



*Spill Preparedness and Response since 1972*

## **WESTERN CANADIAN SPILL SERVICES LTD. BOARD GOVERNANCE MANUAL**

### **OWNERSHIP**

Western Canadian Spill Services Ltd. (WCSS) is the spill preparedness organization of the upstream petroleum industry in N.E. British Columbia, Alberta and Cooperative VR1 that extends into Saskatchewan.

The purpose of WCSS is to maintain an effective spill response capability for the upstream petroleum industry in Western Canada and to provide information and education on spill issues including spill prevention.

Shareholders of WCSS include two industry trade associations, two pipeline companies and an independent member. The seven common shares (no par value) are held by:

- Canadian Association of Petroleum Producers – 3 shares
- Small Explorers and Producers Association of Canada – 1 share
- Enbridge Pipelines Inc. – 1 share
- Kinder Morgan Canada Ltd. – 1 share
- Independent members – 1 share

Members of WCSS are petroleum corporations or divisions of corporations that are licensees of oil wells and/or pipeline in WCSS's jurisdictional area and contribute to WCSS's budget requirement by paying their annual WCSS membership fees. WCSS membership obligations are outlined in the "WCSS Membership Charter" (Appendix 1).

Companies outside of the petroleum industry can obtain access to WCSS equipment by signing an equipment use agreement and paying rental rates that have been pre-established.

### **VISION**

The WCSS's vision is to be an organization from which all stakeholders (petroleum industry, regulators and the public) extract value through collaborative effort of consistent high quality spill preparedness and response.



## **MISSION**

Western Canadian Spill Services Ltd. (WCSS) will promote and support spill preparedness and response in accordance with provincial regulations for licensees of wells and pipeline that are members in good standing of WCSS oil spill cooperatives in Alberta, NE British Columbia and Area 1 in Saskatchewan.

## **PURPOSE**

The purpose of Western Canadian Spill Services Ltd. (WCSS) is to provide spill preparedness and response services that meet regulatory requirements for licensees of wells and pipeline that are members in good standing of WCSS oil spill cooperatives in Alberta, NE British Columbia and Area 1 in Saskatchewan.

## **VALUES**

The philosophy of WCSS encompasses the following principles, beliefs and values to be employed in conducting its business and affairs:

- To hold the best interests of the Cooperative membership in all we do.
- To maintain integrity in all our relations with members, industry, government and the public.
- To gain strength and effectiveness through ever-increasing membership involvement.
- To be fiscally, environmentally and socially responsible.
- To promote training and standards of safety and competency within the membership.

## **WCSS BUSINESS STRATEGIES**

Western Canadian Spill Services business strategies will include the following:

- Support infrastructure for the Oil spill Cooperatives.
- Ensure oil spill response equipment is available to Cooperative members and non-members when appropriate.
- Ensure Cooperative members have access to area oil spill contingency manuals and pertinent information through a corporate website.
- Coordinate annual Cooperative training exercises, assist members with training compliance issues and provide access to specialized spill response training.
- Strive for continuous improvement through interaction with other spill preparedness organizations and through field improvement initiatives.
- Assist members with spill response activities when requested.
- Assist the lead provincial regulator with spills of unknown origin.
- Promote the organization and its proactive spill preparedness initiatives.



- Work closely with regulators to identify and coordinate an appropriate response to spill preparedness issues that affect the upstream petroleum industry.
- Collect membership fees to support WCSS's (non-profit organization) goals and objectives.

The liability of the members is limited.

Each member of the Corporation will have the opportunity to obtain substantially the same benefits from membership, the details of which are as follows:

- a) Ensure their statutory obligations under ERCB Directive 071 and provincial regulations in N.E. British Columbia and Area 1 in Saskatchewan are satisfied through the:
  - i. development and maintenance of an oil spill contingency plan;
  - ii. procurement and maintenance of suitable oil spill response equipment;
  - iii. conduct a minimum of one spill training exercise per year; and
  - iv. demonstration of their capability of responding effectively to an oil spill;
- b) Streamlining of the delivery of oil spill emergency response services through a single entity, satisfaction of the need for adequate insurance coverage and coordination of a centralized billing service for the provision of oil spill emergency response services; and
- c) Participation in discussions and receipt of ongoing advancements achieved through field improvement initiatives targeted at delivery of oil spill response techniques and equipment.

