

# Corporate governance

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## Board of directors<sup>a</sup>

As at 6 March 2014



### Key to portraits

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| 1 Carl-Henric Svanberg | 2 Bob Dudley                  | 3 Paul Anderson     | 4 Admiral Frank Bowman |
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<sup>a</sup> The ages of the board are correct as at 31 December 2013.

## Carl-Henric Svanberg

### Chairman

#### Tenure

Appointed to the board 1 September 2009 (4 years)

#### Board and committee activities

Chairman

Chairman of the chairman's committee

Chairman of the nomination committee

Attends the safety, ethics and environment assurance committee (SEEC)

Attends the Gulf of Mexico committee

Attends the remuneration committee

#### Outside interests

Chairman of AB Volvo

#### Age

61

#### Nationality

Swedish

#### Career

Carl-Henric Svanberg became chairman of the BP board on 1 January 2010.

He spent his early career at Asea Brown Boveri and the Securitas Group, before moving to the Assa Abloy Group as president and chief executive officer.

From 2003 until 31 December 2009, when he left to join BP, he was president and chief executive officer of Ericsson, also serving as the chairman of Sony Ericsson Mobile Communications AB. He was a non-executive director of Ericsson between 2009 and 2012.

He was appointed chairman and a member of the board of AB Volvo on 4 April 2012.

He is a member of the External Advisory Board of the Earth Institute at Columbia University, a member of the Advisory Board of Harvard Kennedy School and on the Leadership Council of the United Nations Sustainable Development Solutions Network. He is also the recipient of the King of Sweden's medal for his contribution to Swedish industry.

#### Relevant experience and skills

Carl-Henric Svanberg's career in global business, latterly as chief executive officer of Ericsson, is particularly relevant to BP as has been demonstrated during his tenure as chairman. In leading the board, he has focused on the development of the group's strategy and its communication to shareholders. He has also concentrated on the work of the nomination committee in endeavouring to ensure that the board has a strong list of candidates to secure its stewardship of the company.

Carl-Henric Svanberg's performance during the year has been evaluated by the chairman's committee, led by Antony Burgmans.

## Bob Dudley

### Group chief executive

#### Tenure

Appointed to the board 6 April 2009 (4 years)

#### Outside interests

Non-executive director of Rosneft

Member of Tsinghua Management University Advisory Board, Beijing, China

Member of BritishAmerican Business International Advisory Board

Member of UAE/UK CEO Forum

Member of Turkish/British CEO Forum

Member of Russian Geographical Society

#### Age

58

#### Nationality

American

#### Career

Bob Dudley became group chief executive on 1 October 2010.

Bob joined Amoco Corporation in 1979, working in a variety of engineering and commercial posts. Between 1994 and 1997, he worked on corporate development in Russia.

In 1997, he became general manager for strategy for Amoco and in 1999, following the merger between BP and Amoco, was appointed to a similar role in BP.

Between 1999 and 2000, he was executive assistant to the group chief executive, subsequently becoming group vice president for BP's renewables and alternative energy activities. In 2002, he became group vice president responsible for BP's upstream businesses in Russia, the Caspian region, Angola, Algeria and Egypt.

From 2003 to 2008, he was president and chief executive officer of TNK-BP in Moscow. On his return to BP in 2009 he was appointed to the BP board and oversaw the group's activities in the Americas and Asia. Between 23 June and 30 September 2010, he served as the president and chief executive officer of BP's Gulf Coast Restoration Organization in the US. He was appointed a director of Rosneft in March 2013 following BP's acquisition of a stake in Rosneft.

#### Relevant experience and skills

Bob Dudley has spent his entire career in the oil and gas industry. His broad range of roles with Amoco and BP has given him substantial global experience.

Since his appointment as group chief executive in 2010, Bob has re-organized the operations of the group and has moved its focus to value not volume; all without any compromise on safety. During the year he has successfully completed the disposal of the group's interest in TNK-BP and the acquisition of a significant stake in Rosneft.

Bob Dudley's performance has been considered and evaluated by the chairman's committee.

## Paul Anderson

### Independent non-executive director

#### Tenure

Appointed 1 February 2010 (4 years)

#### Board and committee activities

Chairman of the SEEAC

Member of the chairman's committee

Member of the nomination committee

Member of the Gulf of Mexico committee

#### Outside interests

Non-executive director of BAE Systems PLC.

#### Age

68

#### Nationality

American

#### Career

Paul Anderson was formerly chief executive at BHP Billiton and Duke Energy, where he also served as chairman of the board. Having previously been chief executive officer and managing director of BHP Limited and then BHP Billiton Limited and BHP Billiton Plc, he rejoined these latter two boards in 2006 as a non-executive director, retiring on 31 January 2010. He also served as a non-executive director on a number of boards in the US and Australia and as chief executive officer of Pan Energy Corp.

#### Relevant experience and skills

Paul Anderson became a board member in early 2010, joining the SEEAC. He was a member of the Gulf of Mexico committee from its formation in August 2010. He took the chair of the SEEAC in December 2012. As chair he has continued the committee's focus on safety matters. His broad experience of the global oil and gas industry and of the US business environment has benefited the board, the SEEAC and the Gulf of Mexico committee. He has actively supported the work of the BP Massachusetts Institute of Technology (MIT) academy.

He has led the SEEAC on several visits to the company's operations and has commenced a dialogue with the company's socially responsible investors.

## Admiral Frank Bowman

### Independent non-executive director

#### Tenure

Appointed 8 November 2010 (3 years)

#### Board and committee activities

Member of the SEEAC

Member of the chairman's committee

Member of the Gulf of Mexico committee

#### Outside interests

President of Strategic Decisions, LLC.

Director of Morgan Stanley Mutual Funds

Director of the American Shipbuilding Suppliers Association

Director of Naval and Nuclear Technologies, LLP.

#### Age

69

#### Nationality

American

#### Career

Frank Bowman joined the United States Navy in 1966. During his naval service, he commanded the nuclear submarine *USS City of Corpus Christi* and the *USS Holland*. He served as a flag officer: as the Navy's chief of personnel; on the joint staff as director of Political-Military Affairs; and as a director of the naval nuclear propulsion programme in the Department of the Navy and the Department of Energy for over eight years. He also completed two masters degrees in engineering at the Massachusetts Institute of Technology in 1973.

After his retirement as an Admiral in 2004, he was president and chief executive officer of the Nuclear Energy Institute until 2008. He served on the BP Independent Safety Review Panel and was a member of the BP America external advisory council. He was appointed Honorary Knight Commander of the British Empire in 2005 by Queen Elizabeth II. He was elected to the US National Academy of Engineering in 2009.

#### Relevant experience and skills

Frank Bowman has a deep knowledge of engineering coupled with exceptional experience in process safety arising from his time with the US Navy and, later, the Nuclear Energy Institute. His service on the BP Independent Safety Review Panel gave him direct experience of BP's safety aims and requirements, which has been important for his work on the SEEAC. He has made a significant contribution to the work of the Gulf of Mexico committee.

## Antony Burgmans

### Independent non-executive director

#### Tenure

Appointed 5 February 2004 (10 years)

#### Board and committee activities

Chairman of the remuneration committee

Member of the SEEAC

Member of the chairman's committee

Member of nomination committee

#### Outside interests

Member of the supervisory boards of Akzo Nobel N.V., AEGON N.V. and SHV Holdings N.V.

Chairman of the supervisory board of TNT Express

#### Age

66

#### Nationality

Dutch

#### Career

Antony Burgmans joined Unilever in 1972, holding a succession of marketing and sales posts, including the chairmanship of PT Unilever Indonesia from 1988 until 1991.

In 1991, he was appointed to the board of Unilever, becoming business group president, ice cream and frozen foods, Europe in 1994, and chairman of Unilever's Europe committee, co-ordinating its European activities. In 1998, he became vice chairman of Unilever NV and in 1999, chairman of Unilever NV and vice chairman of Unilever PLC. In 2005, he became non-executive chairman of Unilever NV and Unilever PLC until his retirement in 2007. During his career he has lived and worked in London, Hamburg, Jakarta, Stockholm and Rotterdam.

Antony Burgmans has been nominated chairman of Akzo Nobel's supervisory board from April 2014.

#### Relevant experience and skills

Antony Burgmans' executive career has been in the fields of international production, distribution and marketing. Over the years he has made a significant contribution to the work of the board, adding insight to the areas of reputation, brand and culture. His global perspective has particular value as chairman of the remuneration committee and also to his work on the SEEAC, on whose behalf he has made several visits to operations of the group.

He led the remuneration committee in its task of preparing a formal remuneration policy for adoption by shareholders. In this role he has had extensive dialogue with shareholders. He continues to provide wise counsel to the board and leads the evaluation of the chairman.

## Cynthia Carroll

### Independent non-executive director

#### Tenure

Appointed 6 June 2007 (6 years)

#### Board and committee activities

Member of the SEEAC  
Member of the chairman's committee  
Member of nomination committee

#### Outside interests

Non-executive director of Hitachi Ltd.

#### Age

57

#### Nationality

American

#### Career

Early in her career in 1989, Cynthia Carroll joined Alcan (Aluminum Company of Canada) and ran a packaging company, led a global bauxite, alumina and speciality chemicals business and later was president and chief executive officer of the Primary Metal Group, responsible for operations in more than 20 countries. In 2007 she became the chief executive of Anglo American plc, the global mining group, operating in 45 countries with 150,000 employees, and was chairman of Anglo Platinum Limited and of De Beers s.a. She stepped down from these roles in April 2013.

#### Relevant experience and skills

Cynthia Carroll's leadership of global businesses, particularly in the extractive industry sector has enabled her to make a strong contribution to the work of the BP board and the SEEAC. She has been a leader in working to enhance safety performance in the mining industry, and her geo-political experience has been valuable during the course of the year, as has her work on the nomination committee.

She recently visited BP's operations in Alaska on behalf of the SEEAC.

