

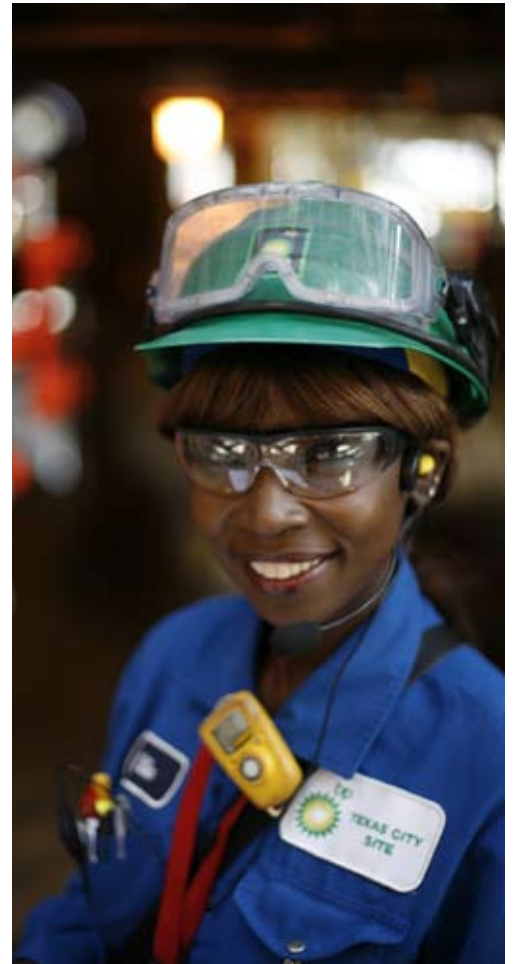
# BP Sustainability Reporting 2009

## Our people



15 April 2010

[bp.com/pdfdownloads](http://bp.com/pdfdownloads)



This download of selected pages from our full online Sustainability Reporting 2009 may not provide sufficient information to allow as full an understanding as would reading the entire online Sustainability Reporting 2009 contained within the website. BP Sustainability Review 2009 and the online BP Sustainability Reporting 2009 contain certain forward-looking statements concerning the businesses, operations and strategy of BP. For details see: Cautionary statement at [www.bp.com/cautionarystatement](http://www.bp.com/cautionarystatement)

BP Sustainability Review 2009 and the online BP Sustainability Report 2009 have been prepared by the management of BP p.l.c.. Ernst & Young have carried out a limited assurance review of the Review and Report. For details see: Ernst & Young assurance statement at [www.bp.com/assurancestatement](http://www.bp.com/assurancestatement)

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Meeting the energy demands of today and tomorrow





## **Our organization**

### **People are fundamental to our progress in BP. Our performance and safety record depend on our employees' skill and commitment**

To build an enduring business in an increasingly complex and competitive industry, we need people with world-class capabilities in a wide range of areas, from deepwater drilling and refinery operations to negotiating with governments or planning wind farms.

We organize, manage and reward employees in ways designed to achieve the best possible performance, today and for the long-term. Our emphasis is on creating a high performance culture in which people develop deeper specialisms, deliver excellent results, exhibit collaborative behaviour and are rewarded in line with their achievements.

We are also actively seeking to find and develop people with engineering and other specialist skills which are currently in short supply in the energy industry.

### **Our structure**

BP is organized into two business segments, Exploration and Production and Refining and Marketing, along with other businesses, including Alternative Energy. These are sub-divided into more than 30 strategic performance units (SPUs), along with specialist support functions such as human resources; safety and operations; information technology and services; and finance. The SPUs typically cover a segment's activity in a country or region; examples include Angola exploration and production, US West Coast fuels value chain and wind energy.

SPUs are responsible for running their operations in pursuit of agreed objectives and within frameworks laid down at group and segment level. Providing SPUs with significant authority enables them to be agile and efficient in developing and delivering appropriate strategies for their local environments.

## Group people committee

Responsibility for people starts at the top. The group chief executive and the executive team make up the group people committee which takes overall responsibility for policy decisions relating to employees. During 2009 the committee's work included senior level talent reviews and succession planning, embedding diversity and inclusion plans in the businesses, the structure of long-term incentive plans and a review of graduate recruitment.