## **ROLE OF THE BOARD**

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's management group, committees, outside advisors and independent auditors.

### **A) Leadership**

The Board of Directors will focus on strategic leadership that will emphasize:

- The future rather than the past and present.
- A clear distinction of the roles of the Board, management group and volunteers.
- Pro-activity rather than reactivity.

In carrying out this strategic leadership responsibility Board members will need to strike a balance between their responsibility to present the views of their particular trade association / company and their responsibility to promote the overall welfare of WCSS. Done effectively this will enable the Board of Directors to direct, control and inspire the organization through the careful deliberation and



establishment of policy. That policy will then be carried out by the WCSS management group, WCSS Executive Sub-Committee and oil spill cooperative volunteers.

## **B) Governance Process**

The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to attendance, the treatment of individual Board members with dignity and respect, respect of clarified roles and self policing of tendencies to stray from rigorous governance.

The Board will monitor and regularly discuss the Board's own process and performance. The Board will ensure the continuity of improvements through some systematic review and updating governance policies. This should be at least an annual event and the Board Chairman will be responsible for carrying it out in a balanced and effective manner.

Each new member of the Board will receive a thorough orientation and while that orientation may vary based on the needs of new members, it will include:

- 1) A review of WCSS By-Laws and the WCSS Governance Manual;
- 2) A broad review of WCSS activities and organization;
- 3) A review of the Board of Director's calendar;
- 4) Specific responsibilities, expectations and benefits of the Board of Directors' job;
- 5) Role of WCSS Committees, volunteers and contractors;
- 6) Methods of reporting and communicating;
- 7) Performance expectations of individual Board members.

The Board of Directors sees the development of policy as providing effective parameters and broad guidelines for the action of the Board of Directors and the President and Chief Operating Officer. In fulfilling this responsibility for policy making the Board of Directors will ensure that they are in compliance with regulations, By-Laws, values and other relevant legislation and regulation.

The President and Chief Operating Officer with input from the WCSS Executive Sub-Committee and oil spill cooperative volunteers is responsible for the implementation of policy with exception of policies governing the Board itself. This area is the responsibility of the Board Chairman.

## **C) Conduct**

The Board expects itself and its members, ethical and professional conduct. The commitment includes proper use of authority and appropriate decorum in group and individual behaviour when acting as Board Members. Board Members must:

- Act with integrity with respect to the interests of the membership and the public.
- Avoid any conflict of interest with respect to their fiduciary responsibility.



Board Members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

- Board Members' interaction with the President & COO or with volunteers must recognize the lack of authority in any individual Director or group of Directors, except as noted above.
- Board Members will make no judgments of the President & COO; staff's or volunteers' performance except as the performance is assessed against explicit Board policies by the official process.

Board Members may not use Board information for their own direct benefit or advantage. This requires that the information be kept confidential whenever required in the best interests of the organization.

Board members will deal with outside entities or individuals, with staff/volunteers and with each other in a manner reflecting fair play, ethics and straightforward communication.

A Board Member shall attend meetings regularly.

Board Members must carry out duties in good faith with a reasonable degree of diligence, care and skill. If a Board member is deemed to be negligent in carrying out his/her duties, then, given that the Board has the right to make and enforce its own laws and punish an offender, the following guidelines will be followed:

- Offending Directors may be censured by the Board Chairperson with a letter being sent to the Director outlining the circumstances and corrective actions.
- Continued offence will result in a motion of censure being brought by the Board Chairperson. This motion may result in voluntary withdrawal or, upon a vote of the majority; the Director shall be removed from the committee membership.

Note: Specific Board duties are listed in "WCSS By-Laws" in Appendix 2

## **DELEGATION OF RESPONSIBILITIES TO THE PRESIDENT & CHIEF OPERATING OFFICER**

The Board of Directors recognizes that it has the ultimate responsibility for the operation of WCSS. In order for the Board to be free from operational matters the Directors support the principle of delegation to the President and Chief Operating Officer. It is recognized that the President and Chief Operating Officer works closely with the Provincial Cooperative Chairperson, Executive Sub-Committee and Oil Spill Cooperative Volunteers to manage operational issues. To facilitate optimum



effectiveness the Board of Directors leaves the implementation of operations and subsidiary policy development to the President and Chief Operating Officer.