## Iain Conn

### Chief executive, Downstream

#### Tenure

Appointed to the board 1 July 2004 (9 years)

#### Group responsibilities

Manufacturing, logistics, marketing operations of BP's fuels, petrochemicals and lubricants businesses  
Group regional responsibility for Europe, southern Africa and Asia  
BP brand and related matters

#### Outside interests

Non-executive director and senior independent director of Rolls-Royce Holdings plc.  
Chairman of the advisory board of Imperial College Business School  
Member of the council of Imperial College

#### Age

51

#### Nationality

British

#### Career

Iain Conn was appointed chief executive, Downstream on 1 June 2007.

He joined BP Oil International in 1986, working in a variety of roles in oil trading, commercial refining and exploration before becoming, on the merger between BP and Amoco in 1999, vice president of BP Amoco Exploration's mid-continent business unit.

At the end of 2000, he returned to London as group vice president and a member of the Refining and Marketing segment's executive committee, taking over responsibility in 2001 for BP's marketing operations in Europe. In 2002 he was appointed chief executive of BP Petrochemicals. Following his appointment to the board in 2004, he served for three years as group executive officer, strategic resources, with responsibility for a number of group functions and regions.

#### Relevant experience and skills

Iain Conn's career has given him extensive knowledge of a broad range of BP's businesses, particularly in the Downstream, which he has led since 2007. In this last period he has successfully remodelled BP's downstream business. He has deep knowledge of safety, manufacturing, energy markets and technology. He has continued to refocus the group's downstream operations whilst growing the contribution of that segment.

Iain Conn's performance has been evaluated by the group chief executive and considered by the chairman's committee.

## George David

### Independent non-executive director

#### Tenure

Appointed 11 February 2008 (6 years)

#### Board and committee activities

Member of the audit committee  
Member of the remuneration committee  
Member of the Gulf of Mexico committee  
Member of the chairman's committee

#### Outside interests

Vice-Chairman of the Peterson Institute for International Economics

#### Age

71

#### Nationality

American

#### Career

George David began his career in The Boston Consulting Group before joining the Otis Elevator Company in 1975. He held various roles in Otis and later in United Technologies Corporation (UTC), following Otis's merger with UTC in 1976. In 1992, he became UTC's chief operating officer. He served as UTC's chief executive officer from 1994 until 2008 and as chairman from 1997 until his retirement in 2009.

#### Relevant experience and skills

George David has substantial global business and financial experience through his long career with UTC, a business with significant reliance on safety and technology. He previously chaired BP's technology advisory council and has brought insights from that task to the board.

He is an active member of the audit, remuneration and Gulf of Mexico committees, bringing a strong US and global view to their deliberations.

## Ian Davis

### Independent non-executive director

#### Tenure

Appointed 2 April 2010 (3 years)

#### Board and committee activities

Chairman of the Gulf of Mexico committee  
Member of the remuneration committee  
Member of the chairman's committee  
Member of the nomination committee

#### Outside interests

Chairman of Rolls-Royce Holdings plc.  
Non-executive member of the UK Cabinet Office  
Non-executive director of Johnson & Johnson, Inc.  
Senior adviser to Apax Partners LLP.

#### Age

62

#### Nationality

British

#### Career

Ian Davis spent his early career at Bowater, moving to McKinsey & Company in 1979. He was managing partner of McKinsey's practice in the UK and Ireland from 1996 to 2003. In 2003, he was appointed as chairman and worldwide managing director of McKinsey, serving in this capacity until 2009. During his career with McKinsey, he served as a consultant to a range of global organizations across the private, public and not-for-profit sectors. He retired as senior partner on 30 July 2010.

#### Relevant experience and skills

Ian Davis brings significant financial and strategic experience to the board. He has had a lengthy career working with and advising global organizations and companies in the oil and gas industry. This experience has been recognized by the board in his membership of the remuneration committee and chairmanship of the Gulf of Mexico committee.

As chairman of the Gulf of Mexico committee he has led the board's oversight of the response in the Gulf and guided their consideration of the various legal issues which continue to arise following the Deepwater Horizon accident.

## Professor Dame Ann Dowling

### Independent non-executive director

#### Tenure

Appointed 3 February 2012 (2 years)

#### Board and committee activities

Member of the SEEAC  
Member of the remuneration committee  
Member of the chairman's committee

#### Outside interests

Professor of Mechanical Engineering, head of the Department of Engineering and Deputy Vice-Chancellor at the University of Cambridge  
Chair of the Physical Sciences, Engineering and Mathematics Panel in the Research Excellence Framework – the UK Government's review of research in universities  
Non-executive director of the Department for Business, Innovation & Skills (BIS)

#### Age

61

#### Nationality

British

#### Career

Dame Ann Dowling was appointed a Professor of Mechanical Engineering in the Department of Engineering at the University of Cambridge in 1993 (the Department of Engineering is one of the leading centres for engineering research worldwide). Between 1999 and 2000 she was the

Jerome C Hunsaker Visiting Professor at MIT, subsequently becoming a Moore distinguished scholar at Caltech in 2001. When she returned to the University of Cambridge, she became Head of the Division of Energy, Fluid Mechanics and Turbomachinery in the Department of Engineering, becoming UK lead of the Silent Aircraft Initiative in 2003 – a collaboration between researchers at Cambridge and MIT. She became head of the Department of Engineering at the University of Cambridge in 2009. She was appointed director of the University Gas Turbine Partnership with Rolls-Royce in 2001 and chairman in 2009.

Between 2003 and 2008 she chaired the Rolls-Royce Propulsion and Power Advisory Board. She chaired the Royal Society/Royal Academy of Engineering study on nanotechnology. She is a Fellow of the Royal Society and the Royal Academy of Engineering and is a foreign associate of the US National Academy of Engineering and of the French Academy of Sciences.

She has been nominated President of the Royal Academy of Engineering from September 2014.

#### Relevant experience and skills

Dame Ann Dowling has a strong academic and engineering background.

Having initially been a member of the SEEAC, she joined the remuneration committee in 2012. Her contributions on both of these committees are valued, as is her work with the BP technology advisory council, which she also joined during 2012 and which she now chairs.

## Dr Brian Gilvary

### Group chief financial officer

#### Tenure

Appointed to the board 1 January 2012 (2 years)

#### Group responsibilities

Finance, tax, planning, treasury, mergers and acquisitions, investor relations, audit, procurement and information technology activities  
Chairs the group financial risk committee

#### Outside interests

Visiting professor at Manchester University

#### Age

51

#### Nationality

British

#### Career

Dr Brian Gilvary was appointed chief financial officer on 1 January 2012.

He joined BP in 1986 after obtaining a PhD in mathematics from the University of Manchester. Following a variety of roles in the upstream, downstream and trading in Europe and the United States, he became the downstream's chief financial officer and commercial director from 2002 to 2005.

He was a director of TNK-BP over two periods, from 2003 to 2005 and from 2010 until the sale of the business and acquisition of Rosneft equity in 2013. From 2005 until 2009 he was chief executive of the integrated supply and trading function, BP's commodity trading arm. In 2010 he was appointed deputy group chief financial officer with responsibility for the finance function.

#### Relevant experience and skills

Dr Brian Gilvary has 27 years of experience within BP, gaining a strong knowledge of finance and trading, and a deep understanding of BP's assets and businesses, including its interests in Russia through his time on the board of TNK-BP.

Brian has consistently worked to further strengthen the finance function. He has also developed the company's engagement with shareholders and continues to focus on financial efficiency.

Brian Gilvary's performance has been evaluated by the group chief executive and considered by the chairman's committee.

## Brendan Nelson

### Independent non-executive director

#### Tenure

Appointed 8 November 2010 (3 years)

#### Board and committee activities

Chairman of the audit committee  
Member of the nomination committee  
Member of the chairman's committee

#### Outside interests

Non-executive director and chairman of the group audit committee of The Royal Bank of Scotland Group plc.  
President of the Institute of Chartered Accountants of Scotland  
Member of the Financial Reporting Review Panel

#### Age

64

#### Nationality

British

#### Career

Brendan Nelson is a chartered accountant. He was made a partner of KPMG in 1984. He served as a member of the UK board of KPMG from 2000 to 2006, subsequently being appointed vice chairman until his retirement in 2010. At KPMG International he held a number of senior positions including global chairman, banking and global chairman, financial services.

He served six years as a member of the Financial Services Practitioner Panel.

#### Relevant experience and skills

Brendan Nelson has had a long career in finance and auditing, particularly in the areas of financial services and trading which qualifies him to chair the audit committee and to act as its financial expert.

This is complemented by his broader business experience and his role as the chair of the audit committee of a major bank. During the year he has led the audit committee in meeting the many challenges from increased changes to regulation.

## Phuthuma Nhleko

### Independent non-executive director

#### Tenure

Appointed 1 February 2011 (3 years)

#### Board and committee activities

Member of the audit committee  
Member of the chairman's committee

#### Outside interests

Non-executive director of Anglo American plc  
Non-executive director and chairman of MTN Group Ltd.

#### Age

53

#### Nationality

South African

#### Career

Phuthuma Nhleko began his career as a civil engineer in the US and as a project manager for infrastructure developments in southern Africa. Following this he became a senior executive of the Standard Corporate and Merchant Bank in South Africa. He later held a succession of directorships before joining MTN Group, a pan-African and Middle Eastern telephony group represented in 21 countries, as group president and chief executive officer in 2002. During his tenure at the MTN Group he led a number of substantial mergers and acquisitions transactions.

He stepped down as group chief executive of MTN Group at the end of March 2011. He was formerly a director of a number of listed South African companies, including Johnnic Holdings (formerly a subsidiary of the Anglo American group of companies), Nedbank Group, Bidvest Group and Alexander Forbes.

#### Relevant experience and skills

Phuthuma Nhleko's background in engineering and his broad experience as a chief executive of a multi-national company enables him to contribute to the board, particularly in the areas of emerging market economies and the evolution of the group's strategy. His financial and commercial experience is particularly relevant to his work on the audit committee.

## Andrew Shilston

### Independent non-executive director

#### Tenure

Appointed 1 January 2012 (2 years)

#### Board and committee activities

Senior independent director  
Member of the audit committee  
Member of the chairman's committee  
Attends the nomination committee

#### Outside interests

Non-executive director of Circle Holdings plc.  
Chairman of Morgan Advanced Materials plc.

