remain effective and current in the context of industry practices and standards.

With respect to capital planning, the Committee will also monitor and oversee the capital planning process to ensure appropriate management of asset risk and allocation of resources, and review long-term capital plans, including underlying assumptions and methodologies, ensuring that they adequately reflect the risks and priorities associated with asset health. This will include linking the load forecast and the capital plans presented to the Committee to ensure that investments tied to growth and sustainment meet the needs of the future for BC Hydro and its customers. The below graphic shows the project life cycle, noting the touch points for seeking approval from the Board, for which detailed review is typically undertaken by this Committee with approvals recommended to the Board. Specifically, this Committee recommends to the Board for approval project preferred alternatives, submissions to the Commission and authorization of implementation funding, with ongoing monitoring of performance and fiscal accountability at a project level and at the portfolio of projects falling under the Board’s purview. At the point of the preferred alternative approval this Committee may also recommend to the Board that it delegate authority to the CEO to determine whether a project can move into Implementation Phase up to a threshold of \$100 million, considering social acceptability criteria such as potential negative impacts on Indigenous communities or neighboring properties, potential of significant environmental impacts and/or negative perception to the public.



Materials and Reporting: Management will report on key capital infrastructure related matters on a quarterly basis, pursuant to the schedule set out below. The Committee will be kept apprised of the individual capital projects and non-routine matters as appropriate, generally through issue-specific agenda items at quarterly meetings.

COMMITTEE TIMETABLE¹				
	Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Feb)
1. CAPITAL				
a. Annual Asset Health Rating Update			Review	
b. Annual 10 Year Capital Plan Update			Review	
c. Quarterly Capital Projects Report (incl. key risk indicators for each capital project)	Review	Review	Review	Review
d. Quarterly Program & Contact Management Update	Review	Review	Review	Review
e. Annual Capital Portfolio Management Report: Service Plan Metric Actual to Approved Budget Performance	Review			
f. Project-specific Approval Requests ²	Recommend	Recommend	Recommend	Recommend
g. Project Completion and Evaluation Reports, as needed	Review	Review	Review	Review
2. GENERAL				
a. Annual Committee Terms of Reference Review			Recommend	
9. TABLED REPORTS				
a. Quarterly Risk Report (“key risks” related to the Committee’s mandate)	Review	Review	Review	Review

¹ Note: “Recommend” means to consider the item and make a recommendation to the Board with respect to approval of that item.

² Incl. Preferred Alternative, certain regulatory filings, Implementation Phase funding and budget variances pursuant to any board-delegated authority related to same.

Corporate Governance & Environmental, Social and Governance Oversight Committee (ESGC) Terms of Reference

Purpose: The Committee ensures a modern corporate governance structure is in place to support BC Hydro’s social purpose. Related to this, by maintaining a focus on the social purpose of the organization, the Committee oversees non-financial corporate performance through the lens of environmental, social and governance factors, making recommendations for how it can be better understood, measured, and improved over time. The Committee will guide the development and evolution of longer-term sustainability reporting which provides BC Hydro’s environment, social, and governance (ESG) narrative in a clear, effective and comprehensive way, for a diverse audience.

Approach: Whereas other Committees are responsible for oversight of specific initiatives, projects, programs, resources, etc., this Committee is tasked with ensuring BC Hydro’s social purpose is clearly articulated and monitored over time. By keeping social purpose at the forefront, the Committee is able to ensure there is alignment between BC Hydro’s stated mission, vision, values, corporate governance practices and structure, and make recommendations for areas where overall performance might be improved. In collaboration with the Board Chair and CEO, this Committee oversees BC Hydro’s ongoing relationship with its shareholder and the shareholder’s expectations.

This Committee also looks outward at developments in the broader world to understand how ESG is evolving as a discipline, including how it is reported on. In doing so, it is better able to oversee ESG practices within the organization, and ensure alignment with the shareholder, as appropriate.

This Committee may also assist the Board Chair in recruiting, interviewing and proposing suitable candidates for the Province to appoint to the Board, as needed.

Materials and Reporting: Management will report on corporate governance and ESG oversight matters on a quarterly basis, pursuant to the schedule set out below. The Committee will be kept apprised of non-routine matters as appropriate, generally through issues-specific agenda items at quarterly meetings.

Committee Timetable ¹					
		Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Feb)
1	ESG OVERSIGHT				
a	Annual ESG Report	Recommend			
b	ESG topics of interest	Review	Review	Review	Review
2	CORPORATE GOVERNANCE				
	<i>Shareholder focussed</i>				
a	Annual Mandate Letter (Tabled Report)	Review	Review	Review	Review
b	Annual Service Plan			Recommend	
	i. Framework and Metrics ²			Recommend	

¹ Note: “Recommend” means to consider the item and make a recommendation to the Board with respect to approval of that item.

² Only when there is a material difference from previous year

	ii. Service Plan (note annual Board approval at special meeting in January)				
c	Service Plan Report	Recommend			
d	Provincial ESG Report (Tabled Report)		Review		
	<i>Internally focussed</i>				
e	Annual Review of Code of Conduct Policy ³				Recommend
f	Annual Code Advisor's Report	Review			
	<i>Board Governance</i>				
g	Bi-Annual Board Evaluation			Review	
h	Quarterly Corporate Governance Update – Corporate Secretary's Office	Review	Review	Review	Review
i	Annual Review of Board Governance Manual ⁴ (incl Terms of Reference)			Recommend 1	
j	Annual Review of Director Orientation & Education Program	Review			

³ Note that the Contractor Standards for Ethical Conduct is a Code of Conduct Policy-related document that is approved by the CEO and owned by the Supply Chain business group.

⁴ The Board delegates to the Board Chair and/or Committee Chair the authority to approve all non-consequential revisions to the Board Governance Manual (and to determine whether any specific changes are consequential for the purpose of exercising this authority) and to report all such changes to the Board through the Corporate Secretary.

Operations, Planning & Information Technology Committee (OPITC) Terms of Reference

Purpose: This Committee is focused on oversight of the planning and operation of BC Hydro's system so that it is safe, efficient, cost-effective and developed and operated consistent with BC Hydro's ESG principles and its efforts to further reconciliation with indigenous people.

Approach: BC Hydro provides an essential service to most residential, commercial, institutional and industrial users of electricity in B.C. Its challenge is to provide that service to all of its customers in a manner that is safe, compliant, reliable and consistent with its ESG values and its obligation to advance reconciliation with indigenous people.

The Committee helps meet this challenge by reviewing management's plans and practices relating to all of these requirements. With respect to safety, it seeks to ensure that electricity is generated and delivered in a way that keeps customers, employees and the public at large physically safe and that their information that resides with the corporation is also kept safe.

With respect to compliance, it seeks to ensure that there is a consistent and systemic compliance structure being established in the organization that provides a holistic view of overall compliance with legal requirements.

With respect to reliability, it seeks to ensure that appropriate reliability standards are set and met and that the Corporation stays abreast of emerging trends, data analytics and innovation so that strategic risks as well as opportunities to excel, disrupt or enable new capabilities are captured.

With respect to efficiency, it seeks to ensure that supply and demand side resources are acquired and operated in a manner that is consistent with the strategies established in BC Hydro's Integrated Resource Plan and 5 Year Strategy, BC Hydro's Electric Tariff is reflective of those strategies and any other principles established by the Board, technology is levered to minimize costs and maximize opportunities and staffing levels are appropriate (people are assigned tasks efficiently and in a manner consistent with the human resource policies of the Corporation).

With respect to the environmental and social impact of BC Hydro's activities, the Committee seeks to ensure that the Corporation's planning and operations are undertaken in a manner that is consistent with the ESG values established by the Corporation.

Finally with respect to furthering reconciliation with indigenous people, it seeks to ensure that all of BC Hydro's actions are consistent with the honour of the Crown and that in addition it identifies every opportunity available to meet its objectives in a manner that provides opportunities to also meet objectives of indigenous people and where unavoidable, minimize interference with any such objectives.

Materials and Reporting: Management will report on key operations, planning and information technology matters on a quarterly basis, pursuant to the schedule set out below. The Committee will be kept apprised of non-routine matters as appropriate, generally through issue-specific agenda items at quarterly meetings.

COMMITTEE TIMETABLE				
	Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Feb)
1. SYSTEM PLANNING and OPERATION				
<i>Safety & Compliance</i>				
a. Annual Safety Plan				Review
b. Quarterly Dam Safety Report	Review	Review	Review	Review
c. Quarterly Safety, Security & Emergency Management Report	Review	Review	Review	Review
d. Annual Mandatory Reliability Standards Compliance Report	Review ¹			
e. Enterprise Compliance Report – frequency TBD				
f. Annual Demand Side Management Plan & Performance			Recommend ²	
<i>Operations, Programs & System Maintenance</i>				
g. Quarterly Operations Report	Review	Review	Review	Review
<i>Technology & Cybersecurity</i>				
h. Annual 5 Year Technology Plan		Review		
i. Quarterly Technology Operations, Cyber and Projects Report	Review	Review	Review	Review
2. TARIFF				
a. Annual Review of Tariff Issues			Review	
3. TABLED REPORTS				
a. Quarterly Demand Side Management Plan Performance Report	Review	Review	Review	Review
b. Quarterly Environmental Report	Review		Review	
c. Quarterly Risk Report – Operations, Planning & IT Excerpt	Review	Review	Review	Review
d. Quarterly Independent Power Producers Report	Review	Review	Review	Review

¹ Report out to the Committee on the of the Internal Compliance Program housekeeping edits that have been made under the authority delegated to the CEO.

² Note: “Recommend” means to consider the item and make a recommendation to the Board with respect to approval of that item.

People & Culture Committee (PCC) Terms of Reference

Purpose: This Committee is focused on issues of importance to the employees of BC Hydro, including compensation, succession planning, and overall culture. Underpinning this focus is the objective of ensuring the development and maintenance of a culture that enables BC Hydro to attract, retain, and develop its biggest resource, people in order to meet the goals in our strategic plan.

Culture includes many elements, from respectful workplace to anti-bullying and harassment, skills development and recognition, to simple behaviours that define the way we do things. It can change over time in response to shifts in broader societal culture, as well as in response to intentional areas we focus on as a company to build a better workplace and support various business objectives.

This committee also provides oversight of equity, inclusion and diversity practices across BC Hydro.

Approach: The Committee reviews and advises on corporate culture issues generally, and it also carefully monitors and evaluates more specific matters such as the goals and objectives of executive team members, total compensation philosophy and strategy, and employee engagement issues which are sensitive and central to corporate success. In ensuring that the right talent is attracted to and retained by BC Hydro, the Committee encourages management to seek external talent to meet organizational needs and also to nurture talent within the organization to build a robust pipeline of candidates for various roles. It also encourages innovative approaches related to this. Finally, it oversees the health of various relationships that exist within the organization.

Role of ESG in Committee Oversight: When considering corporate culture, the Committee reviews key risks and opportunities across a range of equity, inclusion and diversity focus areas such as recruitment and retention, training and development, overall employee engagement, etc., applying a GBA+ (gender-based analysis plus) lens where appropriate. The Committee also considers how reconciliation is being advanced in relation to various equity, inclusion and diversity practices.

Materials and Reporting: Management will report on key people and culture-related matters on a quarterly basis, pursuant to the schedule set out below. The Committee will be kept apprised of non-routine matters as appropriate, generally through issues-specific agenda items at quarterly meetings.

Performance Evaluation Process for the CEO

Benchmarks

The following documents are used as benchmarks for the review of the CEO's performance:

- A statement of goals or primary objectives for the year under review – the annual performance contract. These goals will have been developed by the President & CEO, reviewed with the People & Culture Committee ("the Committee") and approved by the Board the previous year.
- BC Hydro's financial achievements for the previous year.
- BC Hydro's Service Plan.
- Terms of Reference for the President & CEO.
- At the discretion of the Committee or the Board, as applicable, other extraordinary items that may arise during the year.

CEO's Self-Appraisal

- The People & Culture Committee are best equipped to undertake an assessment of the CEO if the Chair and Committee members understand how the President & CEO has:
 - self-evaluated performance against agreed upon objectives;

- identified goals and priorities for the coming year.
- The discusses the self-appraisal with the Committee and the Chair in advance of the performance evaluation process

Director Involvement

- The Committee will consolidate the input of its members and that of the Chair into a single assessment and rating recommendation of the President & CEO’s performance.
- The Board Chair and Committee Chair will review this assessment and submit it to the full Board for approval.
- Following adoption by the Board of Directors, the Board Chair will review the final assessment with the CEO.

CEO Feedback

If required, the CEO may provide a verbal or written response to the performance review to the Committee and/or to the Board of Directors.

COMMITTEE TIMETABLE¹				
	Q1 (June)	Q2 (Sept)	Q3 (Dec)	Q4 (Feb)
1. PEOPLE & CULTURE				
a. Semi-Annual Inclusion & Diversity, Equity, & Accessibility Report	Review		Review	
b. Bi-Annual Employee Survey Results Report (every 2 years)				Review
c. Annual Service Plan Scorecard for upcoming fiscal year				Approve
i. Incentive Pay Program: Threshold & Targets for Management & Professional Employees Director level and above				Approve
ii. Gainsharing: Threshold & Targets for Union Employees (IBEW, MoveUP)				Approve
d. Annual Total Rewards Structure and Strategy Review (to include any total rewards benchmarking data, typically done every 3-5 years, and recommended changes if applicable)				
i. Annual Management & Professional salary guideline/budget (for upcoming year)				Approve
ii. Annual incentive pay/gainsharing outcomes from previous year	Review			
e. Annual Ethics Office Report (generally verbal)	Review			
f. Annual Committee Terms of Reference Review			Recommend ¹	
g. Bargaining Mandate & Union Collective Agreements, recommend as needed to the Board for approval.				
2. SPECIFIC ARRANGEMENTS FOR CEO, EXECUTIVE TEAM MEMBERS & ETHICS OFFICER (based on input and recommendations from the Chair) *note all are in-camera items				
a. CEO				
i. Annual Personal Service Plan	Recommend			
ii. Annual Personal Development Plan		Recommend		
iii. Annual Mid-Year Review			Review	
iv. Annual Year-End Review & Compensation	Recommend			
b. Executive Team Members				

¹ Note: “Recommend” means to consider the item and make a recommendation to the Board with respect to approval of that item.

i. Annual Personal Service Plans – CEO’s report	Review			
ii. Annual Mid-Year Reviews – CEO’s report			Review	
iii. Annual Year-End Reviews – CEO’s report	Review			
iv. Annual Year-End Ratings & Compensation – CEO’s recommendation	Approve			
v. Annual Succession plans for Executive Team members		Review		
c. Ethics Officer				
i. Annual Year-End Review – CHRO’s Report	Review			
ii. Approve decisions on the appointment and removal of the Ethics Officer, as needed.				
3. IN-CAMERAS				
a. Quarterly Vice President People & Culture De-brief	Discussion	Discussion	Discussion	Discussion
b. Quarterly Ethics Officer De-brief	Discussion	Discussion	Discussion	Discussion
4. TABLED REPORTS				
c. Quarterly Organizational Chart	Review	Review	Review	Review
d. Quarterly Human Resources Report	Review	Review	Review	Review
e. Quarterly Ethics Office Report	Review	Review	Review	Review
f. Quarterly Risk Report – People and Culture Excerpt	Review	Review	Review	Review

Roles and Responsibilities Matrix – Compensation and Related People Matters

	CEO		Review	PCC		Board	
	Recommend	Approve		Recommend	Approve	Review	Approve
EXECUTIVE TEAM MEMBERS							
Personal Service Plans		✓	✓				
Compensation Structure ²	✓				✓		
Individual Salary Increases	✓				✓		
Individual Incentive Pay Payment ³	✓				✓		
Appointments (except CFO, Powerex CEO) ³		✓					
Chief Financial Officer	✓						✓ ⁴
Employment Agreements (Administrative, non-compensation terms) ⁴		✓					
Executing Severance Arrangements		✓					
CEO							
Personal Service Plans	✓			✓			✓
Compensation Structure				✓			✓
Salary Increases				✓			✓
Individual Incentive Pay Payment				✓			✓
Performance Assessments				✓			✓
President & CEO Appointment				✓			✓
Employment Agreements				✓			✓
Severance Arrangements				✓			✓
MANAGEMENT & PROFESSION ALS							
Compensation Structure	✓				✓	✓	
Salary Increase Budget	✓				✓		
Annual Incentive Pay Targets (as applicable)	✓				✓		
Annual Incentive Pay Aggregate Payment (as applicable)		✓	✓				
UNION							
Collective Agreement Mandate (for significant changes to terms and conditions)	✓			✓			✓
Collective Agreement Settlement	✓			✓			✓
Annual Gainsharing Targets	✓				✓		
Annual Gainsharing Aggregate Payments		✓	✓				
OTHER (all employees)							
Pension Plans (in conjunction with the Audit & Finance Committee)	✓			✓			✓
All other aspects of and changes to Total Rewards design	✓				✓		

² Except Powerex CEO

³ Specifies reviews which can be undertaken by the Committee Chair

⁴ Upon recommendation of Audit & Finance Committee

Subsidiary Executive Compensation and Related Human Resource Matters – Approval Process

	CHRO	Sub. CEO		Subsidiary Bd	
	Review	Recom	Approve	Recom	Approve
Sub. CEO Appointments, Employment & Severance Agreements ⁵					
Powertech Labs Inc.	✓				✓
Powerex Corp.					✓
Appointments of Direct Reports to Sub. CEO		✓			✓
Annual Sub. CEO Salary & Incentive Pay					
Powertech Labs Inc.	✓				✓
Powerex Corp.					✓
Sub. Exec Compensation Structure, Annual Salary & Incentive Pay		✓			✓
Sub. Exec. Employment & Severance Agreements			✓		

⁵ Note that all subsidiary executive compensation is subject to Public Sector Employer’s Council (PSEC) approval. The BC Hydro Corporate Secretary’s Office maintains corporate record of PSEC decisions with respect to subsidiary executive compensation. Prior to the approval of any subsidiary executive compensation, the Subsidiary’s Corporate Secretary will coordinate with the BCH Corporate Secretary to ensure applicable PSEC requirements are met. Contact BC Hydro Corporate Secretary with any questions.

Strategy Oversight Committee (SOC) Terms of Reference

Purpose: To nurture BC Hydro’s strategic direction by overseeing the organization’s strategic plan – currently the 5 Year Strategy (Fiscal 2022 – 2026).

Broadly speaking, the Committee will focus on overall oversight of the 5 Year Strategy, ensuring alignment and connection between the various initiatives such that they are advanced in a cohesive way, and look forward to assess potential risks and opportunities that could impact strategic direction.

Approach: the Committee is responsible for overseeing key strategic initiatives (currently described in the 5 Year Strategy as “pillars”: Energize Our Province, Control Our Costs, Strengthen Our Resilience and Agility, Advance Reconciliation) and making recommendations to the Board on how these are best developed, advanced, and otherwise modified.

The 5 Year Strategy itself will need to adjust and flex over time in response to changing conditions and the Committee will carefully oversee this by querying the appropriate risk tolerance related to such changes and testing Management’s proposed responsive mitigations. The Committee will also be mindful of emerging trends, risks and opportunities that may not be accounted for in the existing 5 Year Strategy.

Materials and Reporting: Management will report on the strategic plan a high-level on a regular basis. The Committee will work with Management and the Board to conduct an annual review of the 5 Year Strategy to ensure ongoing alignment and achievement of objectives. Working with the Corporate Secretary’s Office, the Committee will also conduct an annual review of its Terms of Reference.

Peace River/Williston Reservoir Advisory Committee (PWAC) Terms of Reference

Purpose

- The Peace River/Williston Reservoir Advisory Committee (the “Committee”) serves a very important role in providing advice and in facilitating two-way communications between the Peace/Williston community and BC Hydro.
- The Committee will function at a strategic level and will not serve as a reviewer of individual management decisions or as arbiters of disputes over individual customer transactions.
- The Board and senior management will respond to the Committee’s advice.¹ The Committee will not directly ask BC Hydro staff to act on recommendations.²

Composition and Administration

Membership

- Committee membership will provide for equitable representation of geographical and special interests within the region covered by the Committee.
- The Committee members will be appointed by the Board of Directors in accordance with the following parameters:
 - each representative community’s council recommend one member for membership on the Committee;
 - Hudson’s Hope, Mackenzie, and Fort St. John can recommend up to two members for appointment from their council or, as an alternative, one member from council and one member of their communities with a cultural, social, or recreational interest in Williston Reservoir;
- For Committee members appointed to the Committee due to the nature of their role (i.e. Chiefs, Mayors, Councillors, etc.), their appointments will cease and be transferred to the subsequent position-holder immediately upon their leaving their role (and appointments will be ratified by the Board of Directors at its next meeting).
- For non role-based appointed Committee members, they will serve for an unspecified term, at the discretion of the Board of Directors
- Board of Directors will appoint a Committee Chair, typically a director from the Board, and will ensure there is always at least one Director or member of the BC Hydro Executive Team present at PWAC meetings.

