

## 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 three industry trade associations and two pipeline companies. The five common shares (no par value) are held by:

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

Members of WCSS are petroleum corporations or divisions of corporations that 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.

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#### *Petroleum Industry's Commitment to Spill Preparedness and Environmental Protection*

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## MISSION

Western Canadian Spill Services Ltd. will promote and support spill preparedness initiatives for the upstream petroleum industry in Alberta, Northeast 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 Oilspill Cooperatives.
- Ensure oilspill response equipment is available to Cooperative members and non-members when appropriate.
- Ensure Cooperative members have access to area oilspill 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 research and development 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 EUB Directive 071 are satisfied through the:
  - i. development and maintenance of an oilspill contingency plan;
  - ii. procurement and maintenance of suitable oilspill response equipment;
  - iii. conduct of minimum spill training exercises per year; and
  - iv. demonstration of their capability of responding effectively to an oilspill;

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- b) streamlining the delivery of oilspill 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 oilspill emergency response services; and
- c) participation in discussions and receipt of ongoing advancements achieved through research and development targeted at delivery of oilspill 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 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.

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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 Managing Director. 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 Managing Director with input from the WCSS Executive 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 behavior 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 Member's interaction with the Managing Director 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 Managing Director; staff's or volunteer's 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.

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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 3

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## **DELEGATION OF RESPONSIBILITIES TO THE MANAGING DIRECTOR**

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 Managing Director. It is recognized that the Managing Director works closely with the Provincial Cooperative Chairperson, Executive 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 Managing Director.

## **ROLE OF THE MANAGING DIRECTOR**

The Managing Director, in the course of his or her duties as Managing Director, 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.

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

The Managing Director'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 Managing Director will assume full responsibility for:

- a) Organization of administrative programs and procedures;
- b) Directing the day-to-day activity of staff/contractors, either directly or through delegation;
- c) Financial management;
- d) Monitoring financial and program performance and preparing summary reports for Board and stakeholder review;
- e) Ensuring the proper stewardship of WCSS's assets;

Note: Specific Authorities and Responsibilities can be found in section 6.3 (page 13) of the "Unanimous Shareholders' Agreement" in Appendix 4

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## **ROLE OF THE WCSS PRESIDENT**

The role of the WCSS President is to provide oversight and guidance to the WCSS Managing Director and support corporate operational goals and objectives. The WCSS President will also:

- Communicate with and provide advice to the Board of Directors;
- Protect the board from sudden loss of the management services, by putting into place sufficient executive backup;
- Ensure that the terms of the management agreement between Enform and WCSS is carried out;
- Monitors the performance of Enform employees that have a role with WCSS.
- Have authority as a signing officer for WCSS expenditures.

## **ROLE OF THE PROVINCIAL COOPERATIVE CHAIRMAN**

The role of the Provincial Cooperative Chairman is to represent the eighteen oil spill cooperatives at the Board level, to communicate and provide advice to the board and to work closely with members of the WCSS Executive as well as the WCSS Managing Director to identify strategic planning issues and support operational goals and objectives.

## **ROLE OF THE WCSS EXECUTIVE ADVISORY COMMITTEE**

The Executive Advisory Committee will provide direction and advice to the Managing Director and/or the Board of Directors' as the case may be, on any issue for which the Manager or Board of Directors seeks the input of the committee including, without limitation, the following:

- a) determination of administrative and management requirements of the corporation;
- b) establishment and coordination of issue groups formed to address specific aspects of the business and affairs of the Corporation; and
- c) determination of oil spill emergency response equipment requirements of the Corporation including requirements of specific areas.

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