

Introduction from the chairman



Our new purpose is the result of a period of careful development and wide debate with the management team and also reflects the valuable feedback we have received from a number of our stakeholders, both inside and outside of BP.”

Helge Lund
Chairman

It has been a privilege to lead BP’s board for the past year, especially given the important decisions we have taken together. BP now begins the new decade with a new direction. Our new purpose, to reimagine energy for people and our planet, is supported by a new ambition - for BP to get to net zero by 2050 or sooner, and to help the world get to net zero too. And we have appointed a new chief executive officer, Bernard Looney, who under the board’s oversight, will lead BP in achieving both its purpose and its ambition.

BP’s board has been deeply involved in each of these changes. It is the board’s responsibility to define and set the company’s purpose, its values and its strategy, and to be assured that these are aligned with BP’s culture. Our strategy and evolving portfolio have been discussed with the management team at every board meeting in 2019. Our new purpose is the result of a period of careful development and wide debate with the management team and also reflects the valuable feedback we have received from a number of our stakeholders, both inside and outside of BP.

BP’s new leadership

During the year, the board, through its nomination and governance committee, took equal care in its executive succession planning, including in our appointment of a successor to Bob Dudley. When we began that planning in earnest in autumn 2018, we knew that Bob’s many achievements in the role set a high bar for his eventual successor. That was reflected in the time we took to define the qualities we were looking for in the new leadership of BP at a time of considerable change. A year on, we were delighted to welcome Bernard Looney to the role. He is both capable, performance oriented and deeply aware of the importance that we attach to working in close dialogue with BP’s stakeholders.

New ways of working

The board itself is an important component of BP’s leadership. The most effective boards – and the most effective board meetings – are inclusive, collaborative, open and transparent. During 2019, I was pleased with the support I received from my colleagues on the board as we fostered an atmosphere with the management team in which those standards are clearly exhibited.

These improvements have gone in-hand with improvements to the board’s efficiency and productivity. We have strengthened how we manage the board’s meeting agenda, the materials developed for the board and the division of labour between the committees and the board. I believe that these changes have enabled us to effectively manage both the leadership succession and develop our new purpose and ambition.

Evolving board composition

The make-up of the board has also evolved, and I expect that to continue in future as we seek to ensure we have the right balance of skills, experience and diversity. In November last year, Nils Andersen was appointed Chairman of Unilever, and therefore stepped down from BP’s board on 18 March after a period of transition. On behalf of the board, I thank Nils for his service to BP. In Nils’ place, Melody Meyer agreed to chair the safety, environment and security assurance committee (SESAC), recognizing her strong operational and safety experience. Separately, the board has assumed direct oversight of ethics and compliance matters, previously the responsibility of SESAC.

One of the chairman’s responsibilities is to ensure cohesion of the board over time, especially during times of transition. To provide continuity, Sir Ian Davis and Brendan Nelson have kindly agreed to stand for re-election at the 2020 AGM for up to a further year. Because they have now each exceeded nine years

in the role, in putting them forward for re-election this year the board carefully considered whether, they still demonstrate the necessary qualities of independence. I am pleased to confirm that the board is satisfied that they do, and I am grateful for the support and wisdom that Sir Ian and Brendan bring to the board. Our nomination and governance committee has, as you would expect, begun a process to identify successors to these important roles.

While continuity is important, BP's new direction gives reason to examine whether the board's composition is optimally aligned to BP's new direction. We'll always need a core cadre of members with global executive experience from similar industries, but different specialist skills may also be valuable. These include skills relevant to BP's ambition, individuals with strong digital and transformational skills and those with broader energy and sustainability experience.

In light of the changes ahead of us, but also as a consequence of natural succession, I anticipate that we will add new competences and experiences to the board during 2020.

Evolving remuneration structure

The year 2019 also marked a transition for executive remuneration. In order to develop a new remuneration policy, which will be proposed at the 2020 AGM, the remuneration committee sought candid feedback from some of our largest shareholders. Consequently, while we will retain our current structure, which is simple and well understood, we will strengthen the elements relating to our energy transition ambition. More details of our new policy are set out in the Directors' remuneration report on page 100.

Our stakeholders

This year also marks the first year in which the board is required to report on how it has fulfilled its duties under section 172 of the Companies Act, which requires directors to promote the success of the company for the benefit of its members, and in doing so to have regard to our stakeholders, including employees, suppliers and customers, the impact of our operations on communities and the environment, and the likely consequences of any decision in the long term.

