Directors' remuneration report

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Through a vibrant exchange of views, we believe the committee will be wiser."

Paula Rosput Reynolds
Committee chair

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Dear shareholder,

This is my second letter to you as chair of the remuneration committee. It comes at the end of a period during which we have engaged with many of you on our new remuneration policy. I have been fortunate to get to know a number of you individually, and as a committee we have deeply appreciated the spirit of collaboration evident throughout our dialogue on remuneration matters.

It also comes at a time when, as a global community, we are navigating uncharted territory because of the global onset of coronavirus (COVID-19). None of us yet know quite how broad its impact will be, nor how deeply it will be felt. What we do know is that our industry is seeing a significant demand and supply-side shock, with consequent share price volatility. The board and I will remain close as the situation develops, and we will respond with consideration of the facts. Clearly, the remuneration targets we have set for the year will need to be adjusted to the circumstances as they unfold. I can also confirm that the remuneration committee will monitor business conditions and exercise judgement in applying discretion relating to 2020 remuneration. We will proceed with great care in determining the timing and magnitude of equity awards. At year-end, when we assess performance, we will be thoughtful in the interpretation of results, balanced with the shareholder experience. I do believe that the 2020 policy as drafted provides us with maximum flexibility in applying discretion – which the times call upon us to exercise.

Turning to our 2019 report, we cover three areas. First the remuneration outcomes over 2019 and the 2017-19 performance shares cycle are presented, along with a discussion about the relationship between company performance, earned rewards and the shareholder experience. Second, the largely regulatory driven reporting of stewardship and related matters is shown. Third, the 2020 directors' remuneration policy, which will be the subject of a binding vote at our annual general meeting in May.

With the number of statutory requirements increasing, this report continues to grow. For those of you needing a quick overview, I recommend our summary pages on 104 and 110 which reflect outcomes for 2019 and the 2020 policy respectively.

Results, progress and incentive outcomes

2019 has been another year of challenges and accomplishments in our operating and financial performance, and concludes a three-year cycle which has seen significant strategic progress. From a shareholder perspective, robust operating cash flow gave headroom for distributions of $8.3 billion through dividends, together with $1.5 billion of share buybacks. Although recent share price performance has been disappointing for BP and global share markets generally, the year nonetheless concludes a three-year cycle that has delivered a 29% total return.

From our analysis of annual performance outcomes, the committee determined that the 2019 bonus should be 67.5% of maximum, rather than the purely formulaic 71.5% derived from the performance scorecard. This was to reflect our judgment that strong cash receipts at year-end would potentially impact receipts in 2020, hence the reduction in the formulaic result.

The committee also determined that the performance share outcome should be 71.2% of maximum. We took the financial measures as reported but used our discretion in determining the quality of the strategic progress. We determined that, over the three-year performance cycle that ended in 2019, significant strategic progress was made towards a lower carbon future. But our message, too, with scoring of strategic progress, is that there is the need for greater pace and accomplishment in the years ahead.

To this point, as we look forward, the committee is faced with measuring strategic progress through a different lens. As our recently appointed BP leadership realigns strategy to reduce the carbon footprint of our business with greater urgency, the committee must strike the balance between rewarding progress in energy transition matters and rewarding delivery of our commitment to strong financial performance and safe operations. As we progress the energy transition, we will be faced with establishing new goals for which benchmark measures may not be readily and immediately available. You will read herein, even the question of the peer group to be used to measure relative total shareholder returns (rTSR) is greatly complicated by the question of whose performance should be tracked in the energy transition.

Remuneration committee

Role of the committee

The role of the committee is to determine and recommend to the board the remuneration policy for the chairman and executive directors. In determining the policy, the committee takes into account various factors, including structuring the policy to promote the long-term success of the company and linking reward to business performance. The committee recognizes the remuneration principles applicable to all employees below board level.

Key responsibilities

- Recommend to the board the remuneration principles and policy for the chairman and the executive directors while considering policies for employees below the board and the executive team.
- Determine the terms of engagement, remuneration, benefits and termination of employment for the chairman and the executive directors, executive team and the company secretary in accordance with the policy.
- Prepare the annual remuneration report to shareholders to show how the policy has been implemented.
- Approve the principles of any equity plan that requires shareholder approval.
- Ensure termination terms and payments to executive directors and the executive team are fair.
- Receive and consider regular updates on workforce views and engagement initiatives related to remuneration, insight from data sources on pay ratio, gender pay gap and other workforce remuneration outcomes as appropriate.
- Maintain appropriate dialogue with shareholders on remuneration matters.