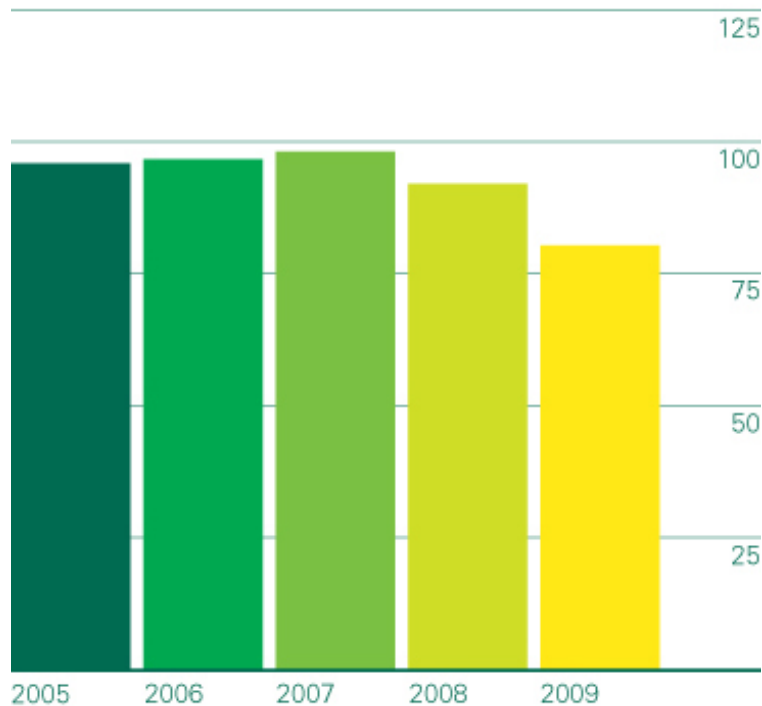
## Our workforce

BP strives for a streamlined, efficient organization. Recent transformation programmes have eliminated duplication and unnecessary layers of management, while bringing on board people to fill specific gaps in capability. This process, along with retail staff reductions, resulted in a decrease of around 11,700 employees in 2009, taking the total number of employees to around 80,300.

We have reviewed and reshaped our group leadership to ensure we have the right people in the right roles. As a result, we reduced the total number of people at the group leadership level by 16% during 2009.

## Number of employees <sup>a</sup>

(thousands)



<sup>a</sup> As at 31 December 2010

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## Building a sustainable talent pipeline



### **BP is focusing on the need for deep specialist skills in its recruitment efforts**

The energy industry currently faces a shortage of professionals such as petroleum engineers and the number of experienced workers retiring is expected to exceed that of new graduate hires.

To help address this issue we are developing more robust resourcing plans supported by initiatives aimed at increasing the numbers of recruits and diversifying the sources from which we recruit. The external hiring initiatives are supported by plans for accelerated discipline development, prioritized deployment and retention schemes.

#### **Attracting talented people**

BP recruits graduates from a wide range of technical disciplines as well as experienced individuals from the energy industry and beyond.

Access to the best graduate talent at university remains competitive. As a result we interact with students throughout their university career through scholarship programmes and internships. These programmes enable students to gain an insight into BP and business life whilst allowing us to assess their potential.

In both the US and the UK we continue to work closely with around 20 core universities including MIT , Rice , Stanford , Oxford , Cambridge and Imperial . This maximises our opportunities to hire the best science, technology, engineering and mathematics graduates. Cambridge, for example, is a partner with whom we work on policy-related areas and research, such as the BP Institute for Multiphase Flow. This provides us with access to academics and students alike, and in 2009, 20 of our recruits came from the university.

Despite the challenging economic climate in 2009, we maintained our graduate recruitment levels, employing around 470 new graduates within a total of some 6,500 newly hired employees, excluding retail staff.

### **Talent and succession planning**

BP carries out annual talent and succession reviews to examine business capabilities and put plans in place to deal with any gaps. The reviews identify people with the potential to rise into senior positions and create development plans for these key individuals. These reviews are designed to ensure there is equal opportunity for all to advance on merit.

Graduate development remains a strategic priority. For example, Exploration and Production's Challenge programme keeps graduates in roles long enough to help their personal development and maximise their contribution to the business; additionally, emphasis is placed on leadership behaviours as well as technical competence.

Beyond graduate development, we are focusing on developing petro-technical skills in a more consistent manner. Each petro-technical discipline is developing a ten year road map outlining what development and deployment should look like for its employees over this period.

### **Identifying future leaders**

Our career acceleration programmes (CAPs) support the rapid development of around 350 people who have the highest potential and are expected to achieve senior and group leadership positions. Through CAPs, we identify highly talented individuals and provide them with specialized development plans, career advice and enhanced networking opportunities. We place CAPs members in stretching roles, enabling them to build potential, demonstrate performance and accelerate their progress.

Members of the CAPs receive support and mentorship from senior leaders. They are given tailored on-the-job development plans, online resources and access to a network of peers who can offer support and challenge.

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## Developing our leaders



**In BP we have a global approach to developing our leaders that is focused on the main behaviours that are critical to achieving high performance**

### **BP's leadership framework**

We believe that strong leadership and high performance depend on having a simple and consistent view of what leadership means throughout our varied businesses. We therefore adhere to a single, common leadership framework, with a clear and focused set of expectations. These are that leaders in BP will:

- Value expertise, for example by developing capability in the team.
- Energize people, for example by fostering teamwork and giving and receiving honest feedback.
- Act decisively, for example by setting a clear direction and seeing tough decisions through.
- Deliver results, for example by driving safe, reliable and efficient operations and continuous improvement.