#### Age

58

#### Nationality

British

#### Career

Andrew Shilston trained as a chartered accountant before joining BP as a management accountant. He subsequently joined Abbott Laboratories before moving to Enterprise Oil plc in 1984 at the time of flotation. In 1989 he became treasurer of Enterprise Oil and was appointed finance director in 1993. After the sale of Enterprise Oil to Shell in 2002, in 2003 he became finance director of Rolls-Royce plc until his retirement on 31 December 2011.

He has served as a non-executive director on the board of Cairn Energy plc where he chaired the audit committee.

#### Relevant experience and skills

Andrew Shilston has had a long career in finance within the oil and gas industry. His knowledge and experience as a chief financial officer, firstly in Enterprise Oil and then Rolls-Royce, and as audit committee chairman at Cairn Energy makes him well suited as a member of BP's audit committee.

His experience of the oil and gas industry has been important in assisting the board in their evaluation of projects and capital expenditure. As senior independent director he has attended meetings of the nomination committee.

## Executive team<sup>a</sup>

As at 6 March 2014



### Key to portraits

1 Rupert Bondy  
5 Bernard Looney

2 Bob Fryar  
6 Lamar McKay

3 Andy Hopwood  
7 Dev Sanyal

4 Katrina Landis  
8 Helmut Schuster

### Rupert Bondy

#### Current position

Group general counsel

#### Executive team tenure

Appointed 1 May 2008 (5 years)

#### Outside interests

No external appointments

#### Age

52

#### Nationality

British

#### Career

Rupert Bondy is responsible for legal and compliance matters across the BP group.

Rupert began his career as a lawyer in private practice. In 1989 he joined US law firm Morrison & Foerster, working in San Francisco and London, and from 1994 he worked for UK law firm Lovells in London. In 1995 he joined SmithKline Beecham as senior counsel for mergers and acquisitions and other corporate matters. He subsequently held positions of increasing responsibility and, following the merger of SmithKline Beecham and GlaxoWellcome to form GlaxoSmithKline, he was appointed senior vice president and general counsel of GlaxoSmithKline in 2001.

In April 2008 he joined the BP group, and he became the group general counsel on 1 May 2008.

The executive team represents the principal executive leadership of the BP group. Its membership includes BP's executive directors (Bob Dudley, Iain Conn and Dr Brian Gilvary whose biographies appear on pages 61-64) and the senior management listed below.

### Bob Fryar

#### Current position

Executive vice president, safety and operational risk

#### Executive team tenure

Appointed 1 October 2010 (3 years)

#### Outside interests

No external appointments

#### Age

50

#### Nationality

American

#### Career

Bob Fryar is responsible for strengthening safety, operational risk management, and the systematic management of operations across the BP corporate group. He is group head of safety and operational risk, with accountability for group-level disciplines including engineering, health, safety, security, and environment. In this capacity, he looks after the group-wide operating management system implementation and capability programmes.

Bob has 28 years' experience in the oil and gas industry having joined Amoco Production Company in 1985. From October 2010 to February 2013 Bob was executive vice president of the production division and was accountable for safe and compliant exploration and production operations and stewardship of resources across all regions. In addition, he was also responsible for local government and stakeholder management and regional integration of all exploration and production activities.

Prior to February 2013, Bob held several management positions in Trinidad, including chief operating officer for Atlantic LNG, and vice president of operations.

Prior to that, Bob served in a variety of engineering and management positions in onshore US and deepwater Gulf of Mexico including petroleum engineer, field manager, operations manager, resource manager, and asset manager. In addition, he worked on the Vastar integration team.

<sup>a</sup> The ages of the executive team are correct as at 31 December 2013.



## Andy Hopwood

### Current position

Chief operating officer, strategy and regions, Upstream

### Executive team tenure

Appointed 1 November 2010 (3 years)

### Outside interests

Chair of the BP Foundation

### Age

55

### Nationality

British

### Career

Andy Hopwood is responsible for BP's upstream strategy, including changes to its portfolio and investment planning. He is also responsible for the upstream regional footprint through leadership of its regional presidents, who are the upstream's senior leaders in the regions where the upstream operates.

After joining BP in 1980 as a petroleum engineer, Andy gained ten years of operating experience in the North Sea, Wytch Farm, and Indonesia, and developing expertise in reservoir engineering in BP's London headquarters.

In 1989 Andy joined the corporate planning team supporting the formulation of BP's exploration strategy, and the subsequent rationalization of BP's portfolio. Following this corporate work, his international endeavours led to positions in South America, first in Mexico and then as commercial manager for BP's Venezuela business, prior to a return to London as the exploration and production planning manager.

In 1999, following the BP-Amoco merger, he was appointed business unit leader in Azerbaijan, before returning to London in 2001 as the Upstream chief of staff. He was then appointed business unit leader for BP's interests in Trinidad & Tobago until 2005, when he moved to Houston to become strategic performance unit leader for the North American gas business.

In 2009, he joined the Upstream executive as head of portfolio and technology and in October 2010 was appointed executive vice president, exploration and production.

## Katrina Landis

### Current position

Executive vice president, corporate business activities

### Executive team tenure

Appointed 1 May 2013

### Outside interests

Independent director of Alstom SA

Founding member of Alstom's Ethics, Compliance and Sustainability Committee

Member of Earth Day Network's Global Advisory Committee

Ambassador to the U.S. Department of Energy's U.S. Clean Energy Education & Empowerment program

### Age

54

### Nationality

American

### Career

Katrina Landis is responsible for BP's integrated supply and trading activities, Alternative Energy, shipping, technology and remediation management.

Katrina began her career with BP in 1992 in Anchorage, Alaska and held a variety of senior roles. She was chief executive officer of BP's integrated supply and trading – Oil Americas – from 2003 to 2006, group vice president of BP's integrated supply and trading from 2007 to 2008 and chief operating officer of BP Alternative Energy from 2008 to 2009. She was then appointed chief executive officer of BP Alternative Energy in 2009. On 1 May 2013, she became executive vice president, corporate business activities.

## Bernard Looney

### Current position

Chief operating officer, production

### Executive team tenure

Appointed 1 November 2010 (3 years)

### Outside interests

Member of the Stanford University Graduate School of Business

Advisory Council

Fellow of the Energy Institute

### Age

43

### Nationality

Irish

### Career

Bernard Looney is responsible for production operations, drilling, engineering, procurement and supply-chain management, as well as health, safety and environment in the upstream.

Bernard joined BP in 1991 as a drilling engineer, working in the North Sea, Vietnam and the Gulf of Mexico. In 2001 Bernard took on responsibility for drilling operations on Thunder Horse in the Deepwater Gulf of Mexico.

In 2005 Bernard became senior vice president within BP Alaska, before moving in 2007 to be head of the group chief executive's office.

In 2009 he became the managing director of BP's North Sea business in the UK and Norway.

Bernard became executive vice president, developments, in October 2010. He took up his current role in February 2013.

## Lamar McKay

### Current position

Chief executive, Upstream

### Executive team tenure

Appointed 16 June 2008 (5 years)

### Outside interests

Member of Mississippi State University Dean's Advisory Council

### Age

55

### Nationality

American

### Career

Lamar McKay is responsible for the combined Upstream business which consists of exploration, development and production.

Lamar started his career in 1980 with Amoco and has held a broad range of positions. In 1993, he became general manager for the Arkoma Basin, and in 1997 moved into the role of business unit leader for the Gulf of Mexico Shelf.

During 1998-2000, he worked on the BP-Amoco merger and served as head of strategy and planning for the worldwide exploration and production business in London. In 2000, he became business unit leader for the Central North Sea in Aberdeen, Scotland. In 2001, Lamar became chief of staff for the worldwide exploration and production business, and subsequently served as chief of staff to BP's deputy group chief executive.

Lamar became group vice president, Russia and Kazakhstan in 2003 where he was responsible for BP's Upstream businesses, including BP's interest in the TNK-BP joint venture. He served as a member of the board of directors of TNK-BP from February 2004 to May 2007.

In May 2007, Lamar moved to Houston to assume the role of senior group vice president, BP p.l.c. and executive vice president, BP America where he led BP's efforts to resolve various issues involving the Texas City refinery, Prudhoe Bay field and US trading function. In June 2008, he became executive vice president, special projects focusing on Russia where he led BP's efforts to restructure the governance framework for TNK-BP.

In February 2009, Lamar was appointed chairman and president of BP America Inc, serving as BP's chief representative in the US. In October 2010, he additionally assumed the role of chief executive officer and president for the Gulf Coast Restoration Organization.

On 1 January 2013, he became chief executive, Upstream.

## Dev Sanyal

### Current position

Executive vice president, and group chief of staff

### Executive team tenure

Appointed 1 January 2012 (2 years)

### Outside interests

Non-executive director of Man Group plc

Member of the Accenture Global Energy Board

Member of the International Business Leaders Group of The Duke of Edinburgh's International Award Foundation

Trustee of the Career Academy Foundation

### Age

48

### Nationality

British and Indian

### Career

Dev Sanyal is the accountable executive for all of BP's corporate activities in strategy and long-term planning, risk, economics, competitor intelligence, government and political affairs, policy and group integration and governance.

Dev joined BP in 1989 and has held a variety of international roles in London, Athens, Istanbul, Vienna and Dubai. He was appointed chief executive, BP Eastern Mediterranean Fuels in 1999. In 2002, he moved to London as chief of staff of BP's worldwide downstream businesses. In November 2003, he was appointed chief executive officer of Air BP. In June 2006, he was appointed head of the group chief executive's office. He was appointed group vice president and group treasurer in 2007. During this period, he was also chairman of BP Investment Management Ltd and accountable for the group's aluminium interests. In January 2012, he became executive vice president, and group chief of staff.

## Helmut Schuster

### Current position

Executive vice president, group human resources director

### Executive team tenure

Appointed 1 March 2011 (3 years)

### Outside interests

No external appointments

### Age

52

### Nationality

Austrian

### Career

Helmut Schuster became group human resources director on 1 March 2011. In this role he holds accountabilities for the BP human resources function.

