

The BP Operating Management System Framework



Part 1

An overview of OMS

GFD 0.0-0001

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operating
management
system

The Operating Management System sets out BP's principles for operating and provides a framework to help deliver the essentials, then excellence, in operating.

OMS provides a systematic and consistent approach for managing our operating activities, and delivering competitive performance while meeting BP's commitment to HSSE performance (See Appendix One).

This document is **Part 1** of the OMS framework. It provides an overview of the OMS framework explaining its principles, terminology and applicability.

- **Part 2** describes the Elements of Operating that define operating activity and identifies the OMS requirements specified in the Group Essentials and Group Defined Practices.
- **Part 3** describes the OMS Performance Improvement Cycle to be applied at least annually in each entity¹.
- **Part 4** details Governance and Implementation requirements and clarifies OMS applicability to operating activities such as projects, site operations and joint ventures.

These documents are intended for use by entity leaders, entity leadership teams and those involved in implementing OMS within the entity.

In the event of a conflict between OMS and applicable legal and regulatory requirements, the applicable legal and regulatory requirements shall be followed. If OMS creates a higher obligation, it shall be followed as long as full compliance with the applicable legal and regulatory requirements is achieved.

Further information about OMS and a glossary of OMS terminology can be found on the OMS website: <http://oms.bpweb.bp.com>

1. Entity or BP entity

An organizational unit within BP which may be a Performance Unit, Business Unit, Strategic Performance Unit, Segments or some logical sub group of one of these, defined by the Segment, Function or Region. Each operating entity will have a consistent local Operating Management System documented in an OMS Handbook.

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2 Introduction

“The OMS has two purposes:
to further **reduce HSSE risks**
in our operating activities
and to **continuously**
improve the quality of those
operating activities.”



The operating management system (OMS) is fundamental to delivering safe and reliable operating activities in BP. It is the foundation for a responsible and high performing BP where our goals are simply stated: no accidents, no harm to people and no damage to the environment.

OMS is important. It provides a set of requirements and a systematic application of a Performance Improvement Cycle to continuously improve the way we operate. It also sets the boundaries and standards that will enable leaders to exercise control in a way that is clear and unambiguous.

I'm counting on your personal leadership to make OMS a foundation for best in class competitive performance.

A handwritten signature in black ink, reading "Tony Hayward".

Tony Hayward,
Group Chief Executive



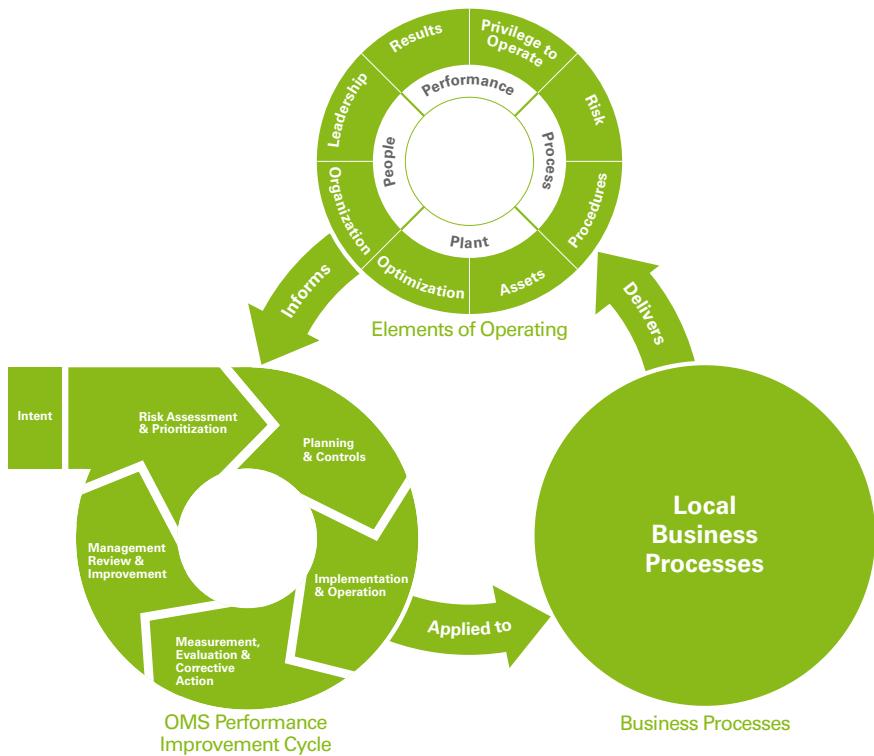
4 What is the OMS?