This model is used throughout BP to help select, assess, develop and reward our leaders. **Managing Essentials – for BP managers**

We run a series of development programmes called Managing Essentials to help our line managers apply the leadership framework in their own teams, In both the US and the UK we continue to work closely with around 20 core pursuing continuous improvement in performance.

Managing Essentials helps managers do their jobs better by providing them with practical tools, frameworks and access to a network of peers.

Our Managing Essentials programmes include:

- Management Foundations – which enables first-level leaders to develop the key skills needed to apply the leadership framework's four elements and to understand key aspects of health, safety, security and the environment; finance; risk; and employment law.
- Improving Personal Performance – which covers taking ownership of business challenges, communicating effectively, influencing other people, resolving conflicts and achieving desired business outcomes.
- Effective Teamworking – which helps senior leaders establish direction, priorities and boundaries for their teams, as well as promoting motivation and collaboration.
- Effective Performance Conversations – which helps managers to have clear and constructive discussions with staff about their performance.
- Discover BP – which gives experienced hires an overview of the energy industry and BP's purpose, values, structure, strategy, systems and processes.

More than 12,000 employees in 41 countries have now undertaken Managing Essentials programmes since its launch in 2007.

### **Operating Essentials**

More than 2,700 front-line operational leaders have taken part in the Operating Essentials programme, which provides practical training in line with our group-wide operating management system.

### **Senior leadership development**

We use internal and external evaluation processes to tailor the development plans for BP's group leaders. Managers, peers and team members review leaders' performance with the help of a 360° feedback tool, identifying their top three relative strengths and weaknesses.

Individuals being considered for group leader positions undergo a thorough external assessment to provide them with detailed personal development plans to help them achieve success in their new roles.

### **Developing specialist leadership skills in operations, finance and human resources**

We run three specialist development programmes designed to build excellence in important functional areas – operations, finance and human resource management.

## **Operations Academy**

The Operations Academy, set up in partnership with MIT, provides BP's managers with a systematic and rigorous approach to managing safe and efficient operations. Operations represent the core of BP's business, from oil platforms to gas fields, refineries to chemical plants. Running them safely, efficiently and competitively is therefore crucial to our success – as is a culture of continuous improvement, constantly identifying better ways to carry out our work. Almost 300 operations leaders have attended the Operations Academy since it started in July 2007.

The Executive Operations Programme enables senior leaders to support the changes made by operations-level management, reflect on their own contributions to the process and commit to systematic and verifiable change across the organization. To date, the group chief executive, his executive team and approximately 90 group leaders, including the strategic performance unit leaders, have participated in this programme.

## **Chief financial officer (CFO) excellence programme**

We have partnered with Duke Corporate Education, a not-for-profit support corporation for Duke University, to create the CFO excellence programme which covers topics including risk management, continuous improvement, reporting and controls. With much of our finance work having been devolved to BP's strategic performance units, we developed this tailored programme to strengthen the skills of our businesses' CFOs in terms of creating and protecting value, exercising robust controls and integrity of reporting and driving change within their business entities.

## **Human resources (HR) excellence programme**

People management skills are fundamental to developing the capability of our employees. Within the HR function a comprehensive development programme has therefore been created to build technical, professional and behavioural capability. This will equip HR staff to support business leaders in building sustainable capability across BP.

As an example, we have partnered with the ILR School of Cornell University in the US on a strategic HR development programme for our senior HR leaders, to deepen and broaden their business acumen and capability to influence at the most senior level.

## **Specific observation from Ernst & Young**

During our work, interviewees from a range of functions emphasised the priority that has been given to staff development, recruiting the right skills

and employing staff that are representative of the communities in which BP operates. Success has been highlighted in several developing countries but similar achievements can be challenging in markets where there is a limited supply of the required skills, and where there is strong competition for this experience.

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## Growing energy skills



**The energy industry is competing with many others to attract skilled employees, at a time when demand for its products is growing and projects are becoming more complex**

As well as focusing on external hiring, BP is responding to this skills shortage by strengthening its internal development programmes and capabilities, and by working outside the organization to inspire young people to acquire the skills needed to work in the industry.

### **Investing in technical skills for the future**

As part of our effort to develop deep specialist skills, we use a variety of methods to help employees at all levels develop their capabilities, ranging from major global programmes and facilities to tailored knowledge-sharing initiatives.

At the global level, we have set up a state-of-the-art learning centre for Exploration and Production employees in Houston, US. The centre, equipped with the latest learning technology, will serve as the platform for delivering and broadcasting learning to BP people around the world. Programmes run from the centre will cover all aspects of upstream work, from basic drilling techniques to advanced seismic imaging and real time digital management of production.

