



Corporate Structure and Financing Process Guidance

OVERVIEW

Support from Treasury and Tax is required for any action which will involve changing the Group's corporate legal entity structure or which involves the financing of a project or legal entity. Exercise of that support is documented through a Corporate Structure and Financing Note ("SFN").

Authorities

To implement a change to the Group's legal entity structure or funding, more than one type of authority may have to be exercised within BP's System of Internal Control (refer to the Group's System of Internal Control website, http://global.bpweb.bp.com/about_bp/abp-SIC-homepage.aspx).

BP is organised and governed through a system of delegated authority reflecting business and control requirements. This internal delegation system falls into three different but complementary elements, and all three elements are required to take actions. **Plan delegations** define a set of activities and targets to make resources available, while **standing delegations** release these resources for specific actions. All decisions are formally governed by **legal entity delegations** (refer to the Group's Delegation of Authority (DoA) website, <http://authorities.bpweb.bp.com/intro/default.aspx?pageid=202>).

- **Standing Delegations (management authority).** Unique Authority (UA) is delegated under the Group's DoA *via* the CFO to Treasury and Tax for any changes to the Group's corporate legal entity structure and for financing transactions. The procedure through which this authority is exercised requires that support from Treasury and Tax be documented in a **Corporate Structure and Financing Note** (SFN).¹
- The Group Investment Assurance and Approvals Process (GIAAP) Group Standard sets out the requirements for Group investments, including other commitments of Group resources when required to progress business of the Group (whether as capex, a divestment or a long-term contractual commitment). Authority to commit to such investments is exercised by a manager in the relevant Segment or Function, who has appropriate delegated authority, through support of a Finance Memorandum (FM). The choice of *whether* to make the investment ("Is this a good investment of Group resources?") belongs therefore with the

¹ Treasury also exercises certain of its own Unique Authorities that are not shared with Tax (for example issuance of external Group debt) through an SFN: in these cases, support comes only from Treasury, but Tax will be consulted. Specific delegations are also given to IST Credit for limited types of provision of guarantees, and the SFN process is used also in the exercise of these delegations.



Segment or Function within whose Plan that investment lies; however, the choice of legal entity through which to make that investment and how to *finance* that investment ("From which BP legal entity will the funds be applied, and in what form?") is reserved to Treasury and Tax, and is governed by the SFN process, as above. Support of the SFN in this case will usually occur after the support of the FM for underlying investment case², since the supporter of the SFN will want to be clear that the investment has been supported by the relevant Segment or Function.

- Where no incremental commitment of Group resources is involved (such as in an internal restructuring, or further capitalisation of a BP entity using internal funds), no FM will be required under GIAAP. However, the business activity which is driving the incremental commitment should be approved by the Segment *via* the Plan and an SFN will be required wherever a change to structure or financing is involved.
- **Legal Entity Delegations (legal authority).** Changes to corporate structure can only be properly implemented through Board Minutes or Resolutions, or by an empowered director or officer of the Board of the appropriate company. Likewise, financing arrangements can only be implemented by an authorised officer of the company. The Blueprint website is a resource which sets out who are the officers for legal entities across the Group (<https://access.bpglobal.com/bp/C/BlueprintLogin.html?targetURL=https://access.bpglobal.com/fim/sps/auth?PartnerId=https%3A%2F%2Fbps-93.blueprintserver.com>), and the Company Secretariat will be able to advise on what Powers of Attorney and delegations are in place.
- The internal BP Group management delegations, set out within the Group's DoA, do not take precedence over the requirements of applicable law, contract or the articles of association, by-laws or other governing documents of the relevant legal entity, whatever its form (subsidiary company, joint venture, associate, partnership or other). The *management* authority of BP employees to commit BP resources will be limited by their delegated authorities within the Group's DoA, but as directors, officers and other individuals acting on behalf of subsidiaries or joint ventures they receive their delegated *legal* authority from the relevant legal entity, rather than through the Group's DoA. They will need to be mindful, for example, of their fiduciary duty to the specific legal entity according to applicable law.

