

**Center for Offshore Safety Governance Procedures**

***COS-100-01***

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**Center for Offshore Safety COS Governance Procedures**

These procedures provide information on policies and procedures for the Governing Board (hereinafter simply “Board”) of the Center for Offshore Safety (COS), its activities, and guidelines for its conduct. COS governance procedures will follow and utilize American Petroleum Institute’s (API) current internal policies and procedures.

# Antitrust Laws

It is the policy of API, and by extension COS, to strictly comply with antitrust laws. It is the responsibility of every committee and Board member or participant, officer, and employee of API to comply with the antitrust regulations. An Antitrust Compliance Guide has been developed by the API Office of General Counsel and can be obtained from API to assist in identifying situations which may have antitrust implications.

# COS Organization

## Governing Board

The Board will consist of a maximum of 24 Board members, including the Executive Director and will be apportioned as follows:

* + Producer/operators will occupy a maximum of ten (10) seats (to include the Chair and Vice Chair)
  + Drilling contractors will occupy a maximum of five (5) seats
  + Service/supply companies will occupy a maximum of five (5) seats
  + Affiliate or industry associations will occupy a maximum of three (3) seats
  + COS Executive Director will occupy one (1) seat

Approximate balance between Producer/Operator seats and the combined Drilling Contractors and Service/Supply Company seats should be maintained. Board Member Companies (BMC) are appointed for a three (3) year term with staggered expiration dates.

All BMC nominations must be submitted to the API Upstream Committee for consideration and approval as described in Section 3 of this document. The API Upstream Committee will have the authority to remove and replace BMC who are not performing or supporting the general interest of the COS.

Board shall solicit interest for both the Board Chair and Vice Chair from the Producer/Operator BMC on an annual basis. Such interest shall be communicated to the API Upstream Committee. The Chair of the Board will be nominated by the API Upstream Committee and approved by the API Executive Committee for a term of one (1) year. The API Upstream Committee shall also concurrently approve the Vice Chair of the Board for a term of one (1) year. It is the intent that the Vice Chair becomes the Chair once the current Chair’s term is complete to ensure continuity of work and strategic vision.

With the exception of the Board Chair and Vice Chair, COS Board seats are held by COS Member Companies and not individuals. This allows for COS Member Companies to rotate Board members as needed. The intent is for a COS Member Company’s Board term to remain unchanged, even if it becomes necessary to change its Board member.

The Board Chair and Vice Chair are individuals appointed to those positions. These individuals also serve as the Board member of their COS Member Companies. If the Chair is no longer able to serve as Chair due to a change in status of either his/her employment or COS membership status of the COS Member Company he/she represents, the Board Vice Chair shall temporarily assume the Chair’s duties until such time as a new Chair can be appointed, as described in Section 3 of this document.

## COS Subordinate Groups

The Board approves work to be undertaken by Subordinate Groups. Subordinate Groups are designated as a Committee, Subcommittee, or Work Group. Subordinate Groups may be created and disbanded by the Board as warranted.

Subordinate Groups are supported by dedicated COS staff who work closely with the Subordinate Group Chairs and are accountable for maintaining the Subordinate Group’s roster and other responsibilities as agreed with the Subordinate Group Chair. Each Subordinate Group must have a Terms of Reference (TOR) endorsed by the Board that prescribes its work, milestones, and required resources.

Subordinate Groups are resourced from COS Member Companies. Subordinate Groups, with the exception of the Single Points of Contact Committee (SPCC), may include non-COS participants. Non-COS Member participants may be resourced by the respective Subordinate Group Chair in consultation with the Board Chair, Board Vice Chair, and COS Executive Director.

### COS Committees

A Committee is a standing Subordinate Group that oversees activity in a specific area where the Board has identified an ongoing need, such as overseeing a COS program or a collection of Subcommittees and Work Groups. TOR for Committees are typically developed at the direction of the Board.