Meetings

- The Committee will meet from four to six times per year.
- Meeting agendas will be set 30 days in advance of any meeting. Committee representatives and BC Hydro will jointly determine the content of the agenda.

¹**Advice:** Identifies issues, flags who is concerned, identifies gaps in communication and consultation, suggests who should be consulted and engaged in dialogue, suggests factors Hydro needs to consider, may suggest technical information that should be accessed. May suggest alternatives that should be studied and considered.

² **Recommendations:** Determine actions that should be taken. Recommendations occur at the end of a process that includes gathering data, conducting scientific study, public consultation, evaluation of alternatives for costs, benefits, risks and impacts, comparison to Hydro and provincial government policy, etc.

- Agenda items may be referred by the Board of Directors or Management or proposed by the Committee members.
- Meetings will be held at varying locations in communities in the Peace and Williston basin. At the discretion of the Chair, no more than one meeting each year may be held at another location within the Province.
- Meetings will normally be open to the community and community access will be encouraged, except in cases where confidentiality requires in-camera discussion at the discretion of the Committee Chair.

Committee Member Responsibilities

Committee members are responsible for:

- a) Regularly attending scheduled meetings and preparing for meetings.
- b) Actively participating in Committee discussions and activities.
- c) Developing a clear understanding of the:
 - I. purpose and objectives of the Committee – it must be clear from the beginning what issues are or are not on the table;
 - II. the ground rules and operating guidelines
- d) Seeking input and opinion from their communities and/or special interests and reporting to each meeting of the Committee on relevant issues.
- e) Reporting back to their community or special interest on Committee discussions and activities.
- f) Providing candid evaluations of BC Hydro's programs, policies and procedures.
- g) Developing practical and workable advice for BC Hydro's consideration.
- h) Respecting confidentiality of certain information as may be required from time to time.
- i) Participating in training that may enhance their abilities to serve on the Committee.
- j) Submitting an expense claim form, together with applicable receipts, detailing all disbursement of expenses claimed in support of Committee activities.

BC Hydro Responsibilities

Senior management supports the objectives of the Committee and is accessible to the Committee. BC Hydro is responsible for:

- a) Providing Committee members with adequate background and timely information on relevant issues.
- b) Scheduling regular meetings and ensuring appropriate Hydro representatives are present.
- c) Responding in a timely manner to Committee questions and advice.
- d) Properly evaluating advice and implementing actions determined to be in the best interests of customers, the public and BC Hydro.
- e) Paying all reasonable travel, meals and incidental expenses of the members.
- f) Paying an honorarium to Committee members for each meeting attended.
- g) Providing administrative support as required.

Duties and Responsibilities

The Committee will:

- a) Serve as a forum for dialogue between Directors and community interests.
- b) Complement BC Hydro's public consultation process in the Peace/Williston region.

- c) Gain community insight and input regarding current and future issues and their impacts on customers, the environment and the Corporation.
- d) Identify positive ways for responding to community needs and concerns.
- e) Become familiar enough with the realities of BC Hydro's business to advise on policies and procedures and to suggest means of supporting the Board's Strategic Plan in the Peace/Williston region.

Accountability

- Minutes of the Committee's meetings will be provided to the Board of Directors on a timely basis.
- Advice on policy issues will be referred to the Board of Directors by the Committee Chair, either directly or through the President & CEO.
- Advice on specific operational activities will be referred by the Committee Chair to the applicable member of the executive team, or to the President & CEO.

Terms of Reference for the Corporate Pension Management Committee

1. GENERAL

- a) The Pension Management Committee (**PMC**) is a committee which has primary responsibility for ensuring the proper administration of the pension and non-pension post-retirement benefit arrangements of British Columbia Hydro and Power Authority (**BC Hydro**).
- b) The President & Chief Executive Officer of BC Hydro (**President & CEO**) will appoint the Chair of the PMC (**Chair**).
- c) The Chief Financial Officer and Chief Human Resources Officer of BC Hydro will automatically be members of the PMC. The Chair of the PMC will appoint the other members of the PMC, who will be management employees of BC Hydro accountable for pension and non-pension post-retirement benefit arrangements (or individuals holding similar qualifications or expertise) or independent pension experts not employed by BC Hydro. The Chair may remove or replace any member of the PMC.
- d) PMC members may, on a regular basis, engage individuals with specialized skills for advisory service, such as actuarial or legal, as standing attendees.
- e) The Chair of the PMC will appoint, from time to time, an individual (who need not be a member of the PMC) to act as secretary.
- f) The Chair of the PMC will make decisions for and on behalf of the PMC in consultation with the other members of the PMC.
- g) On matters which require approval by the Board of Directors of BC Hydro (the "**Board**") or its Audit and Finance Committee (**AFC**), the Chair shall report the PMC's recommendations on those matters to the AFC.
- h) The PMC will meet regularly throughout the year, at least quarterly on such dates as its Chair determines and at any other time at the call of the Chair or of any two members of the PMC.
- i) Notice of meetings of the PMC must be given by the secretary of the PMC orally or in writing at least 24 hours in advance of the meeting. A PMC member may waive notice of any meeting.
- j) A PMC member may participate in a meeting by means of conference telephone or other communication facilities by means of which all persons participating in the meeting can hear each other.
- k) Copies of all meeting notices, meeting materials and minutes will be sent to the President & CEO, the Chair of the AFC and the Chair of the People and Culture Committee (**PCC**), each of whom may attend any meeting of the PMC.
- l) The Chair, acting directly or through his or her delegates, shall implement all decisions made by the PMC, and can act in its name when doing so.

2. BC HYDRO'S DUAL ROLE

BC Hydro acts as both the "plan sponsor" and "administrator" of the BC Hydro and Power Authority Pension Plan (the "**Registered Pension Plan**"). While this dual role is expressly permitted by the Pension Benefits Standards Act (BC) (the "**PBSA**"), it creates a situation where BC Hydro's duty under the PBSA as "administrator" to act in the best interests of the members and former members of the Registered Pension Plan (the "**Plan Beneficiaries**") may conflict with BC Hydro's interests.

If a decision of BC Hydro, whether acting through the PMC or otherwise, does not involve or affect a statutory power, duty or responsibility of BC Hydro as the Registered Pension Plan's administrator, no conflict arises, and the decision may be made having regard solely to BC Hydro's interests. Examples of such decisions include decisions relating to the design of the Registered Pension Plan, the adoption of

amendments to the Registered Pension Plan needed to implement such design decisions, and the termination of the Registered Pension Plan.

If a decision involves or affects a statutory power, duty or responsibility of BC Hydro as the Registered Pension Plan's "administrator", the PMC may have conflicting duties to BC Hydro and the Plan Beneficiaries. The existence of such conflicting duties is not, in and of itself, a breach of the duties owed to the Plan Beneficiaries. Further, the PMC may make such a decision having regard to the impact on BC Hydro to the extent doing so does not create a substantial risk that the Plan Beneficiaries would be materially and adversely affected by the decision. However, if there is a substantial risk that a decision BC Hydro is making, whether through the PMC or otherwise, poses such a risk, or that BC Hydro's ability to carry out one of its duties or responsibilities as "administrator" will be materially and adversely affected by the decision, BC Hydro must take measures to remedy the conflict in a meaningful way. Such measures must be tailored to the particular circumstance and may include, but are not limited to, providing notice to the affected Plan Beneficiaries of the decision, or providing them with independent representation.

3. DUTY OF CARE

Every individual appointed to the PMC shall, in fulfilling any of his or her duties exercise the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person. Further, subject to section 2, in fulfilling any of his or her duties relating to the discharge of BC Hydro's responsibilities under the PBSA as "administrator" of the Registered Pension Plan, each such individual shall act honestly and in good faith and in the best interests of the members and former members of the Registered Pension Plan, and any other persons to whom a fiduciary duty is owed. However, in fulfilling any of his or her duties relating to the exercise or discharge of any of BC Hydro's other rights or responsibilities in respect of the Registered Pension Plan unrelated to BC Hydro's responsibilities as "administrator", and in respect of any of the other pension plans and non-pension post-retirement benefit arrangements sponsored by BC Hydro, each such individual shall act honestly and in good faith and in the best interests of BC Hydro.

4. RESPONSIBILITIES, POWERS, AND DUTIES OF THE PMC

The PMC has responsibilities, powers and duties in respect of the Registered Pension Plan, all other pension plans (collectively the "**BC Hydro Pension Plans**") and the BC Hydro non-pension post-retirement benefit arrangements (the "**Non-Pension Post Retirement Benefit Arrangement**") established for employees and eligible retired employees and their dependents of BC Hydro and its wholly-owned subsidiaries.

The BC Hydro Pension Plans are the:

- i) Registered Pension Plan
- ii) Executive Pension Plan
- iii) Over-the-Limits Pension Plan
- iv) 1999-2003 M&P Pensionable Bonuses Plan

The Non-Pension Post Retirement Benefit Arrangement provides various benefits, such as:

- i) Life Insurance (basic and optional plans)
- ii) Extended Health Care (basic and extra plans)
- iii) Dental

The PMC will periodically review these Terms of Reference and, when considered appropriate, recommend changes to them to the President & CEO. The PMC's responsibilities, powers and duties with respect to the BC Hydro Pension Plans are as follows:

- a) Having regard to the British Columbia Hydro and Power Authority Pension Plan Rationale and Design Framework (the "**Rationale Framework**") and the British Columbia Hydro and Power Authority Pension Risk Management Framework (the "**Risk Framework**"), periodically review the design and benefit levels of the BC Hydro Pension Plans and, when considered appropriate, make recommendations to the AFC and the PCC regarding material changes to the design or benefit levels of the BC Hydro Pension Plans.
- b) To periodically review the Rationale Framework and, when considered appropriate, adopt amendments to it.
- c) To periodically review the Risk Framework and, when considered appropriate, adopt amendments to it.
- d) To annually review the British Columbia Hydro and Power Authority Pension Fund Statement of Investment Policies (the "**Investment Policy**") adopted in respect of the Registered Pension Plan and, when considered appropriate, recommend to the AFC proposed changes to the Investment Policy.
- e) To periodically review the British Columbia and Hydro and Power Authority Governance Policy (the "**Governance Policy**") adopted in respect of the Registered Pension Plan and, when considered appropriate, adopt amendments to it.
- f) To annually review the British Columbia Hydro and Power Authority Pension Plan Funding Policy (the "**Funding Policy**") in respect of the Registered Pension Plan and, when considered appropriate, recommend to the AFC proposed changes to the Funding Policy.
- g) To annually review and approve amendments as necessary to the Application document in respect of the Funding Policy.
- h) In accordance with the Funding Policy and its Application document, determine and approve BC Hydro's contributions to the Registered Pension Plan.
- i) To conduct the periodic written assessments of the Registered Pension Plan's administration required by the PBSA, which will assess i) the Registered Pension Plan's compliance with the PBSA, ii) its governance, iii) its funding, iv) the investment of its assets, and v) the performance of the administrative staff and any agents of BC Hydro involved in the administration of the Registered Pension Plan.
- j) To approve the accounting policies used in the financial statements prepared for the Registered Pension Plan, which policies must at all times be in compliance with the relevant accounting standards.
- k) To review financial statements prepared for the Registered Pension Plan and recommend the approval of the financial statements to the AFC.
- l) To approve, in consultation with BC Hydro's actuary, the actuarial methods and assumptions used for funding valuations of the Registered Pension Plan.
- m) To review, accept and approve the filing with the relevant regulatory authorities funding valuations of the Registered Pension Plan.
- n) To review with BC Hydro's actuary at least annually the funded status of the Registered Pension Plan.
- o) To consult, from time to time as considered appropriate by the PMC, with the external legal advisors to the BC Hydro Pension Plans.
- p) To annually review the pension expense for BC Hydro and report material variances against plan to the AFC.
- q) To approve the appointment and termination on BC Hydro's behalf of actuaries, fund holders, investment managers, advisors, administrators, and performance measurement services for the BC Hydro Pension Plans.

- r) To develop and review standards of performance for all service providers and periodically review and assess the performance of each of them against such standards.
- s) To review the investment of the Registered Pension Plan's assets in order to confirm that the asset allocation specified in the Investment Policy is adhered to, and take remedial steps with the investment managers if that is not the case.
- t) To meet with and review the performance of investment managers for the Registered Pension Plan, as necessary, but at least once annually, to assess the investment managers' suitability, investment performance and Investment Policy compliance, and to report thereon to the AFC.
- u) To approve the appropriate benchmark indices for each asset class in the Strategic Asset Mix contained in the Investment Policy. Each benchmark index will be used to estimate the return for the appropriate asset class and to review the asset manager's performance.
- v) To oversee and review all administrative and business processes with respect to the BC Hydro Pension Plans including: appointing signing officers, monitoring cash management controls, authorizing benefit payments, approving payment of valid charges of the BC Hydro Pension Plans, liaising with internal and external auditors, reviewing custodial and investment manager statements and related transaction reports.
- w) To annually approve, in consultation with BC Hydro's actuary, actuarial assumptions for use in the administration of the BC Hydro Pension Plans.
- x) To interpret the rules of the BC Hydro Pension Plans.
- y) To periodically review plan communications documents and compliance filings prepared in respect of the BC Hydro Pension Plans.
- z) To report to the AFC quarterly on matters relating to the operation of the BC Hydro Pension Plans.
- aa) To review the administration of the BC Hydro Pension Plans to ensure compliance with their terms and conditions and all applicable pension laws.
- bb) To communicate with, and provide information to, the Pension Plan Consultative Committee established under the Registered Pension Plan.
- cc) To approve, for and on behalf of BC Hydro, amendments to any of the BC Hydro Pension Plans that:
 - i. according to legal advice, are required in accordance with applicable law; or
 - ii. in the opinion of the PMC, are desirable for administrative reasons; and based on actuarial advice, have no material cost impact on BC Hydro.

The PMC's responsibilities, powers and duties with respect to the Non-Pension Post Retirement Benefit Arrangement are as follows:

- dd) To document and approve the Plan Text for Non-Pension Post Retirement Benefit Arrangement. To periodically review the design and benefit levels of that Arrangement and, when considered appropriate, approve modifications to the Plan Text regarding changes to the design and/or benefit levels.
- ee) To annually review the costs of the Non-Pension Post Retirement Benefit Arrangement.
- ff) To annually review the sharing of the cost of the Non-Pension Post Retirement Benefit Arrangement by retirees and their beneficiaries and BC Hydro and to approve modifications as appropriate.
- gg) To interpret the rules of the Non-Pension Post Retirement Benefit Arrangement and any of the documents or contracts adopted in connection with the benefits provided under that Arrangement.
- hh) To approve the appointment and termination on BC Hydro's behalf of actuaries, advisors, administrators and carriers of the Non-Pension Post Retirement Benefit Arrangement.
- ii) To review and approve on BC Hydro's behalf actuarial valuations of the Non-Pension Post Retirement Benefit Arrangement.
- jj) To consult, from time to time as considered appropriate by the PMC, with the external legal

- advisors regarding the Non-Pension Post Retirement Benefit Arrangement.
- kk) To periodically review plan communications documents prepared in respect of the Non-Pension Post Retirement Benefit Arrangement.

5. DELEGATION

Unless otherwise provided in these Terms of Reference, the PMC or the Chair may delegate any of their respective responsibilities, as either deems appropriate, provided that the PMC or the Chair ensures that each delegate is properly supervised and has the appropriate skills and training.

6. ENTITLEMENT TO RELY ON STATEMENTS

A member of the PMC may, in good faith, rely on the statements or reports of the fund holders, actuaries, accountants, appraisers, lawyers or other professional advisors retained by BC Hydro in respect of the BC Hydro Pension Plans and the Non-Pension Post Retirement Benefit Arrangement.

7. APPLICATION OF BC HYDRO CODE OF CONDUCT

The BC Hydro Director and Employee Code of Conduct provisions respecting conflicts of interest apply to a member of the PMC (as if the member were a Director of BC Hydro) and apply to a person to whom the PMC delegates its responsibilities (as if the person were an employee of BC Hydro). For the purposes of applying the provisions of the Code, membership in, and entitlement to benefits from, one or more of the BC Hydro Pension Plans or the Non-Pension Post Retirement Benefit Arrangement does not, in and of itself, constitute a conflict of interest.

8. ADOPTION AND AMENDMENT OF THE TERMS OF THE REFERENCE

Amendments of substance to these Terms of Reference are subject to approval by the President & CEO by written certificate to that effect. The Chair may make minor and administrative amendments that have no material impact on these Terms of Reference. A copy of every amendment to these Terms of Reference must be provided to the AFC, the Chair and every other member of the PMC.

Site C Project Assurance Board (PAB) Terms of Reference

Establishment and Purpose

- The Site C Project Assurance Board (the “PAB”) was established by the BC Hydro Board of Directors (BC Hydro Board) as provided for under Tab C.1 of the BC Hydro Board Governance Manual and pursuant to Treasury Board’s instructions to the Minister of Energy, Mines and Petroleum Resources in March 2018¹ to have the BC Hydro Board implement a new PAB oversight function to help ensure that the Site C Project (“the Project”) is completed on time and on budget, and that risks are appropriately identified, managed and reported on an ongoing basis.
- The purpose of the PAB is also to oversee the Project to ensure it is completed safely and in compliance with applicable environmental standards and other requirements.
- As part of its enhanced oversight work, the PAB will oversee Schedule and Cost Risk Analysis (SRA/CRA) over the life of the Project to completion and in-service date.
- For greater clarity, during meetings of the PAB, members are empowered to engage in meaningful debate with BC Hydro management (Management); with other attendees including the Independent Oversight Advisor; and amongst themselves in order to provide due diligence and to test the framework, methodology, inputs and outputs of the SRA/CRA, and their integration, on an ongoing basis and to recommend changes or seek clarification whenever appropriate.
- To discharge its purposes, the PAB will:
 1. meet monthly, or at such other times as may be agreed upon by the PAB;
 2. review and provide advice and recommendations to Management and the BC Hydro Board on the following elements related to the Project:
 - SRA/CRA;
 - monthly, quarterly and annually progress reports including major work packages; milestones; schedules; Project budget; issues management; and specific risk and mitigation plans and actions;
 - ad hoc reports to Government² or the BC Hydro Board;
 - requests to access the Project contingency allocation (overseen by the BC Hydro Board); and
 - requests to access the Project reserve (overseen by Treasury Board).
 3. provide advance review of any Project-related resolutions proposed for approval by the BC Hydro Board before those resolutions are provided to the BC Hydro Board, and to make a recommendation to the BC Hydro Board regarding whether or not the PAB believes the BC Hydro Board should adopt the particular proposed resolution;
 4. make financial approvals in line with any authority specifically delegated to the PAB by the BC Hydro Board;
 5. help to ensure appropriate reporting is provided to the BC Hydro Board and Government, as required; and
 6. remain in place until dissolved by the BC Hydro Board with Government’s input.
- The PAB must adhere to the 2015 Reporting and Accountability Framework (as further amended in 2016 and again in 2018 - see Footnote 3).

¹ Following Treasury Board’s January 25th, 2018 approval of the updated Site C Project budget. Cabinet ratified the approval January 31, 2018.

² The Quarterly and Annual Project Progress reports to include for the period outlined: an overview of the status and health of the Project; including overall progress; major accomplishments; work completed; key decisions and issues; update on in-service dates; update on Project costs and financing; forward looking plans; material project risks and trends in risk exposure; and risk mitigation strategies, TAB reporting summary for that year (Annual Report); and the Annual Compliance report (Annual Report). The format and content of the Quarterly and Annual Reports may change over the life of the project to reflect the current project stage, activities and issues.

