

Highly Confidential

problem that a meeting of the subsidiary's board needs to solve.⁵⁵ The activity of the subsidiary can be effectively directed and monitored by the firm's sole shareholder or its designees.

Moreover, Professor Quivik's specific criticisms of the BXP Board are unconvincing. For instance, the Quivik Report suggests that BXP was not "active" because BP Group employees (and not the BXP Board, including but not limited to employees whose time was reimbursed by BXP) were involved in setting BXP's operational goals and financial plans. From a corporate governance perspective, this is, however, an appropriate practice.⁵⁶

Similarly, the Quivik Report objects that "I have seen no evidence that either the BXP Board of Directors or an officer of BXP, acting in that capacity, was ever informed of the

pays. BXP can act through the BP Group Gulf of Mexico employees for whose time it pays and who could do this work on BXP's behalf.

BXP; or (2) the payroll employees of BP Group affiliates employees for whose time BXP pays. BXP can act through the BP Group Gulf of Mexico employees for whose time it pays and who could do this work on BXP's behalf.

Thus, when it comes to monitoring the blowout and directing the response to the accident, the Quivik Report provides no reason to think that BXP Board action was necessary, preferable, or even helpful. Additionally, the Quivik Report identifies no benefit to BXP or to

⁵⁵ Initial Report at 35.

⁵⁶ See supra Section III.A.

⁵⁷ Quivik Report at 29.