

CORPORATE GOVERNANCE



Gerhard SCHROEDER
Independent director

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2009 was your first year on the Board of Directors of TNK-BP. How would you assess the company's performance over the last year?

When I was first appointed to serve as an independent director for TNK-BP I knew little about the company's performance and competitive position. That is why I undertook several field trips to visit TNK-BP's operations in West Siberia such as Samotlor and Kamennoye. This experience helped me better understand TNK-BP's portfolio and was very useful as I am also a member of the HSE Committee, so I'm happy to say that 2009 was the best year on record in key HSE areas for TNK-BP. As for the operational and financial performance, the 2009 results have both improved on 2008 and exceeded our original plan.

Independent directors are increasingly regarded as an important indicator of good corporate governance. What do you think has been the main contribution of independent directors in guiding TNK-BP in 2009?

2009 was the first year for TNK-BP to have independent directors on its Board and one of our tasks from the shareholders was to give independent and impartial advice to the Board on two CEO candidates based on our opinion of their competencies and leadership abilities. We spent sufficient time with the two candidates in order to perform a thorough evaluation. The result, much to our satisfaction, was supported by the shareholders and the Board.

There is a fundamental link between good corporate governance and shareholder value. In 2009, the company worked under corporate governance principles approved by the amended shareholder agreement. How well did the new system work? Do you think the company's system of corporate governance will evolve further?

I was not familiar with the old corporate governance system but judging by the fact that the new shareholders agreement was adopted following the well-known shareholder dispute and that it protects the interests of both shareholder groups it would be fair to say that the new corporate governance system suits its purpose and has worked well since its introduction in 2009. For this reason it is premature and, in my view, unnecessary to introduce any further changes as the system should be given more time to mature. The current corporate governance system is well balanced and with the independent directors on the Board it corresponds to international practice existing in oil and gas companies of TNK-BP's scale.

What will be your main task as an independent director in 2010?

My main task as an independent director will be to ensure that the existing balance of interests is maintained at the Board level and that TNK-BP sustains the pace of performance in all key areas, including production growth, HSE and financial performance.