Composition & Administration

Membership

- The PAB consists of:
 - a) such BC Hydro Directors as may be appointed by the BC Hydro Board from time to time;
 - b) two advisors from Government: one appointed by the Ministry of Energy, Mines and Petroleum Resources (MEMPR); and one appointed by the Ministry of Finance;
 - c) up to two independent External Advisors with expertise in capital project construction and management, whose appointments are to be jointly agreed to by the Ministry of Energy, Mines and Petroleum Resources and the BC Hydro Board;
 - d) a member of the Technical Advisory Board (TAB)³; and
- From time to time, and acting on the advice of the PAB and/or Government, as appropriate, the BC Hydro Board may elect to appoint other External Advisors.
- The PAB is led by either a chair or by two co-chairs, depending on the joint agreement of the Government and of the BC Hydro Board from time to time,
 - For greater clarity, in a situation where the PAB is led by two co-chairs, it is acceptable for one of the co-chairs to be a PAB member and a non-BC Hydro Director, provided one is a PAB member and a BC Hydro Director.
- The Corporate Secretary of BC Hydro will serve as secretary to the PAB.
- The President & CEO of BC Hydro will be invited to all meetings unless the meeting is in-camera.
- If the Chair of the BC Hydro Board is a member of the PAB, he or she will act expeditiously to ensure any recommendations made by the PAB are considered by the BC Hydro Board in a timely way.

Meetings & Compensation

- The provisions of Tab 3.1 (Board and Committees General Terms of Reference) will apply to the PAB and determine its procedures.
- The PAB Chair or Co-chairs is/are authorized to determine the appropriate level of compensation for any External Advisors, which the PAB may engage, provided such compensation is reasonable and generally aligned with industry standards and PSEC Guidelines as applicable and appropriate.

Accountability

- Meeting materials are to be provided to members at minimum 5 business days ahead of any PAB meeting.
- Minutes of the PAB's meetings will be maintained by the Corporate Secretary's office and will be made available in the same manner as are Board and Committee minutes.
- The authority of the PAB is limited to providing advice to Management regarding exception reporting and monthly project progress reporting and for making recommendations to the BC Hydro Board.

Reporting & Accountability Framework⁴

PAB

- As outlined above.

³ Note that the TAB member is a non-voting member of the PAB.

⁴ Updated from 2015 Reporting & Accountability Framework provided by MEMPR to reflect current status of Project.

BC Hydro Management (Management)

- Accountable to the BC Hydro Board and the PAB for day-to-day management and delivery of the Project (including preparation of Quarterly and Annual Reports, Monthly Project Management Reports, ad hoc reports, and providing information to the PAB and the Independent Oversight Advisor on an as needed basis).
- Accountable for administering the Project budget and approved contingency and Project reserve draws.
- Receives, considers and where appropriate, actions advice, directions and recommendations of the BC Hydro Board, the PAB, the Independent Oversight Advisor; the TAB and Government (through the MEMPR Minister Responsible).
- Assists MEMPR with preparation of Monthly Reports to the Government Chair of Treasury Board
- Develops the Project Communications Plan⁵ jointly with MEMPR.
- Reviews reports of the Independent Oversight Advisor and provides advice to the PAB on any recommendations contained in those reports, as appropriate.

Independent Oversight Advisor

- Accountable to the PAB and Government.
- Since November 2017, the PAB has been engaging the services of an Independent Oversight Advisor to identify areas for improvement in Management's current project delivery and control framework (schedule and budget); emerging issues; etc. and to suggest strategies to mitigate associated risks.
- The Independent Oversight Advisor also reports directly to Government on an as-needed basis, in addition to making quarterly progress reports to the Government Chair of Treasury Board.
- Any work proposed to be undertaken by an Independent Oversight Advisor is to be presented to the PAB in a format that clearly identifies the work to be undertaken, timeframes for completing the work, budget and deliverables (collectively the detailed Project services proposal). Following its review, the PAB will determine whether to approve the detailed Project services proposal, or whether to direct that further changes be made.
- Once approved, the detailed project services proposal of the Independent Oversight Advisor is to be incorporated into and be in compliance with, the standing Terms of Engagement between BC Hydro and the Independent Oversight Advisor.
- The Independent Oversight Advisor receives information, analysis and such other reports, records and material from Management and other sources, as may be required in order for the Independent Oversight Advisor to fulfil its obligations under the Terms of Engagement, as well as any other independent reporting obligations that the Independent Oversight Advisor has to Government.
- If requested by MEMPR, the Independent Oversight Advisor will be available to support MEMPR in discharging its obligation to provide monthly reports to the Government Chair of Treasury Board following PAB meetings. Such reporting will include relevant key information presented to the PAB monthly, in addition to independent verification that the Project budget, schedule, engineering and risk management objectives are being achieved as planned.

⁵ The Project Communications Plan to include: Communications and engagement plan developed jointly with BC Hydro and the Ministry of Energy, Mines and Petroleum Resources using existing budgets that maximizes public exposure to the visible and meaningful work that benefits the Peace region, First Nations, communities, the public, agriculture, local governments, and other stakeholders. The plan will be updated annually and continue to 2024/25. Note: there is an obligation (on EMPR and Hydro) to report back to TB in the Spring 2019 (delayed from the Fall 2018) on continuation measures – this communications plan piece is tied to that report out.

Technical Advisory Board (TAB)

- Accountable to BC Hydro Board and PAB and has its own Terms of Reference.⁶
- The TAB is a panel of global engineering and construction experts that provides independent technical review of key design milestones and expert advice to supplement existing engineering, design and procurement expertise of Management and PAB.
- Receives and analyzes monthly, quarterly, annual and ad hoc reports and other information prepared by Management, PAB and the Independent Oversight Advisor.
- A member of the TAB represents the TAB on PAB membership.

Minister of Energy Mines & Petroleum Resources (MEMPR including Staff)

- Receives and analyzes monthly, quarterly, annual and ad hoc reports and other information prepared by Management, PAB and TAB.
- Represents the Minister on PAB membership and participates in all PAB meetings.
- Provides reporting⁷ to the Government Treasury Board on an ongoing basis with support from Management; the BC Hydro Board; the PAB; and the Independent Oversight Advisor, as appropriate.
- Notifies the Government Treasury Board as needed regarding significant changes to Project schedule, budget, risks and risk management plans.
- Makes recommendations to the Government Treasury Board regarding requests to access Project reserve.
- Meets quarterly with Chair of BC Hydro to discuss Project progress within the context of Taxpayer Accountability Principles and input provided by Government.
- Jointly develops Communications Plan with Management.

Treasury Board (full Board or Chair)

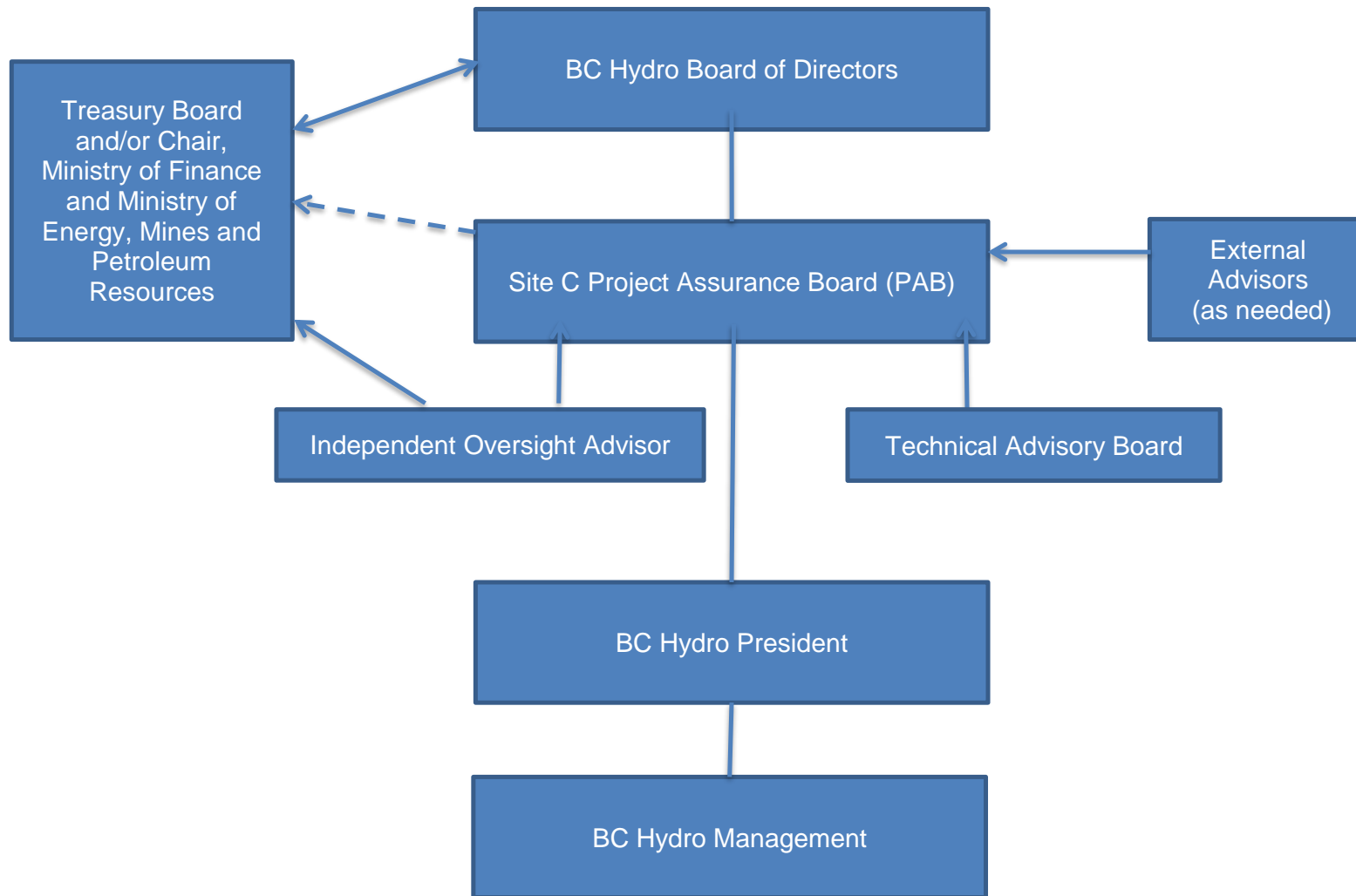
- Reviews Annual, Quarterly and Ad Hoc Reports from the BC Hydro Board, Management, PAB and TAB.
- Chair receives monthly reporting from MEMPR on Project status.
- Chair reviews quarterly Project Updates from the Independent Oversight Advisor.
- Provides input and direction, as appropriate, regarding the Project to MEMPR and to BC Hydro.
- Reviews and approves, as appropriate, BC Hydro and MEMPR requests and recommendations in relation to access to the Project reserve.

British Columbia Utilities Commission

- Receives Annual and Quarterly Reports
- Independent regulator of BC Hydro in accordance with the Utilities Commission Act and other applicable legislation

⁶ The TAB TOR's state: There will be approximately two TAB meetings per year. Each meeting will generally be 3 to 5 days in duration at schedules suitable to BC Hydro, the TAB and the Project team...Meetings will generally be held in Vancouver B.C. and/or at the Project site by Fort St. John. TAB meetings will include presentations by the Project team, inspections of constructed works, works under construction, and open discussions. Wherever possible, information packages will be prepared and issued to the TAB in advance of each meeting.

⁷ Including a monthly report to the Chair of Treasury Board following the monthly PAB meeting



Site C Reporting Matrix										
	Annual Report ⁸	Quarterly Report	Monthly Project Management Report ⁹	Monthly Report to Chair of Treasury Board ¹⁰	Comm's Plan	Exception Reporting ¹¹	Technical Reporting	Contingency Requests	Project Reserve Requests	Independent Oversight Advisor reports
BCH Management	Develop	Develop	Develop & Approve (internal doc)	Assists MEMPR with Report	Develop	Develop & Approve	Review	Develop	Develop	Review
Independent Oversight Advisor	Review	Review	Review	Assists MEMPR with Report		Review	Review	Review	Review	Develop & Approve
Technical Advisory Board¹²	Review	Review	Review			Review	Develop & Approve			Review
Site C Project Assurance Board	Review	Review	Review		Review	Review	Review	Review & make recco to BCH BOD	Review & make recco to BCH BOD	Review
BCH BOD	Approve	Approve			Approve	Review	Review as needed	Approve	Review and make recco to TB	Review
MEMPR	Review	Review	Review	Develop & Approve	Develop	Review	Review	Review	Develop	Review
TB/TB Chair	Review	Review		Review	Review	Review	Review	Review	Approve	Review
BCUC	Receive	Receive								

⁸ A summary of the TAB reports is to be included in the Annual Report

⁹ BC Hydro develops and approves internal monthly project management reporting and a relevant subset of that information is presented to the Project Assurance Board. The monthly project management reporting provides an update on overall project progress, status and health of the project, material project risks and from time to time results of full risk analysis of major components of project delivery, timelines and project budget. Updates on overall project progress include reporting on physical progress on main construction areas and includes reporting on earned value management metrics and techniques.

¹⁰ A summary of: (1) materials presented to the Project Assurance Board, (2) subsequent discussion and outcomes of the Project Assurance Board meeting and (3) monthly and quarterly reports from the Independent Assurance Advisor.

¹¹ BC Hydro develops Exception Reporting for major unanticipated events included significant project-related incidents that may occur between the regular reporting cycles. Exception Reporting includes providing briefing notes, verbal briefing and/or special meetings as required.

¹² A member of the TAB is a member of the PAB and therefore receives the same reporting any other member of the PAB does.

ADDENDUM: Confirmations - PAB Materials

The Province and BC Hydro and members of PAB, BC Hydro Board, TAB, and other representatives of the Province, BC Hydro and the Independent Oversight Advisor (the "**Recipients**") participating or involved in any way with the PAB meetings and related deliberations, activities and communications have a common interest in providing oversight, due diligence monitoring and advisory input in relation to the Project, including in relation to contract administration matters, claims, disputes and other developments affecting the Project (the "**Common Interest**").

The Recipients have been and will continue to be in receipt of information, data and material, including communication exchanges, advice, assessments, reports and analysis from BC Hydro management personnel, consultants, technical experts, legal counsel and other advisors and will continue to engage in ongoing discussions and exchanges of information and material in relation to the Project (collectively the "**PAB Materials**").

The Recipients have affirmed and acknowledged that based in part on their Common Interest they have an ongoing common intention and understanding that all PAB Materials shall be:

- (a) kept strictly confidential by the Recipients at all times;
- (b) only used by the Recipients for the purpose of supporting the PAB mandate and their own responsibilities and duties in relation to the Project;
- (c) protected by solicitor client, litigation or other forms of privilege or similar legal protections to the greatest extent permitted in law; and
- (d) considered information and records maintained by and under the control of BC Hydro for the purposes of applicable freedom of information (FOI) legislation; and

The Recipients have further affirmed and acknowledged that the prior written consent or authorization of the Chair or CEO of BC Hydro is required for any:

- (1) disclosure or transfer of any portion of the PAB Materials to any person other than the Recipients;
- (2) use of the PAB Materials other than as described above;
- (3) waiver of any privilege or similar interest or right in the PAB Materials; and
- (4) communication to any person in relation to a FOI request or assertion made by any person in relation to the PAB Materials.

Site C Project Assurance Board Commercial Issues Sub-Committee (CSC) Terms of Reference

Purpose

The Commercial Issues Sub-Committee (the “Sub-Committee”) is a sub-committee of the Site C Project Assurance Board (the “PAB”), as provided for in the PAB Terms of Reference.

The purpose of the Sub-Committee is to provide independent due diligence and oversight of the various commercial issues related to the construction of the Site C Project (the “Project”) by assessing and advising the BC Hydro management team (“Management”). It will also review and formulate recommendations to the PAB with respect to contractual claims and negotiations, commercial strategies and related matters.

Composition & Meetings

The Sub-Committee will be composed of such members of the PAB as are approved by the PAB on the recommendation of the Chair of PAB, at least three of whom are to be independent PAB members.

The Chair of the PAB will be a member of the Sub-Committee in an ex officio capacity.

The Sub-Committee will elect a Chair from among its members.

Meetings of the Sub-Committee will be held on an as-needed basis, as determined by the Sub-Committee Chair.

The Corporate Secretary will be secretary to the Sub-Committee.

The Sub-Committee may request information and reports from Management of specific subject matters in advance of meetings to better deliver on its purpose.

Management will meet with the Sub-Committee to review and discuss strategies for the management of commercial issues related to the Project.

Members of PAB may attend meetings of the Sub-Committee in an ex-officio capacity.

Materials

With an emphasis on verbal presentations, meeting materials may be requested from time to time at the discretion of the Chair.

Accountability

The Sub-Committee will provide a report on its deliberations and recommendations to PAB at meetings of PAB.

Subsidiary Governance

Introduction

BC Hydro creates subsidiary companies from time to time to accomplish specific objectives or tasks that are more appropriately undertaken by a subsidiary rather than by BC Hydro directly. Although BC Hydro may work with partners in the subsidiary, in most cases subsidiaries are owned 100% by BC Hydro.

A list of BC Hydro subsidiaries is provided below:

Active Subsidiaries¹

- Powerex Corp.
- Powertech Labs Inc.

Other Subsidiaries

1. BCHPA Captive Insurance Company
2. British Columbia Hydro International Limited
3. British Columbia Power Exchange Corporation
4. British Columbia Power Export Corporation
5. British Columbia Transmission Corporation
6. Columbia Estate Company, Limited
7. Columbia Hydro Constructors Ltd.
8. Edmonds Centre Developments
9. Fauquier Water and Sewerage Corporation
10. Hydro Monitoring (Alberta) Inc.
11. Tongass Power and Light Company
12. Victoria Gas Company Limited
13. Waneta Holdings (US) Inc.

Unless indicated otherwise, the balance of this document pertains to Active Subsidiaries.

Duties and Responsibilities

Active Subsidiary Directors are appointed by BC Hydro to represent the interests of that subsidiary.

The Board of Directors for each Active Subsidiary is expected to apply sound business practices to manage that company's operations and to develop corporate strategies that result in a successful business enterprise.

Interactions between the Active Subsidiary and BC Hydro

Active Subsidiaries interact with the BC Hydro Board of Directors in the following ways:

- The Board of the Active Subsidiary is appointed by the BC Hydro Board with prior notification to the Crown Agency and Board Resourcing Office.

¹ Defined as a company with its own employees, budget and strategic priorities, whose Board meets regularly and reports to the parent Board.

- A combination of BC Hydro Directors and BC Hydro senior management will always exceed 50% of the membership of an Active Subsidiary Board. The President & CEO of BC Hydro will be on the Board of Directors of Powerex Corp.
- The Active Subsidiary's Board of Directors will review its membership to determine whether an appropriate balance of skills and expertise exists. The process for recruiting and appointing Board members who bring a particular area of relevant and useful expertise to the Active Subsidiary's Board will also be reviewed.
- The Chief Executive Officer of an Active Subsidiary reports to that subsidiary's Board of Directors and advises BC Hydro's President & CEO of material changes to the Active Subsidiary's corporate business strategy.
- The Chair of the Active Subsidiary's Board will ensure that Active Subsidiary's strategies and performance are reported to BC Hydro's Board of Directors.
- Each Active Subsidiary will be reviewed on an annual basis to determine whether the Subsidiary's performance is consistent with the strategic direction that has been approved by the subsidiary's Board of Directors and reported to BC Hydro's Board of Directors.
- BC Hydro's governance framework and corporate policies also apply to each of its subsidiaries, except Powerex Corp., which has its own governance framework and corporate policies. However, the BC Hydro *Code of Conduct* applies to all of BC Hydro's subsidiaries, including Powerex Corp.
- Guidelines for Boards of Directors for Active Subsidiaries and Terms of Reference for Chief Executive Officers for Active Subsidiaries are located at Tabs 29 and 30 respectively.

Corporate Secretary to the Subsidiary

The Corporate Secretary to Active Subsidiaries is appointed by the subsidiary's Board, and may or may not be filled by the same individual as holds such office for BC Hydro.

Reporting Relationship to BC Hydro's Board of Directors

Through its Chair or Chief Executive Officer, each Active Subsidiary will provide a quarterly report to the BC Hydro Board of Directors. Each Active Subsidiary will make presentations to BC Hydro's Board of Directors on matters of strategy and business direction at the discretion of the Chair and/or the Board of Directors of BC Hydro.

Financial Reporting Responsibilities

Budget Process

The President & CEO and the Chief Financial Officer lead the annual budget development process each year. BC Hydro's operating and capital budget is approved through the annual Service Plan in January of each year. Updated five-year forecasts are provided to the Board of Directors each quarter.

Management of Active Subsidiaries will provide their budgets for the next fiscal year to the President & CEO and the Chief Financial Officer of BC Hydro to ensure alignment with the overall corporate budget. The budgets will then be submitted to the subsidiary's Board of Directors for review and approval. BC Hydro's Chief Financial Officer and President & CEO will then incorporate that information into BC Hydro's overall budget for the coming year.