Regard for a wider group of stakeholders is not new. Indeed, it has been incorporated into the board's working for some time. But new reporting requirements are an opportunity to explain the processes we have followed, and how dialogue with stakeholders has shaped decisions. Details can be found on page 66, and information about how the board has engaged with BP's workforce is on page 88.

Closing thanks

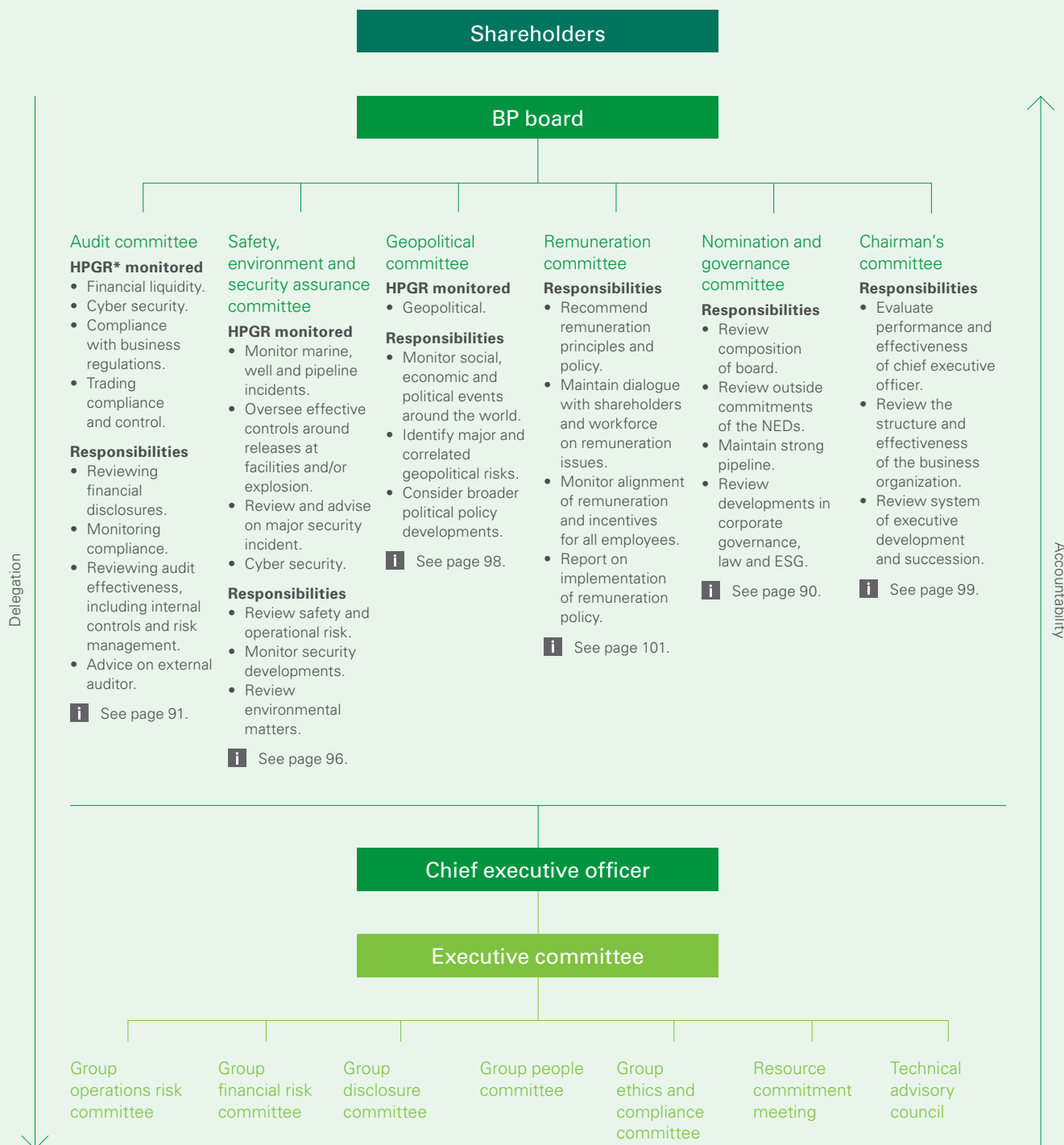
Finally, I want to express my gratitude to Bob Dudley, Bernard Looney, the executive team, our employees and my board colleagues for their hard work, their commitment, and their contribution to BP's new direction.