² In the case of investments which have a particularly critical timeline, such as M&A transactions, the SFN may be supported ahead of the Execute FM, and take a form more akin to that of an AtN, prefiguring an expected form of transaction with boundaries. SFN support will then be conditional on EFM support.



Under BP control processes, implementation of changes may require further controls to be taken into account, such as the involvement of recognised signatories when effecting payments.

Transactions requiring SFN support

The definition of the types of transactions which fall under this SFN support requirement is broad:

- Change to corporate structure is defined widely, covering all instances where a decision is made regarding the legal-entity architecture through which the Group transacts its business.
- Financing transactions include internal and external funding (debt, equity and hybrid instruments), return of funds to the Group centre, and the provision of financial guarantees and other forms of credit support.

The scope of transactions covered by this requirement includes transactions that alter the corporate structure, or change funding arrangements, including intra-Group loans and current accounts, financial guarantees, and intra-Group share capital changes or transfers, or dividend payments. The list given below is illustrative and not exhaustive.

- Choice of legal entity through which to conduct business
- Formation or liquidation of a Group company, whatever its legal form (subsidiary, joint venture, associate, partnership or other)
- Creation of new companies or choice of legal entities for implementing joint ventures
- Merger or liquidation of a company
- Change of ownership of a company or chain of companies
- Creation of separate tax-paying entities (branches) or representative offices
- Buying, selling or transferring shares
- Buying, selling or transferring assets (other than routine transactions)
- Change in legal ownership of assets (e.g. sale and leaseback)
- Changes that materially alter an entity's scope of activity within a jurisdiction
- Funding companies through equity, debt, or hybrid instruments (e.g. preference shares, convertible debt)
- Setting dividend policy and payment of dividends
- Debt prepayment, if not anticipated in the original debt terms
- Extending existing loan facilities and setting interest rates for loans
- Issuance of long- or short-term external debt (a Treasury Unique Authority only)
- Financing-related investments by BP entities within business-led projects (where BP lends cash or cash equivalents to third parties)
- Changing share capital, restructuring balance sheets or funding losses
- Issuing a financial guarantee



- Any guarantee issued by BP p.l.c., BP Finance p.l.c., BP Corporation North America Inc or BP International Ltd
- Any guarantee which increases the exposure of the BP Group (an example would be a guarantee of 100% of a joint venture's obligations, where BP ownership share is less than 100%).
- Provision of other forms of financial security.

As a small change may potentially have a very large impact there are no *de minimis* limits.

Tax and Treasury will advise where support is or is not required, since recognition of the substance and potential impacts of a proposed change may require specialist scrutiny.

The policy framework for the Group's financial architecture is laid down in the Associate Tax & Finance Guidelines.

All dealings with banks and other financial institutions must be undertaken in consultation with Treasury, even though they may not require SFN support.

What is the purpose of an SFN?

An SFN is a management-of-change document employed when changes are made to the Group's legal entity structure or funding.

- An SFN memorializes the due diligence that was undertaken in respect of a proposed action and outlines steps required for implementation.
- The SFN process ensures that all stakeholders/Functions have an opportunity to review and comment on a proposed action and to have those comments taken into consideration by Tax and Treasury leaders when they exercise their delegated authority.
- An supported SFN is evidence of Tax and Treasury's exercise of delegated authority to decide how to change BP's legal entity structure and how to fund a project or entity.

Complex transactions may involve some steps for which SFN support is required and some steps for which an SFN is not required. Nonetheless, all of the steps of an integrated transaction should be described in the SFN to give the supporter a complete view of what is contemplated even though the SFN may *request* support only for particular steps.



SUPPORT PROCESS

Steps in getting support

Every SFN will need a Project Leader. The Project Leader is responsible for preparing the SFN such that it makes the case for the project. (Refer to the following section for more details on the role of the Project Leader.)

