bp Annual Report and Form 20-F 2025







Directors' remuneration report – the 2026 remuneration policy

This section of the report sets out the remuneration policy for executive directors and non-executive directors, which shareholders will be asked to approve at the AGM on 23 April 2026 and, if approved, will take effect for any payments made or awarded after that date. The company will continue to honour any arrangements granted under previous remuneration policies which were consistent with the policy in force at the time of grant.

As outlined in the chair's statement, the committee undertook an initial review of the policy during 2025 and agreed to defer a more detailed review of the policy until after the 2026 AGM. The policy set out on the following pages has therefore largely been rolled forward from the previous policy, which was approved at the 2023 AGM and received strong support from shareholders with a vote of 94% in favour.

While no material changes are being proposed to the 2026 remuneration policy, minor changes have been made to the wording in certain areas to increase clarity and effective operation.

Policy table – executive directors

Salary and benefits

Purpose	To provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market.	
Operation and opportunity	**Salary** Salary levels will relate to the nature of the role, performance of the business and the individual, market positioning and pay conditions in the wider bp group. There is no maximum salary under the policy. When setting salaries, the committee considers practice in other energy majors as well as European and US companies of a similar size, geographic spread and business dynamic to bp. The committee will also consider salary increases for the most senior management and the wider workforce. In particular, percentage increases for executive directors will not exceed increases for the broader employee population, other than in specific circumstances identified by the committee (e.g. in response to a substantial change in responsibilities). Salaries are normally set in the home currency of the executive director and are reviewed annually. They may be reviewed at other times where appropriate, for example following a major role change.	**Benefits** Executive directors are entitled to receive those benefits available to a majority of the wider workforce in their home country. These include participation in all-employee share plans, sickness pay, relocation assistance and parental leave. Benefits are not pensionable. Executive directors may receive other benefits that are judged to be cost-effective and appropriate in terms of the individual's role, time and/or security. These may include car-related benefits and/or cash in lieu, security, assistance with tax return preparation, insurance and medical benefits. The company may meet any tax charges arising on benefits provided to directors. The taxable value of benefits provided may fluctuate during the period of this policy, depending on the cost of provision and a director's personal circumstances.

Retirement benefits

Purpose	To recognize competitive practice in the directors' home country while being aligned with the majority of the workforce.	
Operation and opportunity	Executive directors normally participate in the company retirement plans that operate in their home country. New appointees from within bp group retain previously accrued benefits. For future appointments, the committee will carefully review any retirement benefits to be granted to a new director, taking account of retirement policies across the wider workforce and any arrangements currently in place.	Retirement benefits for executive directors will be limited to the allowance offered to the majority of the workforce in the executive's home country (the maximum allowance in the UK is currently 20% of salary).

★ See glossary on **page 375**

Annual bonus

Purpose	To provide variable remuneration dependent on the execution of the business strategy on an annual basis. Bonus is subject to a mandatory deferral into bp shares which are held for three years to reinforce the long-term nature of the business and alignment with shareholders.	
Operation and opportunity	The bonus is based on performance against annual measures and targets set at the start of the year, evaluated over the financial year and assessed following the year-end. The target annual bonus is half of the maximum available, and typically relates to delivery of performance in line with targets in the annual plan. Executive directors may earn a maximum annual bonus of 225% of salary. This maximum level would relate to performance at or above the highest end of the performance scale for every measure. The committee intends to set demanding requirements for maximum payment. Achievement of threshold performance would normally result in a payout of 0% of the maximum opportunity. Bonus calculation is typically based on salary as at 31 December in each performance year.	The final bonus outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards. Half the bonus is paid in cash, and half is deferred into bp shares for three years up until 'minimum shareholding requirement' (MSR) is met, as determined by the committee under the shareholding guidelines. Once met, 67% is paid in cash and 33% is deferred into bp shares. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares. Awards are subject to malus provisions before they are delivered and to clawback thereafter for a period of three years. Further detail is set out on **page 121**.
Performance framework	The committee determines a scorecard of specific measures, weightings and targets each year to reflect the priorities in the annual plan, as agreed with the board, and thus deliver the group's strategy.	The scorecard will typically include a balance of financial and non-financial measures. Details of the measures and weighting will typically be reported in advance each year in the annual report on remuneration, while targets, where commercially sensitive, will be disclosed retrospectively.