Helmut began his career working for Henkel in a marketing capacity. Since joining BP in 1989 Helmut has held a number of major leadership roles. He has worked in BP in the US, UK and continental Europe and within most parts of refining, marketing, trading and gas and power. Before taking on his current role his portfolio of responsibilities as a vice president, human resources included the refining and marketing segment of BP, and corporate and functions. This role saw him leading the people agenda for roughly 60,000 people across the globe and includes businesses such as petrochemicals, fuels value chains, lubricants and functional experts across the corporation.

## Governance overview



“

Safety, strategy, project selection and project execution have been at the forefront of our discussions as a board.

”

### Introduction from the chairman

I am pleased to describe the work of the BP board and its committees in 2013. This is the end of the fourth year in which I have had the privilege to chair the board of BP.

In this time I have been fortunate to work with a group of directors who, through the board and its committees, have made a significant contribution to the rebuilding of the company. While we have made good progress, we still have work to do.

In 2013, with some of the areas of uncertainty from 2012 behind us, we began to determine how the board would function in the future. Shareholders will see that the number of meetings of the board and the committees has appropriately decreased since 2012. We are moving to what we hope will be a more established rhythm. During the year, the nomination committee carried out a detailed review of current board skills and the needs of the board in terms of knowledge, expertise and diversity over the coming years. As part of this review directors were asked how the board should operate in future. In January, as part of the 2013 board evaluation, we reviewed this work in the context of the results of the evaluations over the past three years.

In looking at the past year I would like to highlight just some of the areas upon which we have focused. In 2011 the board agreed the 10-point plan, setting a clear strategy for the company and determined the measures by which that strategy should be evaluated. We want to be judged on the value we generate for our shareholders and not the volume of hydrocarbons that we produce. To do this we have to invest our capital wisely and be clear on how we will execute our projects so that value is maximized. All of this needs to be done without compromising on safety. So safety, strategy, project selection and project execution have been at the forefront of our discussions as a board.

I believe that we use our committees effectively to carry out the required oversight and governance of risk. The Gulf of Mexico committee has continued to work to cover the wide range of litigation in which we remain involved as a result of the Deepwater Horizon accident. This allows the board to focus on key areas of strategy. The SEEAC visited several operations to evaluate our safety culture and implementation of operational standards.

As a board we focus on the delivery of long-term value to our shareholders, but given the nature of our business we must do so in a way that is sensitive to the societies in which we work. This means setting values and standards of behaviour both inside and outside the company.

### Fair, balanced and understandable

During the year, the board considered the changes to the UK Corporate Governance Code in the context of BP's governance practices. One of these changes has been the requirement for directors to make a statement that they consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable.

As part of our considerations, we received an early draft of the annual report to enable time for review and comment. The audit committee and the SEEAC then met jointly to consider the criteria for a fair, balanced and understandable annual report and to review the processes underpinning the compilation and assurance of the report, in relation to financial and non-financial management information.

Following the joint meeting of the committees, the board then considered the annual report and accounts as a whole and discussed the tone, balance and language of the document, being mindful of new UK reporting requirements and consistency between the narrative sections and the financial statements. In evaluating whether the report is fair, balanced and understandable, the board reviewed the internal processes that form the group's reporting governance framework, including the role of the corporate reporting steering group, the use of content owners, and legal and auditor review. The board's statement on the report is outlined on page 116.

It has been another challenging year, but one where the board has continued to work well and learn. I look forward to 2014.

**Carl-Henric Svanberg**  
Chairman

## Board and committee attendance in 2013

	Board		Audit committee		SEEAC		Remuneration committee		Gulf of Mexico committee		Nomination committee		Chairman's committee		
	A	B	A*	B	A*	B	A	B	A	B	A	B	A	B	
<b>Non-executive directors</b>															
Carl-Henric Svanberg	11	11										4 <sup>c</sup>	4	6 <sup>c</sup>	6
Paul Anderson <sup>1</sup>	11	11			7 <sup>c</sup>	7			13	12		4	4	6	6
Frank Bowman	11	11			7	7			13	13				6	6
Antony Burgmans	11	11			7	7	6 <sup>c</sup>	6				4	3	6	6
Cynthia Carroll <sup>2</sup>	11	11			7	7						4	4	6	5
George David <sup>3</sup>	11	11	12	12			6	6	13	12				6	5
Ian Davis <sup>4</sup>	11	11					6	5	13 <sup>c</sup>	13		4	3	6	5
Ann Dowling	11	11			7	7	6	6						6	6
Brendan Nelson <sup>5</sup>	11	10	12 <sup>c</sup>	12								4	4	6	6
Phuthuma Nhleko <sup>6</sup>	11	10	12	12										6	5
Andrew Shilston <sup>7</sup>	11	9	12	11										6	6
<b>Executive directors</b>															
Bob Dudley	11	11													
Iain Conn	11	11													
Brian Gilvary	11	11													
Byron Grote	5	5													

A = Total number of meetings the director was eligible to attend.

B = Total number of meetings the director did attend.

<sup>c</sup> Committee chairman.

\* Includes a joint Audit Committee-SEEAC meeting to review BP's system of internal control and risk management.

<sup>1</sup> Paul Anderson was unable to attend the Gulf of Mexico committee meeting on 25 September 2013 due to a late change in the timing of the meeting.

<sup>2</sup> Cynthia Carroll was unable to attend the chairman's committee on 5 December 2013 due to personal commitments.

<sup>3</sup> George David was unable to attend the Gulf of Mexico committee meeting on 8 March 2013 due to a clash with travel arrangements; he was unable to attend the chairman's committee meeting on 24 July 2013 due to a late change in the timing of the meeting.

<sup>4</sup> Ian Davis was unable to attend the meetings of the nomination and remuneration committees on 24 July 2013 due to a conflicting board meeting.

<sup>5</sup> Brendan Nelson attended all scheduled board meetings in 2013, however he was unable to attend the board teleconference on 21 February 2013 that was called at short notice due to a prior commitment with the Royal Bank of Scotland plc.

<sup>6</sup> Phuthuma Nhleko was unable to attend the chairman's committee meeting on 24 July 2013 and the board meeting on 25 July 2013 due to unforeseen urgent family commitments.

<sup>7</sup> Andrew Shilston attended all scheduled board meetings in 2013, however he was unable to attend the two board teleconferences called at short notice on 16 January 2013 and 21 February 2013 due to prior commitments; he was unable to attend the audit committee meeting on 28 October 2013 due to major storms in the UK disrupting travel.

## Board diversity

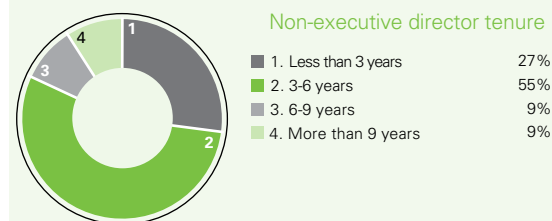
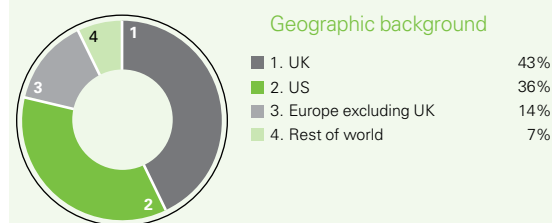
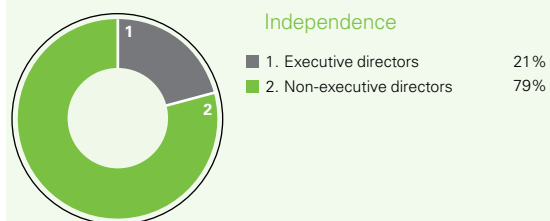
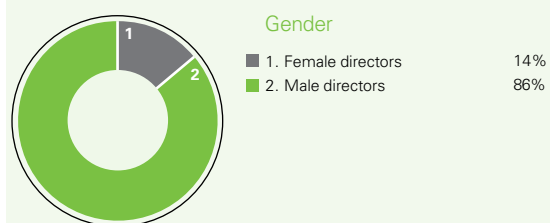
BP recognizes the importance of diversity, including gender diversity, at all levels of the company as well as the board. The company is committed to increasing diversity across our operations and has in place a wide range of activities to support the development and promotion of talented individuals, regardless of gender and ethnic background.

The board operates a diversity policy which aims to promote diversity in the composition of the board. Under this policy, director appointments are evaluated against the existing balance of skills, knowledge and experience on the board, with directors asked to be mindful of diversity, inclusiveness and meritocracy considerations when examining nominations to the board.

The implementation of this policy and the diversity mix of the board is monitored through agreed metrics. The board also considered diversity as part of the annual review of its performance and effectiveness.

The board is supportive of the recommendations contained in Lord Davies' report *Women on Boards* for female board representation to increase to 15% by end 2013 and 25% by end 2015. Accordingly, the board set a goal to increase the number of female board members by two (to a total of three female directors) by the end of 2013. However, at the end of 2013 there were two female directors on the board (equating to 14%). The nomination committee has identified potential candidates with a diverse background and it is anticipated that an appointment is likely to be made in 2014.

### Board diversity as at 31 December 2013



## How the board works

### Board governance in BP

The system of governance within which the BP board operates is set out in the BP board governance principles. These define the role of the board, its processes and its relationship with executive management. This system is reflected in the governance of the group's subsidiaries. The board governance principles can be found at [bp.com/governance](http://bp.com/governance).

### Role of the board

The board is responsible for the overall conduct of the group's business and the directors have duties under both UK company law and BP's articles of association.

#### The primary tasks of the board include:

- Active consideration and direction of long-term strategy, and approval of the annual plan.
- Monitoring of BP's performance against the strategy and plan.
- Obtaining assurance that the material risks to BP are identified and that systems of risk management and control are in place to mitigate such risk.
- Board and executive management succession.

Specific tasks are delegated to the board committees (see the reports of the committees on page 74). The board seeks to set the 'tone from the top' for BP by working with management to agree the values of the company and considering specific issues, including health, safety, the environment and reputation.