Business support, via FM or the Plan, must always be confirmed before any SFN is submitted for support³. The steps to obtain Tax and Treasury support for a project that requires an SFN are as follows:

- The Project Leader will typically start by getting the Segment to describe the business case for the project in the SFN, usually in the Background section, and will then consult with Tax and Treasury.
- Thereafter, at the point when the SFN is circulated beyond Tax and Treasury for consultation, it must have a unique SFN reference number, inserted in the document's header. The reference number can be obtained by the member of the Group Funding team tagged to the project.
- Treasury and Tax jointly maintain an electronic database to archive all SFNs. The unique identification number (an SFN #) assigned to each SFN is obtained from the central SFN register maintained by Group Funding. This register is an Excel-based tool used to record key summary information about SFN that is helpful in both finding copies of completed SFNs and tracking the process of SFNs that are currently being worked on.
- The Excel-based SFN register is itself derived from the Group Funding SharePoint site used as a repository for supported SFNs as well as related current account facility (IFA) and loan agreements.
- Once the SFN has been assigned a reference number and logged in the SFN register it should, until such time as it receives support, be designated as being at "draft" status, which allows slow-moving SFNs to be monitored.
- The SFN should then be networked with the other appropriate advisory functional teams (Finance, Cosec, and Legal).
- Once functional networking has been completed, the SFN is submitted for support by Treasury and Tax in accordance with standing delegations (management authority) as reflected on the DoA website. Single point accountability for corporate structure and financing changes rests with the Treasury and Tax functions, acting as an <AND> logic gate. The support from Treasury and Tax will be given by e-mail.

³ As noted above, in exceptional or time-critical cases only, SFN support may be given *conditional* on subsequent business support.



SFNs are BP Confidential information and are shared with third parties only where required to comply with regulation.

Requests to share SFNs with third parties must be approved by the Manager, Group Funding and Capital Markets (for Treasury) and the Treasury and Trading Direct tax Lead (for Tax), along with the Managing Counsel, Consolidated Tax Planning (for US Tax) where appropriate.

Format of the SFN

The SFN is the controlling document for actions which change the structure and funding of the legal entities through which BP conducts its business, and underpins the way we discharge our accountabilities for the financing of the BP Group. Its use is enshrined in the system of Delegations of Authority. In line with the 10 Point Plan, we continually look for ways to simplify the SFN process, and the content of SFNs themselves, to reduce the workload entailed by this control process.

Templates

The Group Funding Manual and the Group Funding intranet website contain a generic SFN template as well as tailored templates for SFNs relating to IFAs, intra-Group loans, dividends, capital injections into insolvent UK legal entities and intra-Group guarantees. These templates outline the required sections of the SFN to make the case for the project, to capture the inputs of the consultation group (see below) and to outline the implementation steps. Each tailored template offers a starting point for framing one type of SFN.

Simplification

The SFN plays more than one role: it acts both as a request for support from the accountable decision-maker for the proposed change, and as a repository for information such as essential due diligence and the practical details of implementation steps. Trying to separate these pieces into two or more, cross-referenced documents is unlikely to offer a route to simplification.

While some SFN proposals are inherently relatively simple, and can easily be conveyed in a short note, other proposals involve complex context, due diligence issues or analysis of alternative courses of action. Observing good practice offers some expectations for SFNs:

1. Clarity in the request

Experience has shown that all of the information in the SFN is important. However, the SFN must highlight upfront for the decision-maker the information that is central to the decision itself. This will include:

- A clear statement of the request, so that it is clear both what is to be supported, and that the supporter has appropriate authority;
- The business context and rationale for making this request;



- An outline of the principal due diligence conducted before presenting this proposal; and
- A summary of any remaining risks.

The SFN must clearly state each step proposed and the specific mechanics of the step: do not use generic terms such as “transfer” and “move”, explaining instead the specific and legal mechanics of how an asset will be transferred or moved. The source/use of any funds must be included, along with the detail of which legal entities are involved, the jurisdiction in which they are formed, and the characterization of those entities for tax purposes (do not refer to “BP” generically but instead refer to the relevant legal entity and define all abbreviations). Where possible, it is helpful to set out the accounting for the transaction (e.g., journal entries).