I look forward to working with our teams to compete effectively in a changing energy market.



Helge Lund
Chairman

Governance framework



Framework changes in 2020

As part of the governance framework review, the board committees and their responsibilities will be reviewed.

* HPGR – highest priority group risks.

Board activities in 2019

Role of the board

The board is responsible for the overall conduct of the group's business. Directors have duties under the both UK company law and BP's Articles of Association. The primary tasks of the board in 2019 included:

- Active consideration and establishment of long-term strategy and approval of the annual plan.
- Monitoring of BP's performance against the strategy and plan including ethics and compliance.
- Ensuring that the principal and emerging risks and uncertainties to BP are identified and that systems of risk management and control are in place.
- Board and executive management succession.



The board is responsible for establishing the company's purpose, its values and strategy, and satisfying itself that these and its culture are aligned."

Helge Lund
Chairman

Strategy

During 2019 the board considered the BP strategy at every board meeting and held a two-day strategy discussion in September. The board also received a number of technical briefings to expand the directors' knowledge in particular areas, such as Scope 3 emissions, the *BP Energy Outlook* and environmental, social and corporate governance (ESG) matters, to best equip the board to consider and debate strategic themes relating to BP's segments, key functions and the impact of the lower carbon transition on the group's business model. This included looking at long-term energy trends and projections for world energy markets.

The board monitored the company's performance against the annual plan for 2019 and approved the annual plan for 2020 after taking into account management's revised assumptions and outlook for the year. They received regular reports on the progress and implementation of the strategy from the group chief executive (GCE) and chief financial officer (CFO) by means of a strategic performance scorecard, which is discussed at each board meeting.

The board undertook portfolio reviews of various parts of the BP group, including upstream, downstream and renewables. It assessed the potential impact changes to the portfolio might have on the financial framework and discussed allocation of capital. The board looked at circular and sustainable solutions and business development opportunities in a low carbon future, through the lens of what was in the best interest of long-term success of the company.

In a year that saw BP face significant transition, both internally with the announcement of Bob Dudley's retirement and more widely as the company looks to play an important role in the world's energy transition, the board discussed BP's purpose and ambitions and their alignment with strategy and the BP culture.

Performance and monitoring

The board reviews financial, operational and safety performance throughout the year, as well as the latest view on expected full-year delivery against external scorecard measures. During the year there were a number of business and regional reviews, including North Sea, Russia, the lubricants business and BPX Energy.

Updates are also given on various components of value delivery for BP's business. Regular reports presented to the board include:

- Chief executive's report.
- Group performance report.
- Group financial outlook.
- Effectiveness of investment review.
- Quarterly and full-year results.
- Shareholder distributions.

In 2019 the board re-assumed primary responsibility for ethics and compliance (E&C), having previously managed oversight jointly through the SESAC and the audit committee. The group head of E&C attended the board meeting four times in 2019, providing an update on E&C matters, and how the importance of such was embedded within the BP culture throughout the business. The board was also provided ethics and compliance training. The NEDs held private sessions with the head of E&C.

The board reviews the quarterly and full-year results, including shareholder and capital distributions. The 2019 annual report was assessed in terms of the directors' obligations and reflects the briefings on updated corporate governance requirements and best practice.

The board monitors employee opinion via an annual 'Pulse' survey which includes measurement of how the BP values are incorporated into culture around our global operations.

Feedback from other stakeholders is also considered by the board as part of its monitoring of performance, as outlined in the BP Section 172 statement and on pages 88-89.

Risk

The board, either directly or through its committees, regularly reviews the processes whereby principal and emerging risks are identified, evaluated and managed.

Each of the highest priority group risks were reviewed in 2019. The board has a focus on emerging risks and how these are being managed and mitigated. The board undertook its annual review of cyber security risk in particular in December 2019.

Each year the board assesses the effectiveness of the group's system of internal control and risk management as part of the review and sign off of the *BP Annual Report and Form 20-F*, to satisfy itself that the report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Further information on BP's system of risk management is outlined in How we manage risk on page 68. Information about BP's system of internal control is on page 128.