### Board composition

On 31 December 2013 the board had 14 directors – the chairman, three executive directors and 10 independent, non-executive directors (NEDs).

The nomination committee keeps the balance and independence of the board under review (see the report of the nomination committee on page 79).

### Key roles and responsibilities

#### The chairman

Carl-Henric Svanberg

- Provides leadership of the board.
- Acts as main point of contact between the board and management.
- Speaks on board matters to shareholders and other parties.
- Ensures that systems are in place to provide directors with accurate, timely and clear information to enable the board to operate effectively.
- Is responsible for the integrity and effectiveness of the BP board's system of governance.

#### The group chief executive

Bob Dudley

- Is responsible for day-to-day management of the group.
- Chairs the executive team (ET), the membership of which is set out on page 66.

#### The senior independent director

Andrew Shilston

- Is available to shareholders if they have concerns that cannot be addressed through normal channels.

Antony Burgmans, BP's longest serving non-executive director, acts as an internal sounding board for the chairman and serves as intermediary for the other directors with the chairman when necessary.

Neither the chairman nor the senior independent director is employed as an executive of the group. The nomination committee keeps succession plans for the chairman, senior independent director, group chief executive and senior management under review.

### Appointment and time commitment

The chairman and NEDs 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 (a practice followed since 2004). While the chairman's appointment letter sets out the time commitment expected of him, the letters of appointment for NEDs do not set a fixed time commitment as it is anticipated that the time required of directors may fluctuate depending on demands of BP business and other events. It is expected that directors will allocate sufficient time to the company to perform their duties effectively.

Executive directors are permitted to take up one external board appointment, subject to the agreement of the chairman. Fees received for an external appointment may be retained by the executive director and are reported in the annual report on remuneration (see page 106).

### Independence and conflicts of interest

NEDs are expected to be independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of that judgement.

Antony Burgmans joined the board in February 2004 and by the time of the 2014 AGM will have served ten years as a director. In 2012, the board asked him to remain as a director until the 2016 AGM as it considered that his experience as the longest serving board member provides valuable insight, knowledge and continuity. The board has determined that he continues to meet the board's criteria for independence and will keep this under review.

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 the boards of outside entities or who have other appointments in outside entities. The nomination committee keeps under review the other interests of the NEDs to ensure that the effectiveness of the board is not compromised.

### Succession

Dr Byron Grote, an executive director, retired from the board at the AGM in 2013. There were no other changes to the board or committee membership during the year.

## Board activity

The board's activities are structured to enable the directors to fulfil their role, in particular with respect to strategy, monitoring, assurance and succession. The diagram below shows the main areas of focus by the board during 2013.

### Board activities

<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Competitor outlook.</li> <li>• Strategy principles.</li> <li>• Exploration.</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy away day.</li> <li>• Organizational capability.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• Chief executive's report.</li> <li>• Capital investment review.</li> <li>• Projects framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Business review.</li> <li>• BP's activities in India.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Group risk process.</li> <li>• Global economic climate.</li> <li>• Russia.</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation management.</li> <li>• Delivery of the 10-point plan.</li> </ul>
<b>Finance and planning</b>	<ul style="list-style-type: none"> <li>• Group financial outlook.</li> <li>• Quarterly and full year results.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report and Form 20-F.</li> <li>• 2014 plan.</li> <li>• Shareholder distributions.</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>• Employee feedback survey.</li> <li>• BP brand and global reputation.</li> </ul>	<ul style="list-style-type: none"> <li>• Investor audit.</li> <li>• Other investor feedback.</li> </ul>
<b>Board development</b>	<ul style="list-style-type: none"> <li>• Board evaluation.</li> <li>• Code of conduct and BP values.</li> <li>• AGM feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• Visits to Canadian oil sands, India and Gelsenkirchen refinery (Germany).</li> </ul>

## Risk and assurance

During the year the board through its committees, regularly reviewed the processes whereby risks are identified, evaluated and managed. The effectiveness of the group's system of internal control and risk management were also assessed (see Internal Control Revised Guidance for Directors (Turnbull) on page 110).

The annual plan and the group strategy are central to BP's risk management programme. They provide a framework in which the board can consider significant risks, manage the group's overall risk exposure and underpin the delegation and assurance model for the board in its oversight of executive management and other activities. The board and its committees (principally audit, SEEAC and Gulf of Mexico committees) monitored the group risks which had been allocated following the board's review of the annual plan at the end of 2012.

Those group risks reviewed during 2013 included risks associated with the global economic climate, the delivery of BP's 10-point plan, the group's exposure to Russia and reputation management. The board considered at the half year whether any changes were required to the allocation of group risks and confirmed the schedule for oversight of these risks.

The group risks allocated for review by the board in 2014 include delivery of BP's 10-point plan and geopolitical risk associated with BP's operations around the world. The board's monitoring committees (audit, safety, ethics and environment assurance and Gulf of Mexico committees) were also allocated a number of group risks for review over the year: these are outlined in the reports of the committees on page 74. Further information on BP's system of risk management is outlined in Our management of risk on page 49.

## International advisory board

BP's international advisory board (IAB) advises the chairman, group chief executive and the board on geopolitical and strategic issues relating to the company. This group has an advisory role and meets twice a year – although its members are on hand to provide advice and counsel when needed.

The IAB is chaired by BP's previous chairman, Peter Sutherland. Its membership in 2013 included Kofi Annan, Lord Patten of Barnes, Josh Bolten, President Romano Prodi, Dr Ernesto Zedillo and Dr Javier Solana. The chairman and chief executive attend meetings of the IAB. Issues discussed during the year included events in the Middle East, the US budget deficit and BP's activities in Azerbaijan and North Africa.

## Board effectiveness

### Induction and board learning

On joining BP, non-executive directors are given a tailored induction programme. This includes one-to-one meetings with management, the external auditors and site visits to operations. The induction also covers governance, duties of directors and the board committees that a director will join.

To help develop an understanding of BP's business, the board continues its learning through briefings and site visits. In 2013, the board received briefings on BP's code of conduct, the group's values and key business developments including legal updates, the economic outlook and the *BP Energy Outlook*. At its board meetings in Houston and India, the board met local management.

Non-executive directors are expected to attend at least one site visit per year. During 2013, the board made a number of visits, including to Canadian oil sands operations, India and the Gelsenkirchen refinery in Germany. Members of the SEEAC made site visits to BP's operations in Alaska and Tangguh. The chairman and Iain Conn, chief executive of BP's Downstream segment, visited the Whiting Refinery in the US. After each site visit, the board or appropriate committee is briefed on the impressions gained by the directors attending the visit.

### Board visit to India

In 2013, the BP board met for the first time in India to gain an understanding of the opportunities and challenges in the country. In 2011, BP acquired a 30% stake in 21 oil and gas production-sharing contracts operated by Reliance Industries in India; the deal represents one of the largest ever foreign direct investments into the country.

The board visited the Kakinada onshore terminal and discussed the complexities of geology off the east coast of India with representatives from Reliance. During the visit, the board also met with government dignitaries and business partners.

In meeting the Honourable President of India, Pranab Mukherjee, BP chairman Carl-Henric Svanberg affirmed, "We are working closely with the government of India in its quest for energy security. I am confident that, working together with our partners Reliance Industries, our combined capabilities, experience and expertise in deep water will support the efficient and cost-effective development of India's energy resources."



## Board evaluation

Each year BP undertakes a review of the board, its committees and individual directors. The chairman's own performance is evaluated by the chairman's committee (led by Antony Burgmans).

In 2013 the nomination committee undertook a review of board skills, activities and time commitment with a view to informing the succession profile of future board appointments. This was undertaken to ensure that the board was well positioned to challenge and develop BP's strategy. This review included a discussion on how the board should approach its work in future.

Given this review of board skills and the use of external facilitation in prior years, an internally designed board evaluation has been carried out for 2013 using an external facilitator (Lintstock), which tested key areas of the board's work, including strategy, assurance, risk and governance processes. The output of the review were discussed at the board and individually at each committee in January 2014.

### Key conclusions from the evaluation

The evaluation concluded that progress had been made in improving the rhythm of board meetings and the timeliness of board paper distribution through the introduction of an online portal.

Good progress had been made during the year on the development of strategy and the governance around capital projects. Further work in both these areas was agreed for 2014. In addition, greater focus on technology and capability would be included as part of the board's considerations on strategy. The board also expressed a desire to look outwards when considering the rapidly evolving global energy market.

### Follow up from our previous evaluation

After the 2012 evaluation, the board revised its agenda to increase the focus on strategic issues and introduced the regular use of forward agenda planning to enable this to be realized. The board also asked for greater interaction with the international advisory board, and a joint meeting has been scheduled for 2014. The number of board meetings reduced from 19 in 2012 to 11 in 2013, enabling the board to move back to a more steady state of operation.

## Shareholder engagement

The company operates an active investor relations programme and the board receives feedback on shareholder views through results of an anonymous investor audit and reports from management and directors who interacted with shareholders over the year.

### Institutional investors

Executive directors and senior management regularly meet with institutional investors through roadshows, group and one-to-one meetings and events for socially responsible investors.

During the year the chairman, senior independent director and chairs of the SEEAC and remuneration committee held investor meetings to discuss strategy, the board's view on the company's performance, governance and remuneration. An annual investor event was held in March 2013 with the chairman and chairs of the board committees. This meeting enables BP's largest shareholders to hear about the work of the board and its committees, and for non-executive directors to engage with investors.

Materials from investor presentations, including our financial results and information on the work of the board and its committees can be downloaded at [bp.com/investors](http://bp.com/investors).

### Private investors

Following a successful meeting in 2012, BP repeated an event for private investors in conjunction with the UK Shareholders' Association (UKSA). A group of 50 private shareholders listened to presentations from the chairman and head of investor relations on BP's annual results, strategy and the work of the board. The event gave shareholders the opportunity to ask questions on BP's activities and for the company to receive direct private shareholder feedback.

As part of the further development of BP's retail shareholder strategy, we commenced a 'lost shareholder' programme in 2013 to trace and confirm shareholders' contact details in order to successfully reunite them with their unclaimed dividends. Funds returned to shareholders as at 31 January 2014 amounted to £1,512,882.