Performance shares

Purpose	To link the largest part of remuneration opportunity with the long-term performance of the business.	
Operation and opportunity	The maximum annual award level for the chief executive officer will be 500% of salary and 450% of salary for other executive directors. Annual awards of shares will vest based on performance relative to measures and targets that reflect the delivery of bp's strategy over a performance period of typically three years. For each measure, the threshold level at which vesting is first triggered is not expected to yield vesting above 25% of the maximum.	The final performance shares outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards. The shares that vest are subject to a three-year post-vesting holding period. Dividends (or equivalents, including the value of reinvestment) may accrue in respect of share awards to the extent that they vest. Awards are subject to malus provisions before vesting and to clawback provisions thereafter for a period of three years. Further detail is set out on **page 121**.
Performance framework	At the outset of each performance cycle, the committee determines a scorecard of specific measures, weightings and targets to reflect the group's long-term strategic priorities and shareholder interests.	The scorecard will typically include a balance of financial and non-financial measures (including sustainability). The committee will assess overall safety performance as well as progress towards the reduction of net debt as an underpin in determining the final vesting percentage.

Shareholding requirement

Purpose	To provide alignment between the interests of executive directors and our other shareholders.	
Operation and opportunity	The chief executive officer is required to build and maintain a minimum shareholding of five times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years after they cease to be a director.	Other executive directors are required to build and maintain a minimum shareholding of four and a half times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years after they cease to be a director.

Notes to the policy table

1. How is variable pay linked to performance?

Annual bonus	Bonus aligned with company performance	<100% MSR[a]: 50% paid in cash; 50% in bp shares deferred for three years >100% MSR[a]: 67% paid in cash: 33% in bp shares deferred for three years
Performance shares	Share award for meeting three-year targets	Six-years; three-year performance period + three-year holding period
Share ownership	Long-term shareholding	Built up over five years and maintained for a further two years post-employment

a MSR: group chief executive to build a shareholding of at least five times salary, and other executive directors four and a half times salary, within five years of appointment.

The three elements described above provide a balance between a focus on short-term, medium-term and long-term performance, while encouraging behaviours which are in the long-term interests of shareholders. The operation of variable pay is supported by a focus on stewardship. There is a requirement that the chief executive officer will build up a holding of five times salary, and other executive directors a holding of four and a half times salary, over a period of five years following appointment and maintain that level during employment and for a further two years post-employment.

2. How are performance measures linked to strategy?

Variable pay is linked to performance measures designed to deliver the bp strategy. At the start of each year, the remuneration committee reviews the measures, targets and weightings to ensure they remain consistent with the priorities in the annual plan and the group strategy. For the annual bonus and performance shares, the approach to performance measurement is intended to provide a balance of measures to assess performance reflecting the global scale of the business, the unique characteristics of the energy sector, and progress in transitioning to an integrated energy company.

3. Our use of flexibility, judgement and discretion

The committee reviews bp's performance against specific measures and targets, and in doing so may make both quantitative and qualitative assessments of performance in reaching its decisions. This involves the application of judgement and discretion, in which the committee also seeks relevant input from the board's audit and safety and sustainability committees. Accordingly, the committee may decide to adjust the formulaic outcome derived from the relevant scorecards, either upwards or downwards, to reflect broader considerations. The committee continues to consider that the powers of flexibility, judgement and discretion are critical to the successful execution of the policy.

In framing the policy, the committee has taken care to ensure that these important powers continue to be available:

- Sufficient flexibility to take account of future changes in the industry environment and in remuneration practice generally. This allows the committee to respond to changes in circumstances, for example in applying particular performance measures and/or weightings within the plans, or in broadening the comparator group for the relative returns measure, in order to evolve with the company's strategy, without the need for specific shareholder approval.
- Power to exercise judgement in making a qualitative assessment in certain circumstances. A number of measures are used for annual or long-term incentive awards, many of which are numerical in nature and require a quantitative assessment of performance. Others may require a qualitative assessment, such as the strategic progress measures in the performance share plan.
- Scope for the committee to exercise discretion, mainly where it is desirable to vary a formulaic outcome that would otherwise arise from the policy's implementation. The committee considers that the ability to exercise discretion, upwards or downwards, is important to ensure that a particular outcome is fair in light of the director's own performance, the company's overall performance and positioning under particular performance measures and outcomes for shareholders.

The committee may make minor amendments to the remuneration policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation).

The committee intends to provide appropriate disclosure on the use of flexibility, judgement and discretion so that shareholders can understand the basis for its decisions.