Where appropriate, it may be important also to highlight upfront other aspects of the proposal, such as the main alternatives considered, and critical points in the expected timeline for action.

Where required by the Tax Operating Framework⁴, a TRAM should accompany the SFN, but should not be included within the SFN itself.

The Tax SPA of the SFN should ensure that an appropriately detailed analysis of the tax accounting impacts of the proposal, considering both the statutory tax accounting impacts and the group reporting tax impacts, are included in the SFN. This commentary should be reviewed by the appropriate Finance Tax advisor.

2. *Complex SFN cases*

It is possible to smooth the support process if we can bring this information to the front of the SFN, in a short note, while continuing to attach the full details in an appendix.

Unless the proposal is already simple enough to be contained entirely in a brief note, then – wherever possible, and certainly in SFNs requiring support from the Heads of Function or from the Group CFO – we adopt this format:

- a short first section (1-2 pages, covering information essential to the decision itself, as above), clearly separated from
- an appendix which contains the full detail, so that this remains *available* to the decision-maker.

Ensure that the SFN includes implementation steps for the proposal. For complicated transactions, an Implementation Action Plan (IAP) should be provided in an appendix.

⁴

http://tax.bpweb.bp.com/en/Tax_Operating_Framework/Tax_Operating_Framework_static_image.aspx



3. Routine or recurring actions

Actions such as dividends or debt renewals or deferrals, may be routine or recurring. It is important that due diligence confirms that such actions remain appropriate, and implementation details have been checked and updated. The corresponding SFN needs to contain this information. Once again, however, it can greatly help the decision-maker (who otherwise has to read every word, to see whether something has changed) if the SFN highlights the essential points.

As above, the SFN should highlight up front:

- that the proposed action *is* routine or recurring, and
- what has *changed* since the previous action.

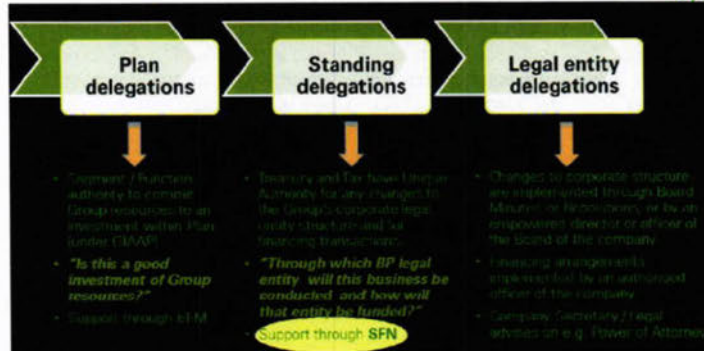
This can be done by listing the changes in a specific section of the SFN. Even better, the changes can be highlighted in a brief SFN, with the previous SFN attached for reference.

Timeline

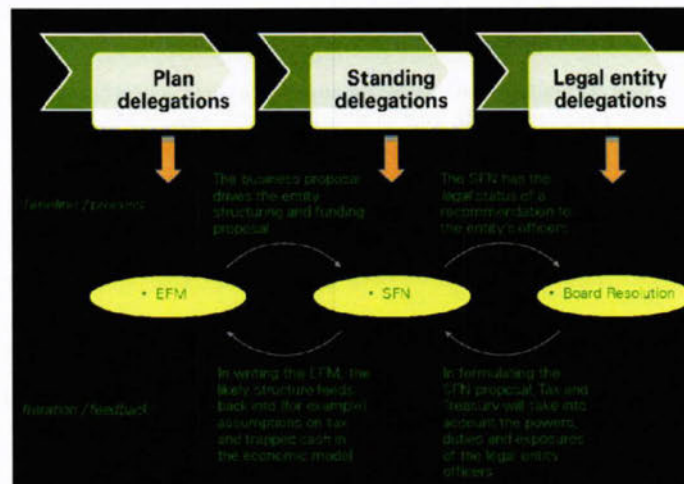
The different types of transaction which will be progressed through an SFN will vary widely in their timelines: a routine dividend may take only a few days from initial consideration through SFN support and dividend declaration to completion of the payment, whereas a corporate restructuring or liquidation might involve legal steps that take months or even years to complete.