The OMS framework, when fully implemented, helps to deliver **safe, responsible and reliable** BP operating activity and **continuously improve performance**.

The OMS framework

Every site and business within BP currently has a management system to set priorities and manage risk. The purpose of the OMS framework is to help bring the appropriate level of consistency and completeness to all these systems.

OMS is a framework that defines a set of operating requirements. It sets out a systematic way to improve local business processes to deliver these requirements. When fully implemented, it helps to deliver safe, responsible and reliable BP operating activity and continuously improve performance.



A virtuous circle

The OMS framework operates by applying the Performance Improvement Cycle to local business processes. This delivers the outcomes defined in the Group Essentials which are categorized against the Elements of Operating. In turn, assessments against the Group Essentials inform the risk assessment and prioritization step of the Performance Improvement Cycle.

6 What is the OMS?

The OMS is developed, implemented and sustained locally.

Delivering OMS locally

Each entity will have a local Operating Management System (local OMS) which describes how it will deliver its operating activities. This is developed, implemented and sustained locally. The local OMS translates business needs, relevant legal and regulatory requirements and OMS requirements into practical plans to reduce risk and deliver strong, sustainable performance.

Each local OMS is described in a local OMS handbook – providing a summary and guide to the way things are done within that operating entity.

This local handbook explains how the OMS framework and the relevant BP business processes convert into local plans and actions.

More information on implementation of the local OMS can be found on pages 22-24 and in the OMS framework Part 4.

An integrated, consistent way of working

OMS is one of a set of consistent principles and processes that are applied across the BP group.

Together these are designed to simplify the organization, improve productivity, enable consistent execution and focus BP on performance.



8 Why do we need an OMS?

Creating sustainable competitive advantage through operating excellence.

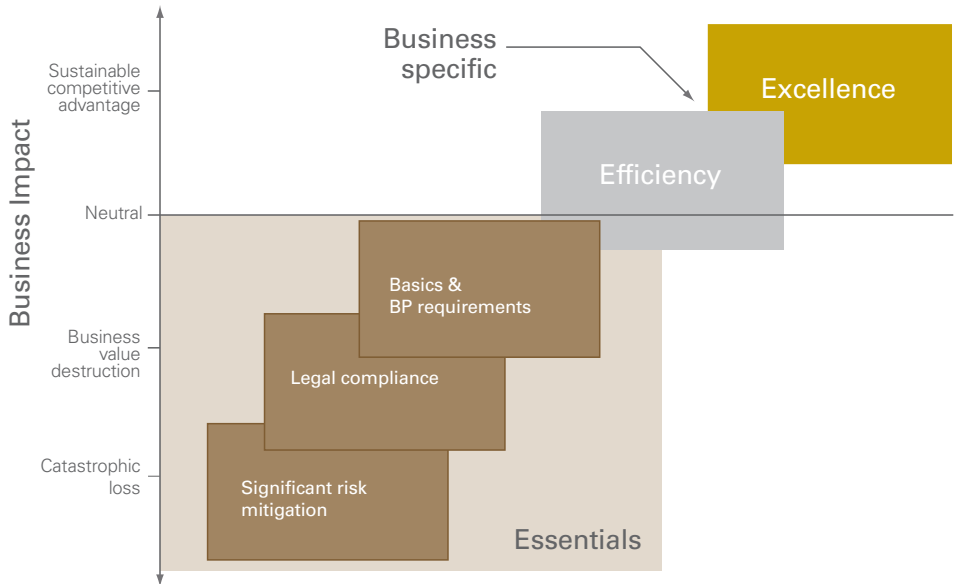
Creating sustainable competitive advantage through operating excellence will require improvements in all aspects of the Elements of Operating, i.e. improvements in plant, process, people and performance.

