Directors' remuneration report

> Targets are strongly aligned with the company's strategic priorities, they are ambitious and require material effort to achieve outcomes.

Paula Rosput Reynolds
Chair of the remuneration committee

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Dear shareholder,

Following extensive shareholder consultation led by my board colleague Professor Dame Ann Dowling, BP introduced our current remuneration policy in 2017. Thus 2018 was our second year using this policy. The remuneration committee believes the structure remains fit for purpose, the targets are strongly aligned with the company's strategic priorities, they are ambitious and require material effort to achieve outcomes, and the rewards conferred to date align with our financial results and strategic progress. Please refer to the 'Remuneration at a glance' table for an overview.

The policy delivers remuneration in three parts: a market-aligned foundation of base salary, benefits and retirement provision; annual incentives based on measures that reflect our strategy, assessed against targets that require progressive improvement year-on-year; and a material opportunity to earn shares at the end of a three-year performance period, which is accompanied by a shareholding requirement to ensure our executive directors' interests align with your own. Of course it is not enough to rely on a purely formulaic application of policy. Therefore the committee engages in a dialogue with Bob Dudley, Brian Gilvary and our board colleagues, particularly those on the safety, ethics and environment assurance committee (SEEAC) and the main board audit committee (MBAC) to test the reasonableness of the outcomes. This dialogue ensures we are well equipped to apply and explain discretion and judgement as needed.

Results and progress in 2018

BP delivered another year of disciplined execution in 2018, alongside further progress against our five-year strategy to 2021. Strong operating performance across all our businesses has more than doubled our underlying replacement cost profit to $12.7 billion, with operating cash flow excluding Gulf of Mexico oil spill payments of $26.1 billion. BP distributed $8.1 billion in dividends in 2018, and continued the share buyback programme started in 2017 to offset the dilutive effects of the scrip shares.

BP continues to play an active role in relation to the energy transition. We are carefully considering our mix of natural gas and oil, while investing in new technology and businesses that have the potential to contribute to a lower carbon world through our 'reduce, improve, create' framework.

Our acquisition of Chargemaster, the UK's largest electric vehicle charging company (see page 42), and further expansion of the solar company Lightsource BP (see page 47), are among the most promising investments consistent with our commitment to advancing a lower carbon future.

At the same time we continue to sustain our traditional business. Our organic reserves replacement ratio for the year was 100%, and our acquisition of BHP assets provides us with significant new reserves and opportunities for growth. We delivered a further six major projects in 2018, bringing the total to 19 over the 2016-18 cycle.

Remuneration at a glance

	Key features	Purpose and link to strategy	Outcomes for 2018	Implementation in 2019
Salary and benefits	• Salary is reviewed annually and, if appropriate, increased following the AGM. • Relates to market and our wider workforce.	• Fixed remuneration reflecting the scale and complexity of our business, enabling us to attract and keep the highest calibre global talent.	• Bob Dudley's salary unchanged at $1,854,000. • Brian Gilvary's salary increased by 2% to £775,000. • Benefits remain unchanged.	• Bob Dudley's salary to remain at $1,854,000. • Brian Gilvary's salary increased by 2% to £790,500. • Benefits remain unchanged.
Retirement benefits	• Bob is a member of both US pension (defined benefit) and retirement savings (defined contribution) plans. • Brian is a member of a UK final salary defined benefit pension plan, and receives a cash allowance in lieu of further service accrual.	• To recognize competitive practice in home country.	• Bob's defined benefit pension did not increase in 2018. His actual and notional company contributions were more than offset by investment losses within his retirement savings plans, hence he received no net benefit in 2018. • Brian's accrued defined benefit pension increase was below inflation. He received a cash allowance at 35% of salary, which is included in the single figure table.	• Arrangements for Bob will continue unchanged. • Brian has offered to accelerate the scheduled reductions in his cash allowance. These will now reduce by 5% of salary at each of 1 June 2019, 2020 and 2021, and a further 5% of salary at 1 June 2023, taking his cash allowance to 15% of salary. • These proposed changes reduce Brian's cash supplement sooner than the transition for other members of the BP UK defined benefits plan. He will not receive any form of compensation related to the reductions.
Annual bonus	• 112.5% of salary at target, and 225% at maximum. • 50% of the bonus is paid in cash and 50% is mandatorily deferred and held in BP shares for three years.	• To incentivize delivery of our annual and strategic goals. • The 50% deferral reinforces the long-term nature of our business and the importance of sustainability.	• Against our scorecard of safety and operational risk (20%), reliable operations (30%) and financial performance (50%), our performance score is 81% of target (40.5% of maximum).	• We will include an environmental target, weighted at 10%, in our performance scorecard for 2019.
Performance shares	• Annual grant of performance shares, representing the maximum outcome. – 500% of salary for group chief executive. – 450% of salary for chief financial officer. • Shares only vest to the extent performance conditions are met.	• To link the largest part of remuneration opportunity with the long-term performance of the business. The outcome varies with performance against measures linked directly to financial returns and strategic priorities.	• Against our balanced scorecard of financial measures (67%), and strategic imperatives (33%), our 2016-18 performance score is 90.5% of maximum. • The committee has exercised discretion to reduce the actual vesting outcome to 80%.	• Awards granted in 2017 at 500% (group chief executive) and 450% (chief financial officer) of salary will vest in proportion to success against the measures of our 2017-19 scorecard. • Awards granted in 2019 will be granted at 500% (group chief executive) and 450% (chief financial officer) of salary. • For awards granted in 2019, strategic priorities will be weighted at 30% (previously 20%) with return on average capital employed reducing to 20%.
Shareholding requirement	• Executive directors are required to maintain a shareholding equivalent to at least five times their salary. • Additionally, they are expected to maintain shareholdings of at least two and a half times salary for two years post employment.	• To provide alignment between the interests of executive directors and our shareholders.	• Both executive directors materially exceed the share ownership requirements. • The executive directors maintain their commitment to retain shareholdings of at least two and a half times salary for two years post employment.	• In 2019 we will engage with stakeholders to review and revise, as appropriate, our post employment shareholding policy for 2020 onwards.

Performance and remuneration outcomes in 2018

As we seek to incentivize year-on-year improvement, the committee set stretching targets for the 2018 annual bonus scorecard. Therefore, despite the strong business results for the year, we assessed 2018 performance as below plan, at 81% of target (40.5% of maximum). Following our discussions with SEEAC and MBAC, we found no reason to adjust this formulaic scorecard outcome. Half of the bonus for the executive directors will be delivered as shares and held for three years.

2018 was the final year of the 2016-18 performance share award, the last grant under our 2014 policy, with financial and strategic measures as shown in the table on page 93. BP again ranked first place on relative TSR, delivered robust operating cash flow, and exceeded maximum expectations for major project delivery. These strong results across the range of measures led to a formulaic vesting outcome of 90.5% of maximum.

The foregoing results, including TSR, cash flow, and project execution, were delivered alongside an almost 50% return to shareholders over the same three-year period. Thus, there is directional alignment between executives and shareholders. However, the formula from which the outcome was calculated originated in the 2014 plan which we substantially revised in 2017. The committee recognized that merely applying a dated formula might not best serve the interests of the stakeholders. Therefore, despite the clear value delivered to shareholders and the relatively muted annual bonus outcome, we concluded we should apply downward discretion on the executive directors' long term award outcomes. We will vest the 2016-18 performance shares at 80% rather than at the 90.5% formulaic scorecard outcome.

In exercising our judgement we have opted to apply the more challenging scales of our 2017 policy in measuring performance outcomes relating to operating cash flow, major project delivery and safety and operational risk. This adjustment brings the 2016 vintage EDIP outcome into harmony with the policy that was approved by shareholders in 2017. This adjustment reduced 2018 incentive pay by $1.45 million for Bob and £0.54 million for Brian.

In addition, the committee has again acted on Bob's request to re-base his 2016-18 award from its original 550% grant level to the 500% of salary grant level established in the 2017 policy. This adjustment reduces Bob's vesting outcome by a further $1.10 million, thus reducing his incentive pay by $2.70 million overall.

The single figures of total remuneration for Bob and Brian are $14.67 million and £7.98 million respectively, as reported on page 95. This represents a 3% decrease for Bob, reflecting significant reductions in both his annual bonus and the investment return on his retirement savings, partly offset by an increase attributable to share price growth. For Brian, this represents a 12% increase, largely due to vesting of deferred awards from his 2015 bonus, and the increase attributable to share price growth. In our committee deliberations, we considered these outcomes and believe they are appropriate given the operational and financial performance of BP this year and the tremendous recovery that BP has made over the past three years.

Looking ahead to 2019

We recently announced our support for a shareholder resolution at the 2019 annual general meeting that would broaden our corporate reporting to describe how our strategy is consistent with the goals of the Paris Agreement. We welcome this resolution as an opportunity to provide further detail on our strategy and on our attractiveness as an investment proposition in the energy transition, and for continued investor engagement. We believe that all constituencies will be well served by our increasing the target financial rewards relating to how we navigate the low-carbon transition. To this end, we have introduced a greenhouse gas emissions reduction measure for our 2019 bonus scorecard. This means that 10% of the outcome will now reflect our progress in emissions reduction (consequently reducing slightly the relative weighting of other customary measures in our bonus plan).

The 2019-21 performance share plan scorecard will continue to focus on relative total shareholder return, absolute returns on average capital employed over the three years, and a focused suite of strategic progress measures. To better reflect the importance of strategic progress, which includes BP's role in the energy transition, we are increasing the weighting of this measure from 20% to 30%, while reducing the returns measure from 30% to 20%.

Following our review of their total remuneration, we have decided to keep Bob's salary unchanged, and propose to increase Brian's salary by 2% from the date of the AGM. We have also agreed to accelerate the reductions to the cash supplement Brian receives in lieu of further defined benefit pension service accrual, which will now start from 1 June 2019.

More broadly, our committee activity in 2019 has included a review of the committee charter, approving remuneration decisions in respect of the executive team, deepening our understanding of wider workforce remuneration and adopting other measures as appropriate under the revised UK Corporate Governance Code, including an examination of the implications of pay and benefits differences across the workforce. We will be reviewing BP's strategic progress in the context of share programmes approved under the 2017 policy, in particular progress related to the challenges of a lower carbon world. These evaluations will take time and thoughtful discussion and will lead in to the important business of engaging with our major shareholders and representative bodies ahead of our new policy approval in 2020. In that regard, we will be consulting widely on the ways in which we reflect the strategic imperatives of the company within a competitive global remuneration structure.

Paula R Reynolds

Paula Rosput Reynolds
Chair of the remuneration committee
29 March 2019

In this Directors' remuneration report RC profit (loss), underlying RC profit, return on average capital employed, operating cash flow excluding Gulf of Mexico oil spill payments are non-GAAP measures. These measures and upstream plant reliability, refining availability, major projects and underlying production and reserves replacement ratio are defined in the Glossary on page 315.