It may be possible for steps taken to reorganise and optimise legal entity holding structure to be implemented with minimal or no impact to the conduct of the underlying business. In contrast, where structuring steps are being implemented specifically to accommodate or progress a new piece of business (such as a project investment, or formation of a joint venture), it is clear that the framing and support of the SFN and the implementation of the steps set out in the proposed transaction will have to align with the business timeline for project sanction through GIAAP and the stage gates through CVP.

As noted above, the SFN is in this context normally an Execute-stage document.



However, while it may appear that there is a natural sequence of actions to be followed (EFM support, followed by SFN support, followed by execution of transaction documents by the legally-empowered company directors or officers that make the transaction happen), there are clear feedback loops that anticipate in each case the other steps in the sequence:



This variability in the complexity of a transaction and the degree of linkage of the SFN steps to any externally-driven timeline mean that there is no one-size-fits-all protocol that can be set out for the integration of the progression of an SFN process into any business change processes (e.g. GIAAP, EEM) which may be progressing in tandem. However, there are a couple of common-sense observations that can be borne in mind:



- Where appropriate, good practice will include fit-for-purpose, early and informal socialisation of the concepts underpinning forthcoming SFN requests. This will ensure that the SFN and any associated AtN/Execute FM are being progressed in a direction which will ultimately meet with support when the completed SFN proposal is presented.
- An SFN should be prepared and supported prior to
 - requesting approval for a transaction from the relevant Board of Directors, if required to do so, and
 - implementing the action for which support is being requested.
- However, in certain situations, it may be desirable to “pre-network” the SFN with directors/officers before formally launching an SFN for Tax and Treasury Leadership support.
- SFN support also may be obtained following support of an ATN and before support for an EFM if internal restructuring is required prior to the action that will be the subject of the EFM (e.g., the sale of legal entity).
- In planning for the timeline for development, support and implementation of the SFN, the fit to any external or parallel timeline must be considered. For example, where a Segment investment is involved, SFN development and support must align with the CVP stages through which the investment proposal itself is being progressed to sanction and into Execute and Operate.

The role of the Project Leader

The process for managing the corporate structure change and/or financing is centred on a Project Leader, who is accountable for ensuring that there is adequate consultation and that an SFN is prepared and suitably supported.

Where the project is led by Treasury or Tax, the Project Leader will be a member of the Treasury or Tax function.

- For some types of transaction (for example, the injection of capital into a UK legal entity to avoid insolvency) it is quite common for the SFN to be led by the Finance Function.
- Where the project is business led, the Project Leader will be the commercial person accountable for getting the project done and that person is also accountable for the SFN. However, if the business Project Leader is not familiar with the SFN process, he/she should contact his/her Treasury and/or Tax contact and request active guidance through the process.

The Project Leader is also responsible for ensuring that the individuals or Functions accountable for each of the transaction steps necessary in the implementation of the SFN have been advised and have accepted responsibility for completing the action.



Whom to approach in Treasury and Tax

For Treasury, the Group Funding and Capital Markets team provides a list of Group Funding contacts based on the country of the Associates concerned. This list can be seen by following the link:

[Treasury Organigram](#)

For Tax, the appropriate contacts are the National Tax Manager, or the Regional Tax Manager, and the Treasury Tax team.

Consultation

To facilitate the SFN process, it is important that the necessary network of consultants is established as soon as possible. This should always include Treasury, Treasury Finance, local Finance (the individual accountants responsible for the companies concerned with the transactions), Treasury Tax (UK), Finance Tax, local Tax (the National Tax Manager or equivalent individual), the Segment Tax contact, the relevant Company Secretary or equivalent (company secretarial activities are usually carried out by the Legal team in countries outside the UK and the US). Legal must be consulted, except in the most straightforward of circumstances, and it is the Project Leader's accountability to determine whether consultation with Legal is necessary. The Business should also be consulted, even in the case of those transactions which are entirely Tax-driven or Treasury-driven. Any additional local/Regional functional teams must also be consulted as appropriate.

