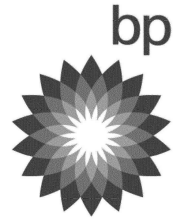


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2017 BP America Risks Update

23 May 2017

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2017 Timeline - Risk Management Updates

June 15 th	Light touch risk refresh, major changes from prior year only
Aug - Oct	Business/Function full annual risk update BPA LT Risk Review – 22 August Group Risk submission – 16 October
November	Executive Team review of Group Risks in Group Plan
December	Board review of Group Plan and highest priority Group Risks



Current risk profile

Group Risks

1. Damage to BP's Reputation (Geoff)
2. Harmful New US Regulatory and Tax Policies (John)
3. Compliance with the EPA Agreement (John)

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BP America Business Risks (not submitted to Group)

- Failure to effectively transition Ombudsman Activity (Randy)
- Failure to manage bribery and corruption risks (Ali)
- Risk of loss or unavailability of DWH data (Craig)
- Failure to improve diversity and inclusion (Ray)

2016 BP America Group-Level Risks

1) Damage to BP's Reputation – BP America's license to operate and its ability to advocate on issues are at risk should we fail to continue strengthening BP's reputation while also anticipating and addressing new threats to it. Key stakeholders include the media, key legislators, relevant regulators and other opinion leaders in Washington, D.C., and near our assets.

Such threats to BP's reputation include operational/safety incidents, ethical lapses and compliance issues. Although DWH is increasingly less of a drag on reputation, other litigation issues present risk to our public standing. Overall negative sentiment about the oil and gas industry also threatens to drag down BP's reputation. The policy and politics of climate change is dealt with in the separate risk statement regarding US Regulatory policies.

These risks have the potential to undermine not just our public standing and credibility but also investor confidence in the company. And without a solid reputation, BP also risks any number of initially small issues or incidents ballooning into significant problems that affect the bottom line.

SPA: Geoff Morrell. Net Risk: D4. Worst Credible Impact: C

2) Harmful New US Regulatory and Tax Policies – BP's ability to operate and grow its US businesses could be threatened by failure to effectively address the potential negative impacts of new federal, state and local regulations and policies, including climate, environmental, safety, and tax policies.

SPA: John Mingé. Net Risk: D6. Worst Credible Impact: C

3) Compliance with the EPA Agreement – An event occurs that causes the suspension and debarment officer to find that BP has failed to comply with the terms of the Agreement or the ethics monitor determines that BP is out of compliance. This could lead to a re-suspension of BP's US businesses from contracting with the US government.

SPA: John Mingé. Net Risk: D2. Worst Credible Impact: C

See Appendix for additional details, including controls, contingencies and monitoring.

Other significant BPA business risks (not submitted to Group)