The Group Essentials outline what's required, categorized by the Elements of Operating. They cover risk mitigation, legal and regulatory compliance, conformance with BP Requirements, and rigorous application of basic operating knowledge. Together they help BP entities deliver safe, responsible and reliable operating activities.

They also create a platform for sustainable improvement, allowing BP to capture additional value through efficiency.

Ultimately this delivers sustainable excellence in operating.

Steps to operating excellence



10 What are the benefits of the OMS?

By addressing all of the Elements of Operating, the local OMS seeks to bring a balanced approach to operating.

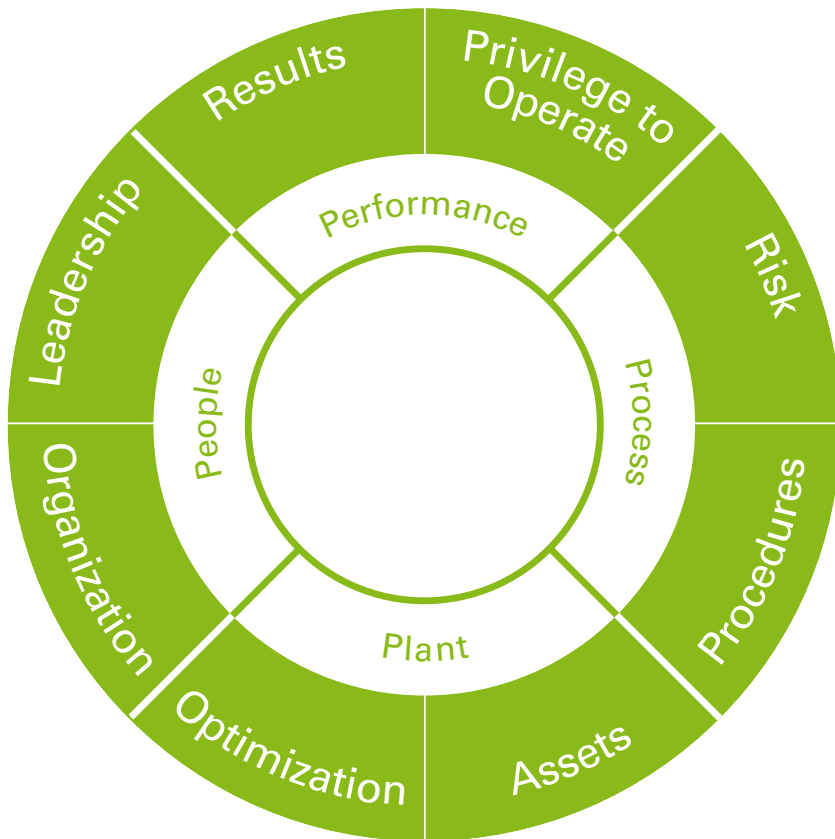
OMS Benefits

By addressing all of the Elements of Operating, the local OMS seeks to bring a balanced approach to operating. Successful implementation of a local OMS will help to deliver:

- Clear roles and responsibilities for the workforce.
- Clear accountabilities and unambiguous goals.
- A competent workforce that understands entity priorities and feels supported and valued.
- Compliance with applicable legal and regulatory requirements, and conformance to Group Essentials and Group Defined Practices.
- Effective personal and process safety management.
- Continuous risk reduction and disciplined behaviour at all levels to challenge and eliminate unsafe acts and conditions.
- Entities with the resources and capability to implement the entity plan and systematically improve operating processes and activities.
- Leadership that listens and responds openly to the workforce and stakeholders.
- Respect for expertise at all levels within BP.
- Continuous improvement, learning from ourselves and others to improve the leadership, capability and capacity of BP.
- Customer and stakeholder expectations being met or exceeded.