Membership

Paula Rosput Reynolds	Member since September 2017 and chair since May 2018
Nils Andersen	Member (resigned March 2020)
Pamela Daley	Member
Sir Ian Davis	Member
Melody Meyer	Member
Brendan Nelson	Member

Meetings and attendance

The chairman and the group chief executive attend meetings of the committee except for matters relating to their own remuneration. The group chief executive is consulted on the remuneration of the chief financial officer, the executive team and more broadly on remuneration across the wider employee population. Both the group chief executive and chief financial officer are consulted on matters relating to the group's performance.

The group human resources director attends meetings and other executives may attend where necessary. The committee consults other board committees on the group's performance and on issues relating to the exercise of judgement or discretion as necessary.

The committee met nine times during the year. All directors attended each meeting that they were eligible to attend, except Nils Andersen who was not able to attend two meetings. Pamela Daley and Sir Ian Davis each missed one committee meeting.

We understand that these are matters of great importance to our shareholders. Therefore we will work closely with the incoming leadership team to assure that goal-setting, in particular for progress against the carbon agenda, remains ambitious while also delivering pay outcomes that align with your own experience. We intend to confer with shareholders later in 2020 to establish goals once the details of our energy transition efforts have been provided.

Single figure results for executive directors

2019 single figures of total remuneration for Bob Dudley and Brian Gilvary are $13.23 million and £6.56 million respectively, as reported on page 108. These outcomes represent a 13% decrease for Bob, and a 20% decrease for Brian, reflecting reductions in the performance shares outcome, and in particular lower share price growth over the three-year cycle. As noted above, the committee applied the well-established formulas where relevant and, in conjunction with strategic progress, carefully reviewed the contributions of the executives. The impact of weaker share price performance on realized value is consistent with the experience of shareholders and thus we deem these outcomes reasonable.

For an overview of our executive remuneration structure, please refer to the "at a glance" table on page 103.

Succession arrangements

2019 also marked a point of succession, as our group chief executive Bob Dudley announced his intention to retire from BP, to be succeeded by Bernard Looney.

Bob has now stepped down from the BP board, and ceases employment from 31 March. As we announced in October 2019, he has waived his entitlement to notice pay for the unserved part of his notice period, and to any bonus for any part of 2020. By any measure, Bob has been an exemplar of corporate service; he leaves BP as a 'good leaver' under the terms of our executive director incentive plan, and therefore his interests under various deferred share awards are preserved and will vest in line with scheduled vesting dates and decisions, subject only to the committee retaining its discretion in the administration of the underpin on safety.

For our new chief executive officer, Bernard Looney, pay will be governed by the 2020 remuneration policy. The committee disclosed in October 2019 that it had set Bernard's salary at £1.3 million (approximately 9% below Bob Dudley's salary) as of 5 February 2020, with a reduced cash allowance retirement benefit of 15% of salary, which puts his allowance in line with the majority of our wider workforce. Bernard retains a deferred pension benefit from service prior to April 2011, and certain deferred share awards from service prior to 2020.

Earlier this year we made similar announcements regarding the retirement of Brian Gilvary and the appointment of his successor, Murray Auchincloss, with effect from 1 July 2020. Further detail is provided on page 103 for the new executives.

Our 2020 policy renewal

During 2019 we have been grateful for the time and attention our major shareholders gave us as we consulted on requirements for the new 2020 policy. In particular, 30 of our largest shareholders joined us in September for a novel session focused on expressing unconstrained views on remuneration arrangements. Together with subsequent discussions and correspondence, the key issues emerging for consideration have been:

- Clear end-to-end alignment from strategy, through measurable performance indicators and reward outcomes, to shareholder experience.
- Balance our contribution to the energy transition with delivering shareholder returns. The committee was encouraged to use appropriate discretion, given the complexity of the environment in the energy transition.
- Assure that strategic moves align to long-term sustainability, relative to a wider peer group.
- Use meaningful and transparent measures to reflect our progress in the energy transition and reductions to our carbon impact.

With all of this in mind, we have established a policy proposal which we believe reflects our strategic imperatives and allows for competitive remuneration outcomes aligned to the shareholder experience. The proposal makes modest but appropriate adjustments to our 2017 framework which, to our mind, is well understood and has delivered appropriate results for both shareholders and executive directors. We studied many far-reaching alternatives in concluding our final proposal but typically found other approaches carried too much complexity, an amplified concern given the transition our industry faces.

The key changes we are making include a reduced emphasis on relative total shareholder return, but measuring our returns against a more diverse group of companies; a sharpened focus on energy transition measures throughout the structure; tighter limits on pension benefits; and a reduction in the number of measures that will be considered for the annual bonus plan.

Other matters

Our committee activity in 2019 was extensive. It included a review of the principles of remuneration to support our updated policy (page 119) and engagement with shareholders and shareholder representatives. We also spent considerable time on remuneration matters related to the succession of the group chief executive and the various leadership changes that followed, in line with our increasing accountability for setting senior executive pay.