Approval of Audited Financial Statements

Audited financial statements, if applicable, are submitted to Active Subsidiary Boards of Directors for review and approval by the end of May each year. Following approval, the Corporate Secretary of each

Active Subsidiary will ensure that the balance sheet has been signed by the Directors, and that all necessary corporate filings have been made.

Spending Authority Delegation

BC Hydro's corporate policies, which are approved by the BC Hydro Board of Directors, set out approval authority levels for Officers and Senior Management of BC Hydro. These approval authority levels are documented in the Financial Responsibility & Approval Policy and apply to all BC Hydro lines of business and subsidiaries except Powerex Corp.

Active Subsidiary Boards of Directors and their respective Chief Executive Officers are responsible for defining appropriate approval authorities within that subsidiary's organization. However, such approval authorities must be consistent with BC Hydro's corporate policies.

BC Hydro's Board of Directors may, from time to time, delegate special authority to an Active Subsidiary's Boards of Directors, who may in turn further delegate such authority to the subsidiary's management. Such delegation may result in providing authority that exceeds corporate policy. Such delegation may be made on recommendation by management of BC Hydro and/or the Active Subsidiary, and would provide detail of the particular circumstances and needs of the Active Subsidiary.

Strategy Determination

Each Active Subsidiary is expected to develop a strategic business plan that maximizes the efficiency and profitability of the Active Subsidiary and is commensurate with the Active Subsidiary's duties as a responsible corporate citizen. The Active Subsidiary Board of Directors has the responsibility to:

- Annually review with management and approve the subsidiary's strategic business plan.
- Submit the subsidiary's financial plan for inclusion into BC Hydro's overall plan.
- Monitor performance on the strategic business plan and provide status reports to BC Hydro on an agreed timeline.

Monitoring and Acting

The Active Subsidiary Board has the responsibility to:

- Monitor the subsidiary's progress towards the objectives set in the corporate strategic business plan, operating and capital plans, and to revise and alter its direction through management in light of changing circumstances.
- Ensure the principal risks of the subsidiary's business are identified to BC Hydro and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
- In the case of Powerex Corp., the subsidiary Board has appointed its own Audit and Risk Management Committee.
- Direct management to ensure internal financial control and management information systems are in place and maintained.
- Provide BC Hydro's Board of Directors with regular reports on the state of the subsidiary's business including an update on matters of strategy and operations.

Compliance with Laws and Regulations

The Active Subsidiary Board has the responsibility to direct management to implement systems designed to ensure that the subsidiary operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

BC Hydro Code of Conduct, Policies and Procedures

The BC Hydro *Code of Conduct* applies to the Board of Directors and employees of BC Hydro and its subsidiary companies, including Powerex Corp. The Active Subsidiary Board has the responsibility to:

- Approve and monitor, through management, compliance with all significant policies and procedures, which govern the subsidiary's operations and, except in the case of Powerex Corp., ensure such policies are consistent with those of BC Hydro; and
- Approve and act as the guardian of the subsidiary's corporate values.

General Legal Obligations of Directors of all Subsidiaries

- Subsidiary Boards are responsible for directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.
- Legal duties are imposed on Directors. The basic legal duties are imposed at common law.
- Directors are under a fiduciary duty to the subsidiary to carry out the duties of their office:
 - Honestly and in good faith.
 - In the best interests of the subsidiary.
 - With the care, diligence, and skill of a reasonably prudent person.
- Directors have specific statutory duties and obligations under employment, environmental and financial reporting law as well as under the withholding provisions of taxation law.

POWEREX CORP.

Powerex Corp. (“Powerex”) is a wholly-owned subsidiary of BC Hydro. Its principal business is the marketing of wholesale energy products and services in Canada and the United States.

Officers

Individuals holding the following positions will be designated by the Board of Directors of Powerex as Officers of Powerex Corp.:

- Chief Executive Officer
- Chief Financial Officer
- Chief Legal Officer
- Corporate Secretary

Responsibilities

The Chief Executive Officer of Powerex Corp. reports to the Board of Directors of Powerex Corp.

The Powerex Board Chair ensures the Board of BC Hydro is informed of Powerex’s key strategies and business activities.

The decision-making authority vested in the Powerex Chief Executive Officer and Chief Financial Officer is reflected in the risk governance framework adopted in the Powerex Risk Management Policy. Under this framework, Powerex management has an obligation at all times to report any risk issues that could be material to BC Hydro, including non-financial risks, to the BC Hydro Chief Financial Officer.

Powerex management and ultimately its Board of Directors are responsible for the financial and risk management performance of Powerex’s energy trading business. BC Hydro’s Chief Financial Officer is responsible for consolidated income and reporting across the lines of business and for ensuring, in coordination with Powerex’s Chief Financial Officer, that material financial risks within the lines of business are identified and communicated between Powerex and BC Hydro.

BC Hydro’s Open Access Transmission Tariff sets out the terms and conditions for BC Hydro's transmission service. The Standards of Conduct are rules designed to prevent BC Hydro from providing non-public transmission function information to its affiliated marketing function employees, including those at Powerex, before it is publicly available.

POWERTECH LABS INC.

Incorporated in 1988, Powertech Labs Inc. is BC Hydro's wholly-owned research and engineering technology subsidiary, providing a wide range of innovative, high tech services to electric utilities, equipment manufacturers and other clients internationally. Powertech also works on projects that help to improve electric utility industry safety.

Officers

Individuals holding the following positions will be designated by the Board of Directors as Officers of Powertech Labs Inc.:

- President & Chief Executive Officer
- Corporate Secretary

Accountability

The President and Chief Executive Officer of Powertech Labs Inc. reports to the Board of Directors of Powertech Labs Inc. through its Chair. The Board of Powertech Labs Inc., through its Chair, reports to the BC Hydro Board of Directors.

Guidelines for Boards of Directors of Active Subsidiaries**Introduction**

These Terms of Reference define the role of BC Hydro's Active Subsidiary Boards of Directors and outline how they will operate to carry out their duties of stewardship and accountability.

Best Interests of the Company

Active Subsidiary Boards oversee the conduct of business and supervise management, who are responsible for the day-to-day conduct of the subsidiary's business. Active Subsidiary Directors bring special skills and experience to assist in Board deliberations and must act in the best interests of the subsidiary at all times. The Directors will also ensure that the strategic direction and business processes are consistent with and contribute to the success of BC Hydro's business strategy.

It is recognized that due to the particular commercial nature of an Active Subsidiary's business, there may be occasions when the strategy of the subsidiary could conflict with a strategy or policy of BC Hydro. In such circumstances the subsidiary's Board, the BC Hydro Board, Board Committees and/or Senior Management will work together to resolve such conflicts.

BC Hydro Code of Conduct

The BC Hydro *Code of Conduct* applies to the Board of Directors and employees of BC Hydro and its subsidiary companies. All Directors and Officers of BC Hydro and its Active Subsidiaries are required to review the *Code of Conduct* and acknowledge their support and understanding of the Code by signing an annual declaration statement. Completed declaration statements are lodged with the Corporate Secretary of the Subsidiary.

Terms of Reference

All Terms of Reference contained in the Governance Manual, including Terms of Reference for Active Subsidiary Chief Executive Officers, are reviewed annually by the Corporate Governance and ESG Oversight Committee of BC Hydro's Board of Directors. This Committee will propose any changes to the BC Hydro Board for approval.

Terms of Reference for any Active Subsidiary Board Committees will be annually reviewed and approved by the Board of Directors of that subsidiary. Other than for Powerex Corp., the Corporate Governance and ESG Oversight Committee of the BC Hydro Board of Directors may participate in that process.

Principal Risks

Active Subsidiary Boards should have a continuing understanding of the principal risks associated with the Company's business. It is the responsibility of management to ensure that the subsidiary Board is kept well informed of changing and developing risks. It shall be the responsibility of the subsidiary Board to determine when and how such risks are brought to the attention of the BC Hydro Board.

Succession Planning and Management Development

The Active Subsidiary Board considers succession planning and management development to be ongoing processes. The subsidiary's Chief Executive Officer's views as to a successor in the event of unexpected incapacity should be discussed at least annually with the subsidiary Board. The subsidiary Board must be afforded reasonable and regular opportunity to interact with people who could be expected to succeed to key management roles for this purpose.

Chair of the Active Subsidiary Board

Generally, the Active Subsidiary Board supports the concept that the role of Chair is separate from that of Chief Executive Officer. The Board is able to function independently of management when necessary and the Chair provides leadership to the Board. However, there may be circumstances where the subsidiary Board determines that the role of Chair of a subsidiary and Chief Executive Officer of that subsidiary should be combined for particular strategic reasons, possibly under the title "Executive Chair". This will only be undertaken when the subsidiary Board has made that determination.

Chief Executive Officer of the Active Subsidiary

The subsidiary Chief Executive Officer is appointed by the Board of Directors of the subsidiary. The subsidiary Board monitors and annually evaluates the Chief Executive Officer's performance.

Active Subsidiary Board Meetings and Agendas

Subsidiary Boards generally meet quarterly, however business needs may necessitate additional meetings.

Quorum for meetings is determined in accordance with the Articles of Incorporation and questions arising at any meeting of Directors will be decided by a majority of votes. A resolution in writing, signed by all the Directors, will be as valid and effectual as if it had been passed at a meeting of the Directors. *Articles of Incorporation* set out the particular regulations that apply to each subsidiary company, and are paramount to any Board or shareholder-adopted procedures or requirements, in the event of a conflict.

The Chief Executive Officer, in consultation with the Chair and Corporate Secretary of the subsidiary, will develop the agenda for each Board meeting. Under normal circumstances, the agenda and the material will be distributed to Directors not less than four business days before the meeting. All Directors are free to suggest additions to the agenda, preferably in advance when possible.

Meetings are held either at the subsidiary's headquarters or at BC Hydro's offices on Dunsmuir Street in Vancouver. Special meetings may be held by telephone conference at the call of the subsidiary Chair when required.

Active Subsidiary Board Minutes

The approved minutes provide an overview of the proceedings and decisions taken and serve as the official record of the Board meeting.

Special Meetings of the Active Subsidiary Board

Special meetings of the Board of Directors may be held at any time at the call of the subsidiary Chair (or, for Powerex Corp., at the call of any Director). Each subsidiary's *Articles of Incorporation* set out the particular regulations for calling special meetings.

Information for Active Subsidiary Board Meetings

The Corporate Secretary of the subsidiary is responsible for the distribution of all materials required by the Directors for meetings of the subsidiary Board. Material distributed to the Directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by Directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to Directors, so as to maximize the time available for discussion on questions regarding the material. Templates have been prepared to assist management with the preparation of meeting materials to assure the appropriate level of detail and overall consistency.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance. Directors are reminded that unless otherwise indicated, Board materials should be treated as confidential.

Custodianship of all archival meeting materials is the responsibility of the Corporate Secretary for the subsidiary.

Non-Directors at Active Subsidiary Board Meetings

The subsidiary Board appreciates the value of having members of management, employees, advisors or others attend Board meetings to provide information and opinions to assist the Directors in their deliberations. The subsidiary Board, through the subsidiary Chair and subsidiary Chief Executive Officer, will determine attendees at Board meetings. These persons will be required to maintain any confidential information discussed in the meeting in confidence.

Both the Board and management recognize that throughout the year there are times in meetings when the Board needs to meet without management in attendance. These occasions will be determined judiciously.

Active Subsidiary Board Relations with Management

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the Chief Executive Officer, or through Board meetings. Directors must respect the organizational structure of management. A Director has no authority to direct any staff member.

Size of the Active Subsidiary Board

From time to time, the Subsidiary Board will consider its size to ensure it has the necessary diversity of skills, perspectives and experience to fulfill its obligations.

Director Orientation

Directors will be provided with an orientation and education program which will include written information about the duties and obligations of Directors and the business and operations of the subsidiary, documents from recent Board meetings and opportunities for meetings, site visits and discussion with senior management and other Directors.

Director Compensation

Government establishes compensation levels paid to Directors. Details regarding Director compensation are outlined in the Board Governance Manual.

Term of Service

Directors are appointed to each Active Subsidiary's Board by BC Hydro's Board of Directors with prior notification to the Crown Agency and Board Resourcing Office and in accordance with the Active Subsidiary's Articles and the BC *Business Corporations Act*.

The Corporate Secretary of the subsidiary is responsible for the corporate records of each subsidiary company and for reporting changes respecting composition of subsidiary Boards to the Registrar of Companies.

Approval Authorities

Each Active Subsidiary's Board of Directors and Chief Executive Officer are responsible for defining appropriate approval authority levels that reflect the subsidiary's business requirements.

Internal Controls

Integral to the subsidiary Board's overall responsibilities is the existence of control systems, which ensure the effective discharge of these responsibilities. The confidence of the subsidiary Board in the ability and integrity of management is the paramount control mechanism.

Corporate Strategy

Management is responsible for the development of an overall corporate business strategy to be presented to the subsidiary Board. The subsidiary Board's role is to ensure there is a strategic and business planning process, and then review, advise on and question, with a view to validating, and ultimately endorsing the strategy for the subsidiary and monitoring its implementation.

Administrative Support for Subsidiary Directors

The Corporate Secretary of the subsidiary will provide all required administrative services for Directors in their capacity as subsidiary Directors.

Chief Executive Officers for Active Subsidiaries Terms of Reference

Introduction

The Chief Executive Officer of an Active Subsidiary is its senior management officer. In appropriate cases, an Active Subsidiary's Board may appoint a Chief Operating Officer. If a Chief Operating Officer is

appointed, the subsidiary's Board may delegate some of the duties and responsibilities below to the Chief Operating Officer.

Active Subsidiary Chief Executive Officer Duties and Responsibilities

- Lead and manage the subsidiary within the parameters established by the subsidiary Board of Directors.
- Report to the subsidiary Board on an ongoing basis.
- Advise BC Hydro's President and CEO of material changes to the subsidiary's corporate business plan as necessary.
- Successfully implement the subsidiary's annual business plan, which includes operational plans, capital plans and other supporting initiatives. Provide quarterly reports to BC Hydro's Chief Financial Officer on the subsidiary's financial performance against its approved annual business plan.
- Direct and monitor the subsidiary's activities in a manner that ensures the assets of the subsidiary are safeguarded and optimized.
- Ensure the integrity of the subsidiary's internal control and management systems.
- Identify and report to the subsidiary Board of Directors the principal risks of the business and ensure the implementation of systems to manage these risks.
- Ensure the safe efficient operation of the subsidiary and compliance with the BC Hydro *Code of Conduct*, all laws, and environmental, health and safety policies and procedures established by the subsidiary.
- Ensure the subsidiary achieves and maintains a satisfactory competitive position within its industry and a high standard for its products and services.
- Develop and recommend to the subsidiary Board of Directors the overall corporate organizational structure.
- Review senior management development and succession.
- Provide Directors at subsidiary Board meetings with exposure to the subsidiary's senior management team.
- Together with the subsidiary Chair, acts as a primary spokesperson for the subsidiary and coordinates the Subsidiary's interface with its shareholder, BC Hydro.
- Collaborates closely and regularly exchanges information with the Chair to review material issues and to ensure the subsidiary Chair and other Directors are provided with relevant and timely information.
- Foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.
- When considering any significant public service commitments and/or accepting outside Board appointments, seek subsidiary Board approval and ensure appointments are in accordance with applicable corporate policies.
- Seek the appropriate approval for expenditures, revenue measures, leases or other actions or transactions falling outside the plans approved by the subsidiary Board of Directors.

Board Renewal

To fulfill the Board's complex role, the Board is strongest and most effective when key qualifications and core competencies are represented on the Board as a whole. In addition to the core Director skill requirements, each Director should contribute knowledge, experience and specialized skills.

The objective of the Board succession planning and renewal is to ensure that, collectively, the Board has the knowledge and skills necessary to enhance the long-term performance and oversight of the organization.

The suitability of candidates for the Board is considered by examining a combination of many factors, including:

- Qualifications, key skillsets, experience and expertise
- Regional representation across the province
- Diversity of viewpoints

The Corporate Secretary and Chair will review Director skillsets regularly and consider candidates to recommend to the province for appointment based on required skills as determined by the Chair. The Corporate Secretary will also coordinate education to the Board as required (and as described below) to "level-up" the Board's knowledge on various topics.

Board Education

The Chair, via the Corporate Secretary's Office, will ensure that there is an orientation program for new Directors and an ongoing development education and training for all Directors.

The Corporate Governance and ESG Oversight Committee will receive suggestions from Directors and Management and may from time to time recommend a list of orientation and development topics to the Corporate Secretary.

Orientation

Upon appointment to the Board, the Corporate Secretary will provide an onboarding orientation for new Directors which is aimed at increasing familiarity with BC Hydro, its industry, and the unique responsibilities of Crown Corporation Directors, as well as equipping Directors with sufficient information and resources that facilitate fully informed decisions.

Ongoing Training

Directors will be provided with ongoing development opportunities that educate and inform them on issues that are of strategic importance to BC Hydro. To facilitate this, on an ongoing basis the Corporate Secretary will coordinate briefings, tutorials and workshops on matters relevant to the Board in consideration of the issues expected to come before it. Ongoing training will address educational needs of Directors in respect of their duties generally and may include reading materials, circulated books and/or articles of interest and course offerings, including those provided by third party institutions.

Management will also provide Directors with materials or presentations during regularly scheduled Board and Committee meetings on matters of policy and key strategic issues where BC Hydro may expect change or anticipate potential concerns or risks.

Board meetings, retreats or site tours may be scheduled in different regions of the Province to provide Directors with additional insight into BC Hydro's operations, particular issues, business areas or strategic direction.

Board Evaluation Process

The Board Evaluation Process is designed to provide Directors with an opportunity to evaluate how the Board is operating and to make suggestions for improvement.

It is not an assessment of any individual Director. It is designed primarily to provide constructive input for the improvement of the Board as a whole.

The Corporate Secretary will organize the Board Evaluation Process in consultation with the Chair and the Corporate Governance and ESG Oversight Committee.

It is expected that this process will take place every two years. Details of the process will be designed around the needs and wishes of the Chair from time-to-time. In the intermittent year, an informal evaluation will take place with each Director participating in a one-on-one discussion with the Chair.

In consultation with the Chair, the Corporate Governance and ESG Oversight Committee will review the Evaluation findings and report to the Board of Directors.

Indemnities and Insurance

BC Hydro has granted an indemnity to Directors and Officers of BC Hydro and its Subsidiary Companies. Directors and Officers of BC Hydro and its Subsidiary Companies will be provided with the Indemnity Agreement for signature and return. Upon execution, signed copies will be retained by BC Hydro and the Director, as the Indemnitee. A Provincial Indemnity is also provided to each Director, providing two layers of indemnification.

Insurance Coverage

BC Hydro maintains a \$100,000,000 *"Directors and Officers ("D&O") Liability Insurance Policy"* as well as a \$25,000,000 *"Differences in Conditions"* policy. The policies protect Directors, Officers and others against claims arising out of wrongful acts, such as errors, misstatements, misleading statements, and acts, omissions and the neglect or breach of duty committed or any other matter claimed against them by reason of their status as Directors or Officers. The policies exclude coverage for deliberate criminal or deliberate fraudulent act although defense costs are provided until final adjudication. The policies are reviewed and renewed on a regular basis.

The policies pay Directors, Officers and others covered by the policy when corporate indemnification is not available, such as when indemnification is not granted on a discretionary basis or is not permitted by law. A deductible is not applicable when the indemnification is not permitted by law or in the event of insolvency by BC Hydro.

The D&O policy reimburses the Corporation, subject to a deductible, when the Corporation in keeping with the terms of the Indemnity Agreement indemnifies an individual covered by the policy. The deductible for an indemnified loss is \$250,000.

A separate policy provides Employment Practices Liability insurance for claims arising out of alleged or actual wrongful employment practices, such as wrongful dismissal, harassment, discrimination, etc. The limit is \$5,000,000. A deductible is not applicable for a non-indemnified loss. The deductible for an indemnified loss or corporate loss is \$250,000.

A separate policy provides Fiduciary Liability insurance for claims relating to BC Hydro's registered pension plan. The limit is \$25,000,000. A deductible is not applicable for a non-indemnified loss. The deductible for an indemnified loss or corporate loss is \$100,000.

Director Compensation and Expenses

Director expenses and compensation is provided in accordance with *Remuneration Guidelines for Appointees to Crown Agency Boards* ([Treasury Board Directive 2/24](#)) issued by Government and updated from time to time. A summary of the Guidelines is shown below.