12 Introducing the Elements of Operating



Elements of Operating

Put simply, the Elements of Operating describe eight dimensions of how people, process, plant and performance operate within BP.

Each of the eight interdependent Elements of Operating is divided into sub-elements, which need to be selectively and systematically managed to improve performance.

A Principle helps describe the intent of each Element and each sub-element. These Principles, which are shown on pages 14-17, provide guidance and support decision-making. The Group Essentials define what's required and are categorized against the sub-elements. The Group Essentials are the Group operating requirements with which each entity shall comply.

There are a set of Group Defined Practices which detail business processes that shall be implemented as part of the local OMS to deliver one or more of the Group Essentials.

More details on the Elements of Operating, Group Essentials and Group Defined Practices can be found in OMS Framework Part 2.

14 Introducing the Elements of Operating

Element 1 Leadership

Principle: Our operating leaders are competent, exhibit visible, purposeful and systematic leadership and are respected by the organizations they lead.

Sub-element principles:

Operating leaders

BP operating leaders provide clear direction to the people in their organization and then act in accordance with it.

Operating strategy

BP leaders integrate operating activities into business strategies and objectives to deliver continuous risk reduction and performance improvement

Planning and controls

BP leaders formulate annual plans aligned to the local operating policy to address risks, performance delivery and performance improvement opportunities, and establish controls to deliver intended outcomes

Resource and implementation

BP leaders provide sufficient resources to manage risks and deliver performance improvement, and apply control mechanisms to identify and correct deviations from the annual plan.

Accountability

BP operating leaders create and support clear delegation and accountability consistent with BP Requirements.

Communication and engagement

BP leaders, through their actions and behaviours, create an environment in which the workforce are informed, involved and enabled to do their jobs.

Culture

BP leaders take action to develop and maintain a culture and behaviours that enable safe, responsible and reliable operating.

Element 2 Organization

Principle: We have fit for purpose and agile organizations staffed with competent people and teams.

Sub-element principles:

Organization structure

BP entities establish organizations that allow them to deliver their planned business objectives effectively and efficiently through the deployment of competent people and adequate resources.

People and competence

BP entities deploy and maintain competent employees with appropriate qualifications, skills and knowledge for roles that impact integrity and operating performance and to meet current and future business needs.

Operating discipline

BP entity leaders hold the workforce accountable for performing their work in accordance with operating procedures and practices.

Organizational learning

BP entities continuously improve their local OMS, both sharing and incorporating learnings from within and outside the entity or BP group.

Working with contractors

BP entities systematically assure that goods, equipment and services provided by suppliers, contractors and other parties meet contractual and BP Requirements.

Element 3 Risk

Principle: The workforce at all levels of our organization understands and manages operating risk to prevent accidents and harm to people, to reduce damage to the environment and to achieve competitive performance.

Sub-element principles:

Risk assessment and management

BP entities assess, prioritize and manage operating risks consistent with BP Requirements.

Personal safety

BP entities provide a safe working environment by systematically identifying and assessing safety hazards and mitigating the potential risks to people.

Process safety

BP entities manage the integrity of hazardous operating systems and processes by applying good design principles, engineering and operating practices which prevent and control incidents that have the potential to release hazardous materials or energy. Such incidents can cause toxic effects, fire or explosion and could ultimately result in serious injuries, environmental impact, property damage and lost production.

Health and industrial hygiene

BP entities manage their business to prevent harm to the health of employees, contractors, visitors and local communities.

Security

BP entities put processes in place to maintain the security of the workforce, premises, facilities, equipment and information.

Environment

BP entities identify and systematically manage the impact of their activities on the environment and integrate environmental requirements into the local OMS.

Transportation

BP entities evaluate and manage transportation risks covering land, sea and air travel to prevent injury to people.

Element 4 Procedures

Principle: We document and rigorously follow procedures for safe, responsible and reliable operating.

Sub-element principles:

Procedures and practices

BP entities document, maintain and follow practices and procedures for the safety of their workforce and the safe, responsible and reliable operation of their assets, facilities, floating structures and transport equipment.

