

## GOVERNANCE

# Leadership of Culture, Values and Good Governance

Our operations are underpinned by robust governance principles, reinforced by comprehensive and thoughtful policies, procedures and deeply rooted systems. Whilst we have established globally benchmarked standards of governance anchored in trust, transparency and accountability, we believe internalizing ESG within our policies, systems, processes and culture for future sustainability. This holistic approach enables us to deliver superior results and create long-term value for our stakeholders.

## MATERIAL TOPICS LINKED



Being a Responsible Corporate



Assessing Supply Chain

(L to R) : Shri Sukhmal Kumar Jain, Director (Marketing), Shri Vetsa Ramakrishna Gupta, Director (Finance), Shri G. Krishnakumar, Chairman & Managing Director, Shri Sanjay Khanna, Director (Refineries) and Shri Rajkumar Dubey, Director (Human Resources)



## Code of Governance

Our philosophy on Corporate Governance has been to ensure protection of stakeholders' interest through transparency, full disclosures, empowerment of employees, collective decision making and social initiatives.

## Role of the Board

At BPCL, the Board of Directors are committed to sound principles of Corporate Governance in the Company. It focuses on protecting and increasing stakeholder value by maintaining its strategic oversight. The Board sets the goals, policies, and strategic direction in alignment with the Vision and Mission of the Company, to ensure that the Executive Team is able to achieve its objectives of value creation. All important information is provided to the Board to help it fulfill its responsibilities effectively and efficiently. It also ensures that business is conducted with transparency and accountability, and in full compliance of existing regulations in order to build long-term trust among stakeholders.

Board of Directors have adopted policies designed to ensure compliance, transparency, and ethical conduct, sustainability and resilience across our operations. The Board ensures the long-term sustainable success of the Company for the benefit of all stakeholders.

## Board Committees

## Audit

The Audit Committee oversees financial reporting, audits, and compliance. It reviews financials, accounting, auditor performance, and internal controls. It monitors loans, investments, compliances and whistleblower issues.

## Project Evaluation

The Project Evaluation Committee assesses, guides, monitors, and reviews projects costing ₹ 500 crore and above, including investments in subsidiaries/JVs. It provides recommendations and advice to the Board on project deliverables.

## Nomination and Remuneration

The Nomination and Remuneration Committee (NRC) develops and evaluates policies for compensation, benefits, and incentives, aligning with guidelines issued by the Government of India.

## Stakeholder Relationship

The Stakeholder Relationship Committee looks into redressal of grievances and other issues of shareholders and debenture holders.

## Corporate Social Responsibility

The Corporate Social Responsibility Committee oversees utilization of allocated funds. It also advises CSR role holders, guides CSR activities, and monitors their progress.

## Risk Management

The Risk Management Committee develops the policy for identifying internal and external risks, measures for mitigating these risks, and ensuring business continuity. It monitors risks, assesses risk systems, coordinates with other committees, and proposes risk management plans.

## Sustainable Development

The Sustainable Development Committee oversees the Company's strategy relating to ESG and sustainability matters. It approves, allocates budget and monitors the sustainable development projects integrated into strategic plans of business units. It ensures ongoing environmental responsibility, reviews biannually the Business Responsibility & Sustainability Report (BRSR) and Sustainable Development Report, and provides inputs for the same.

## BPCL Policies: Ensuring Compliance, Transparency, and Sustainability

- Sustainability Policy
- HSE Policy
- Security Policy
- CSR Policy
- Preservation of Documents and Archival Policy
- Policy for Determination of Materiality of Events or Information
- Whistleblower policy
- Policy for Material Subsidiaries
- Code for Prevention of Insider Trading in the Securities of BPCL
- Related Party Transaction Policy
- Code of Conduct for Board Members and Senior Management Personnel
- Dividend Distribution Policy
- Prevention of Sexual Harassment Policy
- Equal Opportunity Policy
- Human Rights Policy



## Governance

### Stakeholder Management

We cultivate synchronistic relationships with our internal and external stakeholders and recognise that maintaining open lines of communication for feedback and collaboration are important.