2018 performance and pay outcomes

2018

Business performance

A year of exceptional operational performance, with record plant reliability in the Upstream and refining throughput in the Downstream. Improvement across virtually all safety measures, growth in our retail business and delivery of six major projects. Profits have more than doubled, with an 11.2% return on capital, and strong foundations for continuing returns over the near and long term.

Key strategic highlights
- $12.7 billion underlying replacement cost profit.
- Transformation of our US onshore business.
- Six new major projects delivered.

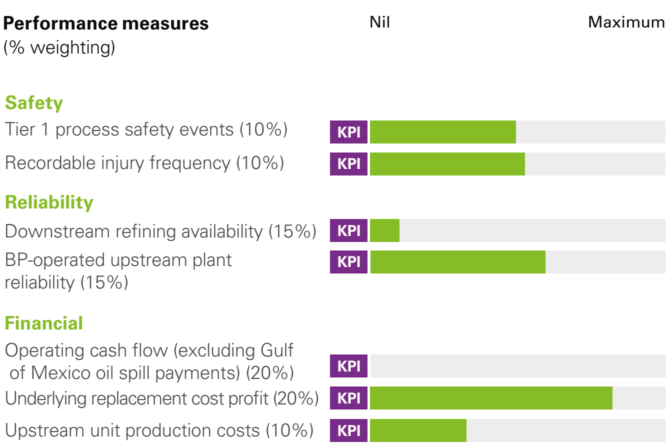
1st Among peers for total shareholder return for 2016-18.	**$26.1bn** Operating cash flow excluding Gulf of Mexico oil spill payments.	**$8.1bn** Dividends paid, including scrip.

Performance outcomes

Robust results for the year fell short of our stretching targets, particularly on cash flow. On a three-year basis, 2018 concluded a remarkable period of delivery and preparation for the future.

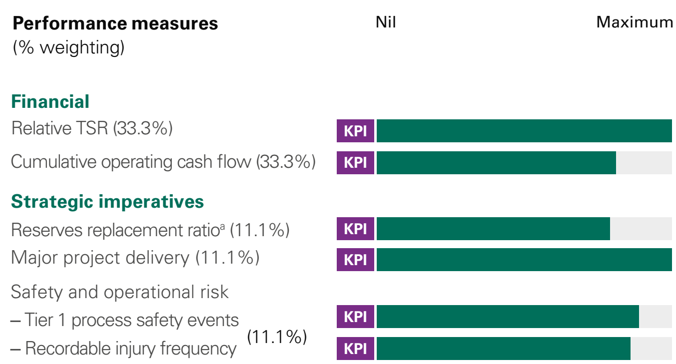
Annual bonus

40.5% Formulaic outcome (% of maximum)	0% Committee judgement, no adjustment	40.5% Final outcome (% of maximum)



Performance shares

90.5% Formulaic outcome (% of maximum)	-10.5% Committee judgement to reduce vesting	80% Expected outcome after committee discretion[a] (% of maximum)



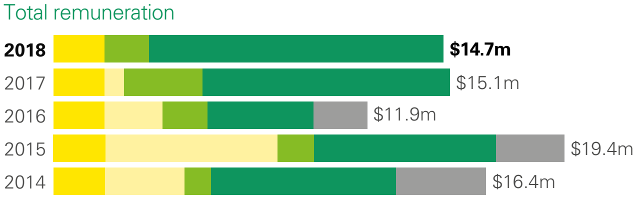
[a] The final outcome for part of this award is based on BP's relative RRR ranking. This is forecast at second place but cannot be confirmed until after publication of our peers' reports. This final outcome will be reported in our 2019 report.

KPI This symbol denotes remuneration measures that directly relate to the key performance indicators of our investor proposition – see page 16.

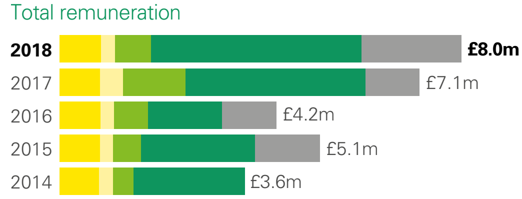
Remuneration outcomes

Reduced annual bonus and pension, partly offset by increases in performance share vesting, lead to a reduction for Bob. The increase for Brian reflects increases in the values of performance and deferred share vesting.

Bob Dudley, group chief executive
Total remuneration



Brian Gilvary, chief financial officer
Total remuneration



Salary and benefits · Retirement benefits · Annual bonus · Performance shares · Discontinued plans (see page 96 for descriptions)

Share ownership

This is a key means by which the interests of executive directors are aligned with those of shareholders. Both directors have holdings in BP which significantly exceeded our shareholding policy requirement of five times salary.

Bob Dudley, group chief executive

14.66 times salary, 3,718,074 shares[a], as at 15 March 2019

Brian Gilvary, chief financial officer

15.80 times salary, 2,248,905 shares, as at 15 March 2019

Policy requirements (5x) · Actual

[a] Held as ADSs

2018 annual bonus outcome

For 2018 the committee established a bonus scorecard of seven measures across three areas of focus: safety and operational risk, reliable operations and financial performance. These measures align with our strategy and, in particular, reflect the annual plan. Six of the seven measures are identical to our 2017 scorecard. The seventh measure, 'BP-operated upstream plant reliability', replaces 'Upstream operating efficiency' from 2017, bringing unplanned downtime into account which provides a closer comparison with the equivalent measure for the Downstream.

In order to build on the strong results of 2017, the committee set notably stretching targets for each of these measures. For instance, our 2018 threshold outcomes for safety performance were set at the level of our 2017 outcomes, meaning we had to exceed 2017 results to achieve even a minimum contribution to the 2018 bonus.

To avoid windfall outcomes in our financial measures, and drive genuine year-on-year improvement, we adjust our financial targets to reflect any pricing impacts, i.e. the stronger oil price environment of 2018 led to a proportional increase in our profit and cash flow targets. This is the fourth occasion in the last seven years in which we have adjusted our performance measurement to strip out positive price environments and better reflect financial improvement in underlying terms. Unadjusted, the scores would all have been significantly higher, leading to remuneration outcomes greater than we would have intended.

Consequently, and despite another strong year of results and delivery for shareholders, our bonus outcome for 2018 is 81% of target, or 40.5% of maximum, compared with 143% of target, or 71.5% of maximum, in 2017.

Annual bonus

Scorecard

2018 annual bonus

REM Measures used for the 2017 remuneration policy.

KPI See key performance indicators on page 16.

Safety		Reliable operations		Financial performance		Formulaic score
0.21	+	0.21	+	0.40	=	0.81[a] out of 2.0

Measures	Weighting	Threshold (0)	Target (1)	Maximum (2)	Outcome
Safety (20% weight)					
Tier 1 process safety events (defined by API) KPI	10%	19 events 0	16 events 0.1	12 events 0.2	16 events 0.10
Recordable injury frequency KPI	10%	0.219/200k hrs 0	0.200/200k hrs 0.1	0.164/200k hrs 0.2	0.198/200k hrs 0.11
Safety outcome					**0.21**
Reliable operations (30% weight)					
Downstream refining availability (Solomon Associates' operational availability) KPI	15%	94.8% 0	95.3% 0.15	95.8% 0.3	94.9% 0.03
BP-operated upstream plant reliability KPI	15%	93.3% 0	95.3% 0.15	97.3% 0.3	95.7% 0.18
Reliable operations outcome					**0.21**
Financial performance (50% weight)					
Operating cash flow (excluding Gulf of Mexico oil spill payments) KPI	20%	$26.4bn 0	$28.9bn 0.2	$31.4bn 0.4	$26.1bn 0
Underlying replacement cost profit KPI	20%	$11.4bn 0	$12.2bn 0.2	$13.0bn 0.4	$12.7bn 0.33
Upstream unit production costs KPI	10%	$7.41/bbl 0	$7.01/bbl 0.1	$6.61/bbl 0.2	$7.15/bbl 0.07
Financial performance outcome					**0.40**
Formulaic score					**0.81[a] out of 2.0**

Formulaic scorecard outcome	SEEAC discretion	MBAC discretion	Final scorecard outcome	Outcome 40.5% of maximum bonus
0.81 out of 2.0	No adjustment	No adjustment	0.81 out of 2.0	

[a] Due to rounding, the total does not agree exactly with the sum of its component parts.

Shareholders will note that the most significant divergence from our 2018 targets is in operating cash flow. Even though the 2018 outcome of $26.1 billion is 8% higher than 2017, it fell marginally short of the threshold level of $26.4 billion on an adjusted basis. This meant a score of zero on an element that contributes 20% of the overall bonus target. We feel this is a reflection of the rigor in our policy and target-setting process, delivering a nil outcome even in a year which saw underlying profit more than double, and returns almost double.

As in previous years, in order to confirm the final bonus score we have discussed the formulaic score with the chairs of the safety, ethics and environment assurance committee (SEEAC) and the main board audit committee (MBAC). This year, neither of these committees raised issues for which we felt any need to adjust. On this basis, and in view of the demanding target levels we had set for 2018 performance, we believe that the formulaic score, and the annual bonuses that result, fairly reflect and reward 2018 performance for the executive directors and senior leadership of BP. Accordingly we have made no discretionary adjustments to the formulaic scorecard outcome, which applies to the executive directors and BP's senior leadership (approximately 4,400 employees).

Notwithstanding this outcome, we discussed and agreed Bob's decision to adjust the group performance element of annual bonus for the wider workforce (employees below senior leadership level) and consequently these 32,600 employees received 2018 annual bonus based on an adjusted group performance score of 100%, rather than 81%, of target.

The annual bonus outcome is unrelated to the BP share price, and therefore no part of the bonus is attributable to share price appreciation.

As shown below, half of the bonus is paid in cash after year end, and half is deferred into shares that will vest in three years, according to 2017 policy terms. The full value of the 2018 bonus, including the deferred shares, is included in the 2018 single figure table. This differs from reporting in respect of the 2014 policy, under which deferred shares are included in the single figure for the year in which they vest.

Name	Adjusted outcome	Paid in cash	Deferred into BP shares
Bob Dudley	$1,689,458	$844,729	$844,729
Brian Gilvary	£706,219[a]	£353,109	£353,109

[a] Due to rounding, the total does not agree exactly with the sum of its component parts.

2016-18 performance share plan outcome

Vesting levels for the 2016-18 performance share awards we granted in 2016 are determined under the terms of the 2014 policy, in line with the performance measures and outcomes shown on the scorecard on page 93.

Assessed against these scorecard measures, the group's performance for the three years from 2016 to 2018 is strong. Notably, we placed first on relative total shareholder return (with 49.3%) which measures us against our super-major peers, Chevron, ExxonMobil, Shell and Total. We also placed first in the 2015-17 performance cycle. Total shareholder return represents the change in value of a shareholding over a three-year period, assuming that dividends are re-invested to purchase additional shares.

BP's standard practice is to calculate this change in value based on the average US market prices over the fourth quarter immediately before, and at the end of, the three-year performance cycle. Using a three-month period average helps to counter the impact of share price volatility.

