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PPDM BOD NOMINATIONS COMMITTEE

PRESENTED BY: THE PPDM BOARD OF DIRECTORS

PROFESSIONAL PETROLEUM DATA MANAGEMENT
ASSOCIATION

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PPDM BOD NOMINATIONS COMMITTEE

COMMITTEE BACKGROUND AND DESCRIPTION

The Professional Petroleum Data Management Association (PPDM) is the not for profit, global society that enables the development of professional data managers, engages them in community, and endorses a collective body of knowledge for data management across the oil and gas industry.

The Association's bylaws govern the legal operation of the PPDM Association. In alignment with these, and the appropriate legal and policy framework, the Board is responsible for the overall strategic oversight and long-term health of the PPDM Association. It is expected to provide leadership and governance for the PPDM Association and act in the best interests of all the members of the PPDM Association by promoting the PPDM Association's goals.

In 2016, the Legal Committee of the Board of Directors was asked to evaluate the mechanisms and processes that underpin the PPDM Board nominations and elections systems to ensure that the Association was positioned to attract highly qualified individuals to the Board. This evaluation resulted in several recommendations that were presented to the Board for endorsement. Two of the endorsed recommendations will be fulfilled by the formation of a Nominations Committee:

1. The Committee proposes that the PPDM Board of Directors create an independent Nominations Committee to oversee the nomination process for eligibility for election to the position of Director of the PPDM Association. The committee would have the role of vetting and endorsing candidates most qualified to lead the organization, but would not have the role of limiting member candidacy. The Committee further recommends that the Nominations Committee be comprised of 3 – 5 former members of the Board of Directors of the PPDM Association, or members of the PPDM community with established leadership capabilities who remain members in good standing of the Association. It is further proposed that initial membership of the Nominations Committee be by the appointment of the Board, and accountable to the PPDM Board of Directors. The Nominations Committee will be responsible for defining the terms of refreshment for committee membership.
2. The Committee proposes that the Board establish a set of principles or guidelines for eligibility to stand for election to the Board. Ownership and accountability for the content of the guidelines should rest with the Board of Directors, but maintenance and revision should be the responsibility of the Nomination Committee. Schedule "A" (attached) presents an initial set of eligibility guidelines for the Board's consideration. The Nominations Committee should hold responsibility for defining an alternative approach for achieving nomination for election as a Director of the Society should the Association's counsel find that the eligibility requirements or the introduction of a nomination committee violate in any way violate the principle of symmetry.

HIGH LEVEL GOALS AND OBJECTIVES

1. The Nominations Committee will meet annually to review the Eligibility Guidelines, and consider whether revisions are necessary. If necessary, a revised set of guidelines will be presented to the PPDM Board of Directors for approval; submissions must be given to the Board of Directors at least 16 weeks before the Annual General Meeting at which the revisions are expected to be in effect.
2. The Nominations Committee will work with PPDM staff to schedule the Call for Nominations and Nominations process each year. Schedules for these events will comply with the PPDM Association bylaws.
3. The Nominations Committee will review all nominations and candidates.
4. Final advice to each candidate must be made prior to the creation of the election ballot.
5. Members of the Nominations Committee may not stand as scrutineers at the AGM, as this would be a conflict of interest.

BENEFITS

Director's nominations and elections processes, underpinned by practical eligibility requirements, ensure that the Association attracts high quality, experienced and strategically minded candidates to the role of Director. This in turn supports the Board's effectiveness, and ensures that the Board remains free of unreasonable influence by any single stakeholder or stakeholder group.

GUIDING PRINCIPLES

The Nominations Committee must operate within the framework established by:

1. The PPDM Association Bylaws
2. The membership qualification and status as defined in the PPDM Membership Agreement.
3. The Alberta Business Corporations Act, RSA 200, c B-9
4. The Alberta Societies Act, RSA 2000, cS-14
5. General principles of corporate governance best practices
6. Guidelines for Candidate Eligibility as Director for the PPDM Association Board of Directors

Under the existing PPDM Bylaws, the Nominations Committee may make recommendations to candidates, but cannot prohibit candidates from standing for election as a Director of the PPDM Association.

ASSUMPTIONS

The Committee is constituted by the board but is not a committee of the board.

DELIVERABLES

1. Guidelines for Candidate Eligibility as Director for the PPDM Association Board of Directors.
2. Nominations application criteria and forms.
3. Candidate reviews and feedback are to be provided in confidence to the respective candidates as non-binding advice.
4. Candidate reviews and feedback must be provided in writing and documents filed with PPDM legal counsel as part of the annual PPDM filing.

COMMITTEE CONSTRUCTION

- Size:** The committee will be comprised of 3 – 5 qualified individuals.
- Term:** Each committee member will be expected to serve a 2-year term. Committee members may serve for up to 2 terms.
- Chair:** The chair will be chosen by the Nominations Committee, using a mutually agreed method, on an annual basis.
- Secretary:** The secretary will be chosen by the Nominations Committee, using a mutually agreed method, on an annual basis. The secretary will record the proceedings and recommendations of the Nominations Committee. These must be submitted to legal counsel for the Association on an annual basis.

COMMITTEE CONSTITUENCY

The Nominations Committee will be formed by interested parties, contingent on Board approval.

The Board of Directors should review the constitution of the Nominations Committee annually in the second quarter meeting of the Board of Directors in each fiscal year.

Each Candidate for the Nominations Committee should:

- Be interviewed by a designated member of the PPDM Board of Directors
- Be aware of the strategies and plans of the PPDM Association so they understand specific skills and knowledge that Board Candidates should have
- Be aware of existing and planned PPDM initiatives, to ensure they can speak to these cogently

COMMITTEE MEMBER CRITERIA

1. Each candidate must be a member of the PPDM Association in good standing throughout their term on the committee.
2. Candidates must have established leadership capabilities.
3. Candidates should have past experience as a member of a strategic board of directors, such as the PPDM Board of Directors.
4. Candidates may not be a member of the Board of Directors during their term in the Nominations Committee.

