TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND GOVERNANCE COMMITTEE

I. PURPOSE

The purpose of the Human Resources and Governance Committee (the "Committee") is to:

A. Assist the Board in fulfilling its obligations relating to human resources and compensation matters and to establish a plan of continuity and development of senior management.

B. Provide a focus on governance that will enhance Columbia Power Corporation’s ("Columbia Power" or the "Corporation") performance.

C. Assess and make recommendations regarding Board effectiveness and establish and lead the process for developing potential director criteria and candidates for recommendation to the Province of British Columbia (the "Province").

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than three directors and not more than four directors, one of whom shall be designated Committee Chair.

B. The Committee shall meet at least four times each year.

C. The Secretary to the Committee shall be the Corporate Secretary or his/her delegate.

D. The Committee Chair is responsible for the following:

   (i) in consultation with the Secretary, preparation of the agenda for Committee meetings;

   (ii) providing direction to management on behalf of the Committee, by implementing the directions provided by the Committee in its Actions, Resolutions and other decisions generated by the Committee;

   (iii) reporting to the Board on the activities and decisions of the Committee including transmitting any materials that may be generated.
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III. DUTIES AND RESPONSIBILITIES

HUMAN RESOURCES

Subject to the powers and duties of the Board, the Committee will:

A. Ensure recruitment of a new Chief Executive Officer (the “CEO”) conforms with Public Sector Employer’s Council (PSEC) policies.

B. Recommend a performance evaluation process for the CEO and, when approved, ensure the process is implemented.

C. Monitor, and at least once each year report to the Board on, the CEO’s performance.

D. Review and recommend the CEO’s compensation, perquisites, including incentives, benefits, and retirement plans, to the Board for approval.

E. Review with the CEO and, if appropriate, approve any significant outside commitments the CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of any organization.

F. Review and recommend to the Board, the Corporation’s compensation philosophy, strategy, and guidelines.

G. Approve compensation plan amendments for periodic review by PSEC.

H. Review significant PSEC guidelines and recommendations.

I. Ensure that the organization has appropriate human resources policies and compensation policies that satisfy any applicable requirements of PSEC.

J. Review with the CEO existing senior management resources, and performance evaluations, including recruitment and training programs, to ensure that compensation is linked to performance, and that qualified management will be available for succession to executive positions at Columbia Power. Report on this matter to the Board at least once each year.

K. Consult with the CEO with respect to the appointment of and compensation, including perquisites, incentive, benefit and retirement plans, for the senior management team.

L. Prior to implementation, review major changes in the organizational structure of management as proposed by the CEO.
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M. Other human resources issues delegated to the Committee by the Board.

N. Review the terms of reference for the Committee annually to assess its effectiveness, and make recommendations to the Board as required;

O. Retain the opportunity to undertake exit interviews with senior staff.

GOVERNANCE

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Develop, and annually update, a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the Corporation.

B. 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.

C. In consultation with the Board Chair, recommend to the Board for submission to the Province, criteria and potential candidates for consideration when appointing directors.

D. Review, monitor and make recommendations regarding the orientation and ongoing development of existing and new directors.

E. Review the directors’ compensation program and make recommendations to the Board for subsequent recommendation to the Province as appropriate.

F. Annually review the Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Board Chair, a Director, the CEO, and Board committees.

G. At least annually assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required.

H. Recommend to the Board and annually implement an appropriate evaluation process for the Board as a whole, the Board Chair, its committees and individual directors.

I. Recommend Committee Members and Committee Chair appointments annually.
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J. Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at the Corporation’s expense, and be responsible for the ongoing administration of such a system.

K. Recommend to the Board any reports on corporate governance that may be required or considered advisable.

L. At the request of the Board Chair or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Corporation.

M. Annually review directors’ conflict of interest statements.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the next Board meeting.

V. COMMITTEE TIMETABLE

Refer to the Board Calendar and Workplan