



# The Board and its work

Carl-Henric Svanberg  
Chairman

# Topics for discussion



- Composition and skills of the BP Board
- Oversight by the Board and its Committees
- Review of Board Governance

# BP Non-Executive directors and their backgrounds



**Carl-Henric Svanberg**

*Telecoms and industry*



**Paul Anderson**

*Oil, gas & energy*



**Antony Burgmans**

*Consumer goods and marketing*



**Ian Davis**

*Strategy and consulting*



**Brendan Nelson**

*Audit & financial services*



**Sir William Castell**

*Science, medicine & technology*



**Frank "Skip" Bowman**

*Nuclear navy*



**Cynthia Carroll**

*Oil, gas & extractive industries*



**George David**

*Technology & manufacturing*



**Phuthuma Nhleko**

*Engineering, banking & telecoms*

# Board Committee membership



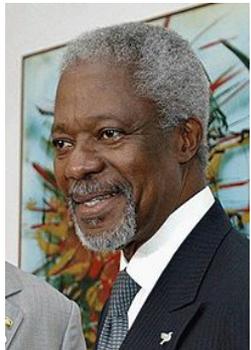
	GoM	SEEAC	Audit	Rem	Nom
<b>Carl-Henric Svanberg</b>	A			A	✓
<b>Paul Anderson</b>	✓	✓			
<b>Admiral "Skip" Bowman</b>		✓			
<b>Antony Burgmans</b>		✓		✓	✓
<b>Cynthia Carroll</b>		✓			✓
<b>Sir William Castell</b>	✓	✓			✓
<b>George David</b>	✓		✓	✓	
<b>Ian Davis</b>	✓		✓	✓	✓
<b>Brendan Nelson</b>			✓		
<b>Phuthuma Nhleko</b>			✓		

- Breadth of **experience** and **skills** on BP Board and its Committees
- Accelerated **renewal** of Board membership over past 2 years

# International Advisory Board



- Provides advice to the Board of BP plc on **strategic** and **geopolitical** issues
- Meets twice a year but members also available to provide advice and counsel when needed



***Kofi  
Annan***



***Josh  
Bolten***



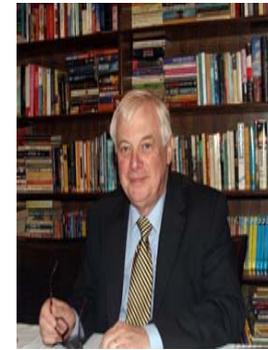
***Peter  
Sutherland***



***Romano  
Prodi***



***Ernesto  
Zedillo***



***Chris  
Patten***



***Javier  
Solana***

# Board and Committee focus since Macondo



- Strategy
- Succession
- Reputation
- Oversight
- Risk

# Board: Strategy, Succession and Reputation



- **Strategy**
  - Active discussion on strategy
  - Safety, rebuild trust, grow value
- **Succession**
  - Executive and Non-Executive Directors
  - Skills and diversity
- **Reputation and “tone from the top”**
  - Rebuilding trust
  - Securing licence to operate

# Gulf of Mexico Committee



- Response to unique circumstances in the Gulf

## Membership:

- Ian Davis (Chair)
- Paul Anderson
- Sir William Castell
- George David

## Activities:

- Remediation
- Reputation and licence to operate
- Legal and claims

# Safety, Ethics and Environment Assurance Committee (SEEAC)



## Membership:

- Sir William Castell (Chair)\*
  - Admiral "Skip" Bowman
  - Cynthia Carroll
  - Paul Anderson\*
  - Antony Burgmans
- \* Members of GoM Committee*

## Areas of intensified focus since Macondo:

- Aligning committee oversight and practices with new organisation
- S&OR and implementation of Bly Report
- Independent Advisors

# Audit Committee



## Membership:

- Brendan Nelson (Chair)
- Ian Davis\*
- George David\*
- Phuthuma Nhleko

*\* Members of GoM Committee*

## Areas of intensified focus since Macondo:

- Balance sheet and liquidity
- GCRO
- New Committee Chair with audit and trading background

# Remuneration Committee



## Membership:

- Antony Burgmans (Chair)
- George David
- Ian Davis

## Areas of intensified focus since Macondo:

- Integration of safety and risk management into executive compensation
- More active role on pay policy and practice below Board level – with re-emphasis on long term performance

# Risk processes within BP



- In the business of working with hydrocarbons there will always be risk:
  - Risk from the products themselves, in the way they are produced and processed, and working in the countries where they are found
- **BP's framework** for managing and reporting risk:
  - Day to day risk management in all operations and functions
  - Periodic reporting of key risks at business level
  - Oversight and governance of key risks by Executive and Board
- Risk management a **top down** and **bottom up** process

# BP's Risk Management System



## 1. **Day to day** risk management

- Occurs at all Operations and Functions
- Each business and function identifies the risks it faces using company standards and practices

## 2. **Business** Risk Management

- Allocates the most significant risks into Group Risk Categories and reports up the line

## 3. **Functions** (e.g. S&OR) provide an independent view of the most significant risks in their area of expertise

## 4. **Executive** and **Board** oversight and governance

- Executive provide bottom up review of most significant risks
- Board and ETM provide top down consideration of the Group's activities, Strategy and risk landscape

# How risk processes are evolving within BP



- Risk management system review – areas of focus:
  - Enhance **clarity** and **consistency** in the way risks are reported and understood – from operations to the Board
  - Emphasis on a **common framework** throughout the organisation
  - Gross and net risk assessments to understand **scenarios** and mitigation around **controls** and **contingencies**

# Review of BP Board Governance



- **Review** of **board governance** initiated at the start of the year
- **Board Steering Group** established
- Has looked at structure, roles, tools and processes around the Board and its Committees
- Need to reflect the evolving **regulatory** landscape
- Aim to complete the review and publish updated Principles in early 2012