4. How will we safeguard against payments for failure?

Performance-based pay	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.
Discretion	The committee may vary formulaic outcomes where these do not suitably reflect performance or other circumstances over the relevant performance period.
Malus and clawback	The robust malus provisions enable the committee to reduce the size of award, cancel an unvested award, or impose further conditions on an award made under this policy, while the robust clawback provisions enable the committee to require participants to return some or all of an award after payment or vesting. The following events will trigger the application of either malus or clawback: • Material failure impacting safety or environmental sustainability. • Material damage to the reputation of the group, or conduct by a participant which results in or is reasonably likely to result in such material damage. • Incorrect award outcomes due to miscalculation or based on incorrect information. • Restatement due to financial reporting failure or misstatement of audited results. • Material misconduct by a participant. • Fraud effected by or with the knowledge of a participant. In addition, the following events will trigger the application of malus, where the event takes place prior to the vesting or payment of an award: • Material downturn in financial performance of the group, or any part of it. • Conduct effected by or with the knowledge of a participant which resulted in significant losses to the group, or any part of it. • Such other exceptional circumstances that the committee consider to be similar in nature. The company also operates a mandatory clawback policy that complies with the US Securities and Exchange Commission (SEC) requirements.

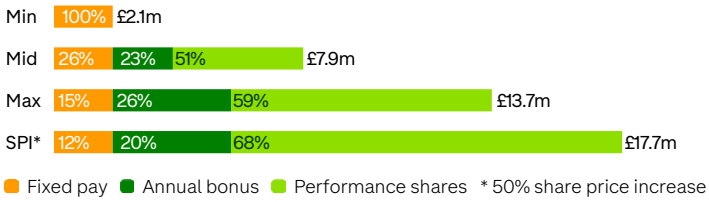
5. Differences from remuneration policy in the wider group

This executive director remuneration policy is structurally similar to remuneration for the majority of the wider workforce, but naturally differs in quantum, reflecting market norms for the differing size and complexity of roles, see **page 96** for more detail on these differences.

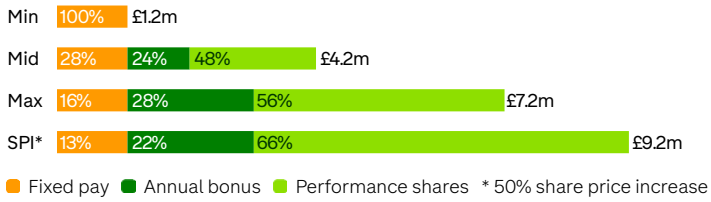
Illustrations of application of remuneration policy

The total remuneration opportunity for executive directors is strongly performance based and weighted to the long term. The charts below provide scenarios for the total remuneration of each individual who is an executive director at the date the policy comes into effect, at different levels of performance. The scenarios are calculated as prescribed by UK regulations.

Meg O'Neill



Kate Thomson



Due to rounding, the sum of the parts may not equal 100%.

Fixed components

For these illustrations salary, benefits and pension are the same in each scenario (annual values shown).

Salary		
CEO (O'Neill)	£1,600,000	Meg's salary, upon appointment
CFO (Thomson)	£894,000	Kate's salary, effective from the 2026 AGM

Pensions and benefits		
CEO (O'Neill)	£458,170	Based on cash in lieu of retirement benefits at 20% of salary, with an estimated £138k total for other benefits.
CFO (Thomson)	£261,179	Based on cash in lieu of retirement benefits at 20% of salary, with an estimated £82k total for other benefits.

Variable components

Variable pay under the policy comprises annual bonus and performance shares.

Scenario	Minimum	Mid	Maximum
	↓	↓	↓
Annual bonus	Threshold not met	50% of maximum	100% of maximum
(including cash and deferred elements)	Nil	112.5% of salary	225% of salary
Performance shares	Threshold not met	50% vesting	100% vesting
	CEO – Nil CFO – Nil	CEO – 250% of salary CFO – 225% of salary	CEO – 500% of salary CFO – 450% of salary

★ See glossary on **page 375**

Recruitment policy

The committee expects any new executive director to be engaged on terms that are consistent with the policy. However, it recognizes that it cannot anticipate all circumstances in which any new executive director may be recruited. The committee may determine that it is in the interests of the company and shareholders to secure the services of a particular individual which may require it to take account of the terms of that individual's existing employment and/or their personal circumstances.