## AGM

The voting levels for the 2013 AGM saw an increase over the previous year to 64.2% (versus 63.2% in 2012). A webcast, speeches and presentations from the AGM are available on the BP website after the meeting, together with the outcome of voting on each resolution. Each year the board receives a report after the AGM giving a breakdown of the vote and investor feedback on their voting decisions for the meeting, informing the board on any issues arising.

### UK Corporate Governance Code compliance

BP complied throughout 2013 with the provisions of the UK Corporate Governance Code, except in the following aspects:

- B.3.2 Letters of appointment do not set out fixed-time commitments since the schedule of board and committee meetings is subject to change according to the demands of business and other events. All directors are expected to demonstrate their commitment to the work of the board on an ongoing basis. This is reviewed by the nomination committee in recommending candidates for annual re-election.
- D.2.2 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).
- E.2.4 Printed copies of the *BP Annual Report and Form 20-F 2012* completed mailing outside of the Governance Code period of 20 working days before the AGM (but within the UK Companies Act notice period). This was due to printing being delayed following developments in the company's legal proceedings in the US.

## Committee reports

### Audit committee



#### Chairman's introduction

The work of the audit committee in 2013 has been focused on three key themes. Firstly, financial reporting and accounting judgements, particularly with respect to assessing BP's financial responsibilities arising from the Deepwater Horizon accident. Secondly, reviews of key group-level risks and BP's system of controls and risk management. Thirdly, regular reports which assist the committee in maintaining assurance over the management of financial risk and in overseeing the performance of the external auditor. These have been supplemented by private meetings of the committee with key constituents, including our group audit function, the group ethics and compliance officer and lead external audit partners.

The monitoring committees of the audit, SEEA and Gulf of Mexico have continued to operate according to agreed areas of oversight that enable them to inform the wider board's view. As chair of the audit committee, I reported after each meeting to the board on the main matters discussed in our meeting to ensure all directors were informed of the committee's work. I believe the mix of skills and experience amongst the committee's members, together with the ability to discuss issues directly with management has led to an effective performance from the committee over the year.

**Brendan Nelson**  
Committee chair

#### Role of the committee

The committee monitors the effectiveness of the group's financial reporting and systems of internal control and risk management.

#### Key responsibilities

- Monitoring and obtaining assurance that the management or mitigation of financial risks are appropriately addressed by the group chief executive and that the internal control system is designed and implemented effectively in support of the limits imposed by the board ('Executive Limitations') as set out in the BP board governance principles;
- Reviewing financial statements and other financial disclosures and monitoring compliance with relevant legal and listing requirements;
- Reviewing the effectiveness of the group audit function and BP's internal financial controls and systems of internal control and risk management;
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the engagement of the external auditor to supply non-audit services to BP;
- Reviewing the systems in place to enable those who work for BP to raise concerns about possible improprieties in financial reporting or other issues and for those matters to be investigated.

#### Members

Name	Membership status
Brendan Nelson (chairman)	Member since November 2010; chairman since April 2011
George David	Member since February 2008
Phuthuma Nhleko	Member since February 2011
Andrew Shilston	Member since February 2012

Brendan Nelson is chair of the audit committee. He was formerly vice chairman of KPMG, is chairman of the group audit committee of The Royal Bank of Scotland Group plc, a member of the Financial Reporting Review Panel and president of the Institute of Chartered Accountants of Scotland. The board is satisfied that Mr Nelson is the audit committee member with recent and relevant financial experience as outlined in the UK Corporate Governance Code. It considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to address. The board also determined that the audit committee meets the independence criteria provisions of Rule 10A-3 of the US Securities Exchange Act of 1934 and that Mr Nelson may be regarded as an audit committee financial expert as defined in Item 16A of Form 20-F.

Meetings are also attended by the chief financial officer, group controller, chief accounting officer, group auditor (head of group audit) and external auditor.

#### Activities during the year

##### Training

The committee received technical updates from the chief accounting officer on developments in financial reporting and accounting policy. Externally facilitated learning sessions were held on the UK government programme on cyber-security, global trends in fraud and corruption and developments in oil and gas accounting.

##### Financial disclosure

The committee reviewed the quarterly, half-year and annual financial statements with management, focusing on the integrity and clarity of disclosure, compliance with relevant legal and financial reporting standards and the application of critical accounting policies and judgements.

In conjunction with the SEEAC, the committee examined whether the *BP Annual Report 2013* was fair, balanced and understandable and provided the information necessary for shareholders to assess the group's performance, business model and strategy. The process the two committees and then the full board undertook as part of this examination is outlined in the introduction from the chairman in the Governance overview (see page 69).

##### Accounting judgements and estimates

Areas of significant judgement considered by the committee during the year and how these were addressed included:

- **Oil and natural gas accounting**  
BP uses judgement and estimations when accounting for oil and gas exploration, appraisal and development expenditure and determining the group's estimated oil and gas reserves. The committee reviewed judgemental aspects of oil and gas accounting as part of the company's quarterly due diligence process. It also examined the governance framework for the oil and gas reserves process, training for staff and developments in regulations and controls.
- **Recoverability of asset carrying values**  
Determination as to whether and how much an asset is impaired involves management judgement and estimates on highly uncertain matters such as future pricing or discount rates. Judgements are also required in assessing the recoverability of overdue receivables and deciding whether a provision is required.

The committee reviewed the discount rates for impairment testing as part of its annual process and examined the assumptions for long-term oil and gas prices and refining margins. Following political and economic developments in Egypt, the committee reviewed at each quarter with management whether the group's financial assets were impaired.



## Audit committee focus in 2013

<ul style="list-style-type: none"> <li>Financial results announcements.</li> <li>Annual Report and Form 20-F.</li> <li>Accounting judgements and estimates.</li> <li>Developments in financial reporting and accounting.</li> <li>Oil and gas reserves disclosures.</li> <li>Fair, balanced and understandable.*</li> </ul>	<b>Financial disclosure</b>	<ul style="list-style-type: none"> <li>External auditor independence confirmation.</li> <li>Non-audit fees – policy and approval.</li> <li>Audit plan, fees and engagement.</li> <li>Auditor performance and effectiveness.</li> <li>Key areas of judgement for year end audit.</li> <li>Audit tendering.</li> </ul>
<ul style="list-style-type: none"> <li>Review of effectiveness of BP's system of internal control and risk management.*</li> <li>Group audit reports.</li> <li>Fraud and misconduct reports.</li> <li>Ethics and compliance reports.</li> <li>Annual ethics certification.*</li> </ul>	<b>System of internal control and risk management</b>	<ul style="list-style-type: none"> <li>Risk reviews</li> <li>Cybersecurity.</li> <li>Trading.</li> <li>Compliance with business regulations.</li> <li>Succession and development in finance.</li> <li>Effectiveness of investment.</li> </ul>

\* Undertaken jointly with the SEEAC.

### Acquisitions of interests in other entities

BP exercises judgement when assessing the level of control obtained in a transaction to acquire an interest in another entity and when determining the fair value of assets acquired and liabilities assumed. The committee examined the accounting for BP's transaction with Rosneft and the judgement on whether the group has significant influence over Rosneft, as where such influence exists, equity accounting is applied – resulting in the recognition of BP's share of Rosneft's results each quarter and the reporting of BP's share of production and hydrocarbon reserves. During the year the committee received reports from management and the external auditor which assessed the extent of significant influence, including BP's participation in decision making through director election to the Rosneft board and other factors.

### Taxation

Computation of the group's tax expense and liability, the provisioning for potential tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by management judgement. The committee reviewed the judgements exercised on tax provisioning as part of its annual review of key provisions.

### Derivative financial instruments

BP uses judgement when estimating the fair value of some derivative instruments in cases where there is an absence of liquid market pricing information – for example, long-term gas contracts which have a lengthy duration. This approach is taken for the group's longer-term, structured derivative products, natural gas embedded derivatives and the forward contracts entered into in 2012 to purchase shares in Rosneft. The committee received reports from the external auditor on the valuation models developed for these contracts and reviewed disclosures relating to these instruments in the notes to the financial statements.

### Provisions and contingencies

The group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. Most of these decommissioning events are in the long term and the requirements that will have to be met when a removal event occurs are uncertain. Judgement is applied by the company when estimating issues such as settlement dates, technology and legal requirements. The committee received briefings on the group's decommissioning, environmental remediation and litigation provisioning, including key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time.

### Gulf of Mexico oil spill

Judgement was applied during the year to the significant uncertainties over the provisions and contingencies relating to the incident.

The committee regularly discussed the provisioning for and the disclosure of contingent liabilities relating to the Gulf of Mexico oil spill with management and the external auditors, including as part of the review of BP's stock exchange announcement at each quarter end.

The committee examined developments relating to the interpretation of the business economic loss claims element of the company's settlement with the Plaintiffs' Steering Committee, including US court rulings and monitored legal developments whilst considering the impacts on the financial statements and other disclosures.

### Pensions and other post-retirement benefits

Accounting for pensions and other post-retirement benefits involves judgement about uncertain events, including discount rates, inflation and life expectancy. The committee examined the assumptions used by management as part of its annual reporting process.

### Risk reviews

The group risks allocated to the audit committee for monitoring in 2013 included risks associated with trading activities, compliance with applicable laws and regulations and security threats against BP's digital infrastructure. For 2014, the board has agreed that the committee will maintain monitoring of the same group risks. The committee held in-depth reviews of these group risks over the year, examined succession planning and capability development in the finance function and reviewed the effectiveness and efficiency of the capital investment of a number of BP's major projects.

### Internal control and risk management

The committee reviewed the group's system of internal control and risk management over the year, holding a joint meeting with the SEEAC to discuss key audit findings and management's actions to remedy significant issues. The committee reviews the scope, activity and effectiveness of the group audit function and met privately with the general auditor and his segment and functional heads during the year.

The committee received quarterly reports on the findings of group audit, on identified fraud and misconduct and on key ethics and compliance issues. A further joint meeting with the SEEAC was held to discuss the annual certification report of compliance with the BP code of conduct. The two committees also met to discuss the group audit and ethics and compliance programmes for 2013. The committee held a private meeting with the group ethics and compliance officer during the year.