Succession

The board, in conjunction with the nomination and governance and chairman's committees, reviews succession plans for executive and non-executive directors and senior executives on a regular basis. The board ensures that potential candidates are identified and evaluated against objective criteria and on merit, with due regards to the benefits of diversity of thought, gender, social and ethnic backgrounds and cognitive and personal strengths, through a formal and rigorous procedure. BP operated board and senior executive succession planning across three horizons.

1. Contingency planning is constantly at the forefront as mitigation against key person risk in cases of sudden and unforeseen departures.
2. Medium-term planning relates to the orderly replacement of board and committee members and senior executives as they retire or change roles.
3. Finally, long-term planning seeks to equip BP with the skills required now and in the future as we implement the long-term strategy.

The board employs executive search firms when it concludes that this is an effective way of finding suitable candidates. Bernard Looney's appointment as chief executive officer (CEO) resulted from a review of both internal and external candidates. The nomination and governance committee engaged with external headhunters to source external candidates for this purpose of the CEO succession and in support of the overall process.

- Pamela Daley was appointed to the remuneration committee on 30 January 2019.
- Nils Andersen was appointed to the nomination and governance and remuneration committees upon becoming the chair of the safety, environment and security assurance committee on 8 April 2019. Subsequently Nils stepped down as chair of the safety, environment and security assurance committee on 13 November 2019 following the announcement of his appointment as chairman of Unilever. He was succeeded by Melody Meyer as chair of the SESAC on the same day. He resigned from the board and all other committees on 18 March 2020.
- Alan Boeckmann and Admiral Frank Bowman stood down as directors and from all committees following the AGM on 21 May 2019.
- Bob Dudley retired as group chief executive and a director on 4 February 2020. Bernard Looney succeeded him as chief executive officer on 5 February 2020.
- Brian Gilvary announced his retirement in January 2020. He will be succeeded by Murray Auchincloss on 1 July 2020.

Looking forward, the board is implementing changes to its ways of working and redefining its primary responsibilities. As outlined on page 66, from 2020, board agendas will be structured along the following four distinct pillars – strategy, performance, people and governance. Within those areas the key areas of focus will be:

Strategy: the board will consider and help establish the strategy of BP alongside the new CEO and leadership team to achieve the purpose, ambition and aims set out on 12 February 2020, see page 6. In doing so, the board will ensure that every member of the board has a deep understanding of the board's role in determining BP's capital allocation process and enabling effective decision making.

Performance: the board will continue to perform an important monitoring role, making sure the CEO and the leadership team are held to account against the 2020 Annual Plan to satisfy itself that BP is performing while transforming.

People: the board will focus on reviewing the composition, skills, experience and diversity of the board and executive management, as well as the process for executive succession planning talent management and development. It will ensure that workforce policies and practices are consistent with the company's values and the manner in which BP invests and rewards its workforce is designed and implemented in a way that supports the company's long-term sustainable success.

Governance: as outlined on page 83, the board is developing a new corporate governance framework. This framework will reinforce the effectiveness of the internal control framework and be more closely aligned with BP's new purpose and ambition.

Board and committee attendance

Non-executive director	Board	Audit committee	SESAC	Remuneration committee	Geopolitical committee	Nomination and governance committee	Chairman's committee
Helge Lund	9 (9) ●					6 (6) ●	7 (7) ●
Nils Andersen*	8 (9)		6 (6)	4 (6)	3 (4)		6 (7)
Alan Boeckmann	3 (3)		2 (2)	3 (3)		2 (2)	2 (2)
Admiral Frank Bowman	3 (3)		2 (2)		2 (2)		2 (2)
Dame Alison Carnwath	9 (9)	8 (8)					7 (7)
Pamela Daley	9 (9)	7 (8)		8 (8)			6 (7)
Sir Ian Davis	9 (9)			8 (9)	4 (4)	6 (6)	7 (7)
Professor Dame Ann Dowling	9 (9)		6 (6)				6 (7)
Melody Meyer	9 (9)		6 (6) ●		4 (4)		7 (7)
Brendan Nelson	9 (9)	8 (8) ●		9 (9)		6 (6)	7 (7)
Paula Rosput Reynolds	9 (9)	8 (8)		9 (9) ●		6 (6)	7 (7)
Sir John Sawers	9 (9)		6 (6)		4 (4) ●	6 (6)	7 (7)
Executive directors							
Bob Dudley*	9 (9)						
Brian Gilvary	9 (9)						