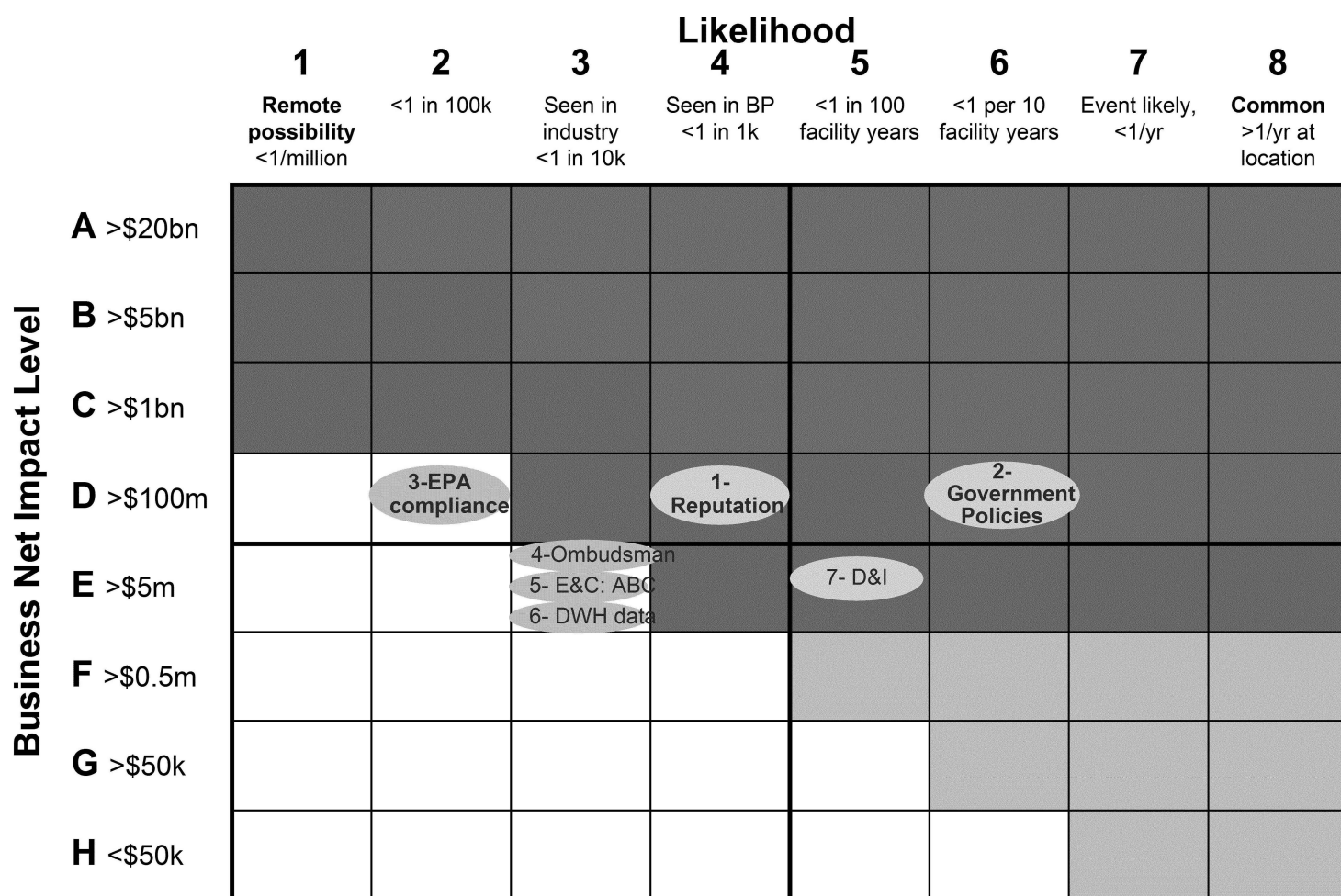
4) Failure to effectively transition Ombudsman Activity – Following closure of the Office of the Ombudsman (OOM), failure to effectively transition and embed the related activities into BP's E&C organization, resulting in a concern being raised but not effectively or timely addressed. **SPA: Randy Latta, Net Risk E3**

5) Failure to manage bribery and corruption risks – The nature of the activity set for BP America staff, particularly Office of the Chairman and C&EA involves significant interaction with Government Officials. Failure to effectively manage the actual or perceived bribery and corruption risks could lead to regulatory enforcement, significant financial penalties and damage to BP's reputation. **SPA: Abdinasir Ali, Net Risk E3**

6) Risk of loss or unavailability of DWH data – The potential loss or unavailability of GCRO and third-party data and/or data management infrastructure could significantly affect the ability to support legal and financial needs. **SPA: Craig Coburn, Net Risk E3**

7) Failure to improve diversity and inclusion – An insufficiently diverse and inclusive BP America will lead to business opportunity loss. Lack of inclusive culture lead to low employee engagement and potential retention issues. The major area of risk in BPA relates to D&I BP America failure to improve and progress ethnic representation in alignment with external and internal availability; our underpinning people processes including hiring practices, performance management and separation must be meritocratic. **SPA: Ray Dempsey, Net Risk E5**

BPA 2016 Risks Matrix



Plotting all risks on a single Risk Matrix provides a visual representation of the assessment of risk. It should not be interpreted as prioritising the allocation of resources for the management of one risk over another, as each risk is different, has specific consequences and requires the appropriate consideration of required Risk Management Activities and

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Appendix

- Risk details (including controls, contingencies, and monitoring)