Tax issues are so crucial to corporate structure and financing projects that it is always required that Tax have been consulted on a project before it is presented for Segment management approval (e.g. via the FM), as well as their contributing to the associated SFN.

Finance consultation

- The impacts of the transaction on the statutory reporting accounting entries for each entity are the responsibility of local Finance.
- The impacts of the transaction on the Treasury Group Financial Outlook (GFO), Group cash forecasting and the BP Group consolidated reporting are the responsibility of Treasury Finance and must be confirmed by them.
- The BP Group Accounting and Reporting (GRAR) team has agreed that Treasury Finance will comment on BP consolidated accounting treatment aspects and consult with them as and when needed.
- Where the Group Reporting manual ("GRM", the IFRS Policies for the BP Group) specifically requires consultation with the appropriate Segment Head of Accounting Policy or GRAR, these consultations



should continue to be observed in agreeing the Group Reporting impact in the SFN.

- SFNs for material transactions in the BP America Inc ownership chain should be referred to the Controller, BP America and Head of Corporate Service Center for examination of the impacts to US GAAP reporting.

Incremental cash costs arising on corporate restructuring can be difficult to plan for in advance, and it may be appropriate to put such costs to 'OB&C Other' for Segment reporting. However, there needs to be appropriate control over the use of this GFO so that it does not become a dumping ground for costs that should belong elsewhere, and so that any anticipated costs can be addressed within GFO forecasts in a timely manner. Such incremental cash costs (stamp duties / notary fees / WHT / excise duties etc) should be identified early in the process, whenever possible. Although such costs can be assigned to OB&C Other, the agreement of such reporting treatment is held by the OB&C CFO who has delegated the task to the Head of Group and OB&C PPR and the Finance Manager, Treasury and M&A, who would need to agree to such treatment, which would be set out in the Group Reporting / Treasury Finance section of the SFN.

Head of Country consultation

In some cases, the Head of Country or their delegate will be a key consultee in the SFN process.

The BP Policy "Group Subsidiary Corporate Governance" set out in May 2013 (http://cosec.bpweb.bp.com/en/local_assets/documents/group-subsiary-corporate-governance-policy-2013.pdf) mandates that:

- Tax and Treasury shall approve any decision to form or incorporate any new Subsidiary or to change the corporate/entity form of any existing Subsidiary in consultation with the Local Approving Authority [the Head of Country (or delegate) and the Local Company Secretarial Authority, which will be either the Company secretarial team, or the local Legal team if there is no Company Secretarial team in that jurisdiction], Legal's Associate General Counsel, Chief IP Counsel (or delegate) shall approve the name of any new Subsidiary or a new name of any existing Subsidiary.
- Tax and Treasury shall approve any decision to transfer ownership of any Subsidiary from the existing parent Subsidiary to another parent Subsidiary within the Group in consultation with the Local Approving Authority, whether *via* sale of assets, merger or any other form of transfer.

Head of Country support may also be required – e.g. for company liquidations, for transactions which impact employees.



Where a transaction concerns entry into countries where BP does not already have a presence, the New Country Entry process (http://giaap.bpweb.bp.com/en/Policies/new_country_entry_policy.aspx) also mandates certain consultations. The process paper itself defines when a transaction is categorised as a New Country Entry.

The responsibility for initiating the networking lies with the Project Leader as described above.

Pre-implementation steps following support of an SFN

The receipt of the SFN support from Treasury and Tax is the Project Leader's management authority to proceed with the SFN implementation and with the project. This authority is subject to any additional GIAAP requirements. This management authority does not create a binding commitment on any particular legal entity, and has the formal status of a recommendation to the officers of the entity, which can only be bound by contracts or board minutes or other legal documents executed by the company directors (or through legal entity delegated powers, such as a power of attorney).

