

Business review

**Group overview****Our organization**

BP is one of the world's leading international oil and gas companies.<sup>2</sup> We operate or market our products in more than 80 countries, providing our customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items.

As a global group, our interests and activities are held or operated through subsidiaries, jointly controlled entities or associates established in – and subject to the laws and regulations of – many different jurisdictions. These interests and activities covered two business segments in 2010: Exploration and Production and Refining and Marketing. BP's activities in low-carbon energy are managed through our Alternative Energy business, which is reported within Other businesses and corporate.

Exploration and Production's activities include oil and natural gas exploration, field development and production; midstream transportation, storage and processing; and the marketing and trading of natural gas, including liquefied natural gas (LNG), together with power and natural gas liquids (NGLs). During the fourth quarter of 2010, as part of our wider response to the Gulf of Mexico incident, we decided to reorganise our Exploration and Production segment to create three global functional divisions: Exploration, Development, and Production, integrated through a Strategic Integration organization. This is designed to fundamentally change the way the segment operates, with a particular

**Exploration and Production**  
 2010: [Strategic Integration](#)

focus on managing risk, delivering common standards and processes and building personnel and technological capability for the future. The Exploration division is accountable for renewing our resource base through access, exploration and appraisal activities. The Development division is accountable for the safe and compliant execution of wells drilling and completion and major projects. The Production division is accountable for safe and compliant operations, including upstream production assets, midstream transportation and processing activities, and the development of our resource base. Divisional activities are integrated on a regional basis by a regional president reporting to the Production division.

Refining and Marketing's activities include the supply and trading, refining, manufacturing, marketing and transportation of crude oil, petroleum and petrochemicals products and related services. The segment comprises a number of strategic performance units (SPUs), which are organized along either geographic or activity-related lines. Each SPU is of a scale that allows for a close focus on performance delivery, starting with safety, and includes the appropriate management of operating and financial parameters.

Our group functions and regions support the work of our segments and businesses. The key objectives of the functions are to establish and monitor fit-for-purpose functional standards across the group; to act as centres of deep functional expertise; to access significant leverage with third-party suppliers; and to establish and maintain capabilities among the functional staff employed within our operating businesses. In addition, the head of each region provides the required cross-segment integration and co-ordination of group activities in a particular geographic area and represents BP to external parties.

In June 2010, following the Gulf of Mexico incident, we established the Gulf Coast Restoration Organization (GCRO) and subsequently equipped it with dedicated resources and capabilities to manage all aspects of our response to the accident. This organization reports directly to the group chief executive and is overseen by a specific new board committee. Following the Gulf of Mexico incident, we have redefined and strengthened the scope and accuracies of the group function for safety and operations, creating an enhanced, independent Safety and Operational Risk (S&OR) function, to oversee and audit the company's operations around the world. This function has its own expert staff embedded in BP's operating units, including exploration projects

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## BP's 2010 Annual Report