We have created a training and development programme for our refining

engineers covering all relevant competencies, from hazard recognition and fuels blending to financial skills and efficiency improvement. As they progress through their early years with BP and their first unit assignments, engineers follow personalised learning maps that set out the practical steps they need to take on the job to acquire the competencies they need. Designed to ensure consistent development across our engineering teams, the programme is already in use at four of BP's five US refineries.

We use more targeted knowledge-sharing approaches as well. In 2009, we relocated five highly qualified engineers from the Trinidad & Tobago business to Azerbaijan, a business which is growing fast and in need of help in training engineers in offshore drilling techniques. While Azerbaijan benefits from the technical expertise, the team from Trinidad gains international experience and develops its training expertise.

### **Support for schools and universities in developing young talent**

We conduct and support numerous programmes in schools, colleges and universities in order to inspire young people to join the energy industry and study relevant subjects in their education. For example, in the UK, our comprehensive programme provides continuing professional development training for teachers, educational resources and mentors for UK schools.

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## An engaging and inclusive environment



**We are committed to creating a work environment where diversity and inclusion are valued and where everyone is treated fairly, with dignity and respect, and without discrimination**

We believe people perform at their best when they are valued as unique individuals and their views are taken into account.

We actively seek to build a workforce whose diversity reflects the societies in which we work. We believe that it is a source of competitive advantage as well as a mark of a progressive organisation to have a workforce which is diverse in terms of gender, race, age, sexuality, religion, culture, experience, disabilities and other personal characteristics. We believe that having a reputation as an inclusive employer attracts people to work for BP. Research shows that diversity of gender, ethnicity and other factors within teams can drive increased productivity, problem-solving and innovation. Research suggests that companies with strong records in equal employment opportunity and with boards including female and ethnic minority members often outperform their peers.

We therefore aim to create an engaging and inclusive culture at BP by:

- Engaging with employees and seeking feedback from them on the company's progress and culture.
- Acting to promote a diverse, inclusive, meritocratic workforce where people from all backgrounds have the opportunity to make a contribution and advance on merit.

## Strengthening employee engagement

We conduct an annual employee survey to monitor employee attitudes and identify areas for improvement. Our 2009 survey, completed by around 33,000 employees, showed a clear year-on-year improvement in employee satisfaction and support for BP's strategic direction.

The overall employee satisfaction index showed a 6% increase to 65%, while 93% of participants said they felt 'personally committed' to supporting BP's priorities of safety, people and performance. There were particularly encouraging scores for internal communications; awareness and understanding; commitment; and confidence.

Areas highlighted for improvement included listening to employees, encouraging people to contribute ideas and recognizing jobs well done.

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## Making diversity and inclusion a reality

### **As a global company of around 80,000 people, BP has a naturally diverse workforce in terms of gender, race, nationality and culture**

We actively embed diversity and inclusion across the organization through our global diversity council, the establishment of diversity plans tailored to each strategic performance unit (SPU) and support for affinity groups for networking and sharing experiences.

In 2009 the drive to embed diversity and inclusion through BP accelerated significantly as every SPU was required to draw up a plan setting out how it would promote a diverse workforce and an inclusive culture in its own operations. This followed the creation in 2008 of the global diversity council, chaired by the group chief executive, along with segment councils and a North America council.

Devolving accountability to the SPUs ensures that their leaders focus on the very different diversity challenges faced across BP, from providing the right conditions for more women to advance into senior positions, to safeguarding and promoting rights of minorities in multi-ethnic communities. Each SPU diversity plan includes specific targets which are included in their leaders' performance contracts from 2010 onwards.

Mandatory training in diversity and inclusion for 6,000 senior leaders also begins in 2010.