The choice of basis period for calculating share price growth can be a material factor in the ranking result. This generally explains why our peers who use relative TSR in their remuneration plans can arrive at a different result. For example, in the three year scorecard period just ended, BP and Shell showed different relative TSR rankings because unlike BP's average of the calendar quarter approach, Shell's standard basis is to use a 90-day averaging period around the start and end of the performance period.

We have again made strong progress in major project delivery, exceeding the top of the measurement scale (13) with 19 major projects delivered over the three-year period, allowing maximum vesting for this element.

Our $68 billion cumulative operating cash flow excluding the Gulf of Mexico oil spill payments for the period exceeds the threshold performance level of $61.2 billion, following adjustments for oil price in line with the 2014 policy. For the purposes of this report, we have forecast a second place outcome for our relative reserves replacement ratio over the period, which yields vesting at 80% of maximum for this element. We will confirm our final outcome for this measure once competitor data is published in full later in the year.

As before, we have assessed performance against the safety and operational risk measure by looking back at tier 1 process safety incidents and recordable injury frequency over the three-year period. This is a detailed assessment looking at year-on-year performance for which we sought input from the SEEAC. Based on continuing reductions in tier 1 events and in recordable injury frequency, and the SEEAC overview, we assessed a score of 88% of maximum for this element of the performance shares scorecard.

While the scorecard provides a balanced view of longer-term results, as a committee we wish to take a broader view of performance in order to ensure reward outcomes are proportional and appropriate. Our first concern is to ensure outcomes align with shareholders' own experience of both returns, and of the company's positioning to generate value into the future. In this regard we believe the scorecard has worked well.

Clearly there are also broader societal views to consider, together with the general experience of the wider workforce as a key stakeholder group. These broader considerations create a compelling case for restraint on quantum, even as they emphasize the need to align to performance.

Therefore while we believe that 2016-18 performance has been exemplary, and that the business is both operationally and strategically well positioned for the future, the committee has nonetheless decided to reduce vesting of the performance share award from the formulaic 90.5% to a discretionary 80% of maximum. In applying this judgement and making this reduction the committee decided to apply the more challenging measurement scales of our 2017 policy. The committee studied the impact of share price appreciation on pay outcomes and is satisfied that the gains arising are an appropriate and necessary design feature of a long-term incentive. We believe there should be no routine adjustment, either for gains that in part reflect low grant prices, or for shortfalls that reflect the opposite.

In addition, and in line with treatment last year, the committee has agreed to Bob's request to re-base his original grant from 550% of salary to 500% of salary, recognizing the change from the 2014 policy to the 2017 policy. The impact these decisions have on pay outcomes for Bob and Brian are detailed below.

Name	Shares awarded	Shares vesting including dividends	Value of vested shares	Reduction in value due to discretion and re-basing
Bob Dudley[a]	1,809,582[b]	1,597,374	$11,043,179	$2,698,677
Brian Gilvary	786,559	765,998	£4,082,769	£535,863

[a] Bob Dudley's award is granted in respect of American depositary shares (ADSs). The numbers in this table reflect calculated equivalents in ordinary shares. One ADS equates to six ordinary shares.
[b] This original award was based on 550% of salary, according to the terms of the 2014 policy.

The value of vested shares reflects the share price appreciation all shareholders experienced over the three-year period. For this 2016-18 award cycle, the original grant was calculated based on ordinary share and American depositary share (ADS) prices of £3.72 and $33.81 respectively, while the 2018 fourth-quarter average prices are £5.33 and $41.48. Consequently, share price appreciation accounts for $2.04 million (18.5%) of the value of Bob's vested shares, and for £1.23 million (30.2%) of the value of Brian's vested shares. The committee did not regard this as a direct reason to exercise discretion, although overall pay outcomes have been a part of our consideration of downward discretion.

Performance shares

Scorecard

2016-18 performance shares

REM Measures used for the 2014 remuneration policy.

KPI See key performance indicators on page 16.

Financial 60.7% + Strategic imperatives 29.8% = Formulaic vesting 90.5%

Measures	Weighting[a]	Threshold performance	Maximum performance	Outcome
Financial				
Relative total shareholder return KPI	33.3%	Third	First	First 33.3%
Cumulative operating cash flow KPI	33.3%	$61.2bn	$73.2bn	$67.8bn 27.3%
				60.7%[b]
Strategic imperatives				
Relative reserves replacement ratio KPI	11.1%	Third	First	Second[c] 8.9%
Major project delivery KPI	11.1%	9	13	19 11.1%
Safety and operational risk: – Process safety tier 1 events KPI – Recordable injury frequency KPI	11.1%	Assessment of improvement over the three years		5.0% 4.8%
				29.8%
Total formulaic vesting				90.5%

Formulaic vesting 90.5% → Committee review of stakeholder context and experience over three-year period of plan ↓ **80%** final vesting after committee discretion

[a] Due to rounding, the sum of the weightings does not agree with the actual total, which is 100%.
[b] Due to rounding, the total does not agree exactly with the sum of its component parts.
[c] Forecast position, to be confirmed after external data becomes available later in 2019.

Alignment with strategy

The strategy we set in 2017 commits us to a balance of short-term goals and long-term ambitions, encompassing both conventional and emerging sources of energy. To help the board and executive management assess delivery against this strategy, we track progress against a number of key performance indicators (KPIs) – see page 16. This strategy and these KPIs represent the foundation of our investor proposition. Importantly the majority of our KPIs translate directly into the measures we use to assess our annual bonus and performance share awards. This helps us align the focus of our board and executive management with the interests of our shareholders. To maintain this alignment over time, we will adjust our bonus and performance share measures as and when BP's strategy evolves or finds new areas of focus.

The annual bonus rewards activities that assure our success in the near term, with measures focused on safety, reliable operations, financial performance and, from 2019, a new emissions reduction target. Ensuring our near-term health is a critical building block for the longer term, providing the funds for us to invest, innovate, pursue new opportunities and enhance our productivity. For instance, the reliable operations measure in our annual plan has a strong and direct bearing on the financial measures for our three-year performance share outcomes. Our new sustainable emissions reduction measure, with a 10% weighting for 2019, connects bonus outcomes directly with the progress we make under the reduce element of our 'reduce, improve, create' (RIC) framework for a low carbon transition.

Our longer-term view is explicitly covered in the strategic progress element for our performance shares, alongside measures that focus on shareholder returns and return on average capital employed (ROACE) over each three-year cycle. These are the measures we established two years ago with our 2017 policy, and we will see the first cycle of results under that policy when we report the 2017-19 performance shares outcome in next year's report. Looking ahead, the committee has decided to increase the weighting of the strategic progress measure from 20% to 30% to better reflect its importance. This will apply for the performance shares we grant in 2019 as part of the 2019-21 cycle. As a result, we will reduce the weighting on ROACE from 30% to 20%.

To ensure we take a rounded view in our performance assessment, the performance share plan also features an underpin to bring absolute TSR, safety and environmental factors into account. This underpin allows the committee to embrace the energy transition in a way that enhances our investor proposition and allows us to be competitive at a time when prices, policy, technology and customer preferences are volatile and evolving, while managing the alignment between remuneration outcomes and our strategic progress.

Reducing our emissions in our operations

Improving our products

Creating low carbon businesses

See our low carbon ambitions on page 46.

BP set out an update of its strategy in 2017, which was reinforced in the results announcements in February 2018 and 2019. The foundations for strong performance are safe and reliable operations, a balanced portfolio, and a focus on returns.

How we align our strategy and remuneration measures	Safer Safe, reliable and efficient execution	Fit for future A distinctive portfolio fit for a changing world	Focused on returns Value based, disciplined investment and cost focus	Growing sustainable free cash flow and distributions to shareholders over the long term
Annual bonus				
Safety	✓			✓
Environment		✓		
Reliable operations	✓			✓
Financial performance			✓	✓
Performance shares				
Total shareholder return			✓	✓
Return on average capital employed			✓	✓
Strategic priorities		✓		✓
Underpin: absolute TSR and safety/environmental factors	✓	✓	✓	✓

Executive directors' pay for 2018

Single figure table – executive directors (audited)

Remuneration is reported in the currency in which the individual is paid		Bob Dudley (thousand)		Brian Gilvary (thousand)	
		2018	2017	**2018**	2017
Salary and benefits	Salary	**$1,854**	$1,854	**£769**	£752
	Benefits	**$79**	$70	**£67**	£38
Retirement benefits	Pension and retirement savings – value increase[a]	**$0**	$746	**£0**	£186
	Cash in lieu of future accrual	**–**	–	**£269**	£263
Annual bonus	Cash bonus	**$845**	$1,491	**£353**	£611
	Shares – deferred for three years	**$845**	$1,491	**£353**	£611
Performance shares	Performance shares	**$11,043[b]**	$9,455[c]	**£4,083[b]**	£3,595[c]
Discontinued plans	Deferred share awards from prior-year bonuses	**–[d]**	–[d]	**£2,083[e]**	£1,060[e]
Total remuneration[f]		**$14,666**	$15,108	**£7,977**	£7,115
Value attributable to share price appreciation[g]		**$2,042**	$1,349	**£1,876**	£936

[a] For Bob Dudley this represents the aggregate value of the company match and investment gains on the accumulating unfunded BP Excess Compensation (Savings) Plan (ECSP) account under Bob's US retirement savings arrangements. In 2018 Bob incurred investment losses of $193,910 in this account, hence this aggregate value is negative and reported as zero per regulations. Full details are set out on page 96. For Brian Gilvary this represents the annual increase in accrued pension, net of inflation, multiplied by 20. In 2018 Brian's salary increased by less than inflation, hence the net increase is reported as zero per regulations. Full details are set out on page 96.

[b] Represents the assumed vesting of shares in 2019 following the end of the relevant performance period, based on a preliminary assessment of performance achieved under the rules of the plan and includes accrued dividends on shares vested. In accordance with UK regulations, the vesting price of the assumed vesting is the average market price for the fourth quarter of 2018 which was £5.33 for ordinary shares and $41.48 for ADSs. The final vesting will be confirmed by the committee in the second quarter of 2019 and provided in the 2019 directors' remuneration report.

[c] In accordance with UK regulations, in the 2017 single figure table, the performance outcome values were based on fourth-quarter average prices of £5.01 for ordinary shares and $39.85 for ADSs. In May 2018, after the external data became available, the committee reviewed the relative reserves replacement ratio position, and this resulted in no adjustment to the final vesting of 70%. On 22 May 2018, 198,306 ADSs for Bob Dudley and 603,831 ordinary shares for Brian Gilvary vested at prices of $47.09 and £5.88 respectively. On 31 July 2019 an additional 2,599 ADS and 7,795 ordinary shares vested, representing accrued dividends at prices of $45.09 and £5.73 for Bob and Brian respectively. The 2017 reported values for the total vesting have therefore increased by $1,168 thousand for Bob and by £614 thousand for Brian.