Accordingly, the committee will consider the following:

- The salary level of any new director is appropriate to their role and the competitive environment at the time of appointment. Where appropriate, it may appoint an individual on a lower salary (relative to any previous incumbent), then gradually increase salary levels as the individual gains experience in the role.
- Variable remuneration will be awarded within the parameters of the policy for current executive directors.
- The committee may tailor the vesting criteria for initial incentive awards depending on the specific circumstances.
- Where an existing employee is promoted to the board, the company may honour any existing commitments including maintaining any outstanding share awards.
- The committee would expect any new director to participate in the company pension and benefit schemes that are open to other employees (where appropriate, referencing the candidate's home country).
- Where an individual is relocating in order to take up the role, the company may provide certain benefits such as reasonable relocation expenses, accommodation for a period following appointment, assistance with visa applications or other immigration issues and ongoing arrangements such as repatriation assistance, tax filing assistance, annual flights home and a housing/utilities allowance. The company may meet any tax charges arising on relocation benefits.
- Where an individual would be forfeiting remuneration or employment terms in order to join the company, the committee may award appropriate compensation. The committee would require reasonable evidence of the nature and value of any forfeited arrangements and would, to the extent practicable, ensure any compensation was of comparable commercial value and capped as appropriate, considering the terms of the previous arrangement being forfeited (for example, the form and structure of award, timeframe, performance criteria and likelihood of vesting). Where appropriate, the committee prefers to deliver buy-outs in the form of restricted shares in the company.
- To facilitate any share awards on recruitment, the committee may rely on the Listing Rules exemption, which permits the grant of share awards, in unusual circumstances, to support the recruitment of an executive director, without seeking prior shareholder approval or making such awards under any other existing share plan.

In making any decision on the remuneration of a new director, the committee would balance shareholder expectations, current best practice and the circumstances of any new director. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next remuneration report.

Service contract

Meg O'Neill's and Kate Thomson's service contracts are with BP p.l.c.

Each executive director is entitled to retirement benefits, as outlined on **page 118**.

Each executive director is also entitled to the following contractual benefits:

- If appropriate for security reasons, a company car and driver is provided for business and private use, with the company bearing all normal employment, servicing, insurance and running costs. Alternatively, where not required for security reasons, a cash allowance may be paid instead.
- Medical and dental benefits, sick pay during periods of absence and assistance with the preparation of tax returns.
- Indemnification in accordance with applicable law.
- Participation in bonus or incentive arrangements at the committee's sole discretion.

In line with bp's policy on notice periods for executive directors, each executive director may terminate their employment by giving 12 months' written notice. In this event, for business reasons, the employer may not necessarily hold the executive director to their full notice period.

The employer may lawfully terminate the executive director's employment in the following ways:

- By giving the director 12 months' written notice.
- Without compensation, in circumstances where the employer is entitled to terminate for cause, as defined for the purposes of their service contract.

The company may lawfully terminate employment by making a lump sum payment in lieu of notice equal to 12 months' salary, or by monthly instalments rather than as a lump sum.

The lawful termination mechanisms described above are without prejudice to the employer's ability in appropriate circumstances to terminate in breach of the notice period referred to above, and thereby to be liable for damages to the executive director.

In the event of termination by the company, each executive director may have an entitlement to compensation in respect of their statutory rights under employment protection legislation in the UK and potentially elsewhere. Where appropriate, the company may also meet a director's reasonable legal expenses in connection with either their appointment or termination of their appointment.

Copies of the executive directors' service contracts, along with the non-executive director appointment letters, are available for inspection at the registered office of BP p.l.c.

Termination payments

In determining overall termination arrangements, the committee will distinguish between types of leaver and the circumstances of their leaving. The committee would also consider all relevant circumstances, including whether a contractual provision in the director's arrangements complied with best practice at the time of termination and the date the provision was agreed, as well as the performance of the director in certain respects.

Where appropriate, the committee may consider providing certain benefits relating to termination including the provision of outplacement support or reasonable costs associated with relocation back to an individual's home country. Should it become necessary to terminate an executive director's employment, and therefore to determine a termination payment, the committee's policy is as follows:

Termination payments	The director's primary entitlement would be a termination payment in respect of their service agreement, as set out above. However the committee will consider mitigation to reduce the termination payment where appropriate to do so, taking into account the circumstances for leaving and the terms of the agreement. Mitigation would not be applicable where a contractual payment in lieu of notice is made.	If the departing director is eligible for an early retirement pension, the committee would consider, if relevant under the terms of the appropriate plan, the extent of any actuarial reduction that should be applied. UK directors who leave in circumstances approved by the committee may have a favourable actuarial reduction applied to their pensions (which to date has been 3%). Departing directors who leave in other circumstances may be subject to a greater reduction.
Annual bonus	The committee would consider whether the director should be entitled to an annual bonus in respect of the financial year in which the termination occurs.	Normally, any such bonus would be restricted to the director's actual period of service in that financial year and would be subject to deferral unless the committee determines otherwise.
Share awards	Share awards will be treated in accordance with the relevant plan rules. For awards granted under the executive directors' incentive plan (EDIP), the treatment can only be made in accordance with the framework approved by shareholders. The committee would consider whether conditional share awards held by the director should lapse on leaving or should, at the committee's discretion, be preserved. If awards are preserved, the award would normally continue until the vesting date. Awards may be pro-rated based on service over the performance period.	In deciding whether to exercise discretion to preserve EDIP awards, the committee would also consider the proximity of the award to its maturity date. To the extent that any such share award vests, the release of those shares to the former director will normally be made approximately one year after their date of termination (even if they would have been subject to a longer holding period had the executive remained in employment with bp).