### **Leadership and employee diversity**

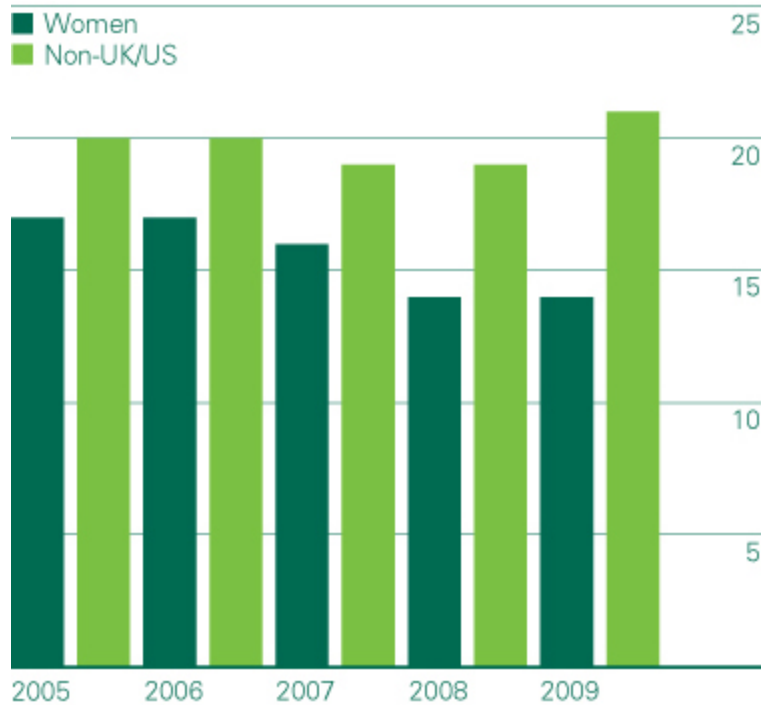
Our practices are designed to ensure that every employee has the chance to progress to a leadership role on merit alone. We therefore collect data on our top leaders – known as the group leadership – to monitor their diversity.

Since we started reporting the composition of our group leadership in 2000, the percentage of women leaders has increased from 9% to 14%. The number of leaders from outside the US or UK has increased from 14% to

21%. Meanwhile, the number of group leaders from US or UK racial minorities has increased from 4% to 6% since 2000, with an increase in the US from 6% in 2000 to 13% in 2009.

### Diversity and inclusion

(% group leadership)



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We continue to increase the number of local leaders and employees in our operations, where possible, so that they reflect the communities in which we operate. For example, in Colombia, national employees now make up 98% of BP's team, while in Azerbaijan, the equivalent proportion is around 85%. There are many other countries where we have more to do to reflect the local communities in which we operate. By 2020 more than half our operations are expected to be in non-OECD countries and we see this as an opportunity to develop a new generation of experts and skilled employees.

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## Affinity groups

### **BP encourages the formation of affinity groups by which particular sub-sets of employees can network and exchange experiences**

Recognised affinity groups are supported by senior leaders and provided with access to company resources such as funds, rooms and web-space.

Corporate support for affinity groups is based on the belief that BP's business interests are served by removing barriers, welcoming diversity and enabling all employees to achieve personal fulfilment in their careers.

In 2009, for example, we formed the BP Women's International Network (BPWIN), building on local women's networks that existed in several regions. BPWIN creates a global forum for women to discuss important issues and learn from each other through informal contacts as well as events such as webcasts. Access to this network of contacts is intended to encourage women to stay with BP and find the best ways to fulfil their career goals. Men also actively participate in these events. BPWIN is currently chaired by Katrina Landis, group vice president of BP's alternative energy business, and has a steering committee that includes women from across BP. Its website and resources are freely available within BP.



**Katrina Landis**

Other recognised affinity groups include the BP Pride group for the lesbian, gay, bisexual and transgender community and the US-based BP Asian, African-American and Latino networks. The UK-based Global Reach group brings together exploration and production employees from outside the US and the UK, while Gray Matters in the US brings together older workers to demonstrate their importance in achieving business results. Positively Ethnic is a UK-based group for ethnic minority employees.

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## Performance management and rewarding people

**Great business performance depends on great individual and team performance. The way we manage, improve and reward performance is therefore critical**

### Performance management and reward

BP strives for a performance-driven culture, with a clear alignment between team performance, individual performance and the bonuses that are received.

Under our performance management approach, each BP business has a plan designed to accomplish elements of the group's overall strategy. Objectives and milestones for each individual are then set in accordance with the team plan. In addition to base pay, employees are rewarded according to how well they perform against specific objectives that must be clearly linked to the goals of the team as a whole.

We try to ensure that our benefits packages are fair, attractive and sustainable for the long term. For example, in 2010, we are introducing a new flexible benefits plan in the UK. This includes employee private medical insurance and health screening benefits, as well as the introduction of a cash allowance for new hires to purchase benefits and a defined contribution pension plan for those no longer eligible for the defined benefit plan.

We have redesigned our reward strategies and processes so that we can clearly identify and reward top-performing businesses and individuals. We completed a second cycle of this new process for the 2009 performance year.

### Executive reward packages

There is direct alignment between the goals of BP set by the board, the goals of our key businesses and the performance contracts of our executive leadership. As part of a standard approach, executives' performance is evaluated against their performance contract. We believe our reward

packages strike the appropriate balance between rewarding individual performance and reflecting group performance. Remuneration for executives is delivered in cash and BP equity. Policy governing the reward of executive directors is established by the remuneration committee of the board. Policy for all other employees is established by the group people committee.

