

Decision-making by the board

Key decisions made

The board delegates day-to-day management of the business of the company to the CEO, save for those matters which are reserved for the board's approval. The board retains responsibility for – and regularly monitors – the execution of this delegation of authority, taking action to update it, as required.

More information on how the board had regard to the Section 172 factors

Section 172 factor	Key examples
The likely consequences of any decision in the long term	Our strategy and business model, page 12.
Interests of employees	How the board has engaged with shareholders, the workforce and other stakeholders, page 93. Sustainability: our people, page 71.
Fostering the company's business relationships with suppliers, customers and others.	How the board has engaged with shareholders, the workforce and other stakeholders, page 93. Our strategy and business model, page 12. Sustainability: ethics and compliance, page 72. Sustainability: our values and code of conduct, page 69.
Impact of operations on the community and the environment	Sustainability: caring for our planet, page 68. Sustainability: safety, page 69.
Maintaining a reputation for high standards of business conduct	Role of the board, page 90. Sustainability: ethics and compliance, page 72. Sustainability: our values and code of conduct, page 69.
Acting fairly between members of the company	How the board has engaged with shareholders, the workforce and other stakeholders, page 93.

The board's corporate governance framework is set out on page 92. It includes certain matters that are specifically reserved for decision by the board as a whole and which cannot therefore be delegated under its terms of reference. Given the size and scale of bp, there are relatively few matters that come to the board for a decision. These would include transactions involving a capital commitment of more than \$3 billion or \$1 billion, depending on the business, as well as decisions on strategy and distribution policy.

In the context of the board's activities during 2021, the table below sets out some examples of decision-making during the year and how directors have performed their duty under Section 172.

Matters reserved for the board and Section 172

Decision taken

Shareholder distributions: commencement of buybacks and growing dividend

The board approved the commencement of share buybacks in the third quarter, and at the same time increased the dividend 4% per ordinary share.

How the board had regard to the feedback in its decision-making, including section 172(1)(a) to (f) matters considered, including stakeholder group(s) affected

- Likely consequences of any decision in the long term: The board's decision was made with due regard to bp's financial framework which is underpinned by a resilient dividend, reduction of net debt, investing into the transition, subject to maintaining a strong investment-grade credit rating.
- Shareholders: The decision was taken after broad engagement with investors, via roadshows and other bilateral meetings with the chair, CEO and CFO.

UK Offshore Wind Round 4 bid

The board supported a request from management to bid for up to 3GW (1.5GW net to bp) of offshore wind capacity in the UK's Offshore Wind Round 4, together with EnBW (through a 50/50 joint venture)

- Likely consequences of any decision in the long term: In supporting the request from management, the board considered consistency of the request with bp's net zero ambitions, including near- and long-term targets and aims.
- Fostering business relationships: As bp progresses against its transformative strategic journey, new business relationships are required, as exemplified by EnBW.
- Community and the environment: bp's goal of developing significant renewable energy capacity by 2030 takes into account the UK's drive towards renewable energy sources.