We proactively and regularly engage with our stakeholders to build trust and foster collaboration, seeking inputs from our customers, employees, investors, regulators, and communities and communicating our plans, decisions and performance to them. Consistent interaction allows us to align our business strategies

with stakeholders' needs, ensuring mutual growth and development.

We undertake collective efforts to draw inputs from numerous internal and external stakeholders who have significantly influenced the Company's growth, both directly and indirectly. Grounded in transparency, engagement and responsiveness, the Company synchronizes its business strategies, policies/implemented policies with their requirements and anticipations, fostering the creation of shared value.

#### Stakeholder Classification

BPCL classifies stakeholders into internal and external categories

based on their influence and impact on the Company's sustainability performance.

#### Internal

- Employees
- Shareholders and Investors

#### External

- Suppliers & Contractors
- Dealers & Distributors
- Customers
- Media
- Competitors
- Community and NGOs
- Government & Regulators
- Industry Trade & Associations

### Stakeholder Engagement Process

The Company maintains a systematic approach, conducting interactions periodically to ensure effective communication.

- **Identify Stakeholders:** Identify & prioritize relevant stakeholders
- **Setting Parameters:** Materiality of topics are determined using three parameters: Importance, impact & influence
- **Identifying Issues:** Carried out a helicopter view based research to identify a list of issues for stakeholders to consider and rank
- **Importance of Key Issues:** Using prioritization criteria, multiple discussions with key external and internal stakeholders were conducted, to gather their view on the importance of the company's key issues
- **Impact & Influence of Key Issues:** Prioritize material topics which are major and crucial.
- **Validating Materiality Matrix:** BPCL used qualitative analysis to extract the key themes before consolidating them to create a list of our top material issues. Develop plans and set targets for material issues along with monitoring mechanism.

### Materiality Assessment

BPCL's commitment to sustainability is strengthened by a robust materiality assessment process that identifies and prioritizes significant issues for the business and stakeholders. Through stakeholder engagement, surveys, and internal analysis, BPCL compiled and prioritized material topics in FY 2021-22. The Management has a defined approach to manage the material topics, which are looked at together with UN SDGs. We carry out materiality assessment periodically and shall be conducting it again in the current financial year.