## **ROLE OF THE PRESIDENT AND CHIEF OPERATING OFFICER**

The President and COO, in the course of his or her duties, shall not cause nor allow any practice, activity, decision or organizational circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics.

The President and COO is responsible for the daily operation of the company using four basic management functions:

- Planning
- Organizing
- Directing
- Controlling

The President/COO is responsible for ensuring that the business operations are efficient and effective and that the proper management of resources, distribution of services to members and stakeholders and analysis of queue systems is done.

With respect to planning fiscal events, the President/COO shall not deviate significantly from the Board's strategic plan or jeopardize the fiscal integrity of the organization.

The President & COO's job function can be summarized as:

- Help the Board to fulfill its functions.
- Direct the organization so that the Board's strategic plan for the organization is realized and its policies are implemented.

Subsidiary to the above, the President & COO will assume full responsibility for:

- a) Creating maximum value for the company's stakeholders.
- b) Leading the development of the work plan that will frame the implementation of the strategic plan.
- c) Financial management, including budget preparation, monitoring financial and program performance and stewardship reporting.
- d) Recruiting training and supervising staff and volunteers, supporting them all as a functioning leadership team.



- e) Ensuring that the organizational structure and staffing model is appropriate for the work to be done.
- f) Oversee the development and delivery of client services to ensure that outcomes are consistent with the mission and strategic plan.
- g) Plan by prioritizing WCSS members/volunteers/employees and organizational requirements.
- h) Drive performance measures for the measurement of the operation's performance.

Note: Specific Authorities and Responsibilities can be found in section 6.3 (page 13) of the "Unanimous Shareholders' Agreement" in Appendix 3

### **ROLE OF THE WCSS EXECUTIVE SUB-COMMITTEE (ESC)**

The ESC is structured in a way for WCSS members to share their opinions and perspectives, study issues and develop recommendations in a focused, small group structure. The ESC will be involved in any issue for which the President & COO or Board of Directors seeks the input of the committee.

The primary purpose of the ESC is to provide direction and advice linked to spill preparedness and response issues to the President & COO or Board of Directors and to serve as the communication link between the committee, Oil Spill Cooperatives, President & COO and Board of Directors.

The function of the Executive Sub-Committee (ESC) is to act as the focal point for industry issues and concerns related to the Corporation's spill preparedness program. Every ESC member will strive to conduct business in accordance with the Corporation's values and when exercising his/her powers and discharging those said powers, shall:

- Act honestly and in good faith, with a view to the best interests of WCSS; and
- Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In general the duties of ESC members include, but are not restricted to the following:

- Cooperative Liaison – Committee members act as a liaison with specified WCSS Zone oil spill cooperatives and/or Task Groups to ensure that spill preparedness issues/activities are managed in the best interest of the Corporation and WCSS members in good standing.
- Policy Guidelines – The committee members contribute to the development of corporate spill preparedness policy and guidelines.
- Strategic Planning – The committee participates in the annual WCSS strategic planning session and assists with the implementation of the plan's goals/objectives.
- Financial Management – The committee assists the Cooperatives with the preparation of their annual budget and provides a recommended annual budget to the Board of Directors for approval.



- Training – The committee act as the organization’s training advisory committee and work with the Cooperatives to achieve the organization’s training goals and objectives.
- Equipment – The committee is responsible to ensure that WCSS members have access to reliable initial spill response equipment and back-up specialized equipment.
- Field Improvement – The committee participates in the needs assessment process for field improvement initiatives and assists with project design and implementation.
- Stewardship and Promotional Activities – Committee members are ambassadors for promoting the Corporation’s activities and volunteer participation.

## **Qualifications**

The following outlines the qualification criteria for eligibility to participate on the ESC:

- The ESC Chairman or Provincial Chairman is one of the Canadian Association of Petroleum Producers (CAPP) representatives on the WCSS Board of Directors and must be approved by the WCSS Board of Directors on an annual basis.
- ESC members must be employed by a WCSS member company in good standing or be a member of the corporation’s management team.
- ESC members must have held the position of Cooperative Chairman for a minimum of two years or hold the position of President/COO for WCSS.