[d] Bob Dudley has voluntarily agreed to defer performance assessment and vesting of the awards related to his 2015 annual bonus until at least one year after retirement, therefore the performance period is expected to exceed the minimum term of three years. As stated in the 2017 directors' remuneration report, Bob voluntarily deferred performance assessment and vesting of the 2014 deferred and matching awards until at least one year after retirement – see the Deferred shares table on page 101 for further details on these awards.

[e] The amounts reported for 2018 relate to the 2015 annual bonus deferred over three years, which vested on 19 February 2019 at the market price of £5.38 for ordinary shares and include accrued dividends on shares vested. Brian Gilvary has voluntarily agreed to defer performance assessment and vesting of the matching awards related to his 2015 annual bonus for a further two years – see the Deferred shares table on page 101 for further details on these awards. The amounts reported for 2017 relate to the 2014 annual bonus and have been adjusted from the number provided in the 2017 directors' remuneration report to include the accrual and vesting of accrued dividends.

[f] Due to rounding, the total does not agree exactly with the sum of its component parts.

[g] The values shown for performance shares and deferred share awards include the share price appreciation experienced over the three-year vesting periods. This additional line shows the value of those awards that is directly attributable to share price appreciation, being the number of shares vesting, including accrued dividends, multiplied by the increase in share price from grant date to vesting date.

Overview of single figure outcomes

The single figures of total remuneration for Bob Dudley and Brian Gilvary are $14.67 million and £7.98 million respectively. This is a 3% decrease for Bob, and a 12% increase for Brian. In both cases 2018 remuneration includes material value from share price appreciation over the 2016 to 2018 period. Both individuals pay a majority of their taxes in the UK. After these tax and social security liabilities on this BP income, the net values of 2018 total remuneration are approximately $7.77 million for Bob, and approximately £4.23 million for Brian.

Salary and benefits

Bob Dudley's salary remained at $1,854,000 throughout 2018. Brian Gilvary's salary was increased by 2% to £775,000 with effect from 21 May 2018. Both executive directors received car-related benefits, assistance with tax return preparation, security assistance, insurance and medical benefits. In 2018 BP reimbursed Brian for holiday curtailment costs incurred due to BP commitments. Part of this reimbursement is considered non-business related, hence is subject to tax and included as a benefit in the single figure table.

2018 annual bonus and 2016-18 performance shares

Please refer to pages 91-93 for details of the performance measures, targets, and outcomes, and the related reward outcomes for annual bonus and performance shares.

Discontinued plans: deferral of 2015 bonus – deferred and matching awards of shares

In accordance with 2014 policy, Bob Dudley and Brian Gilvary deferred two thirds of their 2015 annual bonus. As a result, they each received an equivalent value deferred award of BP shares, together with a matching award of BP shares. Both the deferred and matching awards were subject to a three-year performance period which ended on 31 December 2018.

Bob has requested that the committee delay the performance assessment and hence the vesting of his 2015 deferred and matching awards. This reflects his commitment to the long-term success of BP and adds to his alignment with shareholders' interests. These awards will now vest, subject to an assessment against the original safety and environmental sustainability conditions, after his retirement. Similarly, Brian has requested a two-year extension to the performance assessment and vesting date of his 2015 matching award.

For the 2015 deferred award for Brian, the committee considered operational and financial performance and reviewed safety and environmental sustainability performance over the 2016-18 period, seeking input from the SEEAC on safety and sustainability measures. The committee concluded that safety performance continues to show improvement, with safety embedded in the culture of the organization and supporting strong operational and financial performance. The committee concluded that the deferred award should vest in full.

2015 bonus – deferred and matching awards

Name	Shares granted	Vesting agreed	Total shares vesting, including dividends	Total value at vesting
Bob Dudley[a]				
Deferred award	551,784	–[a]	–	–
Matching award	551,784	–[a]	–	–
Brian Gilvary[b]				
Deferred award	318,042	100%	387,160	£2,082,921[c]
Matching award	318,042	–[b]	–	–

[a] Vesting of deferred and matching awards deferred until at least one year after retirement, subject to conditions.
[b] Vesting of matching award deferred for two years, subject to conditions.
[c] Based on a vesting share price of £5.38.

Conclusions of the safety and sustainability assessment

No systemic issues identified

No major incidents

Safety culture and values embedded within the global organization

Strong safety performance supports efficiency and financial results across the group

Retirement benefits

Bob Dudley is a member of the US pension and retirement savings plans described on page 108. His normal retirement age is 60. In 2018 Bob's accrued defined benefit pension did not increase. In accordance with the requirements of the UK regulations, the amount included in the single figure table on page 95 is therefore zero. In 2018 Bob made contributions to the BP Employee Savings Plan (ESP) totalling $27,000 and BP made matching contributions to the ESP, and notional contributions to the BP Excess Compensation (Savings) Plan (ECSP), totalling $129,780. However, investment losses of $193,910 in his unfunded ECSP account (aggregating the unfunded arrangements relating to his overall service with BP and TNK-BP), exceeded the sum of these contributions, hence the amount included in the single figure table is zero.

Brian Gilvary is a member of the UK pension arrangement described on page 108 in common with more than 3,800 UK employees employed prior to 2010 (or before 2014 in the North Sea). His normal retirement age is 60, although benefits accrued before 1 December 2006 may be paid from age 55 with BP's consent. Brian's 2018 salary increase was below inflation, and his accrued defined benefit pension increase was therefore likewise below inflation. In accordance with the requirements of the UK regulations, the amount included in the single figure table is therefore zero.

Brian has exceeded the lifetime allowance under UK pension legislation and now receives a cash allowance of 35% of base salary in lieu of further service accrual. This amount has been separately identified in the single figure table on page 95.

This cash allowance is a feature of the UK pension arrangement, and will transition down to 15% of salary by 1 June 2023 – see page 105 for more detail. The committee continues to review the value of pension benefits for individual directors and its alignment to the broader workforce.

History of group chief executive remuneration

Year	Group chief executive	Total remuneration thousand[a]	Annual bonus % of maximum	Performance shares vesting % of maximum
2009	Tony Hayward	£6,753	88.9[b]	17.5
2010[c]	Tony Hayward	£3,890	0	0
	Bob Dudley	$8,057	0	0
2011	Bob Dudley	$8,439	66.7	16.7
2012	Bob Dudley	$9,609	64.9	0
2013	Bob Dudley	$15,086	88.0	45.5
2014	Bob Dudley	$16,390	73.3	63.8
2015	Bob Dudley	$19,376	100.0	74.3
2016	Bob Dudley	$11,904	61.0	40.0
2017	Bob Dudley	$15,108	71.5	70.0
2018	Bob Dudley	$14,666	40.5	80.0

[a] Total remuneration figures include pension. The total figure is also affected by share vesting outcomes and these amounts represent the actual outcome for the periods up to 2011 or the adjusted outcome in subsequent years where a preliminary assessment of the performance for EDIP was made. For 2018 the preliminary assessment has been reflected.
[b] 2009 annual bonus did not have an absolute maximum and so is shown as a percentage of the maximum established in 2010.
[c] 2010 figures show full-year total remuneration for both Tony Hayward and Bob Dudley, although Bob Dudley did not become GCE until October 2010.

Wider workforce in 2018

Workforce experience

Delivery of our strategy, both near and long term, depends upon BP's success in attracting and engaging a highly talented workforce, and on equipping our people with the skills for the future. While the board is currently considering ways to engage more deeply with the workforce, and about the workplace in its broadest sense, the remuneration committee continues to receive and review information on pay outcomes and processes for our wider workforce.

We are building insight into the remuneration models used in different BP entities and stay informed on the pay structures and typical salary budgets for the core areas of the group's business. For example, we have looked at data from the organization's gender pay reporting, at progression of reward across the hierarchy of job levels, and reviewed the reward structures and processes in BP's trading business.

Overall we observe a well-balanced and structured approach to reward (summarized in the table below), and to the 'non-financial' reward elements that contribute to an engaged and productive environment. This context has informed our decision making on executive director pay and our views on incentive outcomes across the group. In our consideration of the annual bonus scorecard for 2018, for instance, while we felt the formulaic result delivered appropriate outcomes for BP's senior leadership, we agreed with Bob's decision to apply a more generous outcome to the wider workforce on the basis that, individually, they have limited influence over financial outcomes such as cash flow.

Looking beyond pay, much of the workforce experience at BP is centred on a disciplined approach to performance management, for which employees set annual priorities related to both safety and value creation, balanced with behavioural objectives that give focus to the importance of good conduct. This deeply embedded programme has served to develop the management skills of team leaders and drives quality dialogue between employees and their managers. We agree with the executive team's view that the time invested in managing performance both aligns individual effort to corporate goals and allows employees to understand the value of their own contribution. The benefit of this approach is largely qualitative, through direction and feedback, but the individual contribution is also measured and then rewarded as part of the annual bonus. For a more immediate impact, BP is also encouraging more 'in the moment' feedback through our new global recognition programme 'energize!', introduced in 2018. Energize! has been well received in all business areas and locations, with 77% of employees recognized at least once, at a frequency of around 1,500 recognition moments every day by year end.

With strong emphasis on diversity and inclusion to create teams that reflect their communities, and with the enduring foundation of BP's values and behaviours to build respect, we believe BP employees work in a supportive, meritocratic and progressive environment. This positive environment is reflected in being the highest-ranked UK recruiter in the oil and gas sector in the Times newspaper's Top 100 Graduate Employer rankings 2018.

Summary of remuneration structure for employees below the board

Element	Policy features for the wider workforce	Comparison with executive director remuneration
Salary	Our salary is the basis for a competitive total reward package for all employees, and we conduct an annual salary review for all non-unionized employees. As we determine salaries in this review, we take account of comparable pay rates at other relevant employers, the skills, knowledge and experience of each individual, relativity to peers within BP, individual performance, and the overall budget we set for each country. In setting the budget each year, we assess how employee pay is currently positioned relative to market rates, forecasts of any further market increases, and business context related to such things as growth plans, workforce turnover and affordability.	The salaries of our executive directors and executive team form the basis of their total remuneration, and we review these salaries annually. The primary purpose of the review is to stay aligned with relevant market comparators, although we ensure any increases are kept within the budgets set for our wider workforce salary review.
Pensions and benefits	We offer market-aligned benefits packages reflecting normal practice in each country in which we operate. Where appropriate, and subject to scale, we offer significant elements of personal benefit choice to our employees.	Other than the addition of security-related benefits, our executive director benefit packages are broadly aligned with other employees who joined BP in the same country at the same time.
Annual bonus	Approximately half of our global workforce participate in an annual cash bonus plan that multiplies a target bonus amount by a performance factor in the range 0 to 2. The performance factor is an average of performance outcomes measured at a group, business area and individual level. This structure places equal emphasis on the importance of an employee's personal contribution, the success of their broad team, and the results achieved by BP. We operate different bonus plans for those distinct parts of our business where remuneration models in the market are markedly different, such as our trading and marketing businesses.	Annual bonus for executive directors is directly related to the same group performance measures and outcomes as the wider workforce, but without the business area and individual performance element.
Performance shares	We operate a performance share plan with three-year vesting for employees from our professional entry level and above. Operation varies based on seniority in three broad tiers: group leaders (approximately 400); senior leaders (approximately 4,000); and all other professional employees (approximately 35,000 potential participants, of whom 20% will participate). Vesting is subject to group performance outcomes for the group leader population only.	Performance shares for our executive directors are assessed using the same group performance scorecard used for the group leader performance shares, with some adjustment to the weightings.