▶ [Annual Report and Accounts 2009 – executive reward packages](#)

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## Asking questions and raising concerns

### **BP has external and internal mechanisms for employees, business partners, suppliers and vendors to ask questions and raise any concerns about possible breaches of BP's code of conduct**

BP expects employees to abide by the code of conduct and to ask questions or report any concerns they have about safety, environmental performance, employment-related matters or other possible breaches of the code of conduct.

The code of conduct advises employees with questions or concerns to consider raising them with their line manager, their human resources representative, the legal group or group compliance and ethics. Employees can also use the group's own internal grievance process, works councils, staff consultation forums and trade unions.

### **Confidential helpline and external ombudsman**

Employees, contractors or other third parties who have questions about the code or are concerned that laws, regulations or the code of conduct may be being breached, can also get help or raise concerns through OpenTalk, an independent confidential helpline. In the US, staff can also contact our independent US office of the ombudsman (USOO) and the Independent Monitor who scrutinises BP's market trading activity.

Individuals can contact OpenTalk anytime, using a multilingual telephone line or via fax, e-mail or letter, 24 hours a day, seven days a week.

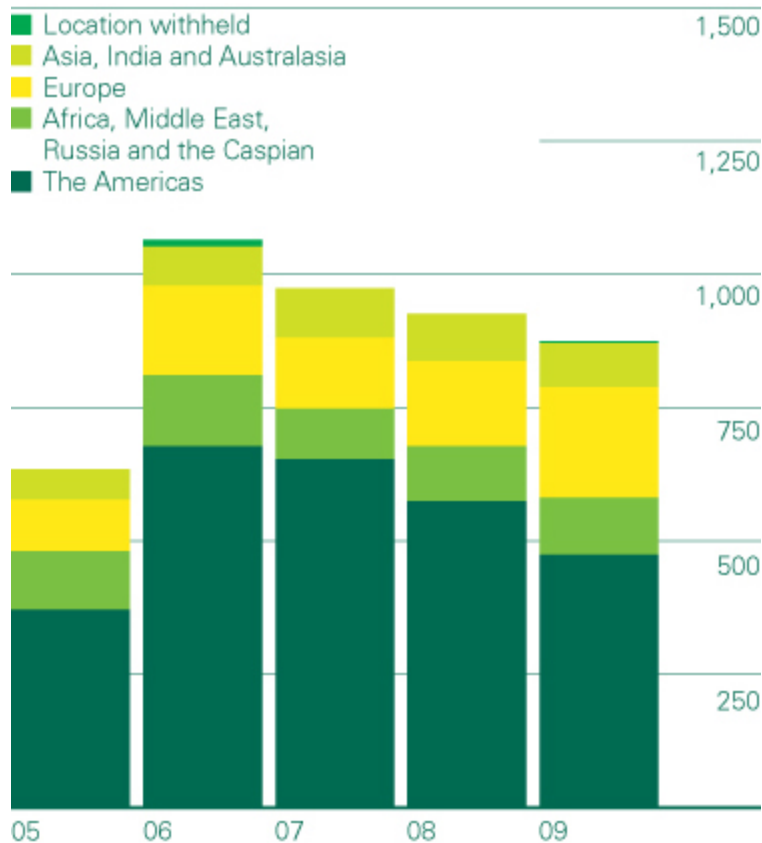
All OpenTalk contacts are initially handled by an independent organization before being passed to a senior BP compliance manager, who will arrange a response and, if appropriate, an investigation. The USOO's call-taking, investigation and response processes are similar to those of OpenTalk.

Any employee who in good faith seeks advice, raises a concern or reports

misconduct is following our code of conduct. BP will not tolerate retaliation against that employee. Retaliation claims are taken seriously, investigated and appropriate action is taken if retaliation is proven.

In 2009, 874 cases were raised through OpenTalk, compared with 925 in 2008. The most common issues raised in 2009 related to employment matters such as alleged failure to provide fair treatment, equal opportunity and a respectful, harassment-free workplace.

### OpenTalk cases



### The US ombudsman

The US ombudsman is former US District Court Judge Stanley Sporkin, appointed in 2006 following concerns raised over safety and integrity issues in Alaska. He serves as a neutral adviser whom employees and contractors can contact in confidence to report any suspected breach of the code of conduct. During 2009, 80 concerns were raised with Judge Sporkin, the most common of which were concerns over health, safety, security and environment and employment matters. A team of independent investigators working under Judge Sporkin follows up on concerns raised. The Judge's recommendations are reported to the chairman and president of BP America and to the safety, ethics and environment assurance committee.

Employees can find information about grievance processes through BP's intranet. Works councils and consultation forums can be accessed in different ways depending on the location. These include intranet sites, e-mailing employees directly, blackboard messages and printed leaflets. Trade unions also communicate with staff in a variety of ways depending on the country. In the US, individuals who are already union members and/or part of the local union trades council can report to either their local union representative or local BP management.