Management of change

BP entities employ a formal, systematic process to document, evaluate, approve and communicate temporary and permanent changes that could impact safe, responsible and reliable operating activity.

Information management and document control

BP entities develop, review and maintain secure and readily available the necessary and appropriate information, documents and records.

Incident management

BP entities report and investigate incidents; determine immediate and system causes and implement appropriate corrective actions; and share the learnings to reduce the likelihood of recurrence and improve operating performance.

Control of Work

BP entities employ a formal Control of Work process to provide a work environment that will allow tasks to be completed safely and without unplanned loss of containment causing environmental damage.

Crisis and continuity management and emergency response

BP entities prepare for and respond promptly to crisis and emergency events threatening harm to BP employees and contractors, company assets, and neighbouring communities and interruption in business operations.

16 Introducing the Elements of Operating

Element 5 Assets

Principle: Our plants, facilities, assets and floating systems are fit for purpose throughout the lifecycle of the operation.

Sub-element principles:

Project management

BP entities manage projects for design and construction of new or modified plant, facilities, assets and floating structures to prevent injury to people, damage to the environment and achieve competitive performance over the lifecycle.

Design and construction

BP entities design, construct and modify plant, assets, facilities and floating structures to prevent injury to people, damage to the environment and achieve competitive performance over the lifecycle.

Asset operation

BP entities operate plant, assets, facilities, floating structures and transport equipment to prevent injury to people, damage to the environment and achieve competitive performance over the lifecycle.

Inspection and maintenance

BP entities inspect and maintain plant, assets, facilities, floating structures and transport equipment to prevent injury to people, damage to the environment and achieve competitive performance over the lifecycle.

Decommissioning and remediation

BP entities plan for and manage the decommissioning or abandonment of plant, assets, facilities and floating structures and the remediation of the resulting HSSE impacts and risks.

Marine operations

All marine activity in the BP group is carried out in such a way as to prevent injury to people, damage to the environment and to achieve competitive performance over the lifecycle of the asset.

Element 6 Optimization

Principle: Our operations are continuously optimized to improve performance and delivery from our assets.

Sub-element principles:

Plant optimization

BP entities identify, evaluate and capture opportunities to improve operating unit performance.

Energy

BP entities employ energy strategies to improve energy usage.

Feedstock and product scheduling and inventory

BP entities manage feedstock inventories and schedule operations to meet production requirements that satisfy business and customer needs.

Quality assurance

BP entities assure the quality of their materials, operating activities, products and services.

Technology

BP entities identify and implement technology to improve operating performance.

Procurement

BP entities purchase feedstocks, materials and services to meet specifications, standards, delivery, and operating requirements which address lifecycle cost.

Materials management

BP entities manage materials to provide the required quality and availability to deliver operating performance.

Continuous improvement

BP entities develop a culture in the workforce to improve operating performance through defect identification, measurement and elimination.

Element 7 Privilege to operate

Principle: We deliver what is promised and address issues raised by our key stakeholders.

Sub-element principles:

Regulatory compliance

BP entities comply with applicable legal and regulatory requirements.

Community and stakeholder relationships

BP entities act to enhance their reputation with key stakeholders as a neighbour, partner, employer and investment of choice, and engage stakeholders on the issues that affect them.

Social responsibility

BP entities deliver responsible operations conforming to BP Requirements and seek to have a positive influence on the communities in which they operate.

Customer focus

BP entities develop and maintain transparent, sustainable BP customer relationships.

Product stewardship

BP entities manage products throughout their lifecycle to satisfy legal and regulatory requirements and communicate potential HSSE impacts of products.

Element 8 Results

Principle: Measurement is used to understand and sustain performance.

Sub-element principles:

Metrics and reporting

BP entities establish metrics to monitor and report delivery of operating targets and to promote continuous improvement.

Assessment and audit

BP entities perform assessments and audits of operating performance and management processes to assure compliance with legal and BP Requirements, and drive risk reduction and performance improvement.