Group chief executive-to-employee pay ratio

In 2016 and 2017 we disclosed the ratio between our group chief executive's (GCE) total remuneration and the median (P50) remuneration of a comparator group of our UK and US professional workforce (representing 38% of our global professional workforce). We believe this representation offers a valuable data point, highlighting relevant pay differentials within BP. On this basis, our 2018 GCE to median pay ratio is 106:1.

GCE pay ratios

Year	Method	P50 pay ratio on total remuneration	P50 salary	P50 total remuneration
2017	BP voluntary	105:1[a]	$112,100	$136,865
2018	BP voluntary	106:1	$114,800	$138,101

[a] Re-based from original 92:1 to reflect final value at vesting of 2015-17 performance shares.

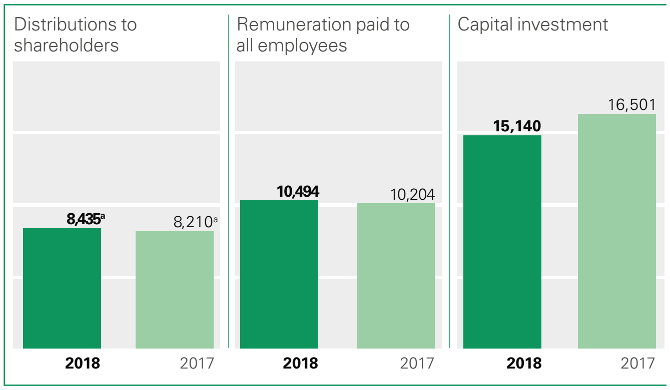
With effect from year ending 31 December 2019, the UK government will require that we calculate the total remuneration of the three BP UK employees whose remuneration represents the 25th, 50th and 75th percentile of our entire UK workforce. We are then required to disclose the ratio of our group chief executive's total remuneration against each of those three representative employees.

Percentage change comparisons: GCE remuneration versus professional workforce

Comparing 2018 to 2017	Salary	Benefits	Bonus
% change in GCE remuneration	0%	8.0%	-43.4%
% change in comparator group remuneration	4.4%	0%	-7.8%

The comparator group used here is the same as used in our voluntary pay ratio disclosures since 2017, i.e. our professional and managerial grade staff in the UK and US. This group is employed on readily comparable terms to the group chief executive, and represents approximately one third of our total employee base.

Relative importance of spend on pay ($ million)



[a] Distributions to shareholders comprise dividend payments of $8,080 million ($7,867 million in 2017) and share buybacks at a cost of $355 million ($343 million in 2017). See page 275 for details.

Equal pay and UK gender pay gap reporting

As well as looking at pay structures, the committee has spent time understanding how effectively current pay policies and processes manage fairness and avoid bias in pay outcomes. We noted the February 2018 UK gender pay gap reporting for the five legal entities covered by the regulations, and the explanations provided in the narrative that accompanied BP's reporting.

Overall the committee feels assured that the anti-discrimination controls written into pay policies, and the quality of processes behind individual pay decision making, are effective in delivering an equal pay environment (like pay for like work) for the wider workforce. While the UK gender pay gap reporting showed pay gaps in favour of men for four out of the five entities, we understand that these gaps result largely from the relative under-representation of women in senior roles, and that the group's primary focus should therefore be on improving female representation, rather than adjusting pay practices. Therefore we have reviewed the various initiatives taken by management to address these representation concerns and will continue to monitor progress in addressing the underlying issues.

The illustration below, from our 2018 UK gender pay gap reporting, highlights the representation issue and how it relates to the gender pay gap for each entity. For instance, our larger gender pay gaps relate to BP Exploration and BP p.l.c. where we have the largest differential between female representation in the top and bottom pay quartiles. By contrast, we reported a negative pay gap in BP Chemicals, where male to female representation is more consistent.

Proportion of females and males in each quartile band

These charts show how men and women are represented in each pay band.
An even distribution across the quartiles would tend to minimize the gender pay gap.

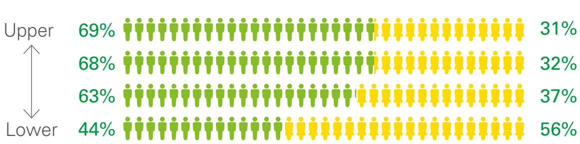
BP Chemicals Limited

BP Chemicals is our petrochemicals business in the UK, principally our operations in Hull.

BP Exploration Operating Company Limited

BP Exploration covers upstream activities in the UK, principally North Sea operations.

BP Oil UK Limited



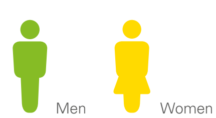
BP Oil represents our downstream fuels and lubricants businesses.

BP Express Shopping Limited

BP Express Shopping is our largest UK employing business, concerned with retail operations supporting our UK-wide network of forecourts.

BP p.l.c.

BP p.l.c. predominantly covers employees in corporate business and functions, including our integrated supply and trading and Air BP businesses.



Stewardship and executive director interests

We believe that our executive directors should have a material interest in the company, both during their tenure and after they leave BP. Our shareholding policy therefore requires executive directors to build a personal shareholding of five times their salary within five years of their appointment. They are expected to maintain personal shareholdings of at least two and a half times salary for two years post employment.

Directors' shareholdings (audited)

The tables below detail the personal shareholdings of each executive director, and demonstrate that both significantly exceed the policy requirement as at 15 March 2019. These figures include all beneficial and non-beneficial ownership of shares of BP (or calculated equivalents) that have been disclosed to the company and exclude the anticipated vesting of the 2016-18 performance shares.

Director	Ordinary shares or equivalents at 1 Jan 2018	Ordinary shares or equivalents at 31 Dec 2018	Changes from 31 Dec 2018 to 15 Mar 2019	Ordinary shares or equivalents total at 15 Mar 2019
Bob Dudley[a]	3,065,520	3,718,284	-210[b]	3,718,074
Brian Gilvary	1,709,243	2,043,899	205,006	2,248,905

[a] Held as ADSs.
[b] This reflects change in the equivalent value of BP ADRs under the BP Employee Savings Plan ('ESP'), due to the BP ADR price movement. See page 108 for explanation of the ESP.

Director	Appointment date	Value of current shareholding	Multiple of salary achieved (policy requires 5x)
Bob Dudley	October 2010	$27,185,318	14.66 x salary
Brian Gilvary	January 2012	£12,256,532	15.80 x salary

The executive directors have interests in both performance shares and deferred bonus shares under the executive directors' incentive plan (EDIP). The share interests are shown in aggregate and by plan in the tables below. These figures show the maximum possible vesting levels. The actual number of shares/ADSs that vest will depend on the extent to which performance conditions are satisfied.

Director	Unvested ordinary shares or equivalents at 1 Jan 2018	Unvested ordinary shares or equivalents as 31 Dec 2018	Changes from 31 Dec 2018 to 15 Mar 2019	Unvested ordinary shares or equivalents at 15 Mar 2019
Bob Dudley[a]	6,569,010[b]	6,825,606[b]	1,459,350	8,284,956
Brian Gilvary	3,329,274	3,291,614	400,709	3,692,323

[a] Held as ADSs.
[b] This shareholding has been re-based to reflect the 500% of salary grant level of the 2017 policy, in place of the original 550% per the 2014 policy.

Performance shares (audited)

			Share element interests			Interests vested in 2018 and 2019		
			Potential maximum performance shares[a]					
	Performance period	Date of award of performance shares	At 1 Jan 2018	Awarded 2018	At 31 Dec 2018	Number of ordinary shares vested	Vesting date	Face value of the award, £
Bob Dudley[b]	2015-17	11 Feb 2015	1,365,240	–	–	1,205,430[c]	22 May 2018[d]	–
	2016-18	4 Mar 2016	1,645,074	–	1,645,074[e]	1,597,374[f]	2019[f]	–
	2017-19[g]	19 May 2017	1,571,628[h]	–	1,571,628	–	–	7,418,084
	2018-20[i]	22 May 2018	–	1,395,600	1,395,600	–	–	8,206,128
Brian Gilvary	2015-17	11 Feb 2015	685,246	–	–	611,626[c]	22 May 2018[d]	–
	2016-18	4 Mar 2016	786,559	–	786,559	765,998[f]	2019[f]	–
	2017-19[g]	19 May 2017	722,093	–	722,093	–	–	3,408,279
	2018-20[i]	22 May 2018	–	696,705	696,705	–	–	4,096,625

[a] For awards under the 2015-17 and 2016-18 plans, performance conditions are measured one third on TSR relative to Chevron, ExxonMobil, Shell and Total ('comparator companies'); one third on operating cash flow; and one third on a balanced scorecard of strategic imperatives. There is no identified overall minimum vesting threshold level but to comply with UK regulations a value of 44.4%, which is conditional on the TSR, operating cash flow, each of the strategic imperatives and strategic progress reaching the minimum threshold, has been calculated. For awards under the 2017-19 plan, performance conditions are measured 50% on TSR relative to Chevron, ExxonMobil, Shell and Total over three years; 30% on ROACE based on performance in 2019 and 20% on strategic progress assessed over the performance period. For awards under the 2018-20 plan, performance conditions are measured on the same basis as the 2017-19 plan, except ROACE which will be based on performance in the last two years of the performance period (i.e. 2019 and 2020). Each performance period ends on 31 December of the third year.
[b] Bob Dudley received awards in the form of ADSs. The above numbers reflect calculated equivalents in ordinary shares. One ADS is equivalent to six ordinary shares.
[c] Represents vestings of shares made at the end of the relevant performance period based on performance achieved under rules of the plan and includes reinvested dividends on the shares vested. The market price of each share at the vesting date of 22 May 2018 was £5.88 and for ADSs was $47.09. These totals include the additional accrual of dividends which vested on 31 July 2018.
[d] The 2015-17 award vested on 22 May 2018. Details can be found in the single figure table on page 95.
[e] Bob Dudley has requested that the EDIP performance shares vesting in respect of the performance period 2016-18 is based on the 500% maximum annual award level which applies under the 2017 directors' remuneration policy, rather than the 550% maximum annual award level which applies under the 2014 directors' remuneration policy. The number reported here has been re-based to 500%.
[f] For the assumed vestings in the second quarter of 2019 a price of £5.33 per ordinary share and $41.48 per ADS has been used. These are the average prices from the fourth quarter of 2018.
[g] The face value has been calculated using the market price of ordinary shares on 19 May 2017 of £4.72.
[h] In our 2017 report, the 31 December 2017 value for this award was incorrectly stated as 1,428,750.
[i] The face value has been calculated using the market price of ordinary shares on 22 May 2018 of £5.88.