Compensation for BC Hydro Directors

All retainers and meeting fees are to be made in accordance with all applicable Public Sector Employers Council guidance and requirements.

Annual Retainers

- The BC Hydro Chair is entitled to an annual retainer of \$34,500, paid in quarterly installments of \$8,625.
- Other Directors are entitled to an annual retainer of \$17,250, paid in quarterly installments of \$4,312.50.
- Directors who have been appointed to serve as Committee Chairs will be entitled to receive an additional annual retainer as follows:
 - **Board Committee Chairs:**
 - **Audit & Finance Committee Chair** – \$5,750 paid in quarterly installments of \$1,437.50
 - **All Other Committees** – \$3,450 paid in quarterly installments of \$862.50
 - **Site C Project Assurance Board (PAB):**
 - **PAB Chair** - \$20,000 paid in quarterly installments of \$5,000
 - **PAB Member** - \$12,500 paid in quarterly installments of \$3,125
 - **Chair of Commercial Issues Sub-Committee** - \$3,450 paid in quarterly installments of \$862.50 (in addition to PAB Member fee)

Meeting Fees

- Directors are entitled to a meeting fee of \$865 (\$432.50 if 4 hours or less) for each Board or Committee meeting attended (to a maximum of 60 meeting fees per year for the Board Chair and 30 meeting fees per year for Directors). A Director may receive only one meeting fee per day, although more than one meeting may be attended.
- Directors serving as the Chair of the Audit & Finance Committee or of the People & Culture Committee are also entitled to a meeting fee in the amount stipulated above for attendance at the Corporate Pension Management Committee.
- PAB Members are entitled to a meeting fee of \$865 (\$432.50 if 2 hours or less) for each PAB or PAB Committee meeting attended (to a maximum of 60 meeting fees per year for the PAB Chair and 30 meeting fees per year for PAB Members). A PAB Member may only receive one meeting fee per day, although more than one meeting may be attended.

Compensation for Subsidiary Company Directors

Annual Fees

Directors of BC Hydro who are appointed to serve on a Subsidiary Board of Directors will not be paid an additional annual fee, with the exceptions stated below:

- *Outside Directors appointed to Powerex Corp.*
An annual fee of \$12,000, paid in quarterly installments of \$3,000 will be paid to outside Directors appointed to the Powerex Corp. Board of Directors.
- *Directors of BC Hydro appointed to Powerex Corp.*
Members of the BC Hydro Board of Directors appointed to serve as Directors of Powerex Corp. will receive an additional annual fee of \$6,000, paid in quarterly installments of \$1,500. In the case of a member of the BC Hydro Board of Directors who is also serving as the Chair of the Powerex Board, this additional annual fee will be \$17,250, paid in quarterly installments of \$4,312.50.
- *Powerex Director appointed as Powerex Audit and Risk Management Committee Chair*
A Director, whether an outside Director or a member of the BC Hydro Board of Directors appointed to serve on Powerex Corp. and appointed by that Board as the Audit and Risk Management Committee Chair is entitled to receive an additional annual fee of \$3,450, paid in quarterly installments of \$862.50.
- *Directors of BC Hydro or Outside Directors appointed to Powertech Labs Inc.*
An annual fee of \$3,450, paid in quarterly installments of \$862.50 will be paid to members of the BC Hydro Board of Directors appointed to serve as Directors of Powertech Labs Inc. or outside Directors appointed to the Powertech Labs Inc. Board of Directors.

Meeting Fees

Directors are entitled to a meeting fee of \$865 (\$432.50 if 4 hours or less) for each meeting of the Subsidiary Board (or Committee thereof) attended (to a maximum of 30 meeting fees per year). However, a Director may receive only one meeting fee per day, although more than one meeting may be attended.

Other Fees

- Directors who are requested by the Subsidiary Board Chair and/or CEO to undertake duties on behalf of the Subsidiary are entitled to payment at a rate of \$250 per hour to a maximum of \$750 per day for such services.
- The Subsidiary Board's Corporate Secretary's Office will be notified of such occurrences.

Expenses

General

Directors are entitled to reimbursement of reasonable travel and business-related expenses incurred on BC Hydro business, including, in the case of the Board Chair, reasonable office and related expenses. Expenses are paid on the basis of receipted amounts (or by distance travelled, in the case of personal vehicle usage) or using per-diem allowances.

Travel

Use of Personal Vehicles

BC Hydro's standard rate for kilometers traveled will be used.¹ All insurance requirements are the responsibility of each Director. The mileage allowance for personal vehicle use is as follows:

Two-Wheel Drive: First 5,000 km per month – 68 cents per km

¹ These rates match the Provincial Government's mileage rates. BC Hydro's finance team will keep the Corporate Secretary's office apprised if rates change, and the Corporate Secretary will align these rates accordingly.

Four-Wheel Drive:	Over 5,000 km per month – 62 cents per km
	First 5,000 km per month – 95 cents per km
	Over 5,000 km per month – 62 cents per km

Air Travel

Pre-approval from the Chair is required for travel to or from destinations outside of British Columbia. Where this is likely to be required on a routine basis for Directors resident, or partially resident, outside of British Columbia, pre-approval can be obtained on a blanket basis.

All air travel is restricted to economy or business class fares.

Accommodation

Where possible, accommodation should be obtained at those hotels offering Government or special corporate rates. The Corporate Secretary's Office will keep Directors informed of any special rates offered to BC Hydro.

Meals

Directors are entitled to reimbursement for meals purchased while travelling on BC Hydro business. Meals may be reimbursed on either a receipted or a per diem basis.

Receipted: As with other expenses, meal costs reimbursed on a receipted basis must be reasonable. Restaurant bills, inclusive of purchase details, are required in addition to any associated payment receipt.

Per Diem: Fixed per diem rates for unreceipted meals are as follows (inclusive of all applicable taxes and gratuities):

- Breakfast \$18 CDN (partial travel days)
- Lunch \$20 CDN (partial travel days)
- Dinner \$34 CDN (partial travel days)
- All day \$72 CDN (per whole travel day).

Alcohol

No reimbursement will be paid for alcohol as part of receipted or per diem meal expenses. Alcohol may be responsibly consumed by Directors and expensed by the Corporate Secretary on behalf of the Company at an approved BC Hydro Event in line with BC Hydro's Alcohol & Drug Policy.

Director Education

As discussed in Tab D of this manual (Board Renewal and Education), Directors are entitled to reimbursement of 100% of fees associated with Director training programs offered through third party institutions.² Prior written approval from the Corporate Secretary is required for Director training courses costing more than \$100.

Recognition for Departing Directors

The Corporate Secretary, on behalf of the BC Hydro Board of Directors, may purchase and issue a recognition gift for Directors leaving the Board as a thank you for their service. The value of the gift will be reasonable, as determined by the Corporate Secretary and Board Chair, or, in the case of a departing Board Chair, as determined by the Corporate Secretary and the Chair of the Audit & Finance Committee.

² Note: in Fall 2020 the Crown Agencies and Board Resourcing Office provided its support for 100% reimbursement on a go forward basis.

Payment of Fees and Expenses***Fees***

Payments will be made on a quarterly basis by BC Hydro's payroll department based on the Corporate Secretary's record of Director attendance.

Expenses

Expense claims are to be submitted by Directors to the Corporate Secretary's Office. Claims should be submitted using the Director's expense claim form developed by the Corporate Secretary and must be accompanied by receipts, where applicable. Where pre-approval is required by virtue of these guidelines, documentation supporting such pre-approval must also accompany the claim. Expense claims will be processed for payment within 30 days of being submitted, subject to approval as follows:

- a) in the case of the Board Chair, by the Chair of the Audit & Finance Committee of the Board;
- b) in the case of other Directors and PAB Members, by the Corporate Secretary on behalf of the Board Chair; and
- c) in the case of other Directors also serving on Subsidiary Boards, expenses incurred during work for the Subsidiary Board will be approved per the policies of that Subsidiary.

Deductions

Income tax, CPP and any other statutory deductions will be deducted from fees prior to payment, unless otherwise exempt.

Records

The Corporate Secretary's Office will keep records of all fees and expenses paid to Directors and PAB Members on behalf of BC Hydro.

Corporate Policies

BC Hydro's corporate policies are attached:

- (a) Code of Conduct Policy
- (b) Financial Responsibility and Approval Policy
- (c) Fraud Risk Policy
- (d) Risk Management Policy

BC Hydro

Code of Conduct Policy



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Part 1: Our code

Our Values

MISSION

To safely provide reliable, affordable, clean electricity throughout B.C.

VISION

A cleaner more sustainable future for all British Columbians.

OUR SIX GUIDING VALUES

1. We are safe
2. We are here for our customers
3. We are one team
4. We include everyone
5. We act with integrity and respect
6. We are forward-thinking



How to use this document

We have an important job to do—we keep the lights on for the province. As B.C.'s largest commercial crown corporation, we have unique responsibilities. We are responsible to:

- the public (our shareholder) and to our ratepayers (our customers) to provide safe, reliable and affordable electricity;
- Indigenous communities whose traditional territories are impacted by our infrastructure and programs and have been for many generations, and who have unique rights in Canada;
- the environment, which we rely on in all its forms to generate and transport the electricity we produce; and,
- our regulators, who closely monitor our work to ensure we are adhering to regulatory and legal standards and requirements.

To guide us, the BC Hydro Board of Directors (the Board) has provided this Code of Conduct Policy (the Code), which it reviews annually. The Code outlines what's expected of us in light of our unique responsibilities. It helps us to act in a way that reflects BC Hydro's values.

There are four parts to the Code. The first part, Our Code, sets out our mission, vision, values, and who must follow the Code. Part 2, Putting Our Values to Work, covers the conduct expected of us to operate according to our values. Part 3, Conflict of Interest, is about integrity and making sure we act in the best interest of BC Hydro. Part 4 of the Code tells us where to seek advice, how to disclose concerns, what happens after disclosure and exemptions to the Code.

Throughout this document, you'll find links or references to supplementary requirements and information. Once you read the general policy or principle in this Code, follow the links to find the extra information or details you need in order to do your job safely, effectively and efficiently. It's all of our responsibility to follow the Code in its spirit and intent so if you have questions or are unclear about anything as you read through it, please set up some time with your manager to seek clarification.

Who must follow our Code

DIRECTORS AND EMPLOYEES

The Code applies to BC Hydro and its subsidiaries, including all BC Hydro Board directors (directors), and employees, including executives, managers and senior leaders. The Code may also apply to others, such as contingent labour resources or individual contractors, if BC Hydro and the other parties specifically agree. When this Code refers to “you”, “we”, “our” or “us”, it means any directors and employees as well as those who have agreed to follow the Code.

OUR SUBSIDIARIES

Any reference in this Code to BC Hydro includes its subsidiaries, unless the Code indicates otherwise. Subsidiaries may have different supplemental requirements than BC Hydro.

CONTRACTORS AND OTHERS WHO WORK WITH US

We expect fair and honest behaviour from our contractors—expectations that are covered in the [Contractor Standards for Ethical Conduct](#). The Standards apply to a contractor if BC Hydro and the contractor agree to apply them. That means these Standards must be included in every tender call, request for proposals and contract with BC Hydro unless it's inappropriate to do so. A contractor's failure to comply with the Standards, if applicable, may be a breach of contract and could result in the termination of the contract.

Any reference in this Code to a contractor includes a contractor, consultant, supplier and business associate.

Our responsibility

British Columbians rely on us to keep the lights on and to act with integrity and honesty. We must act ethically and be aware of our behaviour and the way it is perceived by others. This means not only complying with this Code and any supplementary requirements but also with their spirit and intent.

Directors and employees must review the Code when first joining the company and then at least once a year after that. Each of us must also complete online or in-person Code training annually.

Directors and executive team employees must meet with the Code of Conduct Advisor (Code Advisor) annually to discuss and to disclose in writing to the Corporate Secretary any personal interests that could result in an actual or apparent conflict of interest.

Managers help employees comply with the Code and supplemental requirements by setting a good example, providing clear expectations and training, setting objectives aligned with the Code, providing regular respectful feedback for improvement, ensuring appropriate consequences for breaches of the Code and recognizing employees for strong performance.

If you know or suspect that this Code or the supplementary requirements supporting the Code have been, or are likely to be, breached you are required to report it. We take seriously any failure to comply with this Code and supplementary requirements and we may discipline anyone violating them. A violation or repeated violations of this Code or any supplementary requirements may result in discipline up to and including termination of employment.

BC Hydro also complies with the [Public Interest Disclosure Act \(PIDA\)](#), and encourages current or former employees to come forward if they believe a serious wrongdoing has occurred or is about to occur.

Part 2: Putting our values to work

Conduct

A. SAFETY

BC Hydro places Safety Above All. Safety Above All means that safety is an overarching, organization-wide, core value at BC Hydro. It reflects the expectation we have of our workforce, contractors and the public that occupational health and safety requirements are followed at all times. It also reflects our obligation to keep our workplace and assets safe through our design and construction, operations and maintenance, and asset investment programs.

We view every injury as preventable. Our goal is that all our employees, contractors and members of the public go home safe and healthy every day. Safety at BC Hydro is everyone's responsibility.

Our mission "to safely provide our customers with reliable, affordable, clean electricity throughout B.C.", reflects this "Safety Above All" mindset.

Safety starts with leadership. We enable and require our executives, managers, supervisors, asset managers, delivery partners, contract owners and workers to be accountable for occupational health and safety. We set clear expectations, taking the guess work out of how a person's role and responsibilities contribute to workplace health and safety. We ensure that our plans, equipment designs and how we resource all our work removes hazards or puts in place effective barriers and minimizes health and safety risks. Working safely in our high hazard environment requires compliance with the appropriate health and safety requirements for the work. These safety requirements are established by regulations, which are interpreted by BC Hydro safety professionals, informed by engineering analysis and industry best practice, and thoughtfully applied by skilled tradespeople and workers.

Safety requirements are not intended to create an environment of zero safety risk: as an electric utility that would be impossible. However, the requirements reflect the broad societal tolerance for industrial worker and public safety risk.

In virtually all cases, following these safety requirements allows work to proceed safely and workers to go home safe and healthy at the end of each day. Similarly, members of the public should be able to carry out their day-to-day activities in and around our system in reasonable ways without incident.

Properly applying occupational health and safety requirements requires good planning and effective coordination, and that work proceed in an orderly manner. If there is a change in circumstances, workers must stand down and establish a new plan that incorporates the changed circumstances. Application of a worker's personal safety risk tolerance, or a worker's self-optimization of a procedure to complete work more efficiently for the perceived benefit of BC Hydro, is not acceptable.

Our employees are involved in work plans and decisions that impact their health and safety. We encourage employees to raise concerns or stop work any time they feel their health, safety, or the health and safety of others, may be at risk. We measure our safety performance and learn from our failures and our successes. Learning from our "near misses" is as important as learning from our injuries as we believe 100% of all injuries can be prevented. When an error occurs and safety requirements are not met, BC Hydro responds fairly and appropriately through our [Just Culture](#) principles.

Our goal is zero injuries and we challenge everyone to achieve this.

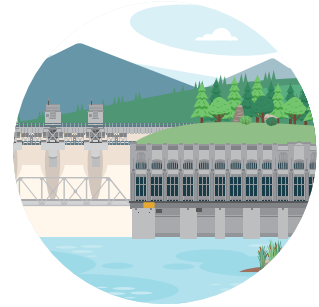
For more details on Safety, including the rules around the use of alcohol and drugs, see [here](#).



B. SECURITY, BUSINESS CONTINUITY AND EMERGENCY MANAGEMENT

Our infrastructure is vital for the health, safety, security and economic well-being of British Columbians. We work with the province, Indigenous communities, local and federal governments and industry stakeholders to be prepared for emergencies using an integrated and coordinated approach to ensure public safety and effective recovery.

We plan our work and train our people to understand the importance of security, business continuity and emergency management for the protection of the public and our people, assets and information, supporting our operations and reducing financial and operational risks. We keep our people informed of relevant threats and emergency procedures. We safeguard our critical services, operations and processes through effective risk assessment and mitigation measures including business continuity and recovery planning. We are ready to respond to emergencies at all worksites including our dams, generating stations, substations and offices.



C. BUILDING AN EQUITABLE WORKPLACE

We hold ourselves to a high standard when it comes to ensuring we have a diversity of perspectives and experiences to draw on as we do our work. Not only is this the right thing to do, it leads to stronger decisions and better outcomes for our business. We're each responsible for creating a workplace that reflects the diversity of our province, where everyone feels included and is treated equitably and with respect. To achieve this, we comply with our Statement of Respect, Inclusion and Diversity.

Statement of respect, inclusion and diversity

To support our objective of creating an equitable workplace, we recognize that we are one team made up of people with diverse backgrounds, experiences and ideas. Each one of us is accountable to listen to, learn from and value one another's perspectives.

Through our Statement of Respect, Inclusion and Diversity, we commit that:

1. We will uphold human rights consistent with the [Human Rights Code](#).
2. We will build a workforce that reflects the diversity of our communities and customers and gather data to measure our progress toward employment equity.
3. We will regularly review our hiring and promotion practices, particularly to address systemic barriers and biases facing particular groups.
4. We will educate ourselves on inclusion and diversity and support each other as we learn.
5. We will learn to recognize bias and provide employees with skills to act and perform their work consistent with our values.
6. We will be open to differing cultures, backgrounds, identities, ideas, approaches and perspectives.
7. We support people who report exclusion, harassment and bullying and will ensure they can report incidents without fear of retaliation.
8. We will ensure that everyone feels safe to focus on their work and that all employees are able to contribute to their full potential.
9. We will seek advice and feedback from our employees, including our employee networks, about their lived-experience and support people to be comfortably open about themselves at work.
10. We will all hold one another accountable to be respectful and inclusive.

BC Hydro is committed to providing all employees with a workplace where everyone is treated with dignity and respect and is free from bullying, harassment, discrimination and offensive conduct and remarks.

We must conduct ourselves in a respectful, polite and considerate manner with everyone we interact with in the workplace and whenever we represent BC Hydro. Our [Respectful Workplace Policy](#) promote respectful behaviours in our work. We must uphold these rules and BC Hydro's obligations under [human rights](#) and [occupational health and safety laws and regulations](#) and raise concerns when we see disrespectful behaviour at work. Disrespectful behaviour won't be tolerated.

If you have witnessed or been subjected to disrespectful behaviour at work, promptly notify your manager or the Ethics Office.

D. INDIGENOUS PEOPLES

The legacy of the impacts of BC Hydro infrastructure and operations over time are felt strongly among Indigenous Nations across the province. We acknowledge these impacts and are committed to learning from, and not repeating, the mistakes of our past. As a crown corporation, we must act honourably in our interactions with Indigenous communities which means we are held to a high standard when it comes to those interactions.

Statement of Indigenous Principles

To support our move towards true and lasting reconciliation with Indigenous People, BC Hydro acknowledges past wrongs, listens to Indigenous perspectives and seeks shared understanding with First Nations communities and governments.

Through our Statement of Indigenous Principles, we commit that:

1. We will always operate safely and protect the safety of individuals.
2. We will inform First Nations communities, to the best of our ability, of our multi-year planning, identifying potential projects and works as early as possible for discussion.
3. We will strive to provide the most clear, accessible and transparent information possible.
4. We will seek advice on Indigenous perspectives on how to best reduce or avoid impacts on the environment, cultural heritage and social needs.
5. We will be accessible and open to understanding the unique interests of Indigenous Peoples in relation to our operations.
6. We will respect that our perspectives may be based on different world views.
7. We will seek opportunities for meaningful benefit with First Nations communities as we refurbish existing facilities and assets, build new infrastructure or undertake work.
8. We will seek solutions to improving the accessibility of clean, reliable and affordable power to First Nations communities in remote areas of the province
9. We will support Indigenous candidates to succeed in gaining employment with BC Hydro and to increasingly become part of our workforce.
10. We will deliver on our commitments and we will be open and transparent if something is standing in the way of our mutual success.

BC Hydro is sincere in its commitment to ensure these principles are understood and acted upon by everyone in our organization, including contractors.

We recognize that Indigenous peoples have unique rights in Canada and that we have an important role to play in reconciliation with Indigenous peoples. Our Statement of Indigenous Principles is how we are approaching the ongoing work of reconciliation and implementing the [United Nations Declaration of the Rights of Indigenous Peoples](#) and the [Truth and Reconciliation Commission Calls to Action](#). These principles are a call to action to each one of us and we all need to read and operate them as we do our work.

Please also see BC Hydro's [Indigenous Contract & Procurement Policy](#).