1) Failure to manage BP's reputation

Nature of the risk	<p>BP America's license to operate and its ability to advocate on issues are at risk should we fail to continue strengthening BP's reputation while also anticipating and addressing new threats to it. Key stakeholders include the media, key legislators, relevant regulators and other opinion leaders in Washington, D.C., and near our assets.</p> <p>Such threats to BP's reputation include operational/safety incidents, ethical lapses and compliance issues. Although DWH is increasingly less of a drag on reputation, other litigation issues present risk to our public standing. Overall negative sentiment about the oil and gas industry also threatens to drag down BP's reputation. The policy and politics of climate change is dealt with in the separate risk regarding US Regulatory policies.</p> <p>These risks have the potential to undermine not just our public standing and credibility but also investor confidence in the company. And without a solid reputation, BP also risks any number of initially small issues or incidents ballooning into significant problems that affect the bottom line.</p> <p>SPA: Geoff Morrell</p>
Assessment	<p>Net Risk: D4 (2015: D4) Worst Credible risk impact: C</p>
Controls	<p>In place to reduce the likelihood:</p> <ol style="list-style-type: none"> 1) Integrated U.S.-wide messaging -- that includes paid advertising -- to underscore our commitment to safety and how we're on a constant journey to become a safer company through changes in our culture, technology and training. 2) Stronger relationships with federal, state and local governments, national and local media organizations, relevant NGOs, trade associations and other third parties, as well as more visible community involvement. 3) Continuous tracking of social and traditional media coverage of BP and polling of key audiences to anticipate and head off potential problems while ensuring our approach is strengthening our reputation.
Contingencies	<p>In place to reduce the impact:</p> <ol style="list-style-type: none"> 4) A higher level of relationships and partnership activities with state and local governments, and external stakeholders to build increased credibility and trust in BP. 5) Regular and robust crisis communications training for all C&EA employees to more effectively engage with external stakeholders during operational incidents, as well as media training for incident commanders. 6) Full integration across U.S. C&EA and Group C&EA to ensure stronger connectivity and alignment.
Monitoring	<p>Following actions ongoing:</p> <ol style="list-style-type: none"> 7) Creating new Group-level working group to focus on better managing BP's reputation. 8) Developing a global corporate narrative. 9) Exploring the development of a Group-wide paid advertising campaign.

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3) Compliance with EPA Administrative Agreement

Nature of the risk	<p>An event occurs that causes the suspension and debarment officer to find that BP has failed to comply with the terms of the Agreement or the ethics monitor determines that BP is out of compliance. This could lead to a re-suspension of BP's US businesses from contracting with the US government.</p> <p>SPA: John Mingé</p>
Assessment	<p>Net Risk: D2 (2015: D2) Worst Credible risk impact: C</p>
Controls	<p>In place to reduce the likelihood: Compliance Oversight Team will manage compliance with the agreement including</p> <ul style="list-style-type: none"> - Compliance plans are being developed for all businesses and requirements with clear roles & accountabilities for delivery assigned to gatekeepers and SPAs - Gate Keepers and SPA's are in the process of being appointed and relevant training and briefing are underway <p>In place to reduce the impact: Maintain dialogue and relationships with EPA officials.</p> <p>Following actions ongoing: Monthly and Quarterly BP Board Meeting presentations Monthly progress reports will be presented to BPXP Board that detail: past month delivery, milestones due in the following quarter and associated delivery risks, key compliance process activities and risks, resource status, and key stakeholder interactions. In addition an Annual Report will be published.</p>
Contingencies	
Monitoring	