Deferred shares (audited)[a]

	Bonus year	Type	Performance period	Date of award of deferred shares	Share element interests – Potential maximum deferred shares – At 1 Jan 2018	Awarded 2018	At 31 Dec 2018	Interests vested in 2018 and 2019 – Number of ordinary shares vested	Vesting date	Face value of the award, £
Bob Dudley[b]	2014[c]	Comp	2015-17[d]	11 Feb 2015	147,054	–	147,054	–	–	655,861
		Vol	2015-17[d]	11 Feb 2015	147,054	–	147,054	–	–	655,861
		Mat	2015-17[d]	11 Feb 2015	294,108	–	294,108	–	–	1,311,722
	2015[e]	Comp	2016-18[d]	4 Mar 2016	275,892	–	275,892	–	–	1,015,283
		Vol	2016-18[d]	4 Mar 2016	275,892	–	275,892	–	–	1,015,283
		Mat	2016-18[d]	4 Mar 2016	551,784	–	551,784	–	–	2,030,565
	2016[f]	Comp	2017-19	19 May 2017	147,642	–	147,642	–	–	696,870
		Mat	2017-19[d]	19 May 2017	147,642	–	147,642	–	–	696,870
	2017[g]	Comp	2018-20	22 May 2018	–	226,236	226,236	–	–	1,330,268
Brian Gilvary	2014	Comp	2015-17	11 Feb 2015	88,288	–	–	111,161[h]	20 Feb 2018	–
		Vol	2015-17	11 Feb 2015	88,288	–	–	111,161[h]	20 Feb 2018	–
		Mat	2015-17[i]	11 Feb 2015	176,576	–	176,576	–	–	787,529
	2015	Comp	2016-18	4 Mar 2016	159,021	–	159,021	193,580[j]	19 Feb 2019	–
		Vol	2016-18	4 Mar 2016	159,021	–	159,021	193,580[j]	19 Feb 2019	–
		Mat	2016-18[i]	4 Mar 2016[i]	318,042	–	318,042	–	–	1,170,395
	2016[f]	Comp	2017-19	19 May 2017	73,070	–	73,070	–	–	344,890
		Mat	2017-19[k]	19 May 2017	73,070	–	73,070	–	–	344,890
	2017[g]	Comp	2018-20	22 May 2018	–	127,457	127,457	–	–	749,447

[a] Since 2010, vesting of the deferred shares has been subject to a safety and environmental sustainability hurdle, and this will continue. If the committee assesses that there has been a material deterioration in safety and environmental performance, or there have been major incidents, either of which reveal underlying weaknesses in safety and environmental management, then it may conclude that shares should vest only in part, or not at all. In reaching its conclusion, the committee will obtain advice from the SEEAC. There is no identified minimum vesting threshold level.
[b] Bob Dudley received awards in the form of ADSs. The above numbers reflect calculated equivalents in ordinary shares. One ADS is equivalent to six ordinary shares.
[c] The face value has been calculated using the market price of ordinary shares on 11 February 2015 of £4.46.
[d] Bob Dudley has voluntarily agreed to defer the performance assessment and vesting of these awards until at least one year after retirement, therefore the performance period is expected to exceed the minimum term of three years.
[e] The face value has been calculated using the market price of ordinary shares on 4 March 2016 of £3.68.
[f] The market price at closing of ordinary shares on 19 May 2017 was £4.72 and for ADSs was $36.94. The sterling value has been used to calculate the face value.
[g] The market price at closing of ordinary shares on 22 May 2018 was £5.88 and for ADSs was $47.09. The sterling value has been used to calculate the face value.
[h] Represents vestings of shares made at the end of the relevant performance period based on performance achieved under rules of the plan and includes reinvested dividends on the shares vested. The market price of each share used to determine the total value at vesting on the vesting date of 20 February 2018 was £4.75. These totals include the additional accrual of dividends which vested on 22 May 2018 and 31 July 2018.
[i] Brian Gilvary has voluntarily agreed to defer the performance assessment and vesting of these matching awards for a total of five years with a further one-year retention period. The face values have been calculated using the market prices of £4.46 per ordinary share on 11 February 2015 and £3.68 per ordinary share on 4 March 2016.
[j] Represents vesting of shares at the end of the relevant performance period based on performance achieved under rules of the plan. Includes reinvested dividends on the shares vested. The market price of each share used to determine the total value on the vesting date of 19 February 2019 was £5.38.
[k] Brian Gilvary has voluntarily agreed to defer the performance assessment and vesting of these awards until the later of three years post award or one year post employment, therefore the performance period is expected to exceed the minimum term of three years.

In common with many of our UK employees, Brian Gilvary holds options under the BP group save as you earn (SAYE) schemes as shown below. These options are not subject to performance conditions.

Share interests in share options plans (audited)

	Option type	At 1 Jan 2018	Granted	Exercised	At 31 Dec 2018[a]	Option price	Market price at date of exercise	Date from which first exercisable	Expiry date
Brian Gilvary	BP 2011[b]	500,000	–	100,000	400,000	£3.72	£5.27	07 Sep 2014	07 Sep 2021
	SAYE	3,103	–	–	3,103	£2.90	–	01 Sep 2019	28 Feb 2020

[a] The closing market price of an ordinary share on 31 December 2018 was £4.96. During 2018 the highest market price was £5.98 and the lowest market price was £4.60.
[b] 'BP 2011' means the BP 2011 plan. These options were granted to Brian Gilvary prior to his appointment as a director and are not subject to performance conditions.

Neither Bob Dudley or Brian Gilvary have any interest in BP preference shares, debentures or option plans (other than as listed above), and neither have interests in shares or loan stock of any subsidiary company.

No directors or other executive team members (see page 63) own more than 1% of the ordinary shares in issue.

At 15 March 2019, our directors and other executive team members collectively held interests of 17,436,602 ordinary shares or their calculated equivalents, 5,978,567 restricted share units (with or without conditions) or their calculated equivalents, 11,977,279 performance shares or their calculated equivalents and 4,417,149 options over ordinary shares or their calculated equivalents, under BP group share option schemes.

Post employment share ownership interests

As we reported last year, to maintain their alignment with shareholders and in keeping with the long-term nature of our business, our executive directors will retain significant interests in BP post employment. These ongoing interests are centred on a) the personal commitment by each executive director to maintain actual holdings equivalent to two and a half times salary for two years post employment, and b) their anticipated interests in share awards under group plans which remain subject to vesting and/or holding periods at the time they leave BP.

Non-executive director outcomes and interests

The board's remuneration policy for the chairman and non-executive directors (NEDs) was approved at the 2017 AGM and implemented during 2017. There has been no variance of the fees or allowances for the chairman and the NEDs since approval in 2017.

Chairman

The fee structure for the chairman, which has been in place since May 2013, is £785,000 per year. The chairman is not eligible for committee chairmanship and membership fees or intercontinental travel allowance.

As chairman throughout 2018, Carl-Henric Svanberg had the use of a fully maintained office for company business, a car and driver, and security advice in London. He received a contribution to an office and secretarial support as appropriate to his needs in Sweden. The table below shows the fees paid for the year ended 31 December 2018.

2018 remuneration (audited)

£ thousand	Fees		Benefits[a]		Total	
	2018	2017	**2018**	2017	**2018**	2017
Carl-Henric Svanberg	**785**	785	**24**	35	**809**	820

[a] Benefits include travel and other expenses relating to attendance at board and other meetings. Amounts disclosed have been grossed up using a tax rate of 45%, where relevant, as an estimation of tax due.

The figures below include all the beneficial and non-beneficial interests of the chairman in shares of BP (or calculated equivalents) that have been disclosed according to the disclosure guidance and transparency rules in the Financial Conduct Authority handbook ('the DTRs') as at the applicable dates. The chairman's holdings as at 31 December 2018, as a percentage of the shareholding policy, were 1,312%.

Chairman	Ordinary shares or equivalents at 1 Jan 2018	Ordinary shares or equivalents at 31 Dec 2018	Change from 31 Dec 2018 to 15 Mar 2019	Ordinary shares or equivalents total at 15 Mar 2019
Carl-Henric Svanberg[a]	2,076,695	2,076,695	–	–

[a] Resigned on 31 December 2018.

Helge Lund assumed the role of chairman with effect from 1 January 2019. His share interests are disclosed on page 103.

Non-executive directors fee structure

The table below shows the fee structure for non-executive directors.

	Fees £ thousand
Senior independent director[a]	120
Board member	90
Audit, geopolitical, remuneration and SEEA committees chairmanship fees[b]	30
Committee membership fee[c]	20
Intercontinental travel allowance	5

[a] The senior independent director is eligible for committee chairmanship fees and intercontinental travel allowance plus any committee membership fees.
[b] Committee chairmen do not receive an additional membership fee for the committee they chair.
[c] For members of the audit, geopolitical, SEEA and remuneration committees.

2018 remuneration (audited)

£ thousand	Fees		Benefits[a]		Total[b]	
	2018	2017	**2018**	2017	**2018**	2017
Nils Andersen	**132**	115	**11**	17	**144**	132
Paul Anderson[c]	**69**	155	**6**	27	**76**	182
Alan Boeckmann	**155**	165	**10**	11	**165**	176
Admiral Frank Bowman	**160**	155	**14**	15	**174**	170
Dame Alison Carnwath[d]	**74**	–	**47**	–	**121**	–
Pamela Daley[e]	**55**	–	**42**	–	**97**	–
Ian Davis	**170**	154	**2**	2	**172**	156
Professor Dame Ann Dowling[f]	**158**	145	**2**	5	**159**	150
Helge Lund[e]	**46**	–	**122**[g]	–	**169**	–
Melody Meyer[h]	**160**	86	**26**	23	**186**	109
Brendan Nelson	**150**	138	**12**	14	**162**	152
Paula Rosput Reynolds	**166**	146[i]	**33**	8	**200**	154[i]
Sir John Sawers	**150**	145	**1**	5	**151**	150

[a] Benefits include travel and other expenses relating to the attendance at board and other meetings. Amounts disclosed have been grossed up using a tax rate of 45%, where relevant, as an estimation of tax due.
[b] Due to rounding, the totals may not agree exactly with the sum of its component parts.
[c] Resigned on 21 May 2018.
[d] Appointed on 21 May 2018.
[e] Appointed on 26 July 2018.
[f] Fee includes £25 thousand for chairing and being a member of the BP technology advisory council.
[g] Benefits include relocation expenses.
[h] Appointed on 17 May 2017.
[i] Amended from £140 thousand (fees) and £148 thousand (total) as originally disclosed in our 2017 report.