As UK remuneration committees now have the regulatory obligation to review remuneration of the wider workforce, our committee has sought to understand how pay practices vary across the globe and to examine issues of fundamental fairness. We examined pay outcomes by gender and other criteria. We have also considered how the committee can effectively add value to our stewardship of the wider workforce and our 2020 plans will include some additional engagement in this area.

The committee reviewed the breadth of historical pension arrangements across the spectrum of our employees in 2019. As an outcome, BP made changes that have brought pensions for executive directors and the wider workforce into alignment.

Our committee appreciated the time and thoughtful input shareholders and their representatives have given to the refreshment of the remuneration policy. Through a vibrant exchange of views, we believe the committee will be wiser as it considers executive pay against the backdrop of a challenging environment. We respectfully ask for your endorsement of the committee's 2019 remuneration decisions and your approval of the proposed 2020 policy framework.

Paula Rosput Reynolds
Chair of the remuneration committee

18 March 2020

In this Directors' remuneration report RC profit (loss), underlying RC profit, return on average capital employed and 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 335.

Remuneration at a glance

	Key features	Purpose and link to strategy	Outcomes for 2019 (2017 policy)	Implementation in 2020 (2020 policy proposal unless stated otherwise)
Salary and benefits	• Salary is reviewed annually and, if appropriate, increased following the AGM. • Benchmarked to market at inception with increases reflective of those of 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 £790,500. • Benefits remain unchanged.	• Bob Dudley's salary to remain at $1,854,000 until he ceases employment on 31 March. • Bernard Looney's salary is set at £1,300,000. • Brian Gilvary's salary to remain at £790,500 until he ceases employment. • Murray Auchincloss's salary to be set at £695,000. • Bernard's benefits remain unchanged. Murray will be eligible for standard UK benefits from his appointment on 1 July.
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 2019. His actual and notional company contributions, together with investment returns within his retirement savings plans, amounted to $543,661. • Brian's accrued defined benefit pension increase was below inflation. He received a cash allowance at 35% of salary to 31 May, and at 30% of salary from 1 June 2019, which is included in the single figure table.	• Arrangements for Bob will continue unchanged until he ceases employment on 31 March. • Bernard's cash allowance reduces to 15% of salary from the date of his appointment. Accrued service for his deferred pension is already capped, and the pension calculation will be based on his pre-appointment salary. • Brian's cash allowance is subject to a previously agreed schedule of reductions and will terminate when he ceases employment on 30 June. • Murray's cash allowance will be set at 15% of salary from his appointment on 1 July. He retains a deferred pension arrangement from his US service, which will be based on his pre-appointment salary.
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 continue under 2020 policy.	• 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 (20%), environment (10%), reliable operations (20%) and financial performance (50%), our performance score is 135% of target (67.5% of maximum).	• Bob has waived any entitlement to an annual bonus for 2020. • Brian will qualify for a pro-rated bonus for his service in 2020. • Proposed scorecard with four measures across safety (20%), environment (20%), operational (10%) and financial (50%) performance.
Performance shares	• Annual grant of performance shares, representing the maximum outcome. 500% of salary for group chief executive and 450% of salary for chief financial officer. • Shares only vest to the extent performance conditions are met. • To continue under 2020 policy.	• 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 (80%), and strategic progress (20%), our 2017-19 performance score is 71.2% of maximum.	• Awards granted in 2018, under our 2017 policy, at 500% (Bob Dudley) and 450% (Brian Gilvary) of salary will vest in proportion to success against the measures of our 2018-20 scorecard, on a pro-rata basis for time in service. • For our 2020-23 cycle, grant levels will remain unchanged for our incoming chief executive and chief financial officer at 500% and 450% of salary respectively, with weightings of 40% for relative total shareholder return (rTSR), 30% for return on average capital employed (ROACE) and 30% for energy transition measures.
Shareholding requirement	• Executive directors are required to maintain a shareholding equivalent to at least five times their salary. • Additionally, they have been expected to maintain shareholdings of at least two and a half times salary for two years post employment.	• To ensure sustained alignment between the interests of executive directors and our shareholders.	• Both Bob Dudley and Brian Gilvary materially exceed the share ownership requirements.	• From 2020, executive directors are required to maintain their full minimum shareholding requirement for two years post employment. • The minimum shareholding requirement remains five times salary for the group chief executive and is four and a half times salary for other executive directors.

2019 performance and pay outcomes

Business performance

A strong year of operational performance, set against challenging external conditions. Improvement across safety metrics, and significant growth in our retail business. Strong underlying profits for 2019, with a 29% return to shareholders over the three-year cycle.