4) Failure to effectively transition Ombudsman Activity

Nature of the risk	Following closure of the Office of the Ombudsman (OOM), failure to effectively transition and embed the related activities into BP's E&C organization, resulting in a concern being raised but not effectively or timely addressed. SPA: Randy Latta
Assessment	Net Risk: E3 Worst Credible risk impact: D
Controls	In place to reduce the likelihood: 1) Continued monitoring of the Office of the Ombudsman hotline through year-end 2016 2) Operation of Speak Up Alaska as an alternate route to receive Alaska-related concerns 3) BP Code of Conduct and the Management of Concerns and Investigations Policy within BP 4) Active "Listen-Up" Leadership training programme developed by BP Group E&C and delivered to Alaska line leadership to manage local concerns 5) Elevated monitoring of Alaska HIRD and Safety related concerns by the Director of Workforce Concerns Program. 6) Presence of Responsible Individual (RI), RI delegate and ECL as alternate routes to receive concerns In place to reduce the impact: 7) Operation of OpenTalk as an alternate global route to receive concerns 8) Establishment of Business Integrity function and retention of professional resources from the Office of the Ombudsman by the function 9) Judge Sporkin and Billie Garde retained as advisors 10) Active support of Alaska issues by Business Integrity Case Managers and Leadership 11) Prompt escalation of potential issues to BIT, Legal and/or E&C Following actions ongoing: 12) Routine monitoring of Speak Up Alaska and OpenTalk concerns 13) Weekly meeting by Alaska team (RI delegate, Legal, HR, ECL) to discuss new concerns and follow up on prior concerns 14) Periodic reviews of concerns by BPA Chairman and President and the BP America Board 15) Regular scheduled reviews of Alaska Legacy issues by the Alaska ECL/RI Delegate to the Alaska Regional and GOO leadership 16) Annual Code of Conduct conversations and certification as part of My Plan process
Contingencies	
Monitoring	

5) Failure to manage bribery and corruption risks

Nature of the risk	<p>The nature of the activity set for BP America staff, particularly Office of the Chairman and C&EA involves significant interaction with Government Officials. Failure to effectively manage the actual or perceived bribery and corruption risks could lead to regulatory enforcement, significant financial penalties and damage to BP's reputation.</p> <p>SPA: Abdinasir Ali</p>
Assessment	<p>Net Risk: E3 Worst Credible risk impact: D</p>
Controls	<p>In place to reduce the likelihood:</p> <ol style="list-style-type: none"> 1) Code of Conduct and ABC/AML Policy in place 2) G&E Guidance including Federal and State Rules communicated 3) Community Investment and Conflict of Interest Policies 4) CDD and BP America Procurement Processes in place including appropriate ABC clauses in contracts 5) Code and ABC Risk based training 6) Federal and State Lobbying Rules Training 7) Appropriate use of E&C Registers <p>In place to reduce the impact:</p> <ol style="list-style-type: none"> 8) BP America E&C Communication Plan in place and actively implemented 9) ABC Legal Resources including Legal SMEs 10) Tone at the Top especially nurturing a Speak Up culture and non-retaliation 11) Dedicated ECL for BP America managing E&C risks including monthly reviews of E&C registers 12) BP Disciplinary Policy in place <p>Following actions ongoing:</p> <ol style="list-style-type: none"> 13) Regular monitoring of E&C and ABC training 14) Implementation of the BP America E&C Plan 15) Quarterly E&C reviews by the BP America LT and BP America Board
Contingencies	
Monitoring	

6) Risk of loss or unavailability of DWH data

Nature of the risk	<p>The potential loss or unavailability of GCRO and third-party data and/or data management infrastructure could significantly affect the ability to support legal, financial and scientific needs. GCRO data and applications are hosted in the BP Houston mega-datacentre.</p> <p>SPA: Mike Mullenix</p>
Assessment	<p>Net Risk: E3 Worst Credible risk impact: E</p>
Controls	<p>In place to reduce the likelihood: GCRO data and applications are hosted on the GCRO Application Platform (GAP) in the Houston Mega-datacenter (AMDC2).</p> <p>In place to reduce the impact: 1. Restore data from Legal preservation data sets. 2. Request data backups from 3rd party providers and consultants.</p> <p>Following actions ongoing: 1. Verify application recovery capability exists (source code available) as required 2. Conduct DR test within GAP environment annually</p>
Contingencies	
Monitoring	