Non-executive directors' interests (audited)

The figures below indicate and include all the beneficial and non-beneficial interests of each non-executive director of the company in shares of BP (or calculated equivalents) that have been disclosed to the company under the DTRs as at the applicable dates.

	Ordinary shares or equivalents at 1 Jan 2018	Ordinary shares or equivalents at 31 Dec 2018	Changes from 31 Dec 2018 to 15 Mar 2019	Ordinary shares or equivalents at 15 Mar 2019	Value of current shareholding[a]	% of policy achieved
Nils Andersen	125,000	125,000	–	125,000	£681,250	757%
Paul Anderson[b]	30,000[c]	–	–	–	–	–
Alan Boeckmann	44,772[c]	44,772[c]	–	44,772[c]	$327,358	273%
Admiral Frank Bowman	24,864[c]	24,864[c]	–	24,864[c]	$181,797	151%
Dame Alison Carnwath[d]	–	17,700	–	17,700	£96,465	107%
Pamela Daley[e]	–	17,592[c]	–	17,592[c]	$128,627	107%
Ian Davis	47,500	50,296	–	50,296	£274,113	305%
Professor Dame Ann Dowling	22,320	22,320	–	22,320	£121,644	135%
Helge Lund[f]	–	600,000	–	600,000	£3,270,000	417%
Melody Meyer	20,646[c]	20,646[c]	–	20,646[c]	$150,957	126%
Brendan Nelson	11,040	11,040	–	11,040	£60,168	67%
Paula Rosput Reynolds	58,200[c]	73,200[c]	–	73,200[c]	$535,214	446%
Sir John Sawers	14,198	15,030	–	15,030	£81,914	91%

[a] Based on share and ADS prices at 15 March 2019 of £5.45 and $43.87.
[b] Resigned on 21 May 2018.
[c] Held as ADSs.
[d] Appointed on 21 May 2018.
[e] Appointed on 26 July 2018.
[f] Appointed 26 July 2018. Became chairman with effect from 1 January 2019. Percentage of policy achieved based on annual equivalent fee for role of chairman.

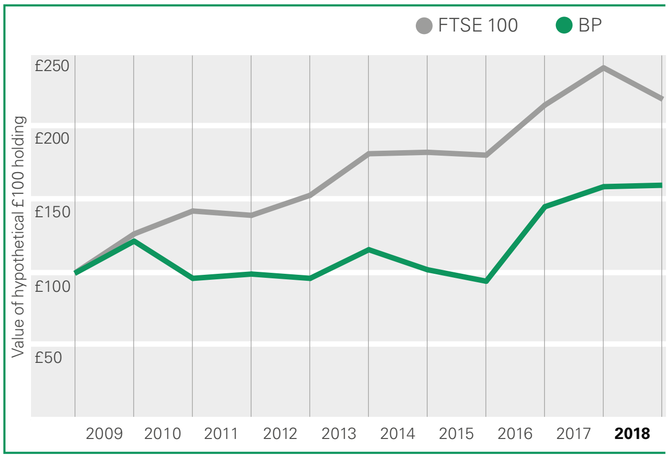
Payments for loss of office and payments to past directors (audited)

We made no payments for loss of office during or in respect of 2018 to current or former directors.

Sir Ian Prosser (who retired as a non-executive director of BP in April 2010) was appointed as a director and non-executive chairman of BP Pension Trustees Limited on 1 October 2010. During 2018, he received £100,000 for this role. Other than this, we made no payment to any past director of BP during 2018 (we have no *de minimis* threshold for such disclosures).

Other disclosures

Historical TSR performance



This graph shows the growth in value of hypothetical £100 investments in BP p.l.c. ordinary shares, and in the FTSE 100 Index (of which BP is a constituent), over 10 years from 31 December 2008 to 31 December 2018.

Independence and advice

The board considers all committee members to be independent with no personal financial interest, other than as shareholders, in the committee's decisions. Further detail on the activities of the committee, advice received and shareholder engagement is set out in the remuneration committee report on page 83.

During 2018 David Jackson, the then company secretary, and subsequently Hannah Ashdown, both of whom were employed by the company and reported to the chairman of the board, acted as secretary to the remuneration committee.

The committee also received advice on various matters relating to the remuneration of executive directors' and senior management from Helmut Schuster, executive vice president, group human resources, and Ashok Pillai, vice president, group reward.

PricewaterhouseCoopers LLP ('PwC') continued to provide independent advice to the committee in 2018, following its appointment as independent adviser to the committee in September 2017, following a competitive tender process. PwC is a member of the Remuneration Consulting Group and, as such, operates under the code of conduct in relation to executive remuneration consulting in the UK. The committee is satisfied that the advice received is objective and independent.

Freshfields Bruckhaus Deringer LLP provided legal advice on specific compliance matters to the committee.

PwC and Freshfields provide other advice in their respective areas to the group. During the year, PwC provided BP with services including subsidiary company secretarial support.

Total fees or other charges (based on an hourly rate) for the provision of remuneration advice to the committee in 2018 (save in respect of legal advice) were £179,200 to PwC.

Shareholder engagement

Throughout 2018 we continued to discuss remuneration policy and approach with many of our largest shareholders, as well as investor representative bodies. We plan to continue this dialogue in 2019, as we consider updates to our remuneration and minimum shareholdings policies for 2020.

The table below shows the votes on the report for the last three years.

AGM directors' remuneration report vote results

Year	% vote 'for'	% vote 'against'	Votes withheld
2018	96.42%	3.58%	42,741,541
2017	97.05%	2.95%	63,453,383
2016	40.70%	59.30%	464,259,340

The remuneration policy was approved by shareholders at the 2017 AGM on 17 May 2017. The votes on the policy are shown below.

2017 AGM directors' remuneration policy vote results

Year	% vote 'for'	% vote 'against'	Votes withheld
2017	97.28%	2.72%	36,563,886

External appointments

The board supports executive directors taking up appointments outside the company to broaden their knowledge and experience. Each executive director is permitted to retain any fee from their external appointments. Such external appointments are subject to agreement by the chairman and reported to the board. Any external appointment must not conflict with a director's duties and commitments to BP. Details of appointments as non-executive directors of publicly listed companies during 2018 are shown below.

Director	Appointee company	Additional position held at appointee company	Total fees
Bob Dudley	Rosneft[a]	Director	0
Brian Gilvary	Air Liquide	Non-executive director	Euros 70,500

[a] Bob Dudley holds this appointment as a result of the company's shareholding in Rosneft.

Committee membership

Please refer to the committee report on page 83 for details of membership of the remuneration committee during 2018.

Executive director remuneration policy and implementation for 2019

2019

The table below shows how the remuneration policy approved by shareholders at the 2017 AGM will be implemented in 2019. For the full remuneration policy, please go to *bp.com/remuneration*.

Salary and benefits

Reflects role and home country market

Salary and benefits reflect the scale and complexity of the role, and competitive practice in the market.

- Bob Dudley's salary will remain at $1,854,000 for 2019.
- With effect from the AGM, Brian Gilvary's salary will increase by 2% to £790,500.
- This compares to an average increase of over 3.5% to our UK salaried staff, effective on our annual salary review date 1 April.
- Benefits will remain unchanged for 2019. These include car-related benefits, assistance with tax return preparation, security assistance, insurance and medical benefits.

Retirement benefits

Reflects home country market

- Since September 2016, Bob has had no further service accrual under his defined benefit pension arrangements. The 401(k) benefits have been partially capped for future years. His normal retirement age is 60.
- Brian is a member of the BP UK defined benefits pension plan and he receives a cash supplement in lieu of further service accrual on the same terms as other participants in the plan, currently 35% of salary.
- Starting from 1 June 2019, we agreed to reduce Brian's cash supplement by 5% of salary each year to reach 20% of salary with effect from 1 June 2021, with a further 5% reduction, to 15% of salary, with effect from 1 September 2023.
- These changes reduce Brian's cash supplement sooner than the transition for other members of the BP UK defined benefits plan, and Brian will not receive any form of compensation related to the reductions. His normal retirement age is 60, although benefits accrued before 1 December 2006 may be paid from age 55 with BP's consent.

Annual bonus

Up to 225% of salary

Aligned with annual objectives

The bonus links variable pay to safety, environmental goals, reliable operations and financial performance for the year.

- Maximum bonus requires performance at the top of the measurement scale on every measure – a scorecard outcome of 2.0.
- A scorecard outcome of 1.0, reflecting target on each measurement scale, delivers half of maximum bonus.
- 50% of bonus earned is paid in cash, 50% is deferred into shares for three years.
- The scorecard measures for the bonus are set annually to reflect priorities. The committee sets measurement scales (disclosed retrospectively) that require year-on-year improvement.
- For 2019, performance will be assessed against:
  - Safety – 20%
  - Environment – 10%
  - Reliable operations – 20%
  - Financial performance – 50%.
- The committee holds discretion to adjust outcomes to reflect broader performance considerations.

Bonus is subject to malus and clawback provisions following events such as misconduct, restatement or misstatement of results, and miscalculation. Malus may also be applied following a material failure impacting safety or environmental sustainability, or other exceptional circumstances as decided by the committee.

Performance shares

GCE – 500%
CFO – 450%
of salary

Vesting reflects three-year performance

Directly linked to long-term performance and represents the largest part of total remuneration.

- Three-year performance period, followed by further three-year holding period.
- Measures aligned to BP strategy and shareholders' interests.
- For the 2019-21 cycle, vesting level will first be assessed on performance over the three years in these areas:
  - TSR relative to oil and gas majors – 50% weighting.
  - ROACE – averaged over the full period – 20% weighting.
  - Progress against our strategic objectives – 30% weighting.
- Underpin – the committee will then review broader performance, including absolute TSR, safety and environmental factors in order to determine the final vesting outcome.

Performance shares are subject to malus and clawback provisions following events such as misconduct, restatement or misstatement of results, and miscalculation. Malus may also be applied following a material failure impacting safety or environmental sustainability, or other exceptional circumstances as decided by the committee.

Share ownership

Long-term shareholding obligation

Reinforces alignment with shareholder interests, and stewardship of the enterprise.

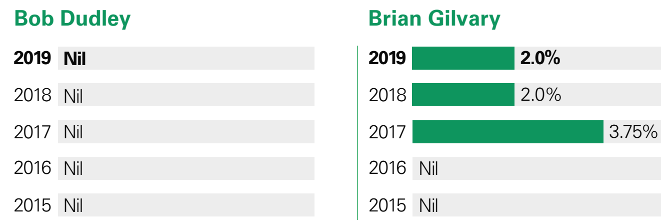
- Continuing requirement for executive directors to maintain a holding of five times salary.
- Bob and Brian are expected to maintain a holding of at least two and a half times salary for two years post employment.
- In addition, the executive directors have voluntarily elected to defer the vesting date of certain other share awards, with associated performance conditions, which would otherwise have been unrestricted.

Salary and benefits

Bob's annual salary will remain at $1,854,000 for 2019. Brian's salary will increase by 2% to £790,500 from the date of the 2019 AGM. For reference, the April 2019 annual pay review of our salaried employees in the UK was subject to a budget in excess of 3.5%.