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## Compliance in trading

### **In response to manipulation of the price of propane trading by BP traders in February 2004, BP America Inc entered into a deferred prosecution agreement (DPA) with the US Department of Justice (DOJ) in October 2007**

The DPA runs for three years provided BP America complies with its terms. In addition, BP Products North America Inc entered into a consent order with the US Commodity Futures Trading Commission (CFTC). Under the terms of the DPA and the consent order, an independent Trading Monitor was appointed by the DOJ and the CFTC. The Monitor continues to review BP's progress in implementing a trading compliance programme and to provide regular reports to the US authorities. In December 2009, the Monitor advised that BP continues to comply with the consent order and is making every effort to stay in this status. In the fourth quarter of 2010, the US government will determine whether sufficient progress has been made under the DPA before making any decisions about whether to exercise its unilateral authority to extend it.

BP is committed to working with the Monitor to ensure that the compliance programme is fully embedded in its trading activities and that this continues beyond the term of the agreement.

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## **Managing and certifying compliance and ethics**

### **We have a rigorous process to embed compliance and ethics throughout BP and report on any breaches of the code of conduct**

As part of our annual compliance and ethics certification process, all senior level leaders meet with their teams to discuss compliance and ethics issues and OpenTalk. Senior leaders submit a certificate stating that they personally understand and adhere to the code of conduct and have discussed the code and OpenTalk with their teams. Leaders are also required to report any code breaches that occurred in their teams. Each leader submits a certificate to his or her supervisor.

This process rolls up the management line to the group chief executive, who signs a certificate for the whole group and reports to the board's safety, ethics and environment assurance committee. In 2009, there was 100% participation in this process from the top 6,000 leaders in BP.

### **Employee and contractor dismissals**

In 2009, BP's businesses reported 524 dismissals for non-compliance or unethical behaviour, a 31% decrease from the previous year's 765 dismissals. This excludes dismissals of staff employed at our retail service station sites, for incidents such as thefts of small amounts of money. Violations of health, safety, security or environmental requirements accounted for about two-thirds of these dismissals, reflecting our emphasis on holding people accountable for safe operating.

### **Suppliers and ethics**

BP's processes are designed to choose suppliers carefully and on merit, avoiding conflicts of interest and inappropriate gifts and entertainment. We expect suppliers to comply with all legal requirements and to act consistently with the principles of the code of conduct when working on our behalf.

In 2009, BP terminated or did not renew 30 suppliers' contracts, mainly due

to fraud, bribery, corruption, money laundering or safety violations. This compares with 22 contracts terminated in 2008.

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## Political activity

**BP engages in policy debate on subjects that are of legitimate concern to the group, its staff and communities in which it operates. We do this by processes, such as lobbying, that are regulated by law**

However our policy is that the group will not participate directly in party political activity or make any contributions to political candidates, whether in cash or in kind.

BP recognizes the rights of its employees to participate as individuals in the political process provided that they are careful to make it clear that they do not represent BP and that they do not use BP time, property or equipment to carry out or support their personal political activities.

However, recognition of employees' rights is given in ways that are appropriate to each country. For example, in the US, BP facilitates staff participation in the political process by providing staff support to ensure BP employee political action committee contributions are publicly disclosed and comply with the law. Employees who plan to seek or accept a role in public office are always required to notify their line manager in advance of such activity.

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## Bribery and corruption

**Our code of conduct requires that our employees or others working on behalf of BP do not engage in bribery or corruption in any form in both the public and private sectors**

Employees are forbidden from making, offering or promising to make a payment or transfer anything of value (including the provision of any service, gift or entertainment) to government personnel or other officials for the intention of improperly obtaining or retaining business, or for any other improper purpose or business advantage. This applies to third parties acting on BP's behalf, including agents.

The code also highlights BP's policy of not permitting facilitation payments to secure or speed up routine legal government actions, such as issuing permits, even if these payments are permitted by law and nominal in amount.

In 2009 we enhanced our anti-bribery and corruption compliance programme and conducted risk assessments and training programmes in several key countries. We also prepared an updated anti-bribery toolkit of compliance materials for businesses to use to improve their programmes continuously. 'BP's virtual legal team for anti-corruption / trade sanctions trained over 137 selected employees in BP's anti-corruption policies and procedures during 2009. In addition to this face to face training, 7,363 employees completed on-line Anti-Bribery and Corruption training modules.'

Like other multinationals, BP faces challenges in implementing this policy; when we detect breaches, we investigate and take steps to eliminate these practices.

BP supports institutions and non-governmental organizations that aim to eliminate bribery and corruption in their many forms. We are a corporate supporter of Transparency International, and participated in the development of their Business Principles for Countering Bribery.