* + Committees are led by Committee Chairs approved by the Board Chair in consultation with Board Vice Chair and COS Executive Director
  + Committee Chairs may designate a Vice Chair to assist in the delivery of the TOR
  + Committee Chairs must be from a COS Member Company
  + The Term of a Committee Chair is two years, with no term limit
  + Nominations for a new or open Committee Chair position are received by dedicated COS Staff and then presented to the Board Chair for decision, in consultation with Board Vice Chair, COS Executive Director, and presiding Committee Chair
  + A Committee Chair may be removed by the Board Chair, in consultation with the Board Vice Chair and COS Executive Director, for failure to deliver on accountabilities
  + Please see Section 6.5 for Committee Chair Responsibilities

### COS Subcommittees

A Subcommittee is a standing Subordinate Group that operates under a Committee and supports the host-Committee in achieving its TOR. TOR for Subcommittees are typically developed under the direction of the host-Committee Chair.

* + A Subcommittee is led by a Chair approved by the Board Chair, in consultation with the Board Vice Chair and COS Executive Director
  + A Subcommittee Chair may designate a Vice Chair to assist in the delivery of the TOR
  + Subcommittee Chairs must be from a COS Member Company
  + The Term of an Subcommittee Chair is two years, with no term limit
  + Nominations for a new or open Subcommittee Chair position are received by dedicated COS staff and then presented to the Board Chair for decision, in consultation with Board Vice Chair, COS Executive Director, and presiding host-Committee Chair
  + A Subcommittee Chair may be removed by the Board Chair, in consultation with the Board Vice Chair and COS Executive Director, for failure to deliver on accountabilities
  + Please see Section 6.6 for Subcommittee Chair Responsibilities

### COS Work Groups

A Work Group has a finite scope covering a specific action with a timeline for delivery, following which it disbands. A Work Group can operate under the Board directly or under a Committee. The TOR for Work Groups are typically developed under the direction of the Board or the host-Committee Chair.

* + A Work Group is led by a Chair designated by the Board Chair or a Committee Chair, dependent on whether the Work Group reports to the Board or a Committee.
  + A Work Group Chair may be removed by the Board Chair, in consultation with the Board Vice Chair and COS Executive Director, for failure to deliver on accountabilities.
  + Please see Section 6.7 for Work Group Chair Responsibilities

COS Subordinate Group Generic Structure

## External Stakeholder Group (ESG)

As appropriate, the Board will utilize a non-voting External Stakeholders Group (ESG) to provide perspective and insight on keys issues and opportunities affecting Industry. The ESG will be invited to meet with representatives of the Board and select staff, and will be encouraged to attend other COS-sponsored events as appropriate. Membership and make-up of the ESG will be managed by the Board.

# COS Governing Board Nominations and Rotation Process

## General

The Board seat nominations and approval process described in this section refers to the Producer/Operator (excluding the Chair and Vice Chair), Drilling Contractor and Service/Supply seats on the Board.

The COS will utilize the following process for nominating and approving COS Member Companies for Board seats:

* + Step 1: Nominations will be solicited from COS Member Companies, via the Single Points of Contact Committee (SPCC), for Board seats expiring during the current calendar year. The deadline for submitting nominations will be the end of March (Q1). Expiring BMC are eligible for re-nomination. Exceptions may be made as appropriate to fill off-cycle vacancies.
  + Step 2: Nominated COS Member Companies will be informed by COS staff of their nomination, as well as the expectations and responsibilities that will result if selected to serve on the Board. Nominated companies shall confirm their desire to serve on the Board prior to the Board vote. If a nominated company fails to confirm its desire to serve on the Board prior to the scheduled Board vote, its nomination will be nullified.
  + Step 3: The full Board votes on all confirmed nominations using a simple vote via an electronic ballot. This voting process is to be completed by the end of June (Q2).
  + Step 4: The COS Executive Director, or delegate, presents results of the Board vote to the API Upstream Committee for final selection and approval.
  + Step 5: Within 2 weeks of selection by the API Upstream Committee, newly selected Board Members are notified by COS staff.
  + Step 6: New BMC begin serving at the start of the following calendar year. Term length for a Board seat is 3 years. During the transitional phase between being selected and the start of a term, new Board members are encouraged to attend Board meetings as invited guests.

## Governing Board Chair and Vice Chair Nomination and Rotation Process

The nomination and approval process described in this section refers to the COS Board Vice Chair and Chair positions only. These positions will be filled by representatives of the Producer/Operator BMC.

