

Board activities

The board and its committees met regularly in 2022, as well as on an ad hoc basis, as required by business needs.

The board welcomed the return of in-person meetings in 2022, recognizing that this format allows for better interaction with the bp leadership team and with the workforce more generally.

The relaxation of COVID-19 travel measures in 2022 allowed two sets of board and committee meetings to be held at locations of key strategic significance for bp. Meetings were held at our offices in Aberdeen and Houston, enabling the directors to meet and engage with management and other employees based in these locations – the first time that this type of visit had been possible since 2019.

To ensure the most constructive and efficient use of their time together, the agenda for board meetings is structured along four distinct pillars: strategy, performance, people and governance, with a focus on monitoring strategic progress and tracking performance and delivery.

Primary tasks during 2022

Strategic progress: The board monitored and oversaw the activities and performance of bp's leadership team in delivering the strategic aims and targets. This involved taking into account important changes to the wider economic environment, in particular the issue that the world wants and needs a better and more balanced energy system – one that can deliver more secure, more affordable as well as low carbon energy solutions.

People: The board received briefings on executive succession and development – discussing the leadership team's succession plans and reviewing development needs – with the aim of identifying and working with future leaders.

The board was also consulted in the development of bp's new culture frame and specifically our new core beliefs, which we refer to as 'Who we are' (see page 66).

Value generated for shareholders: In the second quarter of 2022, the board approved an increase in the ordinary dividend of 10% per ordinary share. After a structured review of the strategy during the second half of 2022, and consideration of the capital allocation options available to it, a further 10% increase in the ordinary dividend was approved by the board in February 2023. These increases are underpinned by strong underlying performance and the confidence we have in delivering higher adjusted EBITDA★ as a result of our updated investment plans.

The review also informed the board's confidence in the disciplined capital frame, delivering continued share buybacks while also reducing its level of net debt.

Climate: The board considered a number of climate-related issues during the year including approving, and agreeing to put to shareholders the opportunity to vote on, the net zero ambition report at the 2022 AGM, a report which summarized bp's net zero ambition and the actions we plan to pursue it. For information on the board's other considerations of climate-related issues, please see the 'Task Force on Climate-related Financial Disclosures' (TCFD) box on the next page, and pages 50-62 for our full TCFD disclosure.

Strategy

Reflecting on the evolving macro-economic situation, during 2022 the board engaged regularly with the bp leadership team to review bp's strategy. During the year, the board received business presentations, including a deep dive on our low carbon energy strategy and other transition growth engines.

After a thorough review process, and satisfying itself that it was consistent with bp's growth strategy, the board approved the acquisition of Archaea Energy in 2022.

 **Decision making by the board,** see page [89](#)

Performance



The board reviewed safety, project and operational performance throughout the year, as well as taking a retrospective look at the full-year delivery against plan. The company's financial performance, liquidity, credit position and associated financial risks were closely and regularly monitored by the board. These activities were also supported by the committees, with committee chairs providing regular update reports at board meetings.

The board also discussed the financial frame, and the various options available for modifying it, for example via incremental changes that will enhance the overall investor proposition, while retaining as much consistency as possible. Inputs that assisted the board in discharging its duty to oversee performance included reports from the CEO and CFO, quarterly and full-year results, and the annual plan and associated capital allocation commitments.

Emerging and principal risks

The board assessed bp's principal and emerging risks, in accordance with the UK Corporate Governance Code (Code). The board and committees also met regularly with senior members of management and sought updates on their review, evaluation and management of the principal and emerging risks allocated to them.

Internal controls

The board assessed the effectiveness of the group's system of internal control and risk management as part of the process through which it reviews, and ultimately approves, the *bp Annual Report and Form 20-F*. No specific areas of concern were identified in this assessment and the board concluded that the group's system of internal control and risk management continued to be resilient, fit for purpose and that the system generally meets external expectations of components to be included in internal control frameworks. In arriving at these conclusions, the board took into account reports from group risk and internal audit, as well as deep dive presentations and business reviews undertaken by the board and its committees during the year.