Remuneration in the wider group

The committee considers employment conditions in the bp group when establishing and implementing policy for executive directors to ensure the alignment of and context for principles and approach. In particular, the committee reviews the policy and makes decisions for the most senior leaders (the bp leadership team that reports to the CEO). Decisions regarding remuneration for employees outside the most senior leaders are the responsibility of the chief executive officer. The committee does not consult directly with employees when formulating the policy. However, feedback from employee focus groups and employee surveys, that are regularly reported to the board, provide views on a wide range of employee matters including pay.

The wider employee group participates in performance-based incentives. Throughout the group, salary and benefit levels are set in accordance with the prevailing relevant market conditions and practice in the countries in which employees are based. Differences between executive director pay policy and that of other employees reflect the senior position of the individuals, prevailing market conditions and corporate governance practices in respect of executive director remuneration. The key difference in policy for executive directors is that a greater proportion of total remuneration is delivered as performance-based incentives.

Engaging with shareholders

The committee carefully considers shareholder feedback each year and this input has been instrumental in shaping the current remuneration policy. As outlined in the chair's letter, for the 2026 policy review, over 40% of bp's shareholder register were consulted and the vast majority expressed support for broadly retaining the 2023 policy. The committee remains committed to maintaining an open and constructive dialogue with shareholders and will continue to consult before introducing any material changes to the remuneration policy.

 ★ See glossary on **page 375**

Policy table – non-executive directors

The following table sets out the framework that will be used to determine the fees for non-executive directors during the term of this policy.

Non-executive chair	
Fees	
Approach	Remuneration is in the form of fees. Fees are currently paid in cash but the company may pay part or all of the fees in the form of shares. The level and structure of the chair's fee will primarily be compared against UK best practice.
Operation and opportunity	The quantum and structure of the non-executive chair's fee is reviewed annually by the remuneration committee, which makes a recommendation to the board.
Benefits and expenses	
Approach	The chair is provided with support and reasonable travelling expenses.
Operation and opportunity	The chair is provided with an office and full-time secretarial and administrative support in London and a contribution to an office and secretarial support in his home country as appropriate. A car and the use of a driver is provided in London, together with security assistance. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed.

Non-executive directors	
Fees	
Approach	Remuneration is in the form of fees. Fees are currently paid in cash but the company may pay part or all of the fees in the form of shares. Remuneration practice is consistent with recognized best practice standards for non-executive directors and, as a UK-listed company, the level and structure of non-executive directors' remuneration will primarily be compared against UK best practice. Additional fees may be payable to reflect additional board responsibilities, for example, committee chairship and membership and for the role of senior independent director.
Operation and opportunity	The level and structure of non-executive directors' remuneration is reviewed by the chair, the CEO and the company secretary, who make a recommendation to the board. Non-executive directors do not vote on their own remuneration. Fee levels for non-executive directors are reviewed annually.
Benefits and expenses	
Approach	Non-executive directors are provided with administrative support and reasonable travelling expenses. Professional fees are reimbursed in the form of cash, payable following the provision of advice and assistance.
Operation and opportunity	Non-executive directors are reimbursed for all reasonable travelling and subsistence expenses (including any relevant tax) incurred in carrying out their duties. Professional fees incurred by non-executive directors based outside the UK in connection with advice and assistance on UK tax compliance matters are reimbursed.
Shareholding guidelines	
Approach	Chair and non-executive directors are encouraged to establish a holding in bp shares of the equivalent value of one year's base fee.

Letters of appointment for chair and non-executive directors	
Approach	The chair and non-executive directors each have letters of appointment. There is no term limit on a director's service, as bp proposes all directors for annual re-election by shareholders. There are no obligations arising from the non-executive directors' letters of appointment for remuneration or payments for loss of office, except for the chair whose appointment may be terminated in the following ways: • By either party giving three months' written notice, or • By the company for cause (as set out in the letter of appointment) and without compensation. The company may lawfully terminate the appointment by making a lump sum payment in lieu of notice equal to three months' fees. Copies of the executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the registered office of the company.

The maximum fees for non-executive directors are set in accordance with the Articles of Association.