E. OUR CUSTOMERS AND EXTERNAL RELATIONSHIPS

BC Hydro's operations affects the lives and interests of our customers, Indigenous communities, the communities where we work and operate, our contractors, suppliers and the broader public. We ask individuals and communities around the province to accept our infrastructure and we are obligated to conduct ourselves with integrity. When we represent BC Hydro, we're expected to uphold our values and this Code, respect social and cultural perspectives and treat everyone with dignity and respect.

We communicate honestly and openly with each other and in our relationships. Our customers, suppliers, business partners, governments, Indigenous communities, our unions, the media and the broader public are all part of our community. We seek out and consider their views, needs and values in our work and seek to build relationships and identify solutions to resolve issues.

We promote energy efficiency and conservation to help customers keep their bills affordable and to reduce our environmental footprint in the province.

F. ENVIRONMENT

BC Hydro's energy system has both positive and negative effects on the environment and as leaders in managing valuable public resources, our environmental decisions matter. We build and operate our system in compliance with environmental requirements and each of us is responsible to work in ways that avoid environmental impacts throughout the life-cycle of our assets and operations.

To achieve our environmental objectives and align with our values, every employee will adhere to our Statement of Environmental Principles.

Statement of Environmental Principles

1. Ensure that every employee and contractor understands that they must act to protect the environment.
2. Question actions that may cause adverse environmental impacts or jeopardize our regulatory compliance.
3. Work with Indigenous groups, stakeholders, and the public on delivering our commitment to environmental protection.
4. Make environmentally informed and transparent business decisions that must factor in:
 - a. Minimizing habitat loss and fragmentation
 - b. Achieving environmental benefits
 - c. Supporting climate actions and targets
5. Comply with all applicable requirements in environmental legislation.
6. Develop and maintain positive relationships with our regulators.
7. Ensure that we have effective processes and systems to manage and optimize our environmental performance.

G. COMPLIANCE WITH THE LAW

We're expected to know and comply with applicable laws and to avoid situations that could be perceived as unlawful or may indicate a casual attitude towards the law. We don't commit or condone an unlawful act in connection with our work and don't direct or encourage others to do so.

BC Hydro is also subject to many important regulatory requirements, some of which are unique to our industry. One example of these regulatory requirements is Mandatory Reliability Standards which are approved by the BC Utilities Commission and are intended to improve the reliability and security of our bulk electric system in the context of the interconnected electrical system in North America. We must comply with all applicable regulatory requirements.

When in doubt about the laws and regulatory requirements that apply to our work or if you have questions about them, contact BC Hydro **Legal Services**.

H. OUR REGULATORS

Our work is subject to regulation and oversight by a number of federal and provincial regulatory agencies including the [British Columbia Utilities Commission](#), [Water Comptroller](#), environmental authorities, [WorkSafeBC](#), financial authorities and more.

BC Hydro's regulators have an important job to do. We act honestly, transparently and with integrity in our relationships with regulators, while recognizing our responsibility to advocate for and protect BC Hydro's interests.

I. FINANCIAL RESPONSIBILITY

We're accountable for keeping our customers' rates affordable. We are cost-conscious and ensure that our expenses and expenditures follow our rules and requirements and are reasonable, necessary and appropriate.

We make responsible financial decisions, ensure our financial reports are accurate and reflect appropriate accounting standards and ensure that our forecasts are reasonable.

We are vigilant, act lawfully and report any suspected fraud related concerns at the earliest opportunity according to the [Fraud Risk Policy](#).

To ensure our assets are protected, we have financial controls in place and we comply with these controls. BC Hydro's Board sets the level of approval needed based on the amount of the expenditure or financial commitment. We seek approval in advance for expenditures and before entering into financial obligations with third parties, such as contracts or other financial commitments.

See the Board-approved [Financial Responsibility and Approval Policy](#) and [Risk Management Policy](#) for more information.

J. PROCUREMENT

As an organization, we purchase large quantities of goods and services. We procure these goods and services in a way that gives confidence to our customers, regulators and the public that we are achieving the best overall value for BC Hydro. To do this, we follow public procurement practices, laws and trade agreements and administer our competitive procurements fairly. Each of us avoids actual and apparent conflicts of interest ([see Part 3 of the Code](#)) when involved with procuring goods and services. In making procurement decisions, we are also mindful of our environmental footprint and the impacts our purchasing choices can have on communities, both here at home and abroad.

Consistent with our [Statement of Indigenous Principles](#) and our efforts to further reconciliation with Indigenous Peoples, we support the economic interests of Indigenous Peoples through our [Indigenous Contract & Procurement Policy](#).

K. PROFESSIONAL QUALIFICATIONS

We hold a variety of qualifications and licenses based on our position or profession. You will keep any required qualifications and licences current and valid. If you're a member of a recognized profession and that membership is required for your position and supported by BC Hydro, you're expected to keep abreast of professional developments in your field, perform your duties in accordance with the recognized standards of that profession, and abide by any code or standards of conduct adopted by your professional association.

If you believe your professional obligations or standards are in conflict with this Code or with BC Hydro's directions, you should promptly notify your manager or the [Ethics Office](#).

L. OUTSIDE ACTIVITIES AND CONDUCT

We respect personal privacy and activities outside of work. Remember that our actions in our personal lives have the potential to negatively affect BC Hydro's business, reputation and work environment. If you engage in activities in your personal life outside of work that could have a negative impact on BC Hydro's business, reputation or work environment, you'll be accountable for those actions.

For example, your outside activities on social media impact BC Hydro when you post things that may negatively affect BC Hydro's reputation, imply that your personal position is BC Hydro's position, offend or harass your co-workers, make it difficult for you to do your job effectively or reveal non-public or third party personal information you obtained through your work at BC Hydro. Remember to exercise caution and take care not to compromise your ability to be seen as impartial and objective in your work for BC Hydro.

See Hydroweb for more information and for more guidance on outside activities and conduct.

M. WORK TIME

Unless on an approved leave, we report to work on time and fit for duty. During paid working hours, we devote our full attention to our work and work safely and productively. We conduct our personal activities outside of BC Hydro paid working time.

Information and property

Information and records

i. PROTECTION OF CONFIDENTIAL INFORMATION

All BC Hydro data and information is the property of BC Hydro. We consider confidential information to be BC Hydro data or information that is not publicly available. This includes information relating to BC Hydro's business, employees, customers, facilities, operations, contractual relationships, shareholder relationships, technology, day to day events and so on.

Don't deliberately or inadvertently disclose BC Hydro's non-public information except as permitted by BC Hydro or as required by law. When our work requires us to share non-public information with someone outside of BC Hydro, we ensure that a written agreement such as a confidentiality agreement or other arrangement is in place to protect and safeguard this information. Non-public information is stored safely and securely to prevent unauthorized access.

We use non-public information only for legitimate BC Hydro business purposes. Don't use non-public information obtained through our relationships with BC Hydro for personal benefit or for the benefit of friends and relatives or in any way that could be detrimental to BC Hydro.

In our work for BC Hydro we may become aware of non-public information that could affect the value of investments and financial interests. We must not disclose that information to any third party or use that information for our personal benefit or the personal benefit of our friends, relatives or others. Any such disclosure or use is a breach of this Code. It may also be unlawful and subject you to severe legal penalties.

We may also have access to third party confidential information in the course of our work for BC Hydro. We will only disclose this information if permitted in any applicable agreements or arrangements with the third party or as required by law.

When we leave our employment for BC Hydro for any reason, we have continuing obligations to maintain the confidentiality of all BC Hydro non-public information and any third-party confidential information we obtained while working with BC Hydro. This information must not be disclosed to anyone outside BC Hydro for any reason unless the information becomes a matter of general public knowledge—provided you did not make it public through a breach of confidentiality—or the disclosure or use is required by law.

If you are aware of any inappropriate disclosure of BC Hydro non-public information or third-party confidential information, notify your manager, [Legal Services](#), BC Hydro's [Freedom of information Coordinating Office \(FOICO\)](#) or the [Ethics Office](#).

ii. PRIVACY AND THE PROTECTION OF PERSONAL INFORMATION

We're responsible for protecting the privacy of other employees, customers, contractors and members of the public by taking all reasonable steps to safeguard their personal information. This means we protect personal information by keeping it secure and limiting access only to those who need to know the information to do their job. We understand and comply with BC Hydro's applicable privacy requirements, practices and systems. Compliance helps us meet our legal obligations under applicable laws including the [Freedom of Information and Protection of Privacy Act](#).

Personal information includes recorded information about an identifiable individual, including that individual's history, background, personal characteristics, preferences, opinions, family status, relationships and so on. For more information on personal information, see [here](#).

iii. RECORDS AND INFORMATION MANAGEMENT

Information is a valuable BC Hydro asset and each of us is responsible for protecting and managing that information. We create and collect a large amount of records and information during our work. We may be required to keep these records and information by law or for other important business purposes. We use records and information management practices and controls that enable us to meet our legal, regulatory and business requirements. We must comply with procedures and rules describing what records and information we must keep and for how long and how we must dispose of them, as well as the technologies and systems we use to store records and information. Please see the Records and Information Management Rules and Procedures for more details.

BC Hydro property

i. USE OF BC HYDRO PROPERTY

We're entrusted with the care, management and cost-effective use of BC Hydro's property and resources, including the use of BC Hydro's name and logos. We don't make significant use of these resources for our personal benefit or purposes. If you aren't sure whether your use of BC Hydro property for personal purposes is permitted, ask your manager, the Ethics Office or Code Advisor (as applicable).

ii. COMPUTING SYSTEMS AND DEVICES

When using BC Hydro computing and communications systems or devices including cloud-based systems, mobile phones, computers and other technologies, we use them in a responsible manner and in compliance with BC Hydro's requirements. Any information and data created, stored, sent or received using any of our computing, communication or electronic systems or devices is BC Hydro property and BC Hydro may access and review any of that information and data (e.g. emails, texts) at its discretion. We must comply with BC Hydro's [Acceptable Use Policy](#) and supporting requirements.

iii. CYBERSECURITY

BC Hydro relies on cyber assets (electronic devices including hardware, software and data in those devices and in the cloud) to achieve our mission safely and securely. Because cybersecurity threats jeopardize our ability to operate, we must protect and secure our cyber assets. This means we ensure their physical security (e.g. keep access doors locked, and lock and secure devices) and data security (e.g. keep vigilant for phishing emails and other electronic security issues) and comply with legal and regulatory requirements, the [Acceptable Use Policy](#) and other applicable requirements at all times.



iv. PHYSICAL PROPERTY

We maintain any BC Hydro property assigned to us in good condition and take all reasonable measures to safeguard it from theft or damage. We report any theft of BC Hydro property immediately to the Security Command Centre. We must not take ownership or dispose of BC Hydro property except with approval in accordance with any requirements established by BC Hydro.

v. OWNERSHIP OF WORK PRODUCT

Any work product produced within the scope of our employment belongs exclusively to BC Hydro, whether or not the work product was produced while actually at work. Work product includes research results, work methods, computer programs, technical processes, inventions, research methods, know-how, reports or articles and any other form of innovation or development. Intellectual property rights related to any work product, including patents, copyrights, trademarks, industrial designs or trade secrets, must be assigned to BC Hydro.

vi. RETURN OF PROPERTY AND INFORMATION—POST-EMPLOYMENT

On or before our last day of appointment or employment with BC Hydro, you must return any BC Hydro property, including documents, corporate property, work product, and other materials in your possession. This includes all written or electronic BC Hydro non-public information or third-party confidential information.

Part 3: Conflicts of interest

We must make business decisions fairly, honestly and in the best interests of BC Hydro. Actual and apparent conflicts of interest raise doubts about the integrity of BC Hydro and the impartiality of our decisions and actions. We must all avoid any situation that may give rise to an actual or apparent conflict of interest.

BC Hydro vs. Personal Interests

BC Hydro's interests include BC Hydro's financial interests, reputation, non-economic interests, operational interests, relationships, values and so on. They can also include public positions that the company strongly and publicly promotes.

Personal interests include our personal financial interests, interests of outside organizations we're involved in, outside employment, interests of our friends and relatives, personal relationships, our political or public interest advocacy activities, our personal reputation and so on.

WHAT IS AN ACTUAL AND APPARENT CONFLICT OF INTEREST?

An actual conflict of interest arises when our objectivity and ability to act in BC Hydro's best interests are or could be influenced by our personal interests or by our duties and obligations to others including outside organizations.

An apparent conflict of interest occurs when others may reasonably perceive that our objectivity and ability to act in BC Hydro's best interests could be influenced by our personal interests or by our duties and obligations to others, including outside organizations, even when no actual conflict of interest exists.

Some conflicts are obvious. For example, it is not appropriate to participate in a decision to award a contract to your spouse or child. But many conflicts are less obvious. There may be situations which could be perceived as a conflict of interest no matter how innocent your intentions may be.

Ask yourself these questions:

- Could my actions or conduct undermine the public's confidence in my ability to do my work or compromise the trust that the public places in BC Hydro?
- Could someone perceive that I'm using my work relationship with BC Hydro to gain a personal benefit from a third party?
- Do I, or my friends or relatives, stand to gain anything through my relationship with a third party doing business with BC Hydro?
- Could my personal interests affect a decision I might have to make at BC Hydro?
- Do I feel under any obligation to a third party that does business with BC Hydro due to my relationship with that third party?

If the answer to any of the above questions is "yes" or "perhaps" or could be perceived by third parties to be "yes" or "perhaps," you may be in a conflict of interest and should seek advice from your manager or the Ethics Officer or Code Advisor (as applicable).

WHAT DO WE DO WHEN SOMETHING MAY BE A CONFLICT OF INTEREST?

As **employees (non-executive team)** we must promptly disclose actual and apparent conflicts of interest or any situation that has the potential to be considered a conflict of interest to our manager or the Ethics Office. If in doubt, disclose. Full disclosure protects you and BC Hydro. It allows us to resolve unclear situations and address any conflicting interests in a timely way.

Managers must promptly report any actual or apparent conflicts reports or disclosures made by or about employees to the Ethics Office to seek guidance. Conflicts can be challenging issues and the Ethics Office can assist managers to ensure that conflicts are handled appropriately and consistently across the organization.

Directors and executive team employees should meet with the Code Advisor for advice regarding any actual or potential conflicts and must promptly disclose to the Corporate Secretary any actual or apparent conflicts of interest that may arise, in addition to the annual disclosures of personal interests. If a conflict is identified, the Corporate Secretary, with advice from the Code Advisor where appropriate, will recommend procedures to be followed and actions to be taken by the director or executive team employee and by BC Hydro to avoid the conflict.

If you have an actual or apparent conflict of interest or your situation is being evaluated to determine if you may, avoid influencing or participating in any BC Hydro decisions or actions that could be affected by, or be reasonably perceived to be affected by, an actual or apparent conflict. You may also need to refrain from participating in decisions or actions outside BC Hydro which relate to the conflict.

Personal relationships at work

We can't have influence over the hiring, supervision, evaluation or promotion of anyone with whom we have a close personal relationship. This includes influence over the hiring, evaluation, retention or management of contractors.

You may have or develop close personal relationships in the workplace. If you do, take special care to make sure the relationship does not result in an actual or apparent conflict of interest. Disclose any close relationship to the Ethics Office if one individual may be seen to possess influence over the hiring, supervision, evaluation, discipline or promotion of the other individual.

Close personal relationships include: familial connections, whether by birth, adoption, marriage or other such connection; sexual or romantic relations; and close friendships that include regular social contact outside of the workplace and work social functions

Exercise extra caution if you enter into a sexual or romantic relationship with someone you work closely with, are training or mentoring, or where there is a difference in job level between you and the other person. Early disclosure to the Ethics Office of such personal relationships is recommended even if you prefer the relationship remain private. This is particularly important if you are the senior person because it may be more difficult for a more junior employee to raise the matter.

If your sexual or romantic relationship progresses, make sure you and the other person have a shared understanding about the nature and status of the relationship and your disclosure obligations. Incorrect assumptions and misunderstandings about a relationship can lead to hurt feelings and violations of the Code and Respectful Workplace Policy. It may also adversely affect the workplace. If you're in doubt as to whether a sexual or romantic relationship could give rise to an apparent or actual conflict of interest, err on the side of disclosure and seek advice from your manager or the Ethics Office.

While any employee with a close personal relationship, including a sexual or romantic relationship, that could give rise to an actual or apparent conflict of interest is required to disclose it to their manager or the Ethics Office, the onus is on the more senior employee to do so. If you advise your manager of such a close personal relationship, your manager must notify the Ethics Office. Your manager and the Ethics Office will work with you and the other person to address the conflict in a discreet manner that preserves privacy to the extent that is possible.

Involvement in outside organizations

Many of us become involved in outside organizations in our personal time. Our involvement in businesses, charities, foundations, professional associations, non-profit societies and other organizations can result in an actual or apparent conflict between our duty to act in the best interests of BC Hydro and the interests of the outside organization. Usually, this would only happen when the organization has some intersection or relationship with BC Hydro. Take care to ensure your involvement in outside organizations isn't, and won't result in, an actual or apparent conflict of interest. For example, you shouldn't participate in an outside organization if you have the ability to benefit the outside organization by influencing the decisions or actions of BC Hydro.

Outside employment

Employees can hold outside jobs or engage in modest self-employment activities on their own time and using their own tools and resources provided the outside work doesn't negatively affect or appear to affect their performance or objectivity or BC Hydro's reputation. However, employees must not work for or subcontract with any BC Hydro contractor or any entity that has an opposing interest to BC Hydro where the work could lead to an actual or apparent conflict of interest.

Employees must disclose all outside jobs or self-employment activities to their manager or to the Ethics Office or Code Advisor (if applicable).

You must immediately disclose to the Ethics Office or Code Advisor (if applicable) any negotiations around prospective employment or a contract for services with an employer other than BC Hydro if the negotiations or the prospective employment or contract could place you in an actual or apparent conflict of interest.

Be aware that specific conflict of interest disclosure requirements apply to our competitive procurement processes. Bidders must disclose anyone on their bid or project team who currently works for, or has worked for, BC Hydro in the previous two years as well as other potential conflict relationships. This allows us to identify and take steps to prevent any unfair competitive advantage or actual or apparent conflict of interest. Don't use BC Hydro property such as vehicles, phones, computers, printers or copiers or your BC Hydro email for outside employment.

Political participation

Each of us can participate in the democratic process at any level including campaigning in elections and running for or holding public office. However, this should be done on your own time and with care to ensure separation between your personal activities and your association with BC Hydro. Don't use BC Hydro property such as vehicles, phones, computers, printers or copiers or your BC Hydro email for political activities.

Gifts, entertainment and benefits

Gift-giving or complimentary meals or entertainment can be a common business and social practice. However, they may lead to practical difficulties or reputational harm to BC Hydro. Be careful when accepting or offering any gifts, meals or entertainment to avoid the perception that you may be receiving inappropriate personal benefits as a result of your employment with BC Hydro or making decisions for the wrong reasons.

Don't directly or indirectly receive, solicit or offer gifts, entertainment or benefits from anyone in the course of your work for BC Hydro—even during traditional gift giving seasons. However, this general rule isn't absolute. Some gifts, entertainment or benefits may be acceptable if they are normal and customary in the business circumstances, including:

- **Occasional items of nominal value**—This includes items with an estimated value of \$75 or less, such as promotional items or items to express gratitude on special occasions. These items should only be given/accepted infrequently and must not include alcohol or cannabis products.
- **Relationship-building events or meals**—Attending an event or meal with someone you do business with such as a contractor, customer or counterparty may be valuable in building or maintaining a business relationship. It is acceptable in the ordinary course of business provided it's infrequent and the value is reasonable. While invitations to business meals do not require manager approval, seek your manager's approval before accepting invitations to events such as concerts, sporting events or live theatre where the value is more than nominal. Don't accept meals or tickets to events if a representative of the contractor, customer or counterparty does not attend the event with you.
- **Offensive to reject**—If the return of a gift or refusal of a gift, entertainment or benefit would be offensive to the donor, then the gift, entertainment or benefit may be accepted. But full details must be immediately disclosed to your manager and, if possible, BC Hydro must assume ownership of any gift or benefit received.

- **Gifts to BC Hydro**—Gifts such as artwork, ceremonial items or event tickets donated to BC Hydro can be used to support BC Hydro’s charitable endeavours, employee engagement or to benefit the organization. Gifts can be accepted if it’s in BC Hydro’s best interest and the gift doesn’t affect or can’t reasonably be perceived to affect our objectivity and ability to make decisions in BC Hydro’s best interest.

