

bp Aberdeen Hydrogen Energy- Appendix G

| Area of Assurance | Assurance Request | ALEO Response and Hub Commentary | Risk Rating |
|-------------------|---|--|-------------|
| Governance | Assurance and progress on implementation of Governance and decision making structures and arrangements. | <p>A copy of the Shareholders Agreement (SHA) was provided to the hub for review.</p> <p>The Hub was advised that the company operation is defined by a Shareholders Agreement (SHA) and Articles of association. Director's and shareholder reserved matters are also detailed in the SHA.</p> <p>A delegation of financial authority matrix has been established to deal with Financial (inc. expenses, and payment of invoices) and procurement (inc. setting up of suppliers and raising purchase orders) matters that fall within the delegations of the directors.</p> <p>The Board meets four times a year in person in Aberdeen. In between these meetings there are catch-up calls, these calls ensure that the board maintains contact on a 6-weekly basis.</p> <p>The Board meetings are attended by the company secretary and provide statements of the intent for each section covered including "for noting", "for board approval" and/or "board decision ahead of shareholder approval"</p> | Very Low |
| | Assurance and progress on implementation of processes and procedures including: 1) Reporting arrangements 2) Powers reserved for the board 3) Delegated powers to executive officers | Reporting arrangements, powers reserved for the board and powers delegated to executive offers are all defined within the SHA. | Very Low |
| | Composition & capacity of the board | The organisations board consists of 6 Directors, comprising two Directors from ACC and four from bp. Two of the four bp positions have executive positions, CEO and CFO. Chair and fourth bp directors are non-executive. All of the bp Directors appointed have extensive experience across bp operations. No director is remunerated for board activity. It is antipated that this rating will be improved to Low/Very Low in the next reporting cycle by an overview of training completed by Board Members. | Medium |
| | Progress toward the development of key policies | <p>The Hub was advised that the development of key policies is underway and that once complete, they are reviewed by shareholders and are signed/approved using docusign.</p> <p>Policies currently being drafted include T&E Policy and Accounting Policy. Procurement and Sourcing Technical Note was provided as an example of a completed policy.</p> <p>The organisation is working towards completion of key policies by 1st April 2023.</p> | Medium |
| | Compliance and accreditation | <p>The Hub was advised that the organisation is considering compliance/accreditation with ISO9001 quality management system.</p> <p>Progress and developments in this area will be reviewed in the next reporting cycle.</p> | Medium |

| | | | |
|------------------------|---|--|--------|
| Risk Management | Assurance and progress on the development of Risk Management arrangements. | <p>The Hub was advised that risks are identified using PESTL' (Political, Environmental, Social, Technological and Legal) approach and are recorded onto a risk register once identified.</p> <p>A risk register has been developed to recording technical and commercial risks. A copy of the current risk register was provided for review, the risk register details the risk identified, pre and post mitigation impacts and action plan to mitigate.</p> <p>Risk management arrangements are currently aligned to the bp risk management framework.</p> | Low |
| | Assurance and progress on the development of Business Continuity plans and arrangements. | The organisation are currently working towards completion of a Business Continuity Plan by 1st April 2023. | Medium |
| | Assurance and progress on the development of Internal and External Audit arrangements. | Internal and External planning and reporting are not applicable at this stage of the businesses development. | Medium |
| Finance | Assurance and progress on the development of Financial Management procedures and processes. | Financial systems and procedures are already in place to produce detailed budget monitoring which will then form part of the Board papers for review. Board meetings have already commenced. | Medium |
| | | Accounting policies are being developed and will finalised in the following months. It is anticipated that Finance ratings will be improved to Low/Very Low in the next reporting cycle upon completion of the policies under development and confirmation of external and internal audit arrangements. | Medium |