### External audit

The external auditors started the audit cycle with their plan which identified key audit risks to be monitored during the year – including exposures relating to the Gulf of Mexico oil spill, estimation of oil and gas reserves, estimation of pension liabilities, recoverability of the group's financial assets in Egypt and future commodity prices and their impact on the carrying value of the group's assets. The committee received updates during the year on the audit process, including how the auditors had challenged the group's assumptions on these issues.

The audit committee annually reviews the fee structure, resourcing and terms of engagement for the external auditor. Fees paid to the external auditor for the year were \$53 million, of which 9% was for non-assurance work (see Financial statements – Note 37). Non-audit or non-audit related assurance fees were \$5 million (2012 \$7 million). The \$2-million reduction in non-audit fees relates primarily to reduced corporate finance transactions and lower tax advisory services. Non-audit or non-audit related assurance services consisted of tax compliance services, tax advisory services and services relating to corporate finance transactions. The audit committee is satisfied that this level of fee is appropriate in respect of the audit services provided and that an effective audit can be conducted for this fee.

The effectiveness of the audit process was evaluated through a committee review and a survey of employees in the group's finance function. The 2013 evaluations concluded that there was a good quality audit process and that the external auditors were regarded as knowledgeable and capable, with an ability to challenge the BP team constructively and to ensure balanced reporting. There was also support for the independence of the external auditors and feedback that they should continue sharing good industry practice.

The committee held private meetings with the external auditors during the year and the committee chair met privately with the external auditor before each meeting.

#### Auditor appointment and independence

The committee considers the reappointment of the external auditor each year before making a recommendation to the board and shareholders. The committee assesses the independence of the external auditor on an ongoing basis and the external auditor is required to rotate the lead audit partner every five years and other senior audit staff every seven years. No

partners or senior staff associated with the BP audit may transfer to the group. The current lead partner has been in place since the start of 2013.

#### Audit tendering

During the year the committee considered the group's position on its audit services contract following changes to the UK Corporate Governance Code and proposed European Union regulations concerning the audit market. The committee examined a number of options regarding the timing of tendering for BP's external audit, including the mandatory rotation of the group's audit firm envisaged by proposed European regulations.

In view of the uncertainty regarding the form and impact of these regulations, the committee concluded that the best interests of the group and its shareholders would be served by utilizing the transition arrangements outlined by the FRC and retaining BP's existing audit firm until the conclusion of the term of its current lead partner. Accordingly the committee intends that the audit contract will be put out to tender in 2016, in order that a decision can be taken and communicated to shareholders at BP's AGM in 2017; the new audit services contract would then be effective from 2018.

#### Non-audit services

Audit objectivity and independence is safeguarded through the limitation of non-audit services to tax and audit-related work which falls within defined categories. BP's policy on non-audit services states that the auditors may not perform non-audit services that are prohibited by the SEC, Public Company Accounting Oversight Board (PCAOB) and UK Auditing Practices Board (APB). The categories of approved and prohibited services are outlined below.

The audit committee approves the terms of all audit services as well as permitted audit-related and non-audit services in advance. The external

### Permitted and non-permitted audit services

#### Permitted services

##### Audit related

- Advice on accounting, auditing and financial reporting.
- Internal accounting and risk management control reviews.
- Non-statutory audit.
- Project assurance/advice on business and accounting process improvement.
- Due diligence (acquisition, disposals, joint arrangements).

##### Tax services

- Tax compliance.
- Direct and indirect tax advisory services.
- Transaction tax advisory services.
- Assistance with tax audits and appeals.
- Tax compliance/advisory relating to human capital and performance/reward.
- Transfer pricing advisory services.
- Tax legislative monitoring.
- Tax performance advisory.

##### Other services

- Workshops, seminars and training on an arm's length basis.
- Assistance on non-financial regulatory requirements.
- Provision of independent third-party audit on BP's Conflict Minerals Report.

#### Prohibited services

##### SEC principles of auditor independence

- Book keeping/other services related to financial records.
- Financial information systems design and implementation.
- Appraisal, valuation, fairness opinions, contribution in-kind.
- Actuarial services.
- Internal audit outsourcing.
- Management functions.
- HR functions.
- Broker-dealer, investment advisor, banking services.
- Legal services.
- Expert services unrelated to audit.

##### PCAOB ethics and independence rules

- Contingent fees.
- Confidential or aggressive tax position transactions.
- Tax services for persons in financial reporting oversight roles.

auditor is only considered for permitted non-audit services when its expertise and experience of the company is important. A two-tier system for approval of audit-related and non-audit work operates. For services relating to accounting, auditing and financial reporting matters, internal accounting and risk management control reviews or non-statutory audit, the committee has agreed to pre-approve these services up to an annual, aggregate level. For all other services which fall under the 'permitted services' categories, approval above a certain financial amount must be sought on an individual engagement basis. Any proposed service not included in the permitted services categories must be approved in advance either by the audit committee chairman or the audit committee before engagement commences. The audit committee, chief financial officer and group controller monitor overall compliance with BP's policy on audit-related and non-audit services, including whether the necessary pre-approvals have been obtained.

### Committee review

The audit committee undertakes an annual evaluation of its performance and effectiveness. In 2013 the committee used an online survey which examined governance processes such as the mix of experience and skills amongst members, meeting content, information, training and resources. Areas of focus for 2014 arising from the evaluation included monitoring the length of committee papers, the inclusion of broader business topics on the agenda and suggestions for further committee training.

## Safety, ethics and environment assurance committee (SEEAC)



### Chairman's introduction

The SEEAC has continued to monitor closely and provide constructive challenge to management in the drive for safe and reliable operations at all times. This has included the committee receiving specific reports on the company's management of high priority risks in shipping, wells, pipelines, facilities and non-operated joint arrangements. The committee has also undertaken a number of field visits as described in more detail below as well as maintained its schedule of regular meetings with executive management.

The SEEAC has continued to receive regular reports from the independent experts that it has engaged in both the Upstream (Carl Sandlin) and in the Downstream (Duane Wilson). They have provided valuable insights and advice on many aspects of process safety and we are grateful to them for their work.

#### Paul Anderson Committee chair

### Role of the committee

The role of the SEEAC is to look at the processes adopted by BP's executive management to identify and mitigate significant non-financial risk. This includes the committee monitoring the management of personal and process safety and receiving assurance that processes to identify and mitigate such non-financial risk are appropriate in design and effective in implementation.

## Key responsibilities

The committee receives specific reports from the business segments but also receives cross-business information from the functions. These include, but are not limited to, the safety and operational risk function, group audit, group ethics and compliance and group security. The SEEAC can access any other independent advice and counsel if it requires, on an unrestricted basis.

The committee met seven times in 2013, including joint meetings with the audit committee. At one of the joint meetings the committee reviewed the general auditor's report on the system of internal control and risk management for the year in preparation for the board's report to shareholders in the annual report (see 'Internal Control Revised Guidance for Directors' (Turnbull) on page 110). In that joint meeting the committees also reviewed the general auditor's audit programme for the year ahead to ensure both committees endorsed the coverage. The SEEAC and audit committee worked together, through their chairs and secretaries, to ensure that the agendas did not overlap or omit coverage of any key risks during the year.

In addition to the committee membership, all of the SEEAC meetings were attended by the group chief executive, the executive vice president for safety and operational risk (S&OR) and the general auditor or his delegate. The external auditor also attended some of the meetings (and was briefed on the other meetings by the chair and secretary to the committee). The group general counsel and the group ethics and compliance officer also attended certain meetings. The committee scheduled private sessions for the committee members only (without the presence of executive management) at the conclusion of each meeting to discuss any issues arising and the quality of the meeting.

### Members

Name	Membership status
Paul Anderson (chairman)	Member since February 2010; chairman since December 2012
Frank Bowman	Member since November 2010
Antony Burgmans	Member since February 2004
Cynthia Carroll	Member since June 2007
Ann Dowling	Member since February 2012

## Activities during the year

### Safety, operations and environment

The committee received regular reports from the S&OR function, including quarterly reports prepared for executive management on the group's health, safety and environmental performance and operational integrity. These included quarter-by-quarter measures of personal and process safety, environmental and regulatory compliance and audit findings. Operational risk and performance forms a large part of the committee's agenda.

During the year the committee received specific reports on the company's management of risks in shipping, wells, pipelines, facilities and non-operated joint arrangements. The committee reviewed these risks, and risk management and mitigation, in depth with the relevant executive management.

### Independent expert – Upstream

Mr Carl Sandlin continued in his role as an independent expert to provide further oversight and assurance regarding the implementation of the Bly Report recommendations. He has twice reported directly to the SEEAC in 2013, and presented detailed reports on his work, including reporting on a number of visits he has made to company operations around the world. He will again report to SEEAC in early 2014.

## SEEAC focus in 2013

<ul style="list-style-type: none"> <li>• GCE operations risk reports.</li> <li>• Quarterly reports on HSE performance and operational integrity.</li> <li>• Sustainability reporting annual overview.</li> <li>• Fair, balanced and understandable.*</li> <li>• Field trips led by SEEAC (recent visits include Canada oil sands, Tangguh LNG, Alaska North Slope and Gelsenkirchen refinery).</li> </ul>	<b>Monitoring of operations and reporting</b>	<ul style="list-style-type: none"> <li>• External auditor assurance of sustainability reporting.</li> <li>• Group audit assurance of system of internal control.</li> <li>• S&amp;OR audit assurance (as part of group audit).</li> </ul>
<ul style="list-style-type: none"> <li>• Review of effectiveness of BP's system of internal control and risk management.*</li> <li>• Quarterly group audit reports.</li> <li>• Quarterly significant allegations and investigations reports.</li> <li>• Quarterly ethics and compliance reports.</li> <li>• Annual ethics certification.*</li> </ul>	<b>System of internal control and risk management</b>	<ul style="list-style-type: none"> <li>• Risk reviews</li> <li>• Explosion or release at facilities.</li> <li>• Non-operated joint arrangements.</li> <li>• Well incident.</li> <li>• Pipeline incident.</li> <li>• Marine incident.</li> </ul>

\* Undertaken jointly with the audit committee.