We act with integrity and use good judgement before accepting or offering gifts, entertainment or benefits. Unless the gift or offer is of nominal value, you must disclose it to your manager. Return inappropriate gifts to the donor with an explanation why you cannot accept it and a copy of this Code. Perishable gifts can be donated to a charity and the donor notified. If you don’t know if it’s appropriate to accept or offer any gift, entertainment or benefit, ask your manager or the Ethics Office or Code Advisor (if applicable).

Never accept gifts, benefits or invitations to events or meals, even if only of nominal value, from anyone engaged in a procurement process with BC Hydro. This includes gifts to BC Hydro. It is very important that all proponents and bidders, the contractor and supplier community, our customers and the public have confidence that we are making procurement decisions for the right reasons.

Working with contractors

We cannot benefit directly or indirectly from BC Hydro’s business relationships with contractors unless it’s permitted under gifts, entertainment and benefits. The exception is when it’s clear that the benefit is one BC Hydro is aware of and intends us to enjoy, such as a reduced rate for a service that’s offered to all BC Hydro employees or tickets to an event that BC Hydro has sponsored.

Consider your personal relationships and interests when you become involved in any procurement or when you’re assigned to manage a contractor’s work or contract. If you have a direct or indirect relationship (past or present) with a known or reasonably likely bidder, proponent or contractor, promptly disclose the relationship to your manager or the Ethics Office as soon as you become aware of it. If in doubt, disclose.

In some cases, the nature of the contractor’s work for BC Hydro could lead to an actual or apparent conflict of interest or give the contractor an unfair advantage in BC Hydro’s competitive procurement processes. Avoid these situations. They can negatively impact BC Hydro’s reputation and pose a legal risk. Employees responsible for a contract or procurement must work with BC Hydro’s procurement professionals, Legal Services and the Ethics Office or Code Advisor (if applicable) to address any actual or apparent conflict or unfair advantage.



Trivial financial interests exception

You may have a trivial financial interest that arguably gives rise to an actual or perceived conflict of interest. However, BC Hydro generally isn't concerned about such trivial financial interests and they are not considered to be a conflict of interest. A trivial financial interest includes:

- an interest of such minimal value, either absolute value or in the context of your total net worth, that the interest couldn't reasonably be expected to influence your objectivity or ability to act in BC Hydro's best interests, or
- an interest with a value that can't reasonably be expected to be influenced by your decisions or actions.

Trivial financial interests typically don't require disclosure but when in doubt, full disclosure of the interest is the most effective way to prevent an inadvertent breach of the Code. See Hydroweb for more information.

Part 4: How to report concerns & what happens after disclosure

How to report concerns and get advice

Familiarity with the Code and the supplementary requirements supporting the Code as well as PIDA should help you determine an appropriate course of action if a Code, ethical concern, or wrongdoing arises. However, it's helpful, and in some cases necessary, to discuss your circumstances with others or report a concern.

EMPLOYEES: WHO TO CONTACT

In most cases, your manager should be your first point of contact, whether you require advice, wish to make a disclosure or report a breach or potential breach of the Code, or serious wrongdoing as described by PIDA. If you feel unable to discuss an issue with your immediate manager or your manager failed to address your concern, you may contact the resources described below:

Resource	
Ethics Office	The Ethics Office is concerned with the full Code, Fraud Risk Policy and serious wrongdoing as described by PIDA.
Code Advisor	For executive team employees and members of the Board, the Code Advisor is concerned with the full Code.
Safety	Safety & Compliance
Human Resources	Putting our Values to Work
External Reporting Service File a report at clearviewconnects.com or call ClearView Connects at 1 833 569 5601. This service is available anytime, 24/7.	You may also report Code or serious wrongdoing as described by PIDA anonymously. BC Hydro has an externally coordinated reporting service known as Clearview Connects. You can use it to either verbally report concerns by phone or to submit a written concern via their website. If you use this service, you can't be identified by BC Hydro unless you choose to identify yourself.

DIRECTORS AND EXECUTIVE TEAM EMPLOYEES

BC Hydro has retained a Code Advisor to provide neutral and independent expert advice to the directors and executive team employees. The Code Advisor provides advice regarding personal interests and the potential for conflicts of interest and, if appropriate, issues opinions to directors and executive team employees on conflict of interest and other Code matters that arise from time to time. In addition, the Code Advisor assists the Corporate Secretary with establishing procedures to be followed and actions taken to help directors and executive team employees avoid actual or apparent conflicts of interest.

At the time of appointment, and annually thereafter, each director and executive team employee meets with the Code Advisor to discuss any personal interests that the director or executive team employee has that could give rise to a conflict of interest to:

- help the director or executive team employee meet their Code obligations to disclose personal interests;
- help determine whether the director's or executive team employee's personal interests could result in an actual or apparent conflict of interest under the Code;
- discuss steps that should be taken to avoid any such conflicts of interest; and
- help the director or executive team employee to keep the record of their personal interests current and complete.

Annual written disclosures of personal interests that could result in an actual or apparent conflict of interest must be provided to the Corporate Secretary and each director and executive team employee will promptly report any material changes to their annual disclosures. The Corporate Secretary will maintain a record of the disclosures and any updates.

A director or executive team employee have an elevated obligation to report potential misconduct and must report any breaches or potential breaches of the Code to the Code Advisor. A director or executive team employee may report serious wrongdoing as described by PIDA to the Ethics Office or BC Ombudsperson.

PUBLIC INTEREST DISCLOSURE ACT (PIDA)

For serious wrongdoing under PIDA, special reporting provisions apply that allow employees, including directors and executive team members, and former employees to report concerns internally to the Ethics Office or escalate them to the BC Ombudsperson, which operates independently from BC Hydro and the BC government. Wrongdoing described by PIDA includes: (a) a serious act or failure to act that is an offence or crime under BC and Canadian law; (b) a serious act or failure to act that creates a real danger to people or the environment; (c) a serious misuse of public funds or assets; (d) gross or systemic mismanagement; or (e) knowingly directing another person to commit wrongdoing. It is a violation of PIDA and this Code to retaliate against anyone for disclosing wrongdoing or cooperating in a PIDA investigation. For more details on PIDA, [see here](#).

CONTRACTORS: WHO TO CONTACT

Contractors with concerns about the conduct of BC Hydro employees or directors should contact the BC Hydro representative identified in their contract or the Ethics Office.

After disclosure

EMPLOYEES (NON-EXECUTIVE)

We expect that most decisions about the application of the Code to employees will be resolved at an early stage. Early stage resolution typically involves an employee's direct manager as well as the Ethics Office, or other resource if applicable, and BC Hydro human resources personnel. If there is no resolution at this stage, the matter will be elevated to a more senior level in the employee's business group and within Human Resources or the Ethics Office, as applicable.

MANAGERS

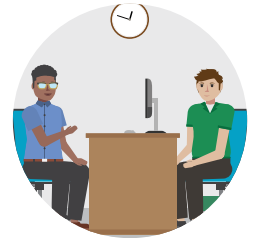
We treat breaches or potential breaches of the Code and supplementary requirements seriously. When an employee seeks advice, makes a disclosure or reports a breach or potential breach of the Code or supplementary requirements or a serious wrongdoing under PIDA, their manager must give it prompt attention and act on it. This may mean reporting it to the Ethics Office, working

with human resources to investigate the breach or potential breach, protecting employees from retaliation or, if an employee is found to have breached the Code or supplementary requirements, ensuring appropriate consequences for the employee.

Different types of disclosures or concerns are addressed as described below.

Respectful workplace concerns

If the disclosure or concern reported is about a respectful workplace matter, the matter will be addressed and (if necessary) investigated as described in the Respectful Workplace Rules. Managers should inform the Ethics Office of any respectful workplace related disclosures or reports made by or about employees as well as any outcomes associated with the disclosure or report.



Accounting and auditing concerns

If the disclosure or report concerns an auditing or accounting concern then, once the Director, Audit Services receives information from the Ethics Office, the manager or directly from the person making the report they will perform a preliminary investigation to establish the validity and materiality of the information. The Director, Audit Services will report all auditing or accounting disclosures made under this Code to the Audit, Finance and Capital Committee of the Board on a quarterly basis. The Audit, Finance and Capital Committee of the Board of BC Hydro will review the quarterly report from the Director, Audit Services and direct further investigation where required.

Putting our values to work

If a disclosure or a concern is reported about a breach of any other section of Part 2 of this Code by an employee, a BC Hydro human resources representative together with the employee's manager or senior management will decide whether the matter requires further investigation or action. If an investigation is conducted they will also select the best structure and process for the investigation.

Conflicts of interest (non-executive employees)

If a disclosure or a concern is reported about an actual or apparent conflict of interest by an employee, the Ethics Officer will decide whether the matter discloses a potential, actual or apparent conflict of interest or breach of the Code. If it does, the Ethics Officer will decide whether the matter requires further information, action or investigation. If an investigation into a potential breach of the Code is conducted, the Ethics Officer will select the best structure and process for the investigation. Everyone must cooperate with any requests for information from the Ethics Office and participate honestly and in good faith in any investigation.

If the Ethics Office determines that a course of action may result in a potential actual or apparent conflict of interest, the Ethics Officer will consider, in consultation with the manager, whether there are actions that can eliminate the potential for an actual or apparent conflict of interest. These actions may require the employee to excuse themselves from discussions or communications with anyone on the matter or that the manager assign responsibilities to another employee. The actions to address the potential actual or apparent conflict will be recorded by the Ethics Office, manager and employee. The manager will monitor their employees' duties and responsibilities in consideration of any potential actual or apparent conflicts of interest of which the manager is aware.

Overlapping concerns

Sometimes a single disclosure or report concerns more than one part or section of the Code and the process for investigating and resolving the concern is unclear. If that occurs, the CEO or Ethics Office will designate who will decide whether the matter requires further investigation or action. If an investigation is conducted the Ethics Office will also select the best structure and process for the investigation.

Public Interest Disclosure Act – serious wrongdoing

The process for disclosures of serious wrongdoing under PIDA is different from other types of disclosures and investigations. PIDA sets out requirements for public sector organizations to assess and investigate reports of wrongdoing and share annual reports with the public. If you make a PIDA disclosure, your manager will not be involved. Instead, the Ethics Office (or BC Ombudsperson) will determine who will investigate the wrongdoing to decide if it meets the requirements under PIDA. Your identity and the investigation will be kept confidential. Investigations may take time to complete, and you may not necessarily be involved, although we may ask you additional questions. For more information about PIDA, [see here](#).

DIRECTORS: CONFLICTS

The Corporate Secretary will assist directors to fulfill their obligations under the Code by relying on written annual disclosures of personal interests submitted by directors to the Corporate Secretary. This assistance will include alerting a director to business coming before the Board (or Board Committee) that might raise actual or apparent conflicts of interest for that director. Directors also have ongoing obligations to disclose any actual or apparent conflicts of interest and should seek advice from the Code Advisor if in doubt.

If an actual or apparent conflict of interest exists, the Corporate Secretary will not circulate related materials to that director. A director in this situation needs to notify the Board Chair (and Committee Chair, as applicable) of the situation and avoid any involvement with the item of business, including attending any part of a meeting where it is being discussed. If this occurs, the Corporate Secretary will record the director's recusal in the minutes of the meeting. The director will only be provided with minutes of the meeting that record the decision made respecting that subject matter but not minutes detailing any related discussion.

The Corporate Secretary has established processes to ensure that these and other appropriate steps are carried out in order to help directors to avoid actual or apparent conflicts of interest.

EXECUTIVE TEAM EMPLOYEES: CONFLICTS

The Corporate Secretary will provide copies of executive team employees' written annual disclosures of any personal interests to the CEO. The Corporate Secretary will provide copies of executive team employees' written annual disclosures of any personal interests to the CEO. The Corporate Secretary will ensure appropriate steps are taken to avoid any actual or apparent conflicts of interest if any executive team employee's annual disclosure is related to Board materials or items in a Board agenda. The CEO's Office will monitor Executive Team business related to these disclosures in the same manner as the Corporate Secretary does for directors. If the CEO considers that a particular executive responsibility, or involvement in particular executive team decisions, could result in an actual or apparent conflict of interest for an executive team employee, the CEO may determine steps to be taken by the executive team employee and others within BC Hydro to avoid the actual or apparent conflict of interest, including assigning that responsibility to another executive team employee and requiring the executive team employee avoid any involvement in the particular Executive Team decisions.

An executive team employee with an actual or apparent conflict of interest related to a matter should, in addition to disclosing it, avoid influencing or participating in any BC Hydro decisions or other actions that could be affected by the actual or apparent conflict, including avoiding discussions or communications with other employees and the Board on the matter. The recusal will be recorded in any minutes that are maintained and the executive team employee should not receive any information or documents relating to the matter.

Confidentiality and whistleblower protection

Management will respect the privacy of anyone who seeks advice or discloses a breach or potential breach of the Code or a potential serious wrongdoing under PIDA as much as is possible in the circumstances. Any disclosures or reports under the Code or PIDA will be treated as confidential and will only be disclosed if absolutely necessary including, for example, a threat of serious harm. Our commitment to confidentiality is also subject to all laws which may oblige us to disclose information. In addition, if you've made a report to the Ethics Office, Code Advisor or BC Ombudsperson, you may be contacted if additional information is required for the investigation.

Any individual who, in good faith, has made a disclosure, or is cooperating in an investigation, about a breach or potential breach of the Code by another person or party or serious wrongdoing under PIDA by BC Hydro or another person or party will not be retaliated against. Retaliation against such individuals is a breach of this Code and an offence under PIDA. For any employee concerned about possible retaliation, the Ethics Office can, on request, monitor the circumstances on your behalf and report any concerns to the executive responsible for Human Resources on a confidential basis. If you feel you have been retaliated against contrary to the Code, please contact the **Ethics Office**. If you feel you have been retaliated against contrary to PIDA, please contact the **Ethics Office** and the BC Ombudsperson.

Exceptions

We are expected to comply with the Code but BC Hydro may provide an exception. Exceptions are expected to be rare and given only if it is considered to be in the best interests of BC Hydro.

To request an exception from part of this Code:

- Make the request in writing to your manager or the Ethics Office.
- Include a full and candid disclosure of all relevant facts and circumstances, even if the facts don't support the request.

Full disclosure permits an informed evaluation of whether BC Hydro's best interests are being served by approving a request for an exception. Failure to make full and candid disclosure may result in both revocation of the exception and disciplinary action. The person granting the exception must sign it and document the reasons for granting it. Copies of approved exceptions must be provided to the Ethics Office.

Exceptions the Code may only be granted by:

- The Corporate Governance and ESG Oversight Committee of BC Hydro's Board for exceptions sought by the Chair of the Board;
- The Chair of the Board for exceptions sought by other Board directors or the CEO; and,
- The CEO for exceptions sought by employees, including executives.

Exceptions to any supplementary requirements may only be granted by the individual (identified by role) listed on that specific supplementary requirement.

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Reprinted with clarifications/amendments on following dates:

March 2004

February 2006

June 2008

August 2009

May 2011 (electronic distribution only)

September 2011 (electronic distribution only)

November 2014 (electronic distribution only)

February 2016—Revised Code (electronic distribution only)

February 2016—Separated the Contractor Standards for ethical conduct

June 2016 (electronic distribution only)

November 2016 (electronic distribution only)

September 2020, in effect April 2021 (electronic distribution only)

February 2022 (electronic distribution only)

November 2023 (electronic distribution only)



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CORPORATE POLICY STATEMENT (CPS)

FINANCIAL RESPONSIBILITY & APPROVAL POLICY

Issue Date: May 1998

Revision: 2 (September 2017)

Revision: 3 (15 November 2017) Executive Sponsor & Contact Updated

Revision: 4 (06 June 2019) Table 3 & 4 Updated

Revision: 5 (03 December 2020) Table 4 & 5 Updated

Revision: 6 (03 December 2021) Table 3 & 4 Updated

Revision: 7 (19 August 2022) Table 2, & 4 Updated

Revision: 8 (31 May 2023) Policy, Table 1, Table 4 & 5 Updated

Revision: 9 (7 March 2024)

Executive Sponsor

Executive Vice-President Finance, Technology, Supply Chain & Chief Financial Officer (CFO)

Contact for Policy Interpretation and Clarification

Controller

POLICY

The purpose of this policy is to establish financial responsibility and delegate financial authorization levels.

All Initiatives, Projects, and capital expenditures must be planned and authorized prior to commencement of any work. Funding request approvals must be captured in Authorization Documents that are retained and available for audit purposes.

All expenditures, Contracts, and Commitments must be approved in advance of entering into any financial obligations with third parties. The financial approval authority requirement is determined based on the total cost inclusive of any renewal options or term extensions that are at the discretion of a party other than BC Hydro.

Authorization documents must be obtained in advance of making new commitments or making increases to existing commitments if costs exceed, or are forecast to exceed, the authorized

CORPORATE POLICY STATEMENT (CPS)

amount¹. An employee may not exercise any authority they do not ultimately derive from the Board.

SCOPE

This policy applies to all employees of BC Hydro and its subsidiaries.

Exceptions

Items included in the Board approved Treasury Risk Management Policy.

RESPONSIBILITIES

The Board of Directors (the Board), the President & Chief Executive Officer (CEO), and the CFO are responsible and accountable for the financial integrity of BC Hydro including all of its Business Groups (BG's) and subsidiaries.

The Active Subsidiary Boards of Directors and their respective CEOs are responsible for defining appropriate approval authorities within their subsidiaries; however, such approval authorities must be consistent with BC Hydro's corporate policies.

The Board may create Committees and Project Boards which are delegated financial authority to approve specific items as indicated by their terms of reference.

The **President & CEO** is delegated financial approval authority limits up to \$75M as outlined in **Appendix I** and **Table 1**.

The President & CEO is also responsible for:

- ensuring the integrity of BC Hydro's internal control and management systems;
- seeking Board approval for expenditures, revenue measures, leases and other actions or transactions falling outside the plans approved by the Board; and
- approving corporate policy revisions and advising the Board, through its respective Committees, of any substantive corporate policy changes not requiring formal Board approval.
- approving unfavourable forecast variances to the Annual Service Plan for net income up to 5% and capital expenditures up to 10%.

¹ This is not applicable to commitments that have been previously approved that are based on i) variable volumes (e.g., Energy Purchase Agreements) or ii) indexed prices, where BC Hydro has no discretion to avoid the cost.

CORPORATE POLICY STATEMENT (CPS)

The **CFO** is assigned financial policy responsibility for all BGs, all subsidiaries other than Active subsidiaries, and investments and is required to report financial and operating results to the Board and provincial government. The CFO is required as an additional approver of all:

- equity, partnership or joint venture investments and all agreements that include options, warrants or other security positions; and
- funding requests, including initiatives and pre-approvals of expenditures, contracts, and commitments at the President & CEO or Board level.

The **Chief Accounting Officer (CAO)**, who reports to the CFO, and leads the Finance team is charged with the development and oversight of the financial control framework across all BGs and subsidiaries other than Active Subsidiaries, and ensures the protection of corporate assets, responsible financial decision-making and accurate financial reporting and forecasting.

Employees entrusted with corporate assets and/or financial decision making are responsible for acting in a financially accountable manner by understanding and complying with internal financial control requirements.

POLICY APPLICATION

Financial Approval Limits

- **Appendix I: Financial Approval Authority (FAA)** limits are outlined in the following tables:
 - Table 1: FAA limits
 - Table 2: All Guarantees, Letters of Credit, and Stand-alone Indemnities
 - Table 3: Special Authorities
 - Table 4: Emergencies
- FAA limits apply to individual authorization documents and transactions, unless otherwise stated.
- The funding amount being approved should exclude recoverable value added taxes, such as GST.
- Contributions-in-aid shall not be deducted when determining the financial authority.
- Cost-recoveries from provincial and/or federal government shall be deducted when determining the financial authority.
- For phased capital projects, FAA limits for that phase are based on the cumulative expenditures, inclusive of prior capital phases, and are based on the total project estimate.
- For payments in perpetuity, the financial authority is based on the present values of the expected cash flows.

CORPORATE POLICY STATEMENT (CPS)

- Funding requests for initiatives, including projects, and capital expenditures are approved at the Authorized Amount.
- The Corporate Secretary will provide management with certified copies of Directors' Resolutions approving financial commitments for project expenditures as passed by the Board, Board Committees or Project Boards having delegated authority to do so, either upon approval of the resolution for current financial commitments or upon request for historical financial commitments previously approved.
- Splitting any type of document into smaller parts to circumvent established and delegated FAA limits is prohibited.