- Once supported, the SFN and the supporting emails from Treasury and Tax should be scanned and converted to a .pdf file format.
- The Project Leader should then notify by e-mail those individuals who contributed to the SFN that support has been obtained, attaching a copy of the .pdf file.
- The SFN register should then be updated to show it as being at "final" status.
- The .pdf of the SFN should be loaded onto the SharePoint repository of supported SFNs by the member of the Group Funding team tagged to the project.
- Legal authority for the transaction covered by the SFN is then obtained, usually through Company Secretariat. Further information on implementation is provided below.

IMPLEMENTATION

Implementation of transactions supported by an SFN

The Project Leader is responsible for ensuring that the transaction(s) contemplated by the SFN are implemented properly and in full. The Project Leader should advise all contributors to the SFN first of all when SFN support has been obtained and implementation can commence, and finally when full implementation has been achieved. This is because some functions may not be directly involved in the implementation but may need to take subsequent actions once the transaction(s) have been implemented.



Supplementing SFN support

There will be occasions when – following SFN support – circumstances change. Material facts may come to light or the structure of a proposed transaction may change prior to implementation

- If implementation of the transaction described in the SFN is delayed significantly, the Project Leader must check that the support transaction continues to be an appropriate course of action. Confirm with all contributors that their functional comments are still accurate, complete, and valid in light of the changes or new information.
- If details of implementation change (for example, amounts in the transaction are based on estimates in the SFN and differ at the time of implementation, but not to an extent that would bring into question the support given for the transaction), communicate the changes in the proposal or surrounding facts to the Tax and Treasury Leaders who supported the SFN and confirm their continued support for the proposed actions. This is generally done by e-mail. The e-mail confirming support for the SFN should be included in the SFN database with the SFN and evidence of the initial support for the SFN. Changes can be recorded in an **Information Note** added to the SFN database to ensure a complete and auditable record:
- If the change in the detail of the transaction is material, it may be necessary to confirm support for the transaction with the changed details through a **Supplemental SFN**.

In certain cases, it may be necessary to obtain SFN support for a proposal where implementation of that proposal is contingent upon the occurrence of another event. Contingent SFNs are typically prepared when timing is critical and there may not be sufficient time to prepare an SFN between the occurrence of an anticipated event and the date by which a proposed response must be taken.

- The SFN should clearly state the contingency: "Your support is requested to do X if Y occurs."
- Preferably, the SFN should make it clear also why support is being obtained before Y, rather than waiting first to see whether Y occurs.
- Following receipt of support for a contingent SFN and prior to implementation of any actions proposed in the SFN, the SFN sponsor must report whether the contingency has/has not occurred by e-mail to the Tax and Treasury Leaders who supported the SFN and to all contributors to the SFN.
- The e-mail reporting the occurrence/non-occurrence of the contingency should be included in the SFN database with the SFN and evidence of the support for the SFN.

Implementation through Minutes or Resolutions



Changes to corporate structure can only be properly implemented through Minutes or Resolutions of the Board or, if appropriate, an empowered officer of the Board of the appropriate company or companies. Likewise, financing arrangements can only be implemented by an authorised officer of the company. The appropriate Company Secretary (or, in many countries, the local Legal team) will arrange for this Board documentation to be completed and for subsequent filings to be made with the appropriate registries where necessary. National Tax Managers will be able to advise whom to contact for companies incorporated in their jurisdiction.

Upon approval of SFNs, the local Company Secretariat (or Legal) teams work with the functional teams to complete any necessary governance steps: coordinate and minute board meetings; draft and circulate board resolutions; request Head of Country support on appropriate transactions; prepare and submit any jurisdictional corporate structure filings/documents as required.

General delegation of legal authority

There are some general delegations of authorities which are either:

- a) Contained within company "legal delegations" (for companies such as BP International Ltd., BP Asia Pacific Holdings Ltd) established by law, under contract or the Articles of Association; or
- b) For BP p.l.c. only, embodied in the delegation given by the Board to the CEO and thence to the (CFO and the GVP Treasury *plus* others), routinely defining the limits of financial authority.