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## Compliance and ethics

### Complying with laws, regulations and our code of conduct is central to our sustainability as a business

BP's reputation, and therefore its future, depends on every BP employee, everywhere, every day, taking personal responsibility for ethical and compliant business conduct. It is a fundamental BP commitment to comply with all applicable legal requirements and adhere to high ethical standards.

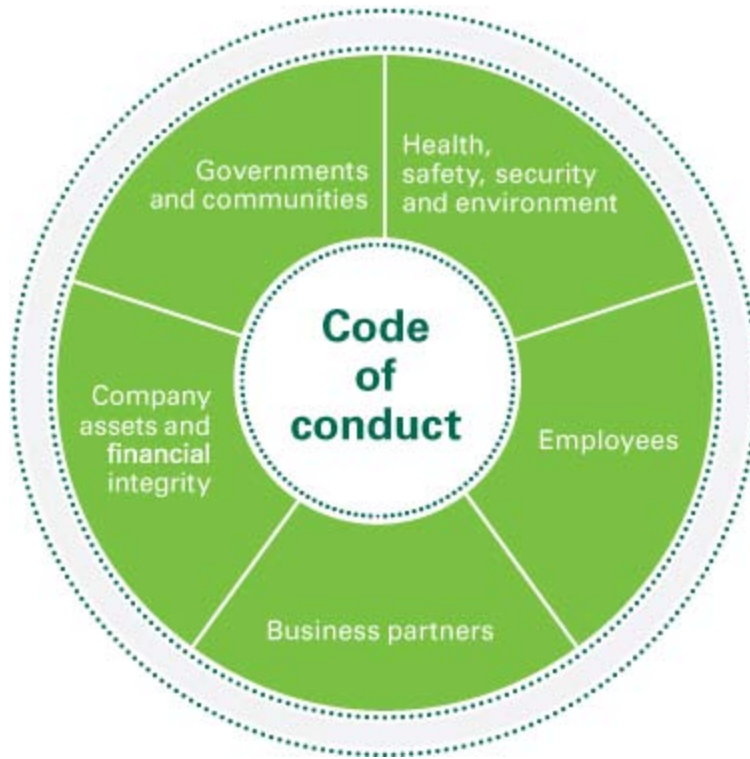
#### Code of conduct

Our code of conduct sets out standards for the way we behave. It clearly defines what we expect of our business and our people, regardless of location and background.

Covering a range of issues from our ban on paying facilitation payments to looking after company assets, the code is about helping BP people to 'do the right thing' in a complex business environment. It also urges employees to ask questions and speak up about breaches and advises them where to go for help or more detailed guidance on specific issues.

The code of conduct covers five key areas: health, safety, security and the environment; employees; business partners; governments and communities; and company assets and financial integrity.

#### Code of conduct key areas



It was developed with support from external experts in line with international best practice and followed the study of codes from more than 50 major companies.

We recognize that we can never be complacent about compliance and ethics. For this reason, we periodically review our code of conduct to ensure it continues to meet our stakeholders' expectations and our own high standards of care. We identified a number of ways to enhance and update our code during the most recent review completed in late 2009. For example, we clarified the corporate gifts and entertainment policy to improve controls in key risk areas. We expect the code update to be finalized and communicated to our employees in 2010.

Our compliance and ethics team works closely with our businesses and functions, to help ensure that they comply with laws, regulations and the code of conduct and behave ethically. The team helps each business and function to develop and maintain an effective compliance programme, provides training and coaching, and monitors compliance across BP.

### **Key areas of the code of conduct**

The areas covered by the code of conduct are as follows:

#### **Health, safety, security and environment**

The code outlines BP's standards and highlights fundamental rules such as

the prompt reporting of any breaches of HSSE laws or BP's HSSE requirements.

### **Employees**

The code highlights expectations for employee behaviour within BP, including a respectful and harassment-free workplace. The code outlines BP's commitment to the elimination of all forms of forced or compulsory labour and the effective abolition of child labour. It also confirms that BP will seek to work in good faith with trade unions and other bodies that our employees choose to represent them collectively.

### **Business partners**

The code provides detailed provision on receiving and giving gifts and entertainment, conflicts of interest, trade restrictions, money laundering and working with suppliers. It also highlights BP's commitment, in all the countries where we operate, to adhere to competition laws which prohibit anti-competitive behaviour such as price-fixing conspiracies.

### **Governments and communities**

The code covers issues such as bribery and corruption, dealing with governments, community engagement and political activity. It sets out clearly BP's policy against bribery and corruption, in both the public and private sectors, and BP's policy prohibiting the making of facilitation payments.

### **Company assets and financial integrity**

The code includes BP's requirements on issues such as accurate and complete data, reporting and accounting, intellectual property and copyright, insider trading and the use of digital systems.

### **Attestation**

The information on this page forms part of the information reviewed and reported on by Ernst & Young as part of BP's 2009 sustainability reporting.

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