Delegation of FAA Limits

- For Board approved initiatives, projects and capital expenditures, the Board may direct the President & CEO, or delegate, to conclude, approve and execute all agreements, documents and payments. This authorization is granted by Board Resolution.
- The President & CEO is authorized to further delegate these approval authority limits; however, further delegation by those receiving such delegation, except on a temporary basis, is not permitted.
- The approval limits delegated by the President & CEO shall be administered by the CFO.

Annual Service Plan Variances

- The Board of Directors approves the Annual Service Plan, that includes net income and capital expenditures.
- The President and CEO is authorized to approve unfavourable forecast variances to the Annual Service Plan for net income up to 5% or capital expenditures up to 10%. Approved variances will be reported to the Audit & Finance Committee or Board, as appropriate. Management will keep the Committee and/or Board informed of actual and forecast variances to the Service Plan throughout the year.
- The Board of Directors must approve unfavourable forecast variances to the Annual Service Plan for net income over 5% or capital expenditures over 10%.
- Forecast variance approvals should be obtained at a point during the year where changes could still be made to achieve the approved budgets should the President and CEO or the Board of Directors decide not to approve the forecast variances.

SUPPORTING DOCUMENTATION

MAPP 1.2.1B.2 - Financial Approval Authority Procedure (FAAP)

CORPORATE POLICY STATEMENT (CPS)

DEFINITIONS

Authorized Amount: Requested funding for a project inclusive of all contingencies and based on a fixed scope and in-service date. The Authorized Amount is equal to the Expected Amount plus any Project Reserve.

Authorization Documents: A category of Control Documents that is used to document funding requests for initiatives, projects or programs.

Business Group (BG): The highest level organization group that is managed by an individual Executive Team member.

Commitment: Any form of communication (whether formal written or informal verbal, e-mail or otherwise) from a representative of BC Hydro to a supplier representative that commits or binds BC Hydro (i.e., forms a legal contract) to make payment for materials and/ or services.

Control Documents: Consists of planning, authorization, contract, commitment, payment, miscellaneous revenue, and cost recovery documents, and expense claims.

Contract: An agreement, including a letter agreement, with one or more other parties in which BC Hydro undertakes an obligation to provide a service, to provide goods, to refrain from doing either, or to acquire either, to acquire or dispose of real property or rights or interests therein.

Cost Recovery: A strict reimbursement of costs for which the amount would have been incurred by BC Hydro regardless of the fact that amounts were refunded by another party. The deliverable in the transaction is required by BC Hydro.

Expected Amount: Is determined on a cumulative basis of expenditures inclusive of loadings, previous revisions and forecast cost overruns in nominal dollars, but not including any Project Reserve.

Financial Approval Authorities (FAA): The list of financial approval limits assigned to BC Hydro employee positions.

Guarantee: A provision included in an agreement, or an entire agreement, by which BC Hydro or one or more of its subsidiaries promises, or agrees, to perform one or more duties or obligations of another person or firm if that other person or firm fails to do so.

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Initiative: A Project or Program that is a time-limited undertaking with a specific set of objectives, deliverables and budget.

Miscellaneous Revenue: includes any non-tariff revenues received by BC Hydro.

Program: Multiple projects or work activities that are intended to be carried out as a group and have similar characteristic and a common objective.

Project: A one-time, time-limited undertaking carried out by a project manager supported as required by a project team to achieve a unique, specified set of objectives.

Project Reserve: The sum of incremental increases from Expected Amount to Authorized Amount representing differences in estimating accuracies and specifically identified risks. These amounts are approved for release by the delegate assigned when the Expenditure Authorization Request is approved.

Stand-alone indemnity: An agreement in writing between BC Hydro (or a subsidiary) and one or more other parties in which the primary obligation of BC Hydro (or a subsidiary) is to indemnify and hold harmless such other party or parties with respect to actions taken at the request of BC Hydro by such other party or parties for the benefit of BC Hydro (or a subsidiary).

Strategic Equipment Acquisition: A bulk purchase of major equipment used on the power system where adequate bulk purchase lead times are required to secure the quantities of the equipment required and to ensure equipment availability when needed to achieve BC Hydro's 10-Year capital plan.



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CORPORATE POLICY STATEMENT (CPS)

Appendix 1: Financial Approval Authority (FAA) Limits

Table 1: FAA Limits

<i>FAA Limits</i>	Authorization Documents, Contracts, Commitments and Payment Documents, Miscellaneous Revenues and Cost-Recoveries Pre-Approval Upper Limit (\$ Millions)
BC Hydro Board of Directors	No Limit
President & CEO	\$75

CORPORATE POLICY STATEMENT (CPS)

Table 2: All Guarantees, Letters of Credit and Stand-alone Indemnities

FAA of all Guarantees given by BC Hydro, either stand-alone or contained in a contract, letters of credit issued under BC Hydro’s credit facilities, and Stand-alone Indemnities given by BC Hydro is retained by the BC Hydro corporate level positions because of the financial and risk management implications and as governed by the Minister of Finance.

<i>Table 2 – All Guarantees, Letters of Credit, and Stand-alone Indemnities</i>	
Upper Limit¹ (\$ Millions)	
	For BC Hydro, Powerex, and all other BC Hydro Subsidiaries
<i>2 signatories are required and one must be the BC Hydro Board of Directors:</i> <ul style="list-style-type: none"> • BC Hydro Board of Directors • President & CEO • CFO 	No Limit
<i>2 signatories are required and one must be the President & CEO or CFO:</i> <ul style="list-style-type: none"> • President & CEO • CFO • CAO • Treasurer 	\$50 or US\$100 for Powerex

¹To determine the applicable signing authorities, the cumulative amount of guarantees, letters of credit, and stand-alone indemnities provided to a single end counterparty/beneficiary is used. Amounts shall be converted, at the time of execution, into US dollars for Powerex and Canadian dollars for BC Hydro and other BC Hydro Subsidiaries when determining the cumulative amount.

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Table 3: Special Authority

BC Hydro's Board of Directors may, from time to time, assign special authority which exceeds the FAA limits listed in **Table 1**.

<i>Table 3 – Special Authorities (other than Powerex Transactions)¹</i>		
Items	Responsibility	Upper Limit (\$ Millions)
Provincial Dividend payment	2 signatories are required, and one must be the President & CEO or CFO: <ul style="list-style-type: none"> • President & CEO • CFO • CAO • Treasurer 	As dictated by Special Directive HC1 or as approved by BC Hydro's Board of Directors
Payment of interest and principal on debt, and any related fees	<i>Any 1 signatory:</i> <ul style="list-style-type: none"> • President & CEO • CFO • CAO • Treasurer 	As dictated by the terms of the Bond or Contract
Increases in the cost of forecast net market transactions between the latest Monthly Energy Studies Forecast and the latest Board Approved Forecast, in either the current fiscal year or one of the subsequent two years.	Approval by President & CEO and CFO acting together <i>(To be reported at next meeting of the Audit, Finance & Capital Committee)</i>	Over \$200
	President & CEO and CFO acting together	\$200
	Executive Team member responsible for Generation Resource Management	\$100
	Director responsible for Generation Resource Management	\$25
Compliance payments to provincial and/or federal government agencies: including but not limited to; Water rentals, Payroll remittances, Pension Solvency Deficit funding, Property, GST and other taxes, and WCB payments.	If >\$20M, 2 signatories and one must be the President & CEO or CFO If ≤\$20M, 1 signatory <ul style="list-style-type: none"> • President & CEO • CFO • CAO 	As dictated by the compliance requirements
Monthly firm point-to-point commitments for transmission service on the export path to the BC – US border	2 signatories and one must be the President & CEO: <ul style="list-style-type: none"> • President & CEO • CFO • Executive Team member responsible for Generation System Operations 	\$100 per fiscal year and \$500 over the next five fiscal years

CORPORATE POLICY STATEMENT (CPS)

Miscellaneous Revenues	<i>Any 1 signatory:</i> <ul style="list-style-type: none">• President & CEO• CFO	No Upper Limit
Payment Documents when an Authorization Document or Contract has already been approved.	<i>Any 1 signatory:</i> <ul style="list-style-type: none">• President & CEO• CFO	No Upper Limit
Strategic Equipment Acquisitions	<i>President & CEO</i>	\$300 per each bulk purchase order

¹Special Authorities assigned by the Board of Directors for Powerex transactions are approved in the [Powerex Risk Management Policy](#).

CORPORATE POLICY STATEMENT (CPS)

Table 4: Emergencies Resulting in a Level 1 (Full) Activation of the Emergency Coordination Centre (ECC)

In the event of an emergency that requires Level 1 (Full) ECC activation; financial approval authority is listed below.

Table 4 - Approval Limits During Level 1 (Full) ECC Activation	
Responsibility	Authorization Documents, Contracts, Commitments and Payment Documents Upper Limit (\$ Millions)
Any signatory contacted <i>in order of authority of the following</i> : <ul style="list-style-type: none"> • President & CEO • CFO • Any other Executive Team member 	\$75
ECC Directors	\$3

During every emergency, financial due diligence is expected; however, given the nature of an emergency, standard procurement procedures and approvals may not be able to be followed until systems are running and time permits.

After the emergency period has passed, the ECC Finance & Administration Section Lead shall report to the Executive Team and ECC Director on expenditure decisions made and whether other signatories on the list were contacted.

Emergencies not requiring Level 1(Full) Activation of the ECC are governed by the Corporate Emergency Response Plan (ERP) as authorized by the President & CEO.



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CORPORATE POLICY STATEMENT (CPS)

FRAUD RISK POLICY

Issue Date: 12 January 2022

Executive Sponsor

Executive Vice-President Finance, Technology, Supply Chain & Chief Financial Officer (CFO)

Contact for Policy Interpretation and Clarification

Controller

PURPOSE

The purpose of this policy is to:

- improve the knowledge and awareness of all BC Hydro employees to the potential risks of Fraud;
- set out responsibilities regarding the prevention, detection, and investigation of fraud;
- send a clear message that fraud will not be tolerated internally and externally; and
- assist in promoting a culture where employees feel comfortable raising concerns without fear of retaliation.

POLICY

BC Hydro:

- requires BC Hydro Board directors and employees to comply with BC Hydro's Code of Conduct, which describes expected conduct, including compliance with all applicable laws, use of BC Hydro property, and compliance with BC Hydro's financial controls, and supporting requirements.
- has zero tolerance for fraud in any form, including Theft, Corruption and Non-compliant activities.
- recognizes the importance of protecting the organization, its operations, its employees, and its assets from the consequences of fraudulent activity.
- values the integrity of its employees and recognizes the key role employees play in the prevention, investigation, and reporting of fraud and as such, employees must always be vigilant, are required to act lawfully and report any fraud related concerns at the earliest

CORPORATE POLICY STATEMENT (CPS)

opportunity in accordance with the policy guidelines.

- completes and updates a comprehensive fraud risk assessment to identify specific fraud schemes and risks, assess their likelihood and significance, evaluate existing fraud control activities, and implement actions to mitigate residual fraud risks.
- is committed to high integrity and ethical values regarding managing fraud risk.
- is committed to investigate and promptly resolve all fraudulent activities.

SCOPE

This policy applies to BC Hydro and its subsidiaries, including all BC Hydro Board directors (the Board), and employees, including executives, managers and senior leaders. The policy may also apply to others, such as contingent labour resources or individual contractors, if BC Hydro and the other parties specifically agree.

POLICY APPLICATION

Control activities to mitigate fraud risk

A fraud risk assessment is completed by BC Hydro to identify and address specific fraud risks. The CFO ensures the fraud risk assessment is completed, updated periodically, and that the results are communicated to the President & CEO, Executive Team members, the Director of Audit Services, the Ethics Officer, the Chief Accounting Officer, and Finance Directors.

Mechanisms to report fraud

Any suspected fraud must be reported immediately. BC Hydro promotes an open-door policy with regard to reporting suspected fraud and has implemented secure, non-retaliatory, and confidential channels for individuals to report suspected fraud.

Employees and the Board, as well as Contractors who have agreed to follow this policy, must report any instances of suspected or actual fraud as outlined in the BC Hydro Code of Conduct Part 4: How to report concerns & what happens after disclosure.

Formal approach to address allegations of fraud

Detailed procedures for the investigation of fraud allegations are outlined in the Management and Accounting Policies and Procedures (MAPP) Fraud Investigation Procedure.

All fraud allegations are reported to the Audit, Finance and Capital Committee of the Board on a quarterly basis.

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Examples of fraudulent activity are outlined in **Appendix 1: Examples of Fraud and Similar Illegal Activities**.

Confidentiality and whistleblower protection

Confidentiality and whistleblower protection are outlined in the BC Hydro Code of Conduct Part 4: How to report concerns & what happens after disclosure (Confidentiality and whistleblower protection section).

ROLES AND RESPONSIBILITIES

The **Board of Directors** is responsible for the review and approval of this policy and monitoring the effectiveness.

CFO is assigned responsibility from the Board of Directors for a fraud risk management program, including oversight of all reported fraudulent incidents and ensuring the fraud risk assessment is completed.

Finance Directors of each business group and the **Controller** are responsible for ensuring a system of internal controls for the prevention and detection of fraud is implemented and maintained.

Management is responsible for the detection and prevention of fraud and misappropriations.

The **Office of the General Counsel** may be required to provide legal guidance regarding potential actions against employees for fraudulent activities.

Audit Services is responsible to review the fraud risk management program and to provide assurance to the Board and Management that fraud controls are sufficient for identified fraud risks, and controls are functioning effectively. Audit Services also assists in investigations and the reporting of matters to the Audit, Finance and Capital Committee.

The **Ethics Officer** is responsible for managing reported fraudulent incidents and supporting confidentiality and whistleblower protection for any reported fraudulent activity.

Human Resources will be responsible for recommending disciplinary action arising as a result of breaching this policy.



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Employees are responsible for acting in an accountable manner by understanding and complying with this policy.

SUPPORTING DOCUMENTATION

CPS Code of Conduct Policy

MAPP Fraud Investigation Procedure

DEFINITIONS

Business Group (BG): The highest-level organization group that is managed by an individual Executive Team member.

Corruption: Is the offering, giving, soliciting or acceptance of an improper inducement or reward, which may influence the decision, decision-making process, or action of any person.

Fraud: Is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

Loss: Is the detrimental effect or disadvantage that results from being deprived of a resource or a right to participate in an opportunity that would have otherwise legitimately benefited BC Hydro.

Non-compliant activities: Are illicit acts or failures to act in accordance with legislation, regulations, policies, internal controls or other obligatory standards.

Theft: Is an offence under the Criminal Code of Canada. It is the act of stealing, taking or removing corporate or personal property, including intellectual property, monetary or other physical goods, without appropriate authorization.

CORPORATE POLICY STATEMENT (CPS)**APPENDIX 1: EXAMPLES OF FRAUD AND SIMILAR ILLEGAL ACTIVITY**

The following examples are not intended to be an exhaustive list.

Employees

Some examples of employee fraud or similar illegal acts are deliberate:

- falsification or alteration of financial records
- disclosing confidential and proprietary information to outside parties
- deceitful use of a corporate credit card
- unauthorized use of BC Hydro owned or leased vehicles and equipment
- corruption of BC Hydro files or data
- reimbursements for non-legitimate expenses or unworked hours
- accepting bribes or kickbacks from contractors, vendors or persons providing services to BC Hydro
- undeclared conflicts of interest
- theft of BC Hydro assets
- submission of false benefits claims
- failure to accurately record time and labour

Contractors

Some examples of external third-party fraud or similar illegal acts are:

- theft or intentional damage of BC Hydro property
- corruption of BC Hydro files or data
- deliberate short shipment by a supplier
- deliberate substitution of inferior quality or defective goods by a supplier
- bid-rigging, price fixing, or kickbacks in the contracting process
- fraudulent claims for benefits, grants, or other program payments, including refunds and rebates



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CORPORATE POLICY STATEMENT (CPS)

RISK MANAGEMENT POLICY

Issue Date: December 8, 2022

Executive Sponsor

Executive Vice-President Finance, Technology, Supply Chain & Chief Financial Officer (CFO)

Contact for Policy Interpretation and Clarification

Chief Risk Officer

PURPOSE

In undertaking its mandate and in achievement of its objectives, BC Hydro is necessarily exposed to many varied strategic, operating and project-based risks which are both routine and non-routine in nature. These risks vary in potential consequence from minor to catastrophic and could conceivably impact not just BC Hydro, but also our stakeholder groups and First Nations. BC Hydro commits to diligently managing these risks and strives to do so in accordance with the provisions of appropriate externally recognized standards. In doing so, under the provisions of this Policy, BC Hydro will establish practical and economic risk evaluation criteria, policies, control mechanisms and tolerable risk levels.

INTEGRATION OF RISK MANAGEMENT

Risk management at BC Hydro is integrated with Strategic and Business Planning and is considered in decision making and day-to-day business activities. The Board, the Executive and Management promote a risk aware culture through the ongoing reporting, review, discussion of key risks at the Board, Committee, Executive and Management levels.

RESPONSIBILITIES

The Board of Directors (the Board) is accountable for overseeing all risks incurred by BC Hydro. The Board monitors BC Hydro's key enterprise risks, the interactions between various risks and Management's mitigation plans and ongoing risk reporting. This is typically done via quarterly and ad-hoc reporting and discussions on various risks during the year, led by the Chief Risk Officer and others. The Chief Risk Officer also leads the preparation of an annual review of

CORPORATE POLICY STATEMENT (CPS)

the key risks (e.g., the Enterprise Risk Landscape) which is prepared and shared with the Board for its input and review, following which, the list of risks is updated and each individual risk is assigned to a Committee or the full Board for ongoing oversight.

Risk Management Governance

To ensure responsive and efficient operations, the Board delegates responsibility for risk management to the Chief Executive Officer, who will in turn from time-to-time further delegate to other executives' responsibility for the identification and management of specific risks.

The President & CEO of the Corporation, with advice from the Chief Risk Officer, is responsible for establishing processes, procedures, and mechanisms by which key matters of risk are identified and ensuring that strategies are developed to manage such risks.

The Chief Risk Officer (currently Director of Business Planning, Risk and Performance) is charged with the development of the enterprise risk management framework across all of BC Hydro which provides the basis for consistent application of risk management practices.

The Enterprise Risk Management Committee is a management level committee that consists of members of the Executive Team that oversees and provides direction on matters of Enterprise Risk Management at BC Hydro. This includes overseeing a Risk Management Policy and supporting framework, identifying key risks and associated mitigation and response plans, and ensuring integration of the process for managing risk into overall governance, strategy and planning, management, and reporting.

Management is accountable for overseeing risk management within their respective areas and develops and implements appropriate systems, procedures and mechanisms that identify, monitor, and manage key risks and uses necessary reporting processes to ensure the Board and its Committees are well informed to make the requisite decisions that appropriately respond. Management ensures allocation of appropriate resources for risk management and assigns risk management responsibilities and accountabilities for relevant roles (e.g., risk owners). Management ensures risk ownership and information about risks and their management are communicated across the organization as necessary.

Employees are responsible for considering and managing risk as a part of their decision making and day-to-day work.



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CORPORATE POLICY STATEMENT (CPS)

Active Subsidiary Companies of BC Hydro

The Active Subsidiary Boards of wholly owned companies of BC Hydro are responsible for and ensure the key risks of the subsidiary's business are identified to BC Hydro and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.

Competing Objectives

Risk management does not imply the elimination of all risks. Rather, it necessarily includes not only trade-offs between competing objectives, including the cost of risk reduction, but also consideration of the reward that justifies the acceptance of risk. To support the balancing of the cost of risk control with the value of risk reduction, BC Hydro's structured decision-making approach provides methodology for evaluating business decisions with many alternatives, multiple, conflicting objectives and/or significant uncertainty.

Risk Reporting

Quarterly and throughout the year, the Board reviews risk through the strategic business planning process, through reports from those Board Committees that have responsibilities for oversight of specific risk, from the Chief Risk Officer and in the context of various requests that are brought to the Board.

Review and Improvement

In determining whether the risk management approach remains suitable to support achievement of the objectives of the organization, BC Hydro (through the Enterprise Risk Management Committee and Audit Services) periodically reviews and continually improves the suitability, adequacy, and effectiveness of its risk management framework and the way it is integrated throughout the organization.

DEFINITIONS

Risk: The effect of uncertainty on BC Hydro's ability to achieve its business objectives, meet customer and other expectations and execute its strategies successfully.

Key Risks: The most significant risks facing the organization.

CORPORATE POLICY STATEMENT (CPS)

Risk Framework: A set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

Tolerable Risk Level: The level of risk an organization is willing to accept for a specified risk expressed in either qualitative or quantitative terms.