## **Numbers/Voting Privileges**

The target is to have six ESC members; each member representing one of the six WCSS Zones. The Provincial Chairman and the WCSS President & COO also participate on the committee. Two alternate provincial chairmen were identified in 2010 and will act on behalf of the Provincial Chairman at Board of Director’s meetings through proxy in the Provincial Chairman’s absence. The WCSS Equipment Manager and a representative of the Energy Resources Conservation Board (ERCB) are invited to attend ESC meetings as guests.

Another ESC strategy is to invite one or two Cooperative Chairmen to sit on the ESC as Ad Hoc members; these members would not have voting privileges but would be free to provide input into committee decisions and would replace retiring ESC members.

Each of the six ESC members have voting privileges with the Provincial Chairman having voting privileges if/when there is a tie.

The President & COO provides direction/advice and guidance and serves as the recording secretary for the meetings.



## **ROLE OF THE COOPERATIVE CHAIRMAN**

### **Leadership**

The basic responsibility of the Cooperative Chairman is to exercise his/her business judgment to act in a way that he/she reasonably believes to be in the best interests of the Corporation and the members in good standing of their respective Oil Spill Cooperative. In discharging that obligation, Cooperative Chairmen should be entitled to rely on the honesty and integrity of the Corporation's President & COO, the WCSS Executive Sub-Committee, WCSS Equipment Manager, the respective Area's Alternate Chairman, Cooperative Steering Committee and Administrator.

Cooperative Chairmen should strive to conduct business in accordance with the Corporation's values:

- To hold the best interests of the Cooperative membership in all we do.
- To maintain integrity in all our relations with members, industry, government and the public.
- To gain strength and effectiveness through ever-increasing membership involvement.
- To be fiscally, environmentally and socially responsible.
- To promote training and standards of safety and competency within the membership.

The role of the Cooperative Chairman can be summarized as follows:

- Strive to ensure that there is an appropriate level of industry involvement/input linked to the Cooperative's spill preparedness activities. The primary vehicle to accomplish this role is to ensure that an Alternate Chairman is identified and to maintain an industry steering committee.
- Prepare/submit the annual Cooperative budget, manage Cooperative expenditures within the approved budget and provide input into the Corporation's annual budget.
- Oversee the Cooperative's equipment program that includes; the identification of equipment needs, equipment usage (members/non-members) and management of the Area's equipment maintenance program.
- Submit quarterly statistical reports to WCSS headquarters.
- Assist with the coordination of the Area's annual WCSS training program (i.e. Cooperative exercise).
- Coordinate the maintenance of the Area's critical control points.
- Review Cooperative information on the WCSS website (minimum quarterly) and advise WCSS headquarters of changes.
- Identify spill preparedness issues that affect WCSS members and advise the appropriate Executive Sub-Committee member and/or the WCSS President & COO or WCSS Equipment Manager.
- Participate in initial spill response activities for spills of unknown origin and/or at the request of a member company.



- Promote WCSS' spill preparedness program and encourage volunteer participation.

It is understood that Cooperative Chairmen will delegate administrative functions to the Area Administrator and that the Chairman is responsible to ensure that the work being done by the Administrator is accounted for and is in line with the Corporation's values and business strategies.

### **Position Qualifications**

It is recognized that the Cooperative membership have the authority to identify a member company volunteer to fill the Cooperative Chairman or Alternate Chairman's position. A WCSS member company may also recommend (written request) that an individual that does not work for a member company be eligible to hold the role of Alternate Chairman. All Cooperative Chairmen/Alternates are approved on an annual basis by the Executive Sub-Committee.

As a guideline, Cooperative Chairmen should have the following:

- Project management experience.
- Previous spill preparedness experience (i.e. served as an Alternate)
- Good communications skills
- Adequate volunteer time to fulfill the role of a Cooperative Chairman.