The former take precedence over any other forms of delegation and specify the types of transactions that can be authorised and may empower specific individuals to act on behalf of the statutory entities. Board Minutes or Resolutions are generally required for any significant transaction including issuing, buying and selling of shares, the approval of intra-Group loan agreements and signing of guarantees by authorised officers of the relevant company or their delegate. The Company Secretary will normally require and use the supported SFN and the signed FM as substantiation in preparing resolutions and the like..

Specific procedures required for BP p.l.c.

For BP p.l.c., either the CFO or GVP Treasury, depending upon the type and size of the transaction, will generally exercise his delegated authority by signing a brief certificate of such exercise following receipt of the supported SFN (and FM, where appropriate).



A director of BP p.l.c will sign the documentation which is to be executed with third parties; usually the signatory will be the CFO for financial transactions. On occasion, the signatory will be an individual specifically empowered to sign on behalf of BP p.l.c by means of a Power of Attorney (POA). Such POAs will be drafted by BP Legal with the assistance of the business and sealed by the BP p.l.c. Company Secretary's Office who will arrange for it to be correctly executed.

Evidence of authority to transact

The Project Leader must also inform the relevant Company Secretary in a timely manner of any requirements to provide evidence that the BP signatory has authority to act on behalf of the specific BP company which is party to the transaction. These requirements could be stipulated by the transaction's counterparty and may include one or more of the following:

- Power of Attorney (with possible Notarisation/Legalisation in certain circumstances)
- Certified copy of the Board Resolution/Minutes
- Memorandum and Articles of Association for the specified company (with possible certification in certain circumstances)
- Certificate of Incorporation
- Certificate of Incumbency.

NOTE: Project Leaders should **not** offer these constitutional documents to the counterparty lightly as some can be very expensive (e.g. notarisation and legalisation); they will only be provided where deemed appropriate when the counterparty requires it. However, any requests of this nature **must** be communicated to the Company Secretary involved.

The Company Secretary or the Legal representative for the BU concerned should also hold copies of any legal agreements pertaining to the transaction in final form with the company records.

Record of Group Structure

The Group is required to publish a detailed Group structure for both the UK Revenue and Companies House in the UK. This is compiled by the Head of Group Secretariat UK (currently Hannah Ashdown). As such, the following information must be notified to the Group Structure contact in the Group Secretariat Team via emailing 'Group Structure' on the BP Global Address List (GAL) (grpstruct@uk.bp.com) for **all changes** to corporate structure:

- Company Name and any name changes
- Country of Incorporation
- Date of Acquisition/Incorporation/Liquidation



- Parent company/ies and the percentage holding of each parent company in the target company
- Total BP holding in the company
- Note if it is publicly quoted

New Group companies

There is value in keeping the legal entity structure of the Group simple, and in minimising the number of legal entities (including branches, representative offices and permanent establishments that we create). This can be done by challenging the need for new entities (depending on a strong case based on the business model, protection of value or management of risk) and through corporate simplification actions that terminate entities whose useful life has ended. That case should be made in the SFN, including a commentary on the incremental life-cycle costs of any new entities. Guiding principles have been developed for the establishment of new legal entities.

Remember that Group Secretariat needs to be involved in:

- Setting up of any new company
- Name approval (see below)

When the formation of a new entity (legal entity, branch and so on) is proposed, the Legal / CoSec section of the SFN (as appropriate) should provide the name and role of the person who will be the owner of that entity for the purpose of managing its information in BluePrint.

Use of the BP Group Trademark Names in the Company Name

The use of any BP Group Trademark name in a company name requires Group General Counsel approval, use of the Castrol name requires approval from GVP Lubricants. Group Secretariat will co-ordinate such approval.

Responsibilities for this guidance paper

This paper is owned by Treasury, in consultation with Tax, and the responsible individual is the Manager, Group Funding and Capital Markets.

It incorporates guidance and consultation drawn from other BP Functions, in particular Tax, Legal and Finance. Its content is reviewed on a periodic basis as requested by the Group Treasurer and/or Group Head of Tax, as well as being updated on an event- or risk-driven basis to incorporate experience in running an effective control process, changes to the organisation, or in response to changes in regulations or tax laws or in other BP standards or procedures with which this control process interacts.