We expect to maintain benefits at the current level.

Salary increases over the last five years



	Salary with effect from AGM	Increase
Bob Dudley	$1,854,000	Nil
Brian Gilvary	£790,500	2.0%

Annual bonus

For 2019 we have amended our bonus measures to include an environmental measure (10%) alongside safety (20%), reliable operations (20%) and financial performance (50%). This approach will provide a balanced assessment of how the business has performed over the course of the year and of our progress in addressing emissions reduction. We are also changing downstream refining availability to BP-operated downstream refining availability to more closely align to our BP-operated upstream plant reliability measure.

The committee has set the 2019 targets after consultation on the safety targets with the SEEAC and on the financial targets with the MBAC. Although the detail of these targets is currently commercially sensitive, the committee will provide retrospective disclosure following the year end, as with previous cycles. As before, the committee will consider changes in plan conditions (including oil and gas prices and refining margins) when reviewing financial outcomes at year end, and retains discretion to review outcomes in the context of overall performance.

Awards will be subject to malus and clawback provisions as described in the 2017 policy.

The maximum bonus opportunity remains 225% of salary, for a maximum bonus score of 2.0. In accordance with the 2017 policy, the bonus payable for performance which meets the annual plan (i.e. a bonus score of 1.0 out of a maximum of 2.0) is half of maximum, 112.5% of salary.

For any bonus earned, 50% will be delivered in cash and 50% will be deferred into shares that will vest after three years.

Measures for 2019 annual bonus

Element

Safety 20%

Measures include	Weighting for 2019
Recordable injury frequency KPI	10%
Tier 1 and tier 2 process safety events KPI	10%

Environment 10%

Measures include	Weighting for 2019
Sustainable emissions reduction KPI	10%

Financial performance 50%

Measures include	Weighting for 2019
Operating cash flow excluding Gulf of Mexico oil spill payments KPI	20%
Underlying replacement cost profit KPI	20%
Upstream unit production costs KPI	10%

Reliable operations 20%

Measures include	Weighting for 2019
BP-operated upstream plant reliability KPI	10%
BP-operated downstream refining availability (Solomon Associates' operational availability) KPI	10%

Performance shares

In line with our 2017 policy, the performance share awards for our 2019-21 cycle will be granted in 2019 at the level of 500% of salary for Bob and 450% of salary for Brian. Performance will then be measured over three years, with any vested shares being subject to a mandatory holding period of a further three years. These awards are subject to malus and clawback provisions as set out in the policy.

The measures for the 2019-21 cycle of performance shares focus on shareholder value, capital discipline and future growth.

Shareholder value

The TSR element is measured on a relative basis against the oil majors: Chevron, ExxonMobil, Shell and Total. We maintain our belief that the current comparator group remains appropriate as it is used for benchmarking across a range of activities in other parts of the group.

This measure carries a 50% weighting in the vesting calculation, with targets shown below.

Capital discipline

ROACE is calculated by dividing the underlying replacement cost profit (after adding back net interest) by average capital employed excluding cash and goodwill (see Glossary on page 315 for full definition). ROACE is measured based on the actual price environment for each of the years in question; there will be no adjustments for changes to plan conditions. For the 2019-21 performance shares award, this assessment will be averaged over the full three-year period.

This ROACE measure carries a 20% weighting in the vesting calculation, and targets are shown in the table below.

Future growth

Measures for the strategic element are directly focused on delivery of the company's long-term strategy, positioning the portfolio for resilience and future growth. We will be following the implementation of our strategy through the four measures relating to the strategic priorities set out below. The committee has also sought input from the board regarding the specific measures.

Details of the strategic progress targets – which carry a 30% weighting in the vesting calculation – are commercially sensitive and are not included in this report. However, the committee intends to provide detailed retrospective disclosure after the end of the performance period so that shareholders will be able to review the basis of our assessment. The board regularly reviews progress on the strategic priorities throughout the year and BP's quarterly results announcement includes updates on the group's strategic progress.

Broader performance assessment – the underpin

Prior to approving vesting outcomes, the committee will also consider the broader performance of the business including absolute TSR performance, together with safety and environmental factors (including consideration of issues around greenhouse gases) over the three-year period. We refer to this as the underpin. The underpin will be applied after the formulaic outcome for the performance shares but before the final vesting outcome has been determined.

In looking at environmental factors, the committee will consider the group's progress on issues such as reducing emissions, improving our products and creating low carbon businesses – see page 46.

Measures for 2019-21 performance shares

Element	Relative TSR versus oil majors[a] 50% KPI	Return on average capital employed[b] 20% KPI	Strategic progress 30%
Threshold vesting	25% of element Third out of five	0% of element 8.5% return on average capital employed	• Growing gas and advantaged oil in the upstream • Market-led growth in the downstream • Venturing and low carbon across multiple fronts • Gas, power and renewables trading and marketing growth
Maximum vesting	100% of element First place	100% of element 12.5% return on average capital employed	

[a] Nil vesting for fourth and fifth place. Vesting of 80% for second place.
[b] Based on the average of performance over 2019, 2020 and 2021. There will be straight-line vesting for performance between the threshold and maximum vesting level. Adjustments may be required in certain circumstances (e.g. to reflect changes in accounting standards).

Retirement benefits

Bob Dudley

Bob is provided with pension benefits and retirement savings through a combination of tax-qualified and non-qualified benefit plans. His normal retirement age is 60.

The BP Supplemental Executive Retirement Benefit Plan (SERB) is a non-qualified defined benefit pension plan which provides a pension of 1.3% of final average earnings for each year of service, less benefits paid under all other BP (US) tax-qualified and non-qualified pension plans. In 2016 Bob reached the SERB service limit of 37 years of service and therefore no longer builds up further service accrual under these pension plans. However the accrued benefit remains linked to highest average earnings within the final 10 years. The benefit payable under the SERB is unreduced at age 60 or older.

The BP Employee Savings Plan (ESP) is a US tax-qualified defined contribution plan to which both Bob and BP contribute. BP matches Bob's salary contributions to a maximum of 7% of base salary, up to the IRS limit. The BP Excess Compensation (Savings) Plan (ECSP) is a non-qualified, unfunded, retirement savings plan to which BP notionally contributes 7% of base salary above the annual IRS limit. In common with around 2,000 other participants, Bob does not contribute to the ECSP.

Under both savings plans, Bob is entitled to make investment elections, involving the actual investment holdings in the case of the ESP, and the notional investment holdings in the case of the ECSP. Benefits payable under the ECSP are unfunded and will therefore be paid from corporate assets. Accordingly annual investment returns on the ECSP are recognized as income for the single figure table, in addition to the notional contributions themselves. Conversely, annual investment losses are offset against the value of contributions and notional contributions by BP and therefore reduce the amount recognized as income for the single figure table.

Brian Gilvary

Brian is provided with pension benefits and retirement savings through a combination of tax-qualified and non-qualified benefit plans and a cash allowance. His normal retirement age is 60, although benefits accrued before 1 December 2006 may be paid from age 55 with BP's consent.

Brian is a member of a UK final salary defined benefit pension plan, the BP Pension Scheme (BPPS), along with over 3,800 other UK employees. Pension benefits that have been accrued in the BPPS in excess of the individual lifetime tax allowance set by legislation are provided to Brian via a non-qualified, unfunded pension arrangement provided directly by the company rather than through the BPPS. The rules of this non-qualified arrangement are designed to mirror the design of the approved BPPS.

The BPPS is closed to new hires, but for existing participants the plan continues to provide a pension of one sixtieth of final base salary for each year of service, up to a maximum of two thirds of final base salary, and a dependant's benefit of two thirds of the member's pension. On 1 April 2011, Brian elected to stop future service accrual and instead receive a cash allowance. His accrued benefits in the approved and unapproved plans remain linked to his final base pay.

The rules of the BPPS were amended in 2006 to introduce a normal retirement age of 65, but in common with other BPPS participants in service on 30 November 2006, Brian has a normal retirement age of 60. Subject to the consent of the committee, Brian may retire between age 55 and 60 and be entitled to an immediate pension, with a reduction (currently 3%) for each year before normal retirement age in respect of the benefit that relates to service since 1 December 2006 and no reduction in respect of the remainder of his benefit.

Irrespective of this, on leaving in circumstances of total incapacity, an immediate unreduced pension would be payable from his leaving date.

BPPS members can elect to stop accrual and instead receive a cash allowance of 35% of salary until March 2021, then progressively reducing to 15% of salary by March 2024 (or such earlier date that they would have accrued a maximum two-thirds pension under the BPPS had they not opted out). As noted above, on 1 April 2011 Brian elected to stop future service accrual and receive this cash allowance. Currently over 650 employees have elected to stop future service accrual under the final salary plan and instead receive the 35% cash allowance. Brian has offered to accelerate the schedule of this progressive reduction. Accordingly reductions to 30%, 25% and 20% will be made with effect from 1 June 2019, 2020 and 2021 respectively, and a final reduction to 15% with effect from 1 September 2023 being the date on which Brian would have reached a maximum two-thirds pension under the BPPS had he not opted out.

Shareholding requirements

Both executive directors remain subject to the share ownership requirement of five-times salary, which they currently exceed. Based on the commitments each director has made to the committee, we expect that Bob and Brian will each maintain shareholdings of at least 250% of salary for two years post employment.

Non-executive director remuneration policy for 2019

The table below shows the remuneration policy approved by shareholders at the 2017 AGM. For the full remuneration policy, please go to *bp.com/remuneration*.

Non-executive chairman

Fees

Approach →	Remuneration is in the form of cash fees, payable monthly. The level and structure of the chairman's remuneration will primarily be compared against UK best practice.
Operation and opportunity →	The quantum and structure of the non-executive chairman's remuneration is reviewed annually by the remuneration committee, which makes a recommendation to the board.

Benefits and expenses

Approach →	The chairman is provided with support and reasonable travelling expenses.
Operation and opportunity →	The chairman 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 is reimbursed.

Non-executive directors

Fees

Approach →	Remuneration is in the form of cash fees, payable monthly. Remuneration practice is consistent with recognized best practice standards for non-executive directors' remuneration 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 chairmanship 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 chairman, the GCE and the company secretary who make a recommendation to the board. Non-executive directors do not vote on their own remuneration. Remuneration for non-executive directors is reviewed annually.

Other fees and benefits

Intercontinental allowance

Approach →	Non-executive directors receive an allowance to reflect the global nature of the company's business. The intercontinental travel allowance is payable for the purpose of attending board or committee meetings or site visits.
Operation and opportunity →	The allowance is paid in cash following each event of intercontinental travel.

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. The reimbursement of professional fees incurred by non-executive directors based outside the UK in connection with advice and assistance on UK tax compliance matters.

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

This directors' remuneration report was approved by the board and signed on its behalf by Jens Bertelsen, company secretary on 29 March 2019.