### COS Governing Board Vice Chair

The Board will utilize the following process for nominating and approving the Vice Chair of the Board:

* + Step 1: Nominees will be solicited from the Producer/Operator BMC. The deadline for submitting nominations will be the end of March (Q1). Exceptions may be made as appropriate to fill off-cycle vacancies.
  + Step 2: Nominees who consent to be considered will submit a brief résumé to the COS Executive Director or designated COS staff. Nominees’ names and résumés will be forwarded to the API Upstream Committee for selection. This step of the nomination process is to be completed by the end of June (Q2).
  + Step 3: Within two weeks of selection by the API Upstream Committee, newly selected Vice Chair is notified by COS staff.
  + Step 4: The new Vice Chair will begin serving at the start of the following calendar year. Term length for a Board Vice Chair is 1 year. During the transitional phase between being selected and the start of a term, the new Board Vice Chair is encouraged to attend Board meetings as an invited guest.

### COS Governing Board Chair

The COS will utilize the following process for nominating and approving the Chair of the Board:

* + Step 1: The serving Board Vice Chair will be presented to the API Upstream Committee as nominee for the Board Chair position. The API Upstream Committee retains the right to identify additional nominees. This step of the nomination process is to be completed by the end of June (Q2).
  + Step 2: API Upstream Committee will make a recommendation to the API Executive Committee for final selection of the Board Chair.
  + Step 3: Within 2 weeks of selection by the API Executive Committee, selected Board Chair is notified by COS staff.
  + Step 4: New Board Chair begins serving at the start of the following calendar year. Term length for a Board Chair is 1 year.

# Governing Board Operations

## COS Charter

The API Upstream Committee is the sponsor for the COS, and the COS Charter must be approved by the API Upstream Committee before being considered effective. All proposed changes to the COS Charter shall be approved by the Board in accordance with 4.4.2 or 4.4.3 unless the change is requested by the API Upstream or Executive Committee. Minor changes must be affirmed by the API Upstream Committee. Major changes must be affirmed by the API Executive Committee.

## Meeting Frequency

Meetings of the Board will be held at the discretion of the Chair; typically every eight (8) weeks. Meetings should be held only when they are the most efficient and afford reasonable means of accomplishing the responsibilities of the Board. Conference calls, electronic mail, web meetings, and other such mechanisms should be used whenever practical as a means of minimizing Board member travel and time out of the office.

## Meeting Locations

### General

Meetings should be held at locations central for the participants, and ease and cost of transportation should be considered in selecting meeting sites. Meetings typically are held at COS or Board Member Company offices central for the participants.

### Meeting Expense

No Board Member Company or Board member is authorized to incur expenses or enter into contracts on behalf of the COS. All expenses and agreements shall be approved and executed by COS staff in accordance with API’s standard practices and policies.

## Meeting Procedures

### General

The Board Chair, or Board Vice Chair, shall preside over all Board meetings. Attendance (either in person or via electronic means) shall be open to all Board members, invited guests, and COS or API staff. All in attendance shall sign the Record of Meeting Attendance.

A quorum (a simple majority of Board members) is required for all Board actions. The Board Chair may, at his/her discretion, convene discussions with selected Board members to address administrative matters related to Board activities. Results of these discussions will be conveyed to the Board prior to any action being taken.

### Voting and Discussion during Meetings

The right to vote in any meeting is exclusively that of the Board members. In the absence of a Board member, a duly appointed alternate or designated representative may exercise the Board Member Company’s right to vote. Voting is limited to one vote per Board Member Company.

While consensus is the goal, a simple majority (> 50%) of members present can approve or disapprove proposals brought before the Board. However, should a member object to a simple majority vote, a proposal must be affirmed by at least a two-thirds (2/3) balloted vote of all Board members that are eligible to vote (regardless of whether or not they are in attendance).

When multiple representatives from a Board Member Company are present, those representatives should coordinate prior to the meeting. It is encouraged that one representative from a company voice the company’s opinion.

### Voting by Ballot

Actions which need a 2/3 approval in accordance with 4.4.2 shall require a formal ballot. Additionally, Board members may request a formal ballot for any vote.

A reasonable period of time shall be set for balloting (generally two to four weeks). Such period shall be established by the Board Chair in consultation with COS staff. Ballots shall be prepared and administered by COS staff.