Performance review

BP entities use the results of assessments and audits, as well as inputs from other internal learning activities, to periodically review the continued adequacy and appropriateness of the existing local OMS and drive systematic improvements in performance.

Budget management

BP entities operate safely and profitably, planning and managing financial and human resources consistent with the annual plan, and to deliver operating performance.

18 Introducing the OMS Performance Improvement Cycle

The OMS Performance Improvement Cycle **drives** and **sustains change** to, and **improvement** of, local business processes to deliver the Elements of Operating.

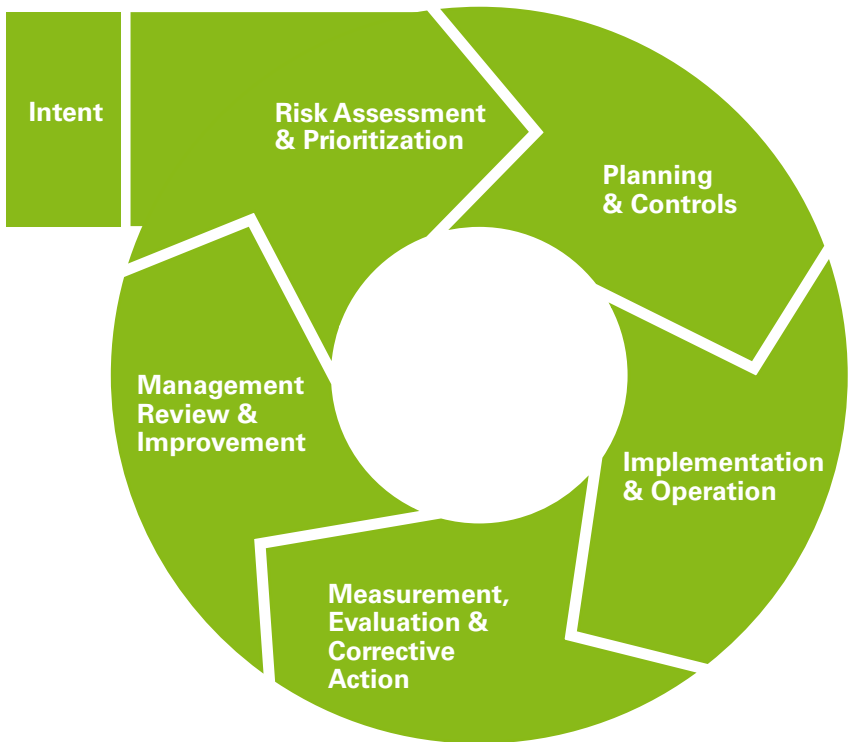
Performance improvement

The OMS Performance Improvement Cycle defines six steps of local business processes (see diagram). It drives and sustains change to, and improvement of, local business processes to deliver the Elements of Operating.

As with the Elements of Operating, a Principle helps describe the intent of each of the six steps and in turn, these Principles are underpinned by Group Essentials – the requirements which must be delivered.

OMS Framework Part 3 describes this Performance Improvement Cycle and its links to the annual planning process.

The local OMS handbook will describe how the OMS Performance Improvement Cycle is implemented at each entity.



20 Introducing the OMS Performance Improvement Cycle

1 Intent

Principle:

Leaders provide the vision and set the expectations for operating performance through a local operating policy and consistent actions.

2 Risk Assessment and Prioritization

Principle:

Risks and performance gaps are identified and opportunities for improvement are prioritized with applicable legal and regulatory requirements met.

3 Planning and Controls

Principle:

Plans establish clarity about intended activity and controls confirm that objectives are sustainably achieved.

4 Implementation and Operation

Principle:

Activities are carried out consistent with the plan to meet commitments as well as legal requirements.

5 Measurement, Evaluation and Corrective Action

Principle:

Monitoring and measurement are carried out to determine if applicable requirements and plan targets are being met and controls are effective.

6 Management Review and Improvement

Principle:

Management verify the statement of intent is being met, and review the local OMS implementing any identified changes.