### Process safety expert – Downstream

Mr Duane Wilson continued to report to the committee in his role as process safety expert for the Downstream segment. In this role he continues to work with segment management on a worldwide basis (having previously focused on US refineries) to monitor and advise on the process safety culture and learnings across the segment. He twice reported directly to the SEEAC in 2013 and presented detailed reports on his work (including reporting on a number of visits he has made to refineries and other downstream facilities).

### Reports from group audit and group ethics & compliance

The committee received quarterly reports from both of these functions. These included summaries of investigations into significant alleged fraud or misconduct. In addition, both the general auditor and the group ethics and compliance officer met in private with the chairman and other members of the committee.

### Field trips

In April the chairman and all other members of the committee visited Alberta, Canada to examine the oil sands being developed there by the group and third parties. In October a committee member visited operations at the Tangguh LNG facility in West Papua in Indonesia while another committee member travelled to Alaska and visited operations on the North Slope. In addition, three members of the committee visited the Gelsenkirchen refinery in Germany. In all cases, the visiting committee members received briefings on operations and the status of local operating management system (OMS) implementation and risk management and mitigation. For each visit, committee members then reported back in detail to the committee and subsequently to the full board.

### Committee review

For its 2013 evaluation, the SEEAC used a questionnaire administered by external consultants to examine the committee's performance and effectiveness. The committee responded to the same questions used in 2012 so that any change trends could be discerned. The topics covered included the balance of skills and experience among its membership, the quality and timeliness of the information the committee receives, the level of challenge between committee members and management and how well the committee communicates its activities and findings to the board.

The evaluation results were generally positive. Committee members considered that the committee possessed the right mix of skills and background, had an appropriate level of support and had received open and transparent briefings from management. The committee considered that the field trips made by its members had become an important element in the work of the committee, in particular through such trips giving committee members the ability to examine how risk management is being embedded in businesses and facilities.

## Gulf of Mexico committee



### Introduction from committee chairman

The Gulf of Mexico committee continues to oversee the group's response to the Deepwater Horizon accident, ensuring that the company fulfils all of its legitimate obligations whilst protecting and defending the interests of the group. In the past year, the focus has been on the review of ongoing proceedings in multi-district litigation 2179 and 2185; of the assessment of natural resource damages; and of a number of other legal proceedings in relation to the Deepwater Horizon accident.

I believe the committee has been thorough in the execution of its duties. The high frequency of meetings and long tenure of committee membership has enabled members to review an evolving and complex spectrum of issues.

**Ian Davis**  
Committee chair

### Role of the committee

The Gulf of Mexico committee was formed in July 2010 to oversee the management and mitigation of legal and licence-to-operate risks arising out of the Deepwater Horizon accident and oil spill. The committee's work is integrated with that of the board, which retains ultimate accountability for oversight of the group's response to the accident.

## GoM committee focus in 2013

<p><b>Integrated legal strategy including:</b></p> <ul style="list-style-type: none"> <li>• Multi-district litigation 2179 and 2185.</li> <li>• Natural resource damages.</li> <li>• Suspension and debarment actions.</li> <li>• Claims administration.</li> <li>• Other litigation and investigations.</li> </ul>	<b>Legal</b>	<ul style="list-style-type: none"> <li>• Response and remediation activities.</li> <li>• Natural resource damages assessment.</li> <li>• Restoration projects.</li> </ul>	<b>Operational</b>
<ul style="list-style-type: none"> <li>• External affairs and community outreach.</li> <li>• US government and media communications.</li> <li>• Internal communications.</li> <li>• Licence to operate.</li> </ul>	<b>Reputation</b>	<ul style="list-style-type: none"> <li>• Department of Justice plea agreement.</li> <li>• SEC consent order.</li> </ul>	<b>Compliance</b>

## Key responsibilities

- Oversee the legal strategy for litigation, investigations and suspension/debarment actions arising from the accident and its aftermath, including the strategy connected with settlements and claims.
- Review the environmental work to remediate or mitigate the effects of the oil spill in the waters of the Gulf of Mexico and on the affected shorelines.
- Oversee management strategy and actions to restore the group's reputation in the United States.
- Review compliance with government settlement agreements arising out of the Deepwater Horizon accident and oil spill, including the SEC Consent Order and the Department of Justice Plea Agreement, in coordination with other committee and board oversight.

## Members

Name	Membership status
Ian Davis (chair)	Member since July 2010; committee chair since July 2010
Paul Anderson	Member since July 2010
Frank Bowman	Member since February 2012
George David	Member since July 2010

## Activities during the year

The committee reviewed plans and progress in moving Gulf Coast shoreline response activities through to completion and sign-off by the US Coast Guard. Activities are now complete in all states with the exception of Louisiana.

The committee continued to oversee numerous legal matters relating to the Deepwater Horizon accident, including the company's appeals to the US Court of Appeals for the Fifth Circuit relating to the Court-Supervised Settlement Program and the first two phases of trial in MDL-2179.

The committee met thirteen times in 2013.

## Committee review

Each year the Gulf of Mexico committee evaluates its performance and effectiveness. In 2013, the committee again used a questionnaire administered by external consultants covering the same questions used in 2012 in order to identify trends. Key areas covered included the balance of skills and experience among its membership, quality and timeliness of information and support received by the committee, the appropriateness of committee tasks and how well the committee communicates its activities and findings to the board. The results of the evaluation were positive. Specific areas identified for focus in 2014 included maintaining constructive and challenging engagement with management and of continuing timely and effective communication of its activities and findings to the board.

## Nomination and chairman's committees



### Chairman's introduction

I am pleased to report on the two board committees which I chair. Both have been active during the year in seeking to develop the membership of the board and its governance.

### Nomination committee

#### Role of the committee

The committee ensures an orderly succession of candidates for directors and company secretary.

#### Key tasks

- Identify, evaluate and recommend candidates for appointment or reappointment as directors.
- Identify, evaluate and recommend candidates for appointment as company secretary.
- Keep under review the mix of knowledge, skills and experience of the board to ensure the orderly succession of directors.
- Review the outside directorship/commitments of the non-executive directors.

## Members

Name	Membership status
Carl-Henric Svanberg (chair)	Member since September 2009; committee chair since January 2010
Paul Anderson	Member since April 2012
Antony Burgmans	Member since May 2011
Cynthia Carroll	Member since May 2011
Ian Davis	Member since August 2010
Brendan Nelson	Member since April 2012

Andrew Shilston, as the senior independent director, attends all meetings of the committee.

## Activities during the year

The committee met four times during the year. At the start of the year, the committee reflected on the output of the annual evaluation and determined a rhythm for their meetings during the year. This would include one longer meeting which would review board composition and skills in the light of the company's strategy.

The committee considered the time commitment required from non-executive directors and in particular chairs of committees in discharging their responsibilities. The committee determined that the time commitment of directors had increased and this should be made clear to those who may join the board.

The membership of the board had been substantially refreshed over the previous three years which has resulted in no director now being scheduled to retire earlier than the 2016 AGM. Therefore the committee during the year reviewed the current skills of the board and those required by the board over the coming years as the company's strategy is implemented.

In conducting this review the committee initiated interviews with all directors. The conclusion of the review was that whilst the current board's skills matched those presently required, in seeking future candidates there should be a greater focus on the business of BP, US government relations and, possibly, Russia. All of this was against the background of the board's clear aspirations on diversity and the work of the international advisory board in supporting the chairman and the chief executive on geo-political issues.

As part of the review, directors were asked to comment on how the board should work in future given that the company had substantially emerged from the crisis in the Gulf of Mexico. The main conclusions were:

- The board was moving towards a more normal rhythm. Its operation had improved over the past three years. The goal should be simplification and clarity in materials and discussion. Substantial progress had been made.
- The board should continue its focus on strategy and performance, with the committees taking the lead on monitoring. Tasks of the board and committees and their agendas should be reviewed to ensure that the board was addressing the relevant strategic challenges and the committees were complete in their monitoring task.
- There should be further focus on major projects and capital investment to ensure that value was being created.

Against this background, the committee continued to work with an executive search firm to identify potential candidates and to engage with them as appropriate. The committee was aware of the board's aspirations on gender diversity. It is important, in the committee's view, that any candidates have the requisite skills to join the board. Potential candidates with a diverse background have been identified, and it is anticipated that an appointment will now likely be made in 2014.

Finally, the committee reviewed the current composition of the board and independence of non-executive directors, and recommended to shareholders all directors for re-election at the 2013 AGM.

## Committee review

The committee undertook an annual evaluation of its effectiveness and performance, using a questionnaire. The review concluded that there had been an improvement in the timeliness of distribution of pre-read and that the longer session focusing on board composition, skills and the fit with the group's strategy had been valuable and should be repeated annually.

## Chairman's committee

### Role

To provide a forum for matters to be discussed amongst the non-executive directors.

### Tasks

- Evaluate the performance and the effectiveness of the group chief executive (GCE).
- Review the structure and effectiveness of the business organization of BP.
- Review the systems for senior executive development and determine the succession plan for the GCE, the executive directors and other senior members of executive management.
- Determine any other matter which is appropriate to be considered by all of the non-executive directors.
- Opine on any matter referred to it by the chairman of any committees comprised solely of non-executive directors.

## Members

The committee comprises all the non-executive directors who join the committee at the date of their appointment to the board. The chief executive attends the committee when requested.

## Activities

The committee met six times during the year.

The committee reviewed:

- The performance of the chairman and the chief executive early in the year. Parameters were set for evaluations in 2014.
- The developing position in the US Courts in respect of the implementation of the settlement with the Plaintiffs Steering Committee, including the business economic loss claims and the activities of the Claims Administrator, the federal judge and the appeals court. The work of Judge Freeh was also considered.
- A number of issues relating to the company's strategy in the light of the views of shareholders and the market more generally.
- The chief executive's succession plans for the executive team and senior leaders. The committee also considered the organization and operation of the executive team.