### Minutes

COS staff or a designated Board member shall prepare minutes. Minutes of each meeting shall contain:

* + Date(s) of the meeting
  + List of Board members and guests present
  + Time the meeting opened and its location
  + Approval of previous minutes, if appropriate
  + Synopsis of each subject discussed and action items
  + Record of any votes and any future action items
  + Time the meeting adjourned

# Subordinate Group Operations

## Meeting Frequency

Meetings of Subordinate Groups will be held at the discretion of the Chair. Meetings should be held only when they are the most efficient and afford reasonable means of accomplishing the responsibilities of the Subordinate Group. Conference calls, electronic mail, web meetings, and other such mechanisms should be used whenever practical as a means of minimizing Subordinate Group member travel and time out of the office.

## Meeting Locations

### General

Meetings should be held at locations central for the participants, and ease and cost of transportation should be considered in selecting meeting sites. Meetings typically are held at COS or COS Member Company offices central for the participants.

### Meeting Expense

No COS Member Company or Subordinate Group member is authorized to incur expenses or enter into contracts on behalf of the COS. All expenses and agreements shall be approved and executed by COS staff in accordance with API’s standard practices and policies.

## Meeting Procedures

### General

The Subordinate Group Chair, or his/her designee, shall preside over all Subordinate Group meetings. Attendance (either in person or via electronic means) shall be open to all Subordinate Group members, invited guests, and COS staff. All in attendance shall sign the Record of Meeting Attendance.

A quorum (a simple majority of Subordinate Group members) is required for all Subordinate Group actions. The Subordinate Group Chair may, at his/her discretion, convene discussions with selected Subordinate Group members to address administrative matters related to Subordinate Group activities. Results of these discussions will be conveyed to the Subordinate Group prior to any action being taken.

### Voting and Discussion during Meetings

The right to vote in any meeting is exclusively that of the Subordinate Group members. In the absence of a Subordinate Group member, a duly appointed alternate or designated representative may exercise the Subordinate Group member’s right to vote. Voting is limited to one vote per Subordinate Group member company.

While consensus is the goal, a simple majority (> 50%) of Subordinate Group members present can approve or disapprove proposals brought before the Subordinate Group. However, should a Subordinate Group member object to a simple majority vote, a proposal must be affirmed by at least a two-thirds (2/3) balloted vote of all Subordinate Group members that are eligible to vote (regardless of whether or not they are in attendance).

### Voting by Ballot

Actions which need a 2/3 approval in accordance with 5.3.2 shall require a formal ballot. Additionally, Subordinate Group members may request a formal ballot for any vote.

A reasonable period of time shall be set for balloting (generally two to four weeks). Such period shall be established by the Subordinate Group Chair in consultation with COS staff. Ballots shall be prepared and administered by COS staff.

### Minutes

At the discretion of the Subordinate Group Chair, a designated Subordinate Group member shall prepare minutes. Minutes of each meeting shall contain:

* + Date(s) of the meeting
  + List of Subordinate Group members and guests present
  + Synopsis of each subject discussed and action items
  + Record of any votes and any future action items

# COS Work Products Approval Process

COS will develop work products that are intended to inform COS Member Companies, industry as a whole, and/or the public. No COS work product shall be considered final until the API Office of General Counsel has reviewed and provided feedback in accordance with API’s policies and procedures, and the Board has given final approval.

In general, All COS publically available work products shall be reviewed and formally approved by the Board.

In general, work products that are developed for distribution exclusively to COS Member Companies may not need Board approval; rather they may be approved in accordance with Section 4.4.2. Special circumstances may dictate the need for Board approval of these work products.