● Chairman of board/committee

* Bob Dudley stepped down from the board 4 February; Nils Andersen stepped down from the board 18 March 2020

Background

Non-executive director	Background and experience						
	Energy markets	Operational excellence and risk management	Global business leadership and governance	People leadership and organizational transformation	Technology, digital and innovation	Society, politics and geopolitics	Finance, risk, trading, etc
Dame Alison Carnwath		●	●				●
Pamela Daley			●				●
Sir Ian Davis			●	●		●	●
Professor Dame Ann Dowling					●		
Helge Lund	●	●	●	●		●	●
Melody Meyer	●	●					
Brendan Nelson			●				●
Paula Rosput Reynolds	●		●	●			●
Sir John Sawers				●		●	●

Diversity

BP believes diversity and inclusion is vital to our values, the group strategy and the success of the company. We understand that better decisions and outcomes are achieved when we have different people, with differences of opinions from different backgrounds.

We recognize the importance of diversity, whether that be gender, social or ethnic backgrounds, personal identities, age, religion, physical abilities and more. These all promote diversity of thought and reduce the risk of groupthink. This approach is followed by the board, senior executives and their direct reports and throughout the BP group.

We are committed to attracting the best talent to BP and feel an inclusive and respectful work environment, where people are valued as individuals, is key. When reviewing the composition of the board, the nomination and governance committee reviews not only the skills and experience of existing board members, but also their background and diversity. Equally, when seeking to identify candidates to join the board, the committee gives consideration to merits of diversity, including gender, in helping to bring greater balance to the board's discussion and debates on strategy and associated matters.

Diversity is considered as an integral part of succession planning. Executive gender and ethnicity were taken into consideration as part of the board's wider executive succession review in 2019, while diversity of thought, deriving from a robust combination of gender, social or ethnic backgrounds, was a prominent factor in the selection process, ensuring that BP has a diverse executive pipeline.

At the end of 2019 the board comprised five female directors (2018 5, 2017 3) representing 42% of a 12-person board (46% of an 11 person board at the time of publication). Our senior management, as defined by the Corporate Governance Code 2018, and their direct reports comprise 38% female and 18% black, Asian and minority ethnic (BAME) individuals. For details of BP workforce diversity and inclusion, see Our people on page 47. The board looked at diversity across the group as part of its annual review of HR, capability and talent management. BP continues to take action to address the broader issue of diversity within the group.

Independence

Non-executive directors (NEDs) are expected to be independent in character and judgement and free from any business or other relationship that could materially interfere with exercising that judgement. It is the board's view that all BP NEDs are independent.

The board is satisfied that there is no compromise to the independence of, and nothing to give rise to conflicts of interest for, those directors who serve together as directors on other company's boards or who hold other external appointments. Directors are required to provide the board with sufficient information to evaluate their independence and the board keeps the other interests of the NEDs under review and regularly reviews the conflicts of interest register.

Sir Ian Davis and Brendan Nelson are proposed for re-election notwithstanding that they have both served beyond nine years as non-executive directors.

Following careful consideration, the board believes that both Sir Ian and Brendan continue to provide constructive challenge and robust scrutiny of matters that come before the board and the committees on which they serve. Neither director has served simultaneously with an executive director for over nine years and the overall average tenure of the board is similar to that of the average FTSE 100 directors' tenure. In 2018 the board undertook significant refreshment of its composition with a number of new non-executives and a new chairman. Since assuming the chairmanship of the board at the beginning of the year, Helge Lund has led the process to identify and, in October 2019, to announce the appointment of a new group CEO. This was supplemented by a process to identify and, in January 2020, announce the appointment of a new group CFO. Sir Ian and Brendan will play crucial roles in the transition period as these new appointments come into effect, so that BP's culture and values are not adversely impacted and that the integrity of its financial reporting is maintained. After careful consideration, the board is satisfied that Sir Ian and Brendan continue to demonstrate the qualities of independence in carrying out their duties.

Appointment and time commitment

The chairman and NEDs each have letters of appointment. There is no term limit on a director's service, as BP proposes all directors for annual re-election by shareholders in line with best governance practice.

