

TERMS OF REFERENCE GOVERNANCE & HUMAN RESOURCES COMMITTEE

Strategic Context

The work of the Governance & Human Resources Committee (the “Committee”) is directly linked to BC Hydro’s goal of building a proud and valued workforce, while ensuring an effective approach to corporate governance aimed at enhancing shareholder value.

Purpose

The purpose of the Committee is to assist the Board of Directors in providing strategic and policy level advice and direction to Management on matters that drive effective corporate governance and human resource policies and practices needed to achieve the Corporation’s objectives having due regard for the need to allow the Board to function independently of management. These matters may include, but are not limited to goals and objectives of Executive Team members, total compensation philosophy and strategy, employee engagement issues, Board effectiveness (evaluation) and governance documentation. In addition, this Committee shall have specific accountability to monitor and evaluate the Corporation’s risk management framework, and (on request of the Board Chair) to develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board’s short-term needs and long-term succession plans.

Composition

The Committee will be composed of not less than three Directors.

The Corporate Secretary will be secretary to the Committee.

Duties and Responsibilities

In delivering on its purpose, the Committee will from time to time engage in the following activities or perform the following duties. The frequency of the Committee’s engagement with these activities and duties will be determined based on project timelines, government expectations, evolving circumstances and emerging issues. Other functions related to the Committee’s purpose shall be performed as they are deemed necessary.

- a) Make recommendations to the Board with respect to the Corporation’s goals and targets on matters falling within its purpose;
- b) Provide advice and direction with respect to strategies, plans and objectives;
- c) Review initiatives and expenditures related to the Committee’s mandate and provide the Board of Directors with a recommended course of action where applicable;
- d) Review and monitor programs and performance, as appropriate; and
- e) Ensure that principal risks associated with its mandate are appropriately identified and managed.

The Committee will be responsible for addressing the issues and tasks described in the following Committee Timetable according to the schedule identified. The tables entitled “Roles and Responsibilities Matrix – Compensation and Related Human Resource Matters” and “Subsidiary Executive Compensation – Approval Process” are incorporated into these Terms of Reference to provide clarity as to the levels of review and approval required for the specified functions of the CEO, the Committee and the Board, as well as of the subsidiary Board and subsidiary CEO where indicated.

Accountability

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

Committee Timetable

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

Committee Timetable					
		Q1 (May)	Q2 (Aug)	Q3 (Nov)	Q4 (Feb)
1	CEO ARRANGEMENTS (based on input and recommendations from the Board Chair)				
a	CEO year-end evaluation and total compensation	Recommend ¹			
b	Performance Evaluation Process for the CEO	Recommend ¹			
c	CEO's goals & objectives (personal service plans)				Recommend ¹
d	CEO mid-year performance relative to goals & objectives			Review	
2	ARRANGEMENTS FOR EXECUTIVE TEAM MEMBERS				
a	CEO recommendations regarding personal service plans for Executives Team members (for year following)				Review
b	CEO's recommendations regarding total compensation and year-end reviews for Executive Team members, excluding Powerex CEO	Approve			
c	Executive Team members' mid-year performance assessment			Review	
d	Succession plans for Executive Team members (prior to Board review).		Review		
3	BC HYDRO'S TOTAL REWARDS PHILOSOPHY AND PROCESSES				
a	Total rewards structure and strategy (review to include any total rewards backmarking data, and recommended changes if applicable)				Approve
b	M&P salary guideline/budget (for year following)				Approve
c	Annual holdback pay/gainsharing targets (for year following)				Approve
d	Holdback pay/gainsharing outcomes from previous year	Review			
4	OTHER HUMAN RESOURCES				
a	Human Resources and Training Quarterly Report	Tabled	Tabled	Tabled	Tabled
5	CORPORATE GOVERNANCE				
a	Ethics Officer's Annual Report		Review		
b	Code Advisor's Report	Review			
c	Governance Manual ²			Recommend ¹	
d	Board evaluation			Review	
e	Review programs in place for new Director orientation and ongoing Director development.			Review	
f	Calendar of Significant Filings		Review		
g	Committee Terms of Reference			Recommend ¹	
h	Enterprise Risk Management Update	Review	Review	Review	Review

¹ "Recommend" means to consider the item and make a recommendation to the Board with respect to approval of that item

² 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.

Note: Committee and Board of Director approvals for compensation related matters outlined in Tabs 15 & 21 of the Board Governance Manual are subject to Public Sector Employer's Council approval.

Roles and Responsibilities Matrix – Compensation and Related Human Resource Matters

	CEO			GHRC			Board	
	Recommend	Approve		Review	Recommend	Approve	Review	Approve
EXECUTIVE TEAM MEMBERS								
Personal Service Plans		✓		✓				
Compensation Structure ³	✓					✓		
Individual Salary Increases	✓					✓		
Individual Holdback Pay Payment ³	✓					✓		
Appointments (except Deputy CEO, CFO, Powerex CEO) ⁴		✓						
Deputy CEO	✓				✓			✓
Chief Financial Officer	✓							✓ ⁵
Employment Agreements (Administrative, non-compensation terms) ⁴		✓						
Executing Severance Arrangements		✓						
CEO								
Personal Service Plans	✓				✓			✓
Compensation Structure					✓			✓
Salary Increases					✓			✓
Individual Holdback Pay Payment					✓			✓
Performance Assessments					✓			✓
CEO Appointment					✓			✓
Employment Agreements					✓			✓
Severance Arrangements					✓			✓
M&P								
Compensation Structure	✓					✓	✓	
Salary Increase Budget	✓					✓		
Annual Holdback Pay Targets (as applicable)	✓					✓		
Annual Holdback Pay Aggregate Payment (as applicable)		✓		✓				
UNION								
Collective Agreement Mandate (for significant changes to terms and conditions)	✓				✓			✓
Collective Agreement Settlement	✓				✓			✓

³ Except Powerex CEO

⁴ Specifies reviews which can be undertaken by the Committee Chair

⁵ Upon recommendation of Audit and Finance Committee

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	✓					✓		

Subsidiary Executive Compensation and Related Human Resource Matters – Approval Process

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