# COS Roles and Responsibilities

## Board Chair

* + Preside over Board meetings
  + With the Board Vice Chair and COS Executive Director, set the agenda and priorities for Board meetings
  + With COS Executive Director, lead delegation from Board at ESG meetings
  + Advise and direct, as appropriate, the activities of COS Subordinate Groups
  + In consultation with the Board Vice Chair and COS Executive Director, appoint relevant Subordinate Group chairs

## Board Vice Chair

* + In the absence of the Board Chair, preside over Board meetings
  + With the Board Chair and COS Executive Director, set the agenda and priorities for Board meetings
  + In the absence of the Board Chair , lead delegation from Board at ESG meetings along with COS Executive Director
  + Serve as Chair for the Single Points of Contact Committee (SPCC)
  + Preside over SPCC meetings
  + Monitor, as appropriate, the activities of COS Subordinate Groups

## Board Members

Board members (individuals designated to represent BMC) are expected to attend and actively participate in Board meetings and return ballots. Failure to participate in scheduled meetings or failure to return three consecutive ballots may result in the BMC’s removal from the Board. When any one or a combination of these factors is observed, the COS Executive Director shall notify the Board member that the BMC is at risk of losing its Board seat. If the participation of the Board member does not improve, the COS Executive Director, in consultation with the Board Chair and Vice Chair, shall initiate the process of identifying a replacement BMC. The procedures associated with BMC nominations shall be followed as stated in Section 3.1.

## COS Member Companies

COS Member Companies are expected to adhere to the COS Membership Agreement, follow these COS Governance Procedures, and actively participate in COS activities and programs. Failure to meet these expectations may result in non-renewal of COS membership. When any one or a combination of these factors is observed, the COS Executive Director shall notify the COS Member Company that it is at the risk of being removed from the COS. If the participation of the COS Member Company does not improve, the COS Executive Director, in consultation with the Board Chair and Vice Chair, shall initiate the process of removing the COS Member Company from COS membership, which includes notification to the API Upstream Committee.

## Committee Chair

* + Deliver the Committee’s Terms of Reference (TOR)
  + Maintain records of Committee meetings and documents (see 4.4.4)
  + Provide updates on progress against the TOR at Board meetings
  + Present items requiring Board approval at Board meetings, preceded by pre-read
  + Oversee Subcommittee and Work Group activity

## Subcommittee Chair

* + Deliver the Subcommittee’s TOR
  + Maintain records of Subcommittee meetings and documents (see 4.4.4)
  + Provide updates on progress against the TOR at host-Committee meetings
  + Present items requiring host-Committee approval at Committee meetings, preceded by pre-read

## Work Group Chair

* + Deliver the Work Group’s TOR
  + Maintain records of Work Group meetings and documents (see 4.4.4)
  + Provide updates on progress against the TOR at Board or host-Committee meetings
  + Present items requiring Board or Committee approval at Board or Committee meetings, preceded by pre-read

## Subordinate Group Members

* + Be prepared for meetings:
  + do pre-work
  + consult with colleagues in order to be able to represent company’s perspective
  + When voting on items, silence during a meeting will be interpreted as agreement; absent members will be considered abstaining

### Single Points of Contact Committee Member

* Manage communication between COS and COS Member Company
* Represent COS Member Company’s interests regarding COS plans, COS program development, COS Subordinate Group TOR and activities, and COS infrastructure issues, as appropriate
* Recommend continuous improvement opportunities to SPCC
* COS Member Company focal point for:
  + COS Program implementation
  + Delivery on COS requests and action items directed to COS Member
  + Planning and execution of COS events, workshops, and similar activities
  + Attributes of an SPCC member:
    - Has direct access to COS Member Company’s senior management, including COS Board member, if applicable
    - Good knowledge of COS Member Company’s organization and management systems
    - Full or part time role based on the COS Member Company’s own business model and needs

## COS Staff

The COS staff shall be responsible for communicating policies and procedures, and providing guidance and administrative support to the Board and Subordinate Groups. The staff shall be responsible for the preparation of the Board meeting agenda and minutes; Record of Attendance of all meetings of the Board; and maintaining files and records in accordance with appropriate policies and procedures. The staff may also be responsible for the preparation of Subordinate Group meeting agenda and minutes, at the discretion of the Subordinate Group Chair.

# Terms and Acronyms

* **Board Member Company/BMC**: COS Member Company selected by API Upstream Committee to fill a seat on the COS Governing Board
* **Board member**: An individual who represents his/her Board Member Company at Board meetings and who is responsible for fulfilling the responsibilities of a Board member as outlined in 7.3.
* **COS Member Company/COS MC**
* **COS member/Subordinate Group member**: An individual who represents his/her COS Member Company at Subordinate Group meetings and who is responsible for fulfilling the responsibilities of a Subordinate Group member as outlined in 7.8.