7) Risk of failure to improve diversity and inclusion

Nature of the risk	<p>An insufficiently diverse and inclusive BP America will lead to business opportunity loss. Lack of inclusive culture lead to low employee engagement and potential retention issues.</p> <p>The major area of risk in BPA relates to D&I BP America failure to improve and progress ethnic representation in alignment with external and internal availability; our underpinning people processes including hiring practices, performance management and separation must be meritocratic.</p> <p>Furthermore the risk of using “non-valid” screening, testing, and assessment tools that could have an “adverse impact” on certain candidates who belong to a gender, racial or ethnic group.</p> <p>SPA(s): HR Function – Helena Fyda, HRVP BPA and Soul Cherradi, HR Compliance Manager</p>
Assessment	<p>Net Risk: E5</p> <p>Worst Credible risk impact: D</p>
Controls	<p>Overall ethnicity aspiration and D&I plans in place across BPA. D&I Council to monitor and track progress of the aspiration. BPA will focus on the effective application of three people processes that will underpin delivery of our aspirations:</p> <ul style="list-style-type: none"> • Performance ratings • Talent and development • Hiring and sourcing <p>In place to reduce the likelihood:</p> <ol style="list-style-type: none"> 1. BP America Business Leaders will be held accountable. 2. We ensure managers are knowledgeable and equipped to deliver balanced processes 3. We will perform causation analyses of current hiring, resourcing and selection processes during 1H 2017. 4. All leaders will be held accountable through their My Plans for mentorship, sponsorship, and structured development plans for minority talent 5. Every hi-potential minority employee has a senior sponsor, a development plan in place and a My Plan with challenging objectives that will allow the employee to demonstrate his/her talent. 6. 9 box grid calibration outcomes are balanced and merit based. 7. Succession plans for level F+ should have a qualified minority candidate on the list. If this condition cannot be met in a reasonable timeframe, the exception must be approved by the BP America business leader. 8. Resourcing should use selection practices, procedures, or tests (PPT) that were properly validated in accordance with the Uniform Guidelines on Employee Selection Procedures (the legal requirement in the US). Resourcing and compliance should work with external vendors to validate high risk PPT that are administered on a large number of applicants.

7) Risk of failure to improve diversity and inclusion (continued)

Contingencies	<p>In place to reduce the impact:</p> <ol style="list-style-type: none"> 1. All selection panels must include at least one diverse panel member (gender or ethnic diversity). 2. Internal selection decisions must identify the successful candidate, the runner-up, and the top minority candidate (if not in top 2). 3. All job descriptions will become standard and clearly state the essential requirements from the “nice to have” 4. We invest in bias mitigation training. Resourcing leads, USUR recruiters, business team leads and managers with hiring responsibility must complete Bias Mitigation training plus the Do’s and Don’ts of Selection legal training. 5. Each segment should be reviewing minority talent when considering growth and challenging line roles, assignments, expat and multi-region assignments. 6. Executive Sponsors of Ethnic BRGs will develop a forum to provide deeper engagement with minority talent. 7. Compliance/legal provide training to Resourcing, Hiring Managers and HR on PPT validity, record keeping and legal/compliance changes in this area; e.g. After spending time, resources and money validating a PPT, HR/Resourcing change the cut-off scores of the PPT to accommodate the hiring manager request. These ad hoc changes destroy the validation of the PPT.
Monitoring	<p>Following actions ongoing:</p> <ol style="list-style-type: none"> 1. We track for calibration outcomes that are balanced and merit based 2. We track for transparency in our processes and outcomes 3. The BPA D&I Council will monitor quarterly and the BPA President and Chairman will hold U.S. business leaders accountable to deliver progress while maintaining meritocracy 4. Establish and manage an HR Compliance team and internal checks and balances. 5. Compliance annually monitors the impact of PPT on the different groups including conducting HR self-audits; Compliance reports findings and make recommendations for corrections <p>Adverse impact is a substantially different rate of selection in hiring which works to the disadvantage of members of a race, gender, or ethnic group. A non-valid selection practice, procedure, or test (PPT) is one that does not appropriately measure what the job requires or does not appropriately predict success on the job. The risk here is twofold:</p> <ol style="list-style-type: none"> 1. Legal risk of disparate impact discrimination (a.k.a. in UK as indirect discrimination) are systemic and very costly from the perspective of potential monetary damages and reputational damages. 2. Business risks involved in hiring the wrong people for the job. Subsequent productivity and performance issues.