

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

PURPOSE

- A. The Columbia Power Board of Directors (the "Board") has a primary responsibility to foster the Corporation's short and long-term success. This should be consistent with the Board's responsibility to the Corporation's shareholder, the Province of British Columbia (the "Province"), giving consideration to the legitimate interests held by other stakeholders including the Shared Services contractor's Chief Executive Officer (the "CEO"), customers, suppliers, communities and the public.
- B. The directors are stewards of the Corporation. The Board has the responsibility to oversee the conduct of the Corporation's business and management. In overseeing the conduct of the business, the Board, in collaboration with the CEO will set the standards of conduct for the Corporation.
- C. These terms of reference are prepared to assist the Board in clarifying responsibilities and ensuring effective communication.

COMPOSITION AND BOARD ORGANIZATION

- A. Board directors are appointed by the Province.
- B. The Chair, Vice-Chair, and Committee Chairs are elected by the Board.
- C. The Board operates by delegating to the Shared Services contractor certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The Levels of Spending Authority are outlined in Tab 6C of the Board Manual.
- D. Certain responsibilities of the Board may be delegated as follows, notwithstanding these subsets operate as a Committee of the Whole:
 - i) Contractor Oversight and Governance
 - ii) Finance and Audit
 - iii) Operations
- E. The Board retains the responsibility for managing its own affairs including the responsibility to:
 - i) annually review, in conjunction with the Shared Services contractor, the skills and experience represented on the Board in light of the Corporation's strategic direction, for the purpose of recommending the criteria and potential candidates who meet the criteria to the Province when appointing directors;
 - ii) make recommendations to the Province regarding the criteria it should consider in making appointments to the Board;
 - iii) determine the composition of and set the Terms of Reference for the Board;
 - iv) implement an appropriate process for assessing the effectiveness of the Board, the Board Chair, directors and CEO in fulfilling their responsibilities;

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- v) assess the adequacy and form of director compensation and make recommendations to the Province, as appropriate;
- vi) assume responsibility for the Corporation's governance practices and ensure they meet the needs of the Province, the Corporation and the public;
- vii) appoint the Secretary to the Board.

DUTIES AND RESPONSIBILITIES

Mandate, Strategy and Plans

The Board has the responsibility to:

- A. In collaboration with the Province, the development and approval of the Corporation's Mandate, Vision and Values.
- B. In collaboration with the Province, the development and approval of the Corporation's Strategic Plan.
- C. Participate with the Shared Services contractor in the development of, and ultimately approval of, the Corporation's Service Plans, taking into consideration the commercial, public policy, social responsibility and regulatory responsibilities of the Corporation.
- D. Approve annual operating and capital budgets, and long-range forecasts that support the Corporation's ability to meet its strategic plans.
- E. Direct the Shared Services contractor to develop, implement and maintain an agreed upon reporting system that accurately measures the Corporation's performance against its Service Plans and long-range forecasts;
- F. Monitor the Corporation's progress towards the approved strategic objectives and performance against operating and capital plans, and to alter its direction in light of changing circumstances.
- G. Review and approve significant changes to the plans.

Financial and Risk Issues

The Board has the responsibility to:

- A. Take reasonable steps to ensure the implementation and integrity of the Shared Services contractor's internal controls and management information systems.
- B. Ensure the Shared Services contractor identifies the principal financial and non-financial risks of the Corporation and implements appropriate systems and programs to mitigate these risks.
- C. Monitor operational and financial results.
- D. Approve quarterly and audited annual financial statements and approve release thereof.

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- E. Appoint external auditors and approve auditors' fees.
- F. Approve major transactions within the authority of the Corporation, and request Provincial approval of major transactions, as described in the Agency Agreement with the Province.

Policies and Procedures

The Board has the responsibility to:

- A. Approve and monitor, through the Shared Services contractor, compliance with all major corporate policies and procedures that govern Columbia Power and the power subsidiary operations.
- B. Approve and act as the guardian of Columbia Power's corporate values, including approving a Code of Conduct and Conflict of Interest Guidelines for the Corporation.
- C. Direct the Shared Services contractor to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards.
- D. Review significant new policies or material amendments to existing policies.

Government and Stakeholder Communications

The Board must acknowledge that it operates within a public environment. The actions of the Corporation may have a public impact and there is a need to ensure communications with the Province and the public is effective and appropriate.

The Board has the responsibility to:

- A. Communicate effectively with the Province, stakeholders and the public generally.
- B. Ensure the financial performance of the Corporation is adequately and promptly reported to the Province and the public.
- C. Ensure financial results are reported fairly and in accordance with governing laws and generally accepted accounting principles.
- D. Ensure timely reporting to the Province of any other developments that have a significant and material impact on the Corporation.

GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. Legal duties are imposed on Directors. The basic legal duties are imposed at common law.
- B. Directors are under a fiduciary duty to the Corporation to carry out the duties of their office:
 - i) honestly and in good faith;

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- ii) with a view to the best interests of the Corporation;
 - iii) with the care, diligence and skill of a reasonably prudent person; and,
 - iv) the powers of the Directors are conferred upon them to exercise on behalf of, and for the benefit of, Columbia Power. The Directors are legally bound to serve the interests of the Corporation.
- C. Directors have specific statutory duties and obligations under employment, environmental and financial reporting law as well as under the withholding provisions of taxation law.