



BP p.l.c

Terms of reference

Board of directors

## Role

The role of the board of directors of the company (the board) is to promote the long-term sustainable success of the company, generating value for its shareholders whilst having regard to its other stakeholders, the impact of its operations on the communities within which it operates and the environment. The company's success is dependent upon effective and entrepreneurial leadership by the board, establishing its purpose, strategy and values and doing so within a framework of prudent and effective controls which enable risks to be assessed and managed.

## Membership

The board will comprise a mix of individuals with an appropriate balance of skills, knowledge, views, diversity, independence and experience.

Tenure of individual directors will be based on contribution, continued evidence of the exercise of independent judgement and alignment of the skills and capabilities of the directors with the strategic direction of the company.

Over half of the directors, excluding the chair, will comprise non-executive directors who are determined by the board to be independent in character and judgement and free from any business or other relationship or circumstance which could materially interfere with the exercise of their judgement.

The board should be of a size which enables the full engagement of all the directors. The number of directors will not exceed the limit provided for by the company's articles of association.

## Meetings

At least six times a year.

## Agenda

The agenda will be set by the chair in consultation with the chief executive officer (CEO) and with the support of the company secretary. The chair will engage with the directors in order to determine the key items for the board's consideration for the coming financial year.

## Company secretary

The company secretary reports to the chair and is responsible to the board. Directors will have access to the advice and services of the company secretary.

The company secretary is responsible for advising the board and its committees on all corporate governance matters, including (a) board procedures, (b) applicable laws and regulations for the conduct of the affairs of the board and (c) all other matters associated with the maintenance of the board or otherwise required for its efficient operation.

## Independent advice

Each director should obtain independent legal advice where the director is required to consider any matter in which he or she may have any interest which may conflict with the interests of bp.

Where independent advice is to be sought, the director will first discuss it with the chair or senior independent director as appropriate. The company secretary will facilitate the obtaining of such advice.

## Conflict with Articles

These terms of reference should be read alongside the articles of association and to the extent there is any conflict the articles shall take precedence.

## Responsibilities

The board is responsible for the matters set out below. Other responsibilities, including the review and oversight of particular risks, have been delegated to board committees and are set out in the relevant board committee's terms of reference.

1. Establish bp's purpose, strategy and values.
2. Monitor bp's management and operations and obtain assurance about the delivery of its strategy.
3. Assess and monitor bp's culture, including whether it is consistent with bp's purpose, strategy and values.
4. Establish mechanisms to have meaningful and regular dialogue with the workforce and review workforce feedback to capture the employee voice in the boardroom.
5. Monitor that workforce policies and practices are consistent with bp's values and support its long-term sustainable success.
6. Review management's response to material matters raised by the workforce.
7. Promote effective engagement mechanisms with and participation by shareholders and other relevant stakeholders.
8. Oversee bp's internal control and risk management frameworks, including with respect to climate-related risks and opportunities of bp<sup>1</sup>.
9. Establish and oversee the board's corporate governance framework.
10. Assess and monitor the principal risks and emerging risks facing bp, having considered feedback from the committees of the board.
11. Oversee bp's ethics and compliance programme including receiving an annual report from the ethics and compliance officer.
12. Consider the balance of interests between shareholders, employees, and other relevant stakeholders, including receiving reports on the views of the company's shareholders.
13. Appoint the chair of the board, the chief executive officer (CEO), the chief financial officer (CFO), the senior independent director and the company secretary.
14. Determine the continuation in office of any director or the company secretary (including the suspension or termination of service of an executive director as an employee of the company, subject to the applicable law and their service contract) and the recommendation of any director for election or re-election by shareholders at the annual general meeting.

<sup>1</sup> "Climate-related risks and opportunities", for these purposes, are risks and opportunities for bp associated with the issue of climate change and the transition to a lower carbon economy. The purpose of making explicit reference to climate-related risks and opportunities is to respond to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which bp supports.

15. Determine the membership of the board and committees of the board following recommendations from the people & governance committee.
16. Establish and oversee the board's diversity policy.
17. Set the terms of engagement and fee for the non-executive directors of the board, other than the chair of the board, for inclusion and approval by shareholders in the remuneration policy.
18. Establish committees of the board consisting of two or more persons, approve their terms of reference and any changes thereto and receive reports from those committees of the board on their activities.
19. Undertake a formal and rigorous annual evaluation of the board's performance, that of its committees, the chair and individual directors.
20. Approve the written roles and responsibilities of the chair of the board, the CEO, and the senior independent director.
21. Consider and authorise conflicts of interests declared by the directors as permitted by, and in accordance with, the company's articles of association.
22. Approve any corrective action that may be required to the directors' conflicts register upon recommendation from the people & governance committee.
23. Approve changes to the Directors' Conflicts of Interest Policy following recommendation by the people & governance committee.

### **Matters reserved for the board**

The board of directors of the company delegates day-to-day management of the business of the company to the CEO in accordance with such policies and directions as the board may from time to time determine, with the exception of the following matters which require approval of the board:

1. bp's purpose, strategy and values and any changes to them.
2. bp's annual plan, including capital expenditure budgets and any material changes to them.
3. Any material investment into or establishment of operating activities in a new country or the cessation of all or any material part of bp's operating activities in a country.
4. The endorsement of any investments, capital expenditure or financial commitments either in excess of the authority limit delegated to the CEO or inconsistent with the annual plan and strategy.
5. Any changes to the company's listing or its status as a plc and any matter concerning the takeover of or merger of the company with any other listed entity.
6. Any changes relating to the company's capital structure.
7. Prosecution, commencement or settlement of litigation or regulatory proceedings involving amounts in excess of the authority limit delegated to the CEO.

8. The company's annual report and accounts (including the corporate governance statement and directors' remuneration report), Form 20F, quarterly reports, any preliminary announcement of the final results and such other documents as are required by law or regulation to be approved by the board.
9. The company's distribution policy.
10. Declaration of dividends or payments to the company's shareholders.
11. Any changes to the company's code of conduct.
12. The company's remuneration policy upon the recommendation of the remuneration committee.
13. The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval upon the recommendation of the remuneration committee.
14. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the audit committee.
15. Circulars (including resolutions to be considered at a general meeting), prospectuses and listing particulars.
16. The rules for dealing in the company's securities.
17. Transactions between the company and any director or parties related to a director, and any such other parties as the board may resolve to be related parties from time to time.
18. Any changes to these terms of reference.