### **Conduct**

Cooperative Chairmen must carry out duties in good faith with a reasonable degree of diligence, care and skill. If a Chairman declares that he/she is unable to fulfill the role as described here within and/or the President/COO, Executive Sub-Committee member or Area Steering Committee determine that the Chairman is unable to fulfill their role, the following guidelines will be followed:

- A meeting will be held to discuss the issues and identify corrective actions.
- If resolution to the issue/s is not identified the Executive Sub-Committee will request voluntary withdrawal or, upon vote of the majority of ESC members, the Chairman shall be removed from the position.
- In the event that a Cooperative does not have a volunteer Chairman the Alternate Chairman, Area Executive Sub-Committee representative or WCSS President/COO will assume the Chairman's role until a replacement has been identified.



## **Role of the Alternate Cooperative Chairman**

The Alternate Cooperative Chairman will act on behalf of the Cooperative Chairman in the Chairman's absence and will participate on the area's industry steering committee to assist with the management of responsibilities identified in the "role of the oil spill cooperative".

Where the Cooperative Chairman must be an employee of a WCSS member company the Alternate Chairman can work for a service company provided he/she is sponsored (letter of support) by a WCSS member company.

## **ROLE OF THE OIL SPILL COOPERATIVE**

Oil Spill Cooperatives are an integral part of Western Canadian Spill Services Ltd. and are represented by the Provincial Chairman on its Board of Directors. The primary role of the oil spill cooperatives is to:

- Coordinate the cooperative equipment usage issues and oversee the maintenance program for the Area's initial spill response equipment (cooperative equipment).
- Provide feedback and/or concerns related to the regional spill response equipment that is managed through the WCSS Equipment Manager.
- Assist with the coordination of the annual WCSS training program.
- Prepare an annual cooperative budget.
- Submit statistical reports to WCSS headquarters.
- Review Cooperative information on the WCSS website (quarterly) and advise WCSS of changes.
- Promote WCSS and encourage volunteer participation.
- Identify spill preparedness issues that affect WCSS members and advise the appropriate Executive Sub-Committee member and/or the WCSS President & COO and WCSS Equipment Manager.
- Participate in initial spill response activities for spills of unknown origin and/or at the request of a WCSS member.

## **Cooperative Equipment Management**

Ensuring that the initial spill response equipment meets the minimum WCSS standard and is maintained in a state of readiness is a critical function of the oil spill cooperatives. In general the overall responsibility for WCSS equipment rests with the WCSS Equipment Manager and the Cooperative must support the program by:

- Coordinating an annual inventory or verify that there has been no change to the inventory (recommend use of car locks on units between usage).



- Ensuring an equipment use agreement is completed prior to usage and advises the WCSS Equipment Manager that the equipment is signed out.
- Inspecting equipment once it has been returned and coordinates an inspection/inventory with the WCSS Equipment Manager.
- Identifying capital requirements for the units in the cooperatives.
- Advising the WCSS Equipment Manager of anticipated changes linked to the equipment custodian and/or requests from co-op members.

When the area's equipment is utilized it is important that:

- The user signs the WCSS Equipment Lease Agreement and a copy is forwarded to WCSS headquarters as soon as possible to the attention of the WCSS Equipment Manager.
- Issues linked with the use of Cooperative equipment are identified as discussed with the WCSS Equipment Manager, President & COO or Executive Sub-Committee Member.
- An assessment of the equipment (including an inventory) is completed by the cooperative with assistance from the WCSS Equipment Manager after equipment use and the user repairs/replaces damaged equipment and replaces consumables.
- Equipment use statistics are forwarded to WCSS headquarters on a quarterly basis.

### **Regional Spill Response Equipment**

Each of the WCSS Zones has a regional spill response equipment cache that is maintained by contract custodians under the direction of the WCSS Equipment Manager. It is important for Cooperatives to be familiar with the equipment, how members access the equipment and advise WCSS of any concerns related to the equipment. A listing of the equipment can be found in the WCSS oil spill contingency manual and on the WCSS website [www.wcss.ab.ca](http://www.wcss.ab.ca)

### **WCSS's Annual Training Program**

Cooperatives will work with the WCSS Executive Sub-Committee to identify training needs and coordinate an annual training exercise in each cooperative area. The Executive Sub-Committee will act as a training advisory committee and identify annual training objectives, goals, type of exercise and an exercise schedule.