RISKS AND ISSUES MANAGEMENT

1. Candidates who do not receive the recommendation of the Nominations Committee may seek to take legal action.
 - a. PPDM must ensure that suitable insurance is in place
 - b. Ensure guidelines are defensible through a review by the PPDM Legal Counsel.
2. Endorsement from the Nominations Committee does not provide confirmation that a given individual is a suitable candidate for the PPDM Board of Directors. Endorsement merely states that a candidate has been deemed qualified through an initial scrutiny based on the criteria in the Eligibility Guidelines.
 - a. Appropriate disclaimers must be published on documents prepared by the Nominations Committee, both those for public consumption and those for candidates.

HIGH LEVEL TIMELINE/ SCHEDULE

The first Nominations Committee will be formed early in 2018.

COMMUNICATION DOCUMENTS

Any communications between the Nominations Committee about committee business and the membership must be made through official PPDM channels.

Communications between the Nominations Committee and the Board of Directors will be between the chair of the Nominations Committee and a designated PPDM Board of Directors representative (initially the Chairman of the Board).

SCHEDULE A

Directors Eligibility Guidelines

Disclaimer

Endorsement from the Nominations Committee does not provide confirmation that a given individual is a suitable candidate for the PPDM Board of Directors. Endorsement merely states that a candidate has been deemed qualified through an initial scrutiny based on the criteria in the Eligibility Guidelines.

Collaboration helps PPDM develop and implement holistic strategies.

PPDM's objectives will be accomplished through collaboration between operators, regulators, vendors, service companies, and educators. A well-constructed board of directors contains representation from as many stakeholder groups as possible.

Global representation allows the PPDM Board to address the needs of its constituency

Social, economic and cultural differences between regions must be considered as global strategies are developed and implemented. The Board strives to ensure that, over time, global representation is achieved.

Only Members are eligible for positions on the PPDM Board of Directors

Membership in PPDM may be obtained as an individual, or through the corporate membership of employers. Since individuals may transition between companies during their term of office, PPDM recommends that candidates obtain membership that is independent of their corporate affiliation.

Independent candidate reviews help qualify prospective Directors

The PPDM Board is responsible for the strategic direction of the Association, and for fiduciary oversight. Directors should have clear, demonstrated skills and experience in these areas, have experience at the executive or management level, and understand the oil and gas business. The PPDM Nominations Committee verifies candidate skills and experience; and may **recommend** those best qualified for a role as Director. The Nominations Committee may, at their discretion, advise some candidates to seek other roles in PPDM committees or workgroups before seeking nomination for the role of Director.

Involvement in PPDM activities help prepare prospective Board candidates

Individuals who have an established track record of direct engagement in PPDM or industry activities, committees, or workgroups are better positioned to participate in the ongoing stewardship and development of the Associations plan.

Strength and stability are derived through a balance between experience and fresh ideas

PPDM values both the wisdom that Directors develop through participation in Board activities, and the fresh ideas that new Directors bring. A well-constructed board should contain a balance of experienced and new board members.

Clear expectations help ensure Directors understand their commitment

Directors are elected for a two-year term on the Board. During this term, Directors are expected to spend adequate time preparing for, participating in, and completing associated actions, for board meetings or agreed ancillary activities. Repeated failure to meet these expectations could result in removal from the Board. The position of director is unpaid, and Directors are responsible for their own expenses.

PPDM must be independent of undue corporate influence

Directors must represent both the needs of individual data managers and the needs of industry. PPDM values this multifaceted input; a well-constructed board represents all viewpoints without allowing any one constituency to have undue influence on the strategies or plans of the Association. During nomination reviews, existing or potential corporate representation could be considered to ensure a healthy balance of Directors.

Directors must be neutral, and avoid any conflict of interest

Members must sign the PPDM Code of Ethics prior to participation on most work groups and committees, including the Board of Directors. Candidates must also declare any existing conflicts of interest, and must avoid potential conflicts of interest or violation of applicable anti-trust legislation during their term in office.

Directors must protect the confidentiality of PPDM information

Directors have access to confidential information, and must ensure that this information is not disseminated to others, even those in positions of authority over them, in any form, without consent from the PPDM Board of Directors, or authorized delegate.

Directors must abide by PPDM policies

In the context of their participation in the Board or other PPDM activities, Directors must follow its policies and practices.

Directors represent the PPDM Association

Directors should take every opportunity to meet with members of the PPDM Association to understand their needs and promote the benefits derived from membership. Directors promote the benefits of the PPDM Association to the upstream petroleum industry and seek financial resources and volunteer participation in support of the PPDM Association.

APPENDIX A: AUTHORITY AND RESPONSIBILITIES

PPDM BOARD OF DIRECTORS

- Association governance and strategy
- Approve charter and budget for project activities
- Select or approve candidates for the Nominations Committee

PPDM CEO

- Develop business plan, and integrate project plans into overall objectives of the PPDM Association.
- Overall PPDM Association budget, including project budget administration. Assist with project budget planning.
- PPDM staff resource allocation.
- Recruit funds for project funding.

NOMINATIONS COMMITTEE

- Recommendations for changes to the Guidelines for Candidate Eligibility as Director for the PPDM Association Board of Directors.
- Candidate reviews and feedback based on Candidate Eligibility as Director for the PPDM Association Board of Directors.
- Final reports and other relevant materials must be made available to PPDM Legal counsel on an annual basis.
- Names and other required information (e.g. board nomination application form) for Board Election Candidates Ballot and Annual General Meeting.