The chairman's letter of appointment sets out the time commitment expected of him. The NEDs' letters of appointment do not set out a fixed time commitment. The time required of directors fluctuates depending on the demands of BP business and other events. They are expected to allocate appropriate time to BP to perform their duties effectively and make themselves available for all regular and ad hoc meetings. The board believes that, notwithstanding the NEDs' other appointments, they have sufficient time to fulfil their BP duties.

Executive directors are normally permitted to take up one board appointment at an external listed company, subject to the agreement of the chairman and after consultation with the company secretary. In February 2020, Brian Gilvary was appointed as a non-executive director of Barclays PLC. An announcement in respect of Brian's plans to retire as CFO of BP was made in January 2020. He will stay in the role until June 2020 to work with his successor, Murray Auchincloss, in order to ensure an orderly transition. Given these circumstances and after consideration by the chairman and company secretary, it was concluded that Brian's role at Barclays PLC was unlikely to be detrimental to his duties as outgoing CFO. Fees received for an external appointment may be retained by the executive director and are reported in the Directors' remuneration report (see page 100). Neither the chairman nor the senior independent director are employed as an executive of the group.

The board also considers all NED external appointments and considers the impact those requiring significant commitment might have on the director's ability to dedicate sufficient capacity in times of increased demand. In November 2019, the board acknowledged the appointment of Nils Andersen as Chairman of Unilever NV/PLC and accepted his resignation from the BP board. Nils remained as a non-executive director until March 2020 to support Melody Meyer who took over as chair of the SESAC in November 2019.

Learning, development and inductions

The board held a number of developmental briefing sessions during the year, in which field experts with a range of academic and practical knowledge were invited to provide bespoke training sessions, updating them on latest intelligence in their particular area. This develops and optimizes the skill set within the board on evolving technical topics and aids conversation around strategic planning.

The board continued to build its knowledge of the BP business through briefings and site visits as part of its learning programme, see examples on page 89.

No new directors were appointed during 2019. In October 2019, BP announced that Bob Dudley would be retiring in 2020, succeeded by Bernard Looney. Bernard's functional and operational knowledge of BP meant that an in-depth induction programme was not necessary. Nonetheless, Bernard attended a number of town halls with Helge Lund in 2019 to engage with BP people.

Board evaluation

Each year, BP completes a review of the board, its committees and of the individual directors. It is generally recommended that such reviews are externally led once every three years. Having undertaken an externally facilitated review in 2018, the 2019 evaluation was facilitated by the incoming company secretary. The process involved interviews with each member of the board based around a number of themes, including strategy formulation and portfolio development, the role of the new chairman and boardroom dynamics, the evolution of BP's purpose and wider stakeholder engagement and the processes in place for managing succession across the organization. Positive feedback was received on the new chairman's style and the benefits his inclusive leadership approach had brought to the board during the year. The outputs of this review highlighted three areas of future focus and attention:

- Reviewing the composition, skills, experience and diversity of the board and the process for executive succession planning talent management and development.
- Ensuring every member of the board has a deep understanding of the board's role in determining BP's capital allocation process and enabling effective decision making.
- Re-shaping the BP corporate governance framework and how this it should reinforce the effectiveness of the internal control framework and be more closely aligned with BP's new purpose and ambition.

A new corporate governance framework is in development, supported by the outputs from this year's board review process, with the aim of ensuring that this new framework is in place by the time that the new organizational structure and reporting arrangements take effect.

UK Corporate Governance Code compliance

BP complied throughout 2019 with the principles and provisions of the 2018 UK Corporate Governance Code except in the following aspects:

Provision 33

The remuneration of the chairman is not set by the remuneration committee. Instead, the chairman's remuneration is reviewed by the remuneration committee which makes a recommendation to the board as a whole for final approval, within the limits set by shareholders. This wider process enables all board members to discuss and approve the chairman's remuneration, rather than solely the members of the remuneration committee.

Provision 38

The pension arrangements for Bob Dudley and Brian Gilvary reflect the historical retirement benefits available to employees that joined BP at similar times. We recognize that the contribution rates under these arrangements are higher than the majority of the current workforce and as such the pension contributions for the new executive directors, Bernard Looney and Murray Auchincloss, have been aligned with those available to the majority of the workforce.

A copy of the 2018 UK Corporate Governance Code is available at frc.org.uk.