 **How we manage risk, see page [69](#)**
bp's system of internal control, see page [149](#)

Board activities continued

People



The board discussed key people priorities in 2022. Advised by the people and governance committee, this included reviewing the board's composition, skills, experience and diversity, as well as that of the bp leadership team.

Amanda Blanc's appointment to the board as a non-executive director was announced in July 2022, with her appointment taking effect from 1 September 2022. Amanda was appointed as a member of the remuneration and people and governance committees with effect from 1 January 2023.

Satish Pai and Hina Nagarajan were appointed to the board with effect from 1 March 2023. Satish was also appointed to the safety and sustainability committee and Hina was appointed to the audit committee with effect from the same date.

To help inform board discussions and decisions, board members engaged directly with the workforce through various events, see page 94.

Diversity

The board diversity, equity and inclusion (DE&I) policy (the policy) sets out the board's approach to DE&I including targets for board diversity that align with those set out in the UK Listing Rules. The policy was reviewed in 2022, and amendments were made to reflect regulatory changes and market practice. The updated policy was then approved and published in February 2023.

A copy of the policy is available at bp.com/governance.

Culture

The board has a number of mechanisms to monitor culture. Through the people and governance committee, regular updates are provided by the EVP, people and culture as well as feedback from employee pulse surveys, global engagement sessions led by the CEO and also from workforce engagement programme sessions, of which a summary is reported to the board itself.

Advised by the people and governance committee, plans have been developed for a range of culture related data points and

reporting measures to be brought into one place for the board's review. This will provide the board with a baseline assessment in relation to key criteria against which the continuing evolution of culture can be monitored.

Governance



The board continued to operate in accordance with the governance framework established in 2020, which is set out on page 86.

Under the leadership of the chair and the people and governance committee, an internally-facilitated evaluation of the board was conducted in 2022. For more information on this, and the progress made in relation to recommendations arising from the 2021 external evaluation, see page 97.

The board's consideration of climate-related issues ¹

Some examples from the year ended 31 December 2022

Reviewing and guiding the strategy and approving the annual plan and budget

- Considered and approved changes to bp's aims.
- In reviewing and approving the annual plan and budget, the board considered, among other matters:
 - bp's emissions and methane reduction targets.
 - Delivery against net zero aims.
 - Strategic priorities and opportunities, including in relation to electrification, offshore wind and hydrogen.
 - Key financial risks and uncertainties, including those associated with transition growth businesses.
- The board received business presentations, including a deep dive on our low carbon energy strategy and other transition growth engines, which helped to inform its review of the budget and plan proposals. The board's review extended to planned capital commitments and their consistency with our strategy.

- Monitored management's execution of bp's strategy, with updates from the CEO and CFO at every board meeting covering, among other matters, performance against bp aims 1-5 and updates on the current macro environment and ESG considerations.
- Considered transition risks and opportunities as part of its review of the financial frame and total capital expenditure ahead of its decision to increase capital expenditure★ guidance in February 2023, see page 24.
- Received updates from the chief economist on the macroeconomic environment, energy markets and energy transition scenarios.
- Approved bp's 2022 net zero ambition report and agreed to put to shareholders the opportunity to vote on it at the 2022 AGM.

Risk management

- The board reviews bp's principal and emerging risks twice per year, including those related to climate and the impact of geopolitics and macroeconomic developments on the pace of the energy transition. For further details about the board's risk oversight role, see page 50.

Capital expenditure, acquisitions and divestments

- At every board meeting the CEO provides an update on business development. Updates cover projects across all of bp's businesses and include inorganic or divestment opportunities of more than \$100 million or which would represent a new strategic business. This included the acquisition of EDF Energy Services for a total cash consideration of \$0.5 billion, see page 31. The CFO provides verbal updates and, where appropriate, specific climate-related considerations are drawn out.
- The board reviews and reserves for its approval all transition and low carbon investment opportunities★ above \$1 billion. In 2022 the board considered:
 - The capital commitment for Empire Wind offshore wind farms, see page 29.
 - The acquisition of Archaea Energy for a total cash consideration of \$3.1 billion, supporting bp's biogas portfolio and our accelerated net zero aim 3, see page 29.