#### THREE-PHASE APPROACH

##### PHASE 1:

Peer Benchmarking and Identification of Material Topics

##### PHASE 2:

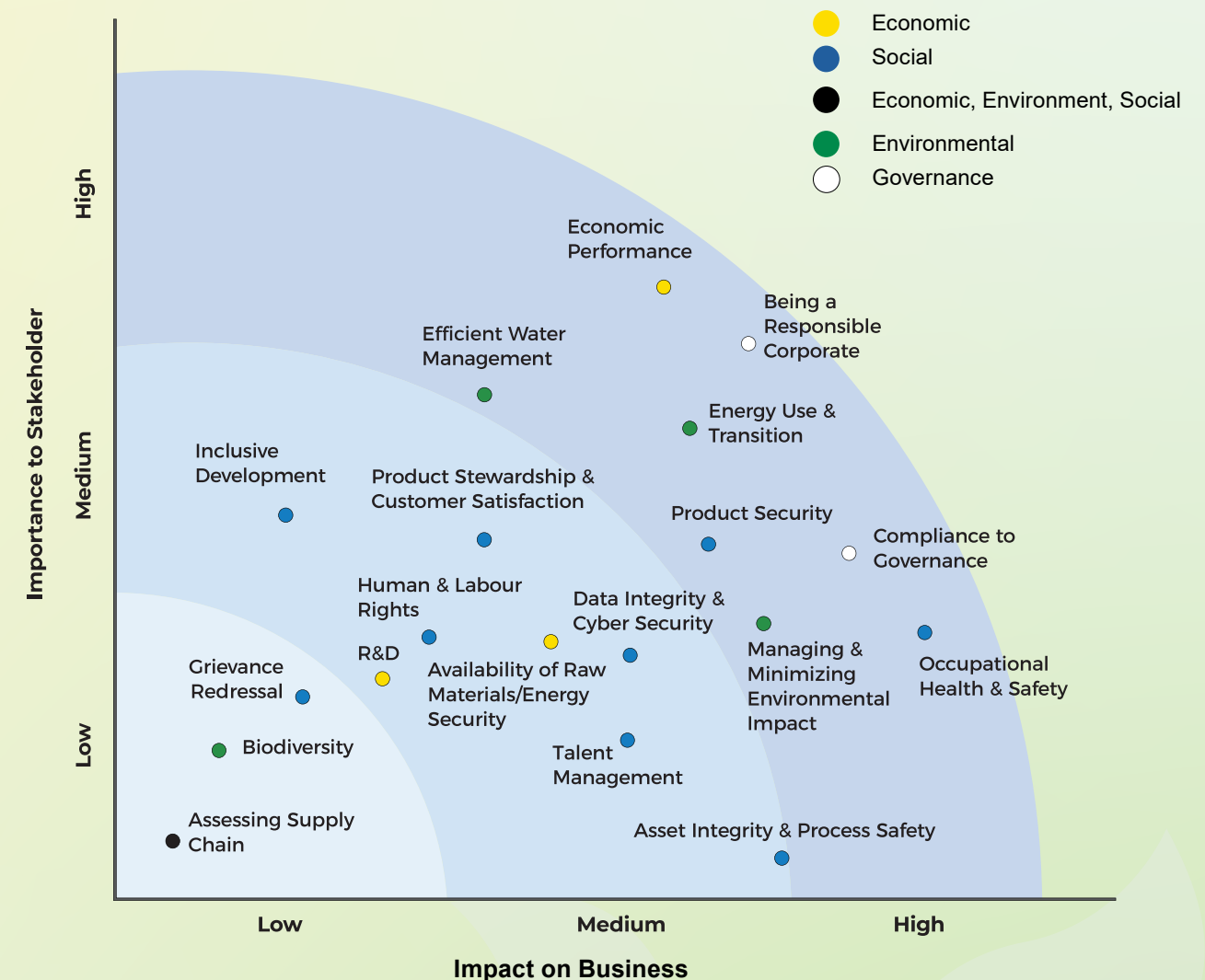
Stakeholders Engagement and Rating through Online Survey

##### PHASE 3:

In-depth Analysis and Summary of the Findings

### MATERIALITY MATRIX

The assessment included inputs from stakeholders, senior management, and the Board, considering all strategic business units nationwide. The matrix presented below represents the outcome of BPCL's materiality assessment. Topics have been rated on a scale of low, medium and high for their impact on the business and their perceived importance by the stakeholders.



### Risk Management

Our commitment to upholding the best practices in governance includes a comprehensive Risk Management (RM) framework, empowering the Risk Management function and our business units to identify, assess, and mitigate potential risks to our operations and identify fresh opportunities. The framework fosters enterprise-wide risk management by leveraging robust strategies, innovation and advanced technologies. Policies such as Enterprise Risk Management Policy and Financial Risk Management Policy guide

continuous risk management. The Board and the Risk Management Committee, in consultation with the Audit Committee, hold the ultimate responsibility of reviewing and recommending risk strategies and reports.

As we continue to remain vigilant of emerging, cross-cutting, interdependent and long-term risks, our Risk Management and Sustainable Development Committees will regularly review the risk profile of the business and take necessary actions to manage and mitigate financial and non-financial risks.

#### RISKS IDENTIFIED

- Business Excellence
- Operations
- Information Technology
- Human Resources
- Strategic
- Financial
- Logistics
- Marketing
- Legal and Regulatory
- Brand
- Environment
- Security
- Procurement
- Research and Development