How the board has engaged with shareholders, the workforce and other stakeholders

Shareholders

Institutional investors

The company engages with its institutional shareholders through its active investor relations programme. The board receives feedback on shareholder views in many ways, particularly through the chairman and senior management who meet regularly with shareholders throughout the year, as well as through the results of an independent investor study and report.

In September 2019 the chair of the remuneration committee hosted an event for large investors on considerations for the new remuneration policy which is to be tabled at the 2020 AGM in May (see Remuneration committee report on page 101). The chairman also held one-to-one meetings with major institutional investors during the year, collecting their views and sharing these with the other board members and the remuneration committee.

During the course of the year, senior management met regularly with institutional investors through road shows, group and one-to-one meetings, events for socially responsible investors (SRIs), meetings with various investors to discuss environment, social and governance matters, and oil and gas sector conferences.

In May 2019, the chairman and board committee chairs held their annual investor event. This meeting enabled BP's largest shareholders to hear about the work of the board and its committees and for investors to share their views directly with non-executive directors.

i See bp.com/investors for investor and strategy presentations, including the group's financial results and information on the work of the board and its committees.

Shareholder engagement cycle 2019

- | | |
|-----------|---|
| Q1 | <ul style="list-style-type: none">• Fourth quarter and full year 2018 results and strategy update• Investor roadshows with executive management – fourth quarter and full year 2018 results• BP Energy Outlook presentation• BP Annual Report 2018 launch• BP Sustainability Report 2018 launch |
| Q2 | <ul style="list-style-type: none">• Chairman and board committee chairs meeting with investors• UKSA (retail shareholders') meeting with the chairman• First quarter 2019 results presentation• Annual general meeting• BP Statistical Review of World Energy launch |
| Q3 | <ul style="list-style-type: none">• Second quarter 2019 results presentation• Investor roadshows with executive management following 2Q results |
| Q4 | <ul style="list-style-type: none">• Third quarter 2019 results presentation• Investor roadshows with executive management following 3Q results |

Retail investors

BP held an event for retail investors in conjunction with the UK Shareholders' Association (UKSA) in 2019. The chairman and a representative from investor relations gave presentations on BP's annual results, strategy and the work of the board. Shareholders' questions were focused on BP's activities and performance.

AGM

Voting levels were relatively consistent at 67.1% (of issued share capital, including votes cast as withheld) in 2019, compared to 67.3% in 2018. The lower voting level of 50.8% in 2017 was due to the negative impact of stock lending.

In 2019 the AGM was held in Aberdeen for the first time, which enabled the board to engage with shareholders who might not have had the opportunity to attend a meeting before. There were two shareholder requisitioned resolutions put to the meeting in 2019.

All resolutions supported by the board, including the shareholder resolution from the Climate Action 100+ group, passed at the meeting, see page 6. The shareholder resolution from Follow This, which was not supported by the board, did not pass.

Each year the board receives a report after the AGM giving a breakdown of the votes and investor feedback on its voting decisions to inform it on any issues arising.

Workforce

At BP we believe a diverse and engaged workforce is critical to us successfully delivering our group strategy. BP strives to create an open culture where dialogue between the board, senior management and the workforce, which includes a wide range of employees, contractors, agency and remote workers across all of its geographical locations, is encouraged and expected. 'Respect' and 'courage' are two of our corporate values that underpin this and are embedded in our performance management system. Employees are informed of information on matters of concern to them as employees through BP's intranet and local sites, social media channels, town halls, site visits and webinars including topics such as quarterly results, strategy, the low carbon transition and diversity. We have a number of employee-led forums and business resource groups and aim to build constructive relationships with labour unions formally representing some employees. Employees are consulted on a regular basis through regular team and one-to-one meetings and through our annual 'Pulse' survey. These initiatives are applied where practicable.

Our annual employee 'Pulse' survey results for overall engagement, long-term cultural metrics and listening and involvement have shown a steady and sustained improvement over this period, see page 47.

With such a diverse and globally distributed workforce, we believe ongoing dialogue through multiple channels is the best way for the board and management to engage with our people and listen to what they have to say. The board is firmly of the opinion that face-to-face interaction with our people is the best way to get direct feedback and an understanding of the important issues of the workforce, as well as deepen the board's operational understanding. Only by visiting and meeting with employees from all aspects of the business can the board fully assess the culture and tone of BP. The board held a number of site visits in 2019 to a number of different locations, including Busan, Kuala Lumpur, Singapore, Aberdeen and Denver. A number of non-executive directors also took opportunities to engage directly with local workforce at various BP offices around the globe. As part of Helge Lund's first year as chairman, he conducted town hall meetings with the workforce in Washington DC, Baku, Rotterdam, Beijing, Houston and London.