22 Introducing the OMS implementation

Everyone has a role in making local OMS implementation a success and a sustainable element of how BP operates.



Roles and responsibilities

Each part of BP has a distinctive part to play in implementing OMS to support safe, responsible and reliable operating activity.

- The entity workforce will participate in local OMS implementation and maintenance and make recommendations for local OMS improvements.
- The entity leader is accountable for robust local OMS implementation and for sustaining safe, responsible and reliable operating activity.
- The Segment and SPU line leaders are accountable for appropriately consistent OMS implementations across their span of control and for the overall performance of their operating activity.
- The Group S&O Function is accountable for defining the OMS framework and supporting documentation, clearly specifying the OMS requirements, driving commonality of approach across Group and auditing OMS.

Transition to OMS

The decision as to when each operating entity should start to implement the OMS will be taken by the relevant EVP, GVP or SPU Leader. Every operating entity will continue to use gHSEr as the basis of its management system until a Management of Change process is completed which authorizes the switchover to OMS.

The completion of the switchover to OMS is intended to take place throughout BP by the end of 2010.

Steps to implementation

The key to successful implementation of the local OMS is to assess existing local business processes, prioritize areas for improvement and identify the associated actions and necessary resources.

The starting point shall be a gap assessment against the Group Essentials, leading to the development and implementation of an improvement plan. Full implementation is more than a 'mapping' exercise; it will evolve over time, allowing for reassessment and continuous improvement of operating activities. In this way, the local OMS becomes a way to simplify and integrate various, existing management systems.

24 Introducing the OMS implementation

Implementation covers the following three steps:

Step 1 Review Elements of Operating

Compare local business processes and their outcomes to the OMS Group Essentials (see OMS Framework Part 2) and identify gaps to highlight areas where action is required.

Step 2 Develop the LOMS handbook

Integrate the OMS Performance Improvement Cycle with local business processes and document in the local OMS handbook.

Step 3 Prepare a local OMS action plan

As part of annual business planning process, develop a local OMS action plan which will prioritize delivery of the Group Essentials and achieve any other objectives established through the OMS Performance Improvement Cycle.

Details of implementation requirements and the Management of Change process to apply can be found in OMS Framework Part 4.

OMS Evaluation

Each BP entity will complete regular self assessments of its operating performance and the quality and rigour of its local OMS application and build improvements into the annual business planning process.

In addition, S&O audit maintains a prioritized audit plan and will conduct entity OMS audits once every three years.

25 Appendix 1

BP's
Commitment to **health,**
safety, security and
environmental
performance (HSSE)



**Our goals
are simply
stated
no accidents,
no harm
to people,
and
no damage
to the
environment**

Our goals are simply stated – no accidents, no harm to people, and no damage to the environment.

We will operate our facilities safely and reliably and care for all those on our sites or impacted by our activities. Everybody who works for BP, anywhere, is responsible for getting HSSE right. The health, safety and security of everyone who works for us are critical to the success of our business.

We will continue to drive down the environmental and health impact of our operations by reducing waste, emissions and discharges, and using energy efficiently. We will produce quality products that can be used safely by our customers.

We will:

- **Systematically** manage our operating activities to continuously reduce risk and deliver performance improvement.
- **Comply** with all applicable local laws and company policies and procedures.
- **Consult**, listen and respond openly to our customers, employees, neighbours, public interest groups and those who work with us.
- **Work with others** – our partners, suppliers, competitors and regulators – to raise the standards of our industry.
- **Openly report** our performance, good and bad.
- **Recognize those who contribute** to improved HSSE performance.
- **Continuously improve** our performance by improving the leadership, capability and capacity of our organization.

Our business plans include measurable HSSE targets. We are all committed to meeting them.

A handwritten signature in black ink, appearing to read 'Tony Hayward'.

Tony Hayward
Group Chief Executive
3 November 2008

"I am counting on your personal leadership to make OMS a foundation for best in class competitive performance."

Tony Hayward,
Group Chief Executive