### **Oil Spill Contingency Manual**

The generic portion of the WCSS Oil Spill Contingency manual is distributed to oil spill cooperatives from WCSS. Cooperatives forward area specific information (including contact information and control point information) to WCSS headquarters where that information is updated on the WCSS website.



The area members are required to maintain the manual and insert company information or ensure supplemental information is available in their corporate plan.

### **Annual Cooperative Budget**

WCSS's annual budget is approved by the WCSS Board of Directors and is obtained by invoicing members on well counts, km of pipeline plus a flat service fee/member company. Additional revenue is obtained from training course revenue, equipment rentals and disposal of surplus equipment. Oil spill cooperatives use an average of their 3 year actual expenditures plus an inflationary % added as a base-line for their annual budget and additional requirements are identified at the Annual Cooperative Chairman's meeting. The budget is reviewed by the Executive Sub-Committee and a budget recommendation is presented to the WCSS Board of Directors for approval. The cut-off date for data collection is December 31<sup>st</sup> and members are invoiced in March.

### **Statistical Information**

Cooperatives are required to maintain equipment use and training statistics and submit those statistics in the "performance report" that is shared with the WCSS Board of Directors and reviewed with WCSS stakeholders in the annual stewardship report. The WCSS Board of Directors review the performance report at their quarterly meetings and base some of their management decisions on that information as well as operational reports and feedback from Cooperatives through the Executive Sub-Committee.

### **WCSS Website Review**

The WCSS website is used by members to access emergency response information. It is important that Cooperatives immediately advise of any changes in their area that affects the website and review the website information (recommend quarterly) [www.wcss.ab.ca](http://www.wcss.ab.ca) and advises WCSS headquarters of any changes.

### **WCSS Promotion**

The upstream petroleum industry believes that WCSS should be promoted as a positive initiative and that companies and individuals that volunteer as part of the Cooperative management team benefit from their volunteer time. Cooperative volunteers should:

- Promote volunteer involvement to Cooperative area petroleum companies.



- Identify companies that should have involvement and solicit a commitment for volunteer participation.
- Participate in trade shows/events where WCSS would benefit from that type of exposure. WCSS has a trade show booth for local events.
- Invite local media to annual exercises and outline the industry's commitment to spill preparedness and environmental protection.
- Support WCSS corporate goals and objectives in a positive way.

### **Identification of Cooperative Spill Preparedness Issues**

It is recognized that Cooperatives are the first line of communication with area members and that Cooperative management teams understand the unique features and dynamics of the area that relate to spill preparedness. It is important for Cooperatives to communicate with their area Executive Sub-Committee liaison and/or the WCSS President & COO where there are spill preparedness issues that affect the overall organization. The WCSS Board of Directors recognizes the importance of a strong voice from Cooperatives and supports this approach.

### **Cooperative Spill Response**

Cooperative volunteers on behalf of WCSS may be involved in spill response activities under the following conditions:

- Spills of Unknown Origin – at the request and under direction from the lead regulatory agency (see WCSS policy)
- Initial Spill Response – to assist a member company with initial spill response in a watercourse (see ISRT Guideline).

### **WCSS CONTRACTORS**

Although WCSS is a volunteer based organization (no employees) it does hire contractors to manage the affairs of the Corporation including:

#### **WCSS Management Team**

This group includes the President & COO, Equipment Manager, Administrative & Training Coordinator and Accountant.

#### **Cooperative Administrators**

Administrators are responsible for the day to day administration in each of the 18 Oil Spill Cooperatives. Administrators work for the WCSS President & COO whom has delegated the day to



day management of the Administrators to the Cooperative Chairman. From time to time the President & COO and/or designate will also assign a task to the Administrator. Administrators work under an Administrative Agreement that is automatically renewed on an annual basis.

### **Equipment Custodians**

Equipment custodians are contracted to house and maintain WCSS equipment under a formal agreement. Typically the WCSS Equipment Manager oversees the agreement with regional equipment custodians and works closely with Cooperatives that utilize paid contractors. Over the years WCSS has worked towards fostering a spill response capability through equipment custodians; by way of example most of the regional equipment custodians have certified boat operators that are available to assist a member company with spill response.