The board and its committees are committed to meeting with a wide range of employees across the entire workforce and at times exclude senior management from meetings to get the unfettered opinions of their teams. An example of this was the SESAC's visit to a new LNG vessel off the coast of South Korea immediately prior to its maiden voyage. This was the first shipping visit of its kind, during which members of the SESAC held private informal meetings with the ship's crew, away from senior officers. The crew highlighted a couple of potential improvements, the SESAC members agreed and, as a consequence, certain improvements were undertaken by shipping leadership.

As an example of how engagement has directly contributed to shaping policy, in 2019 we launched a new global commitment to minimum parental leave for new parents. This policy was established through engagement with our employee-led business resource groups and employee forums, including the working parents' forum.

BP invests in its workforce through a number of employee share ownership schemes and plans. For example, we operate 'ShareMatch' in more than 50 countries. The plan matches BP shares purchased by our employees. We also operate a group-wide discretionary share plan, which rewards employees with participation in BP's equity at different levels globally and is linked to BP performance.

As we look to achieve our purpose, ambition and aims – engagement with our global talent pool is as critical as ever. BP wants to recruit, retain and reward people from wide-ranging and diverse backgrounds who can support us in the global transition to a low carbon energy system. We will continue to expand our existing networks of communication to foster a listening culture that enables the board and management to gain meaningful insight directly from our colleagues around the world, and respond accordingly. For instance, following feedback from BP's working parents' forum, agile working and parental leave policies have been improved, and in response to growing demand from our workforce, BP introduced a way for some employees to offset their personal carbon emissions and is working towards expanding this

scheme to more employees across the group. The board will dedicate time to specifically review the outputs from the various channels of workforce engagement at board sessions.

The board believes the existing approaches and mechanisms described above enable comprehensive two-way engagement opportunities with BP's workforce, and as such, is satisfied that these are effective alternatives to the proposed workforce engagement methods set out in Provision 5 of the Code. Given the current period of transition within BP, the board will continue to review its engagement mechanisms to seek new ways to strengthen existing workforce forums to ensure a continuing robust relationship and collaboration.

Other stakeholders

For details of how the board complied with Section 172 of the Companies Act 2006 and how it further engaged with other stakeholders, see page 66.

Site visits

Denver

The board visited BP's Denver office in September 2019 where they hosted several employee events. A town hall took place, led by Helge Lund, with the rest of the board present to talk with the workforce and answer questions over a community lunch with over 150 employees in attendance. The board was also introduced to emerging talent in the region and met with senior leadership. As part of the suite of events the board also met with external stakeholders at a business reception in the city.



150

employees attended a community lunch with the board.



Kuala Lumpur and Singapore

Members of the audit committee visited the global business services in Kuala Lumpur. Touring BP's offices gave valuable insight into the workforce which has been responsible for centralizing and standardizing key business processes across the organization and transforming processes end-to-end. The directors then visited the IST team in Singapore where they met with senior leadership and the wider workforce at BP's offices.



300

employees attended the town hall presented by Helge Lund and Bob Dudley.

Aberdeen

Following the AGM in Aberdeen, the board held a number of engagement activities. Helge Lund and Bob Dudley led a town hall which was attended by over 300 employees at BP's Dyce office and streamed live to the offshore teams in the North Sea. The board hosted a business reception, inviting members of the local community, local political and government officials, employees and local businesses.

Members of the board had further engagement with the workforce at the Dyce office, observing new agile ways of working and gaining technological insight into new initiatives. Members of the board also visited the Clair Ridge platform, where they learnt more about operations offshore. They discussed the safety agenda onsite, visited the drilling floor and spoke with employees directly to better understand the culture when working offshore.



South Korea

The SESAC visited BP's shipping function and spent a day at sea in South Korea on board a new LNG vessel. They experienced the vessel in a period of 'shakedown' ahead of going into service. The committee observed safety processes in action and were able to discuss physical and cyber security planning. Members of the SESAC met with sea farers without management present to discuss life working on board the vessels.



The committee members noted strong morale."