Key strategic highlights

- $10 billion underlying replacement cost profit
- Dividend increased to 10.5 cents per share
- Expansion of our convenience partnership sites to around 1,600 globally
- Created BP Bunge Bioenergia, a world-class bioenergy company

2nd (29%)
Among peers for total shareholder return 2017-19

$28.2bn
Operating cash flow (excluding Gulf of Mexico oil spill payments)

$8.3bn
Dividends paid, including scrip

Performance outcomes

Strong results for the year, beating targets on five out of six measurement categories in our scorecards.

2019 Annual bonus

71.5%
Formulaic outcome (% of maximum)

-4.0%
Committee judgement, discretionary reduction

67.5%
Final outcome (% of maximum)

Performance dimensions (% weighting)

Safety (20%)	KPI	15.5/20
Environment (10%)	KPI	7/10
Reliability (20%)	KPI	8.5/20
Financial (50%)	KPI	40/50[a]

Annual bonus outcome (67.5% of maximum)

Bob Dudley	$2,815,763
Brian Gilvary	£1,200,572

2017-19 Performance shares

71.2%
Formulaic outcome (% of maximum)

0%
Committee judgement, no adjustment

71.2%
Final outcome (% of maximum)

Performance dimensions (% weighting)

Financial (80%)	KPI	57/80
Strategic progress (20%)	KPI	14/20

Performance shares outcome (71.2% of maximum)

Bob Dudley	$7,936,660
Brian Gilvary	£2,752,815

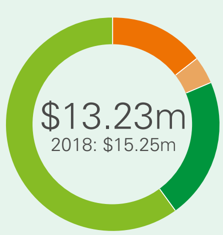
KPI This legend denotes remuneration measures that directly relate to BP's key performance indicators. See page 32.

Total remuneration 2019

Bob Dudley
Group chief executive

18.7% fixed
81.3% variable

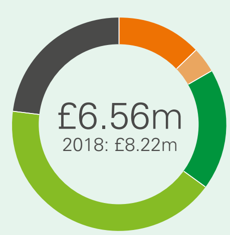
- Salary and benefits, (14.6)%
- Retirement benefits, (4.1)%
- Annual bonus, (21.3)%
- Performance shares, (60.0)%



Brian Gilvary
Chief financial officer

16.7% fixed
83.3% variable

- Salary and benefits, (12.9)%
- Retirement benefits, (3.8)%
- Annual bonus, (18.3)%
- Performance shares, (42.0)%
- Discontinued plans, (23.0)%



Share ownership

Shareholding is a key means by which the interests of executive directors are aligned with those of shareholders. As at 3 March 2020 both directors had holdings in BP which significantly exceeded our shareholding policy requirement of five times salary.

Bob Dudley, Group chief executive	15.18 times salary, 5,290,446 shares[b].
Brian Gilvary, Chief financial officer	16.20 times salary, 3,086,437 shares.

Policy requirements (5x) Actual

a Due to rounding, these figures do not precisely equal the overall outcome, 71.5%

b Held as American depository shares (ADSs)

2019 annual bonus outcome

For 2019 the committee established a bonus scorecard of eight measures across four areas of focus: safety and operational risk, the environment, reliable operations and financial performance. These measures align with our strategy and investor proposition and, in particular, reflect the annual plan. Seven of the eight measures align with our 2018 scorecard. The eighth measure, sustainable emissions reduction, was new and marked an acceleration of our intent to gear elements of financial reward to our progress in navigating the low carbon transition.

In order to build on the strong results of 2018, the committee again set notably stretching targets for each measure. For instance, our 2019 threshold outcome for recordable injury frequency was set at the level of our 2018 outcome, meaning we had to exceed that 2018 result to achieve even a minimum contribution to the 2019 bonus. Overall, our focus on safety delivered a year with both the fewest process safety incidents on record (excluding the impact of recent Mexico retail and BHP onshore aquisitions), and the lowest recordable injury frequency on record.

As noteworthy as this result is, we still regard any accident as one too many, and it is a matter of great regret that two of our colleagues suffered fatal injuries in 2019. To underscore our determination to eliminate these tragic incidents, we reflect any fatality in the performance assessment of the relevant business, thereby causing a material reduction in bonus for every individual in that business. In reaching our final conclusion, we rely on the judgement of the safety, environment and security assurance committee (SESAC) on the evaluation of safety outcomes.

Similarly, we sought the input of the audit committee to ensure our conclusions are robust and properly reflect underlying financial performance relative to markets. This included a review of the adjustments we make in our financial targets to reflect any pricing impacts, and thereby avoid windfall outcomes in our financial measures. For 2019, this led to a proportional reduction in our profit and cash flow targets, reflecting the weaker oil price environment. Over the eight years to 2019, we have increased targets four times, and reduced them four times, consistently stripping out the impact of the price environment.

2019 annual bonus scorecard

These measures were set under the terms of our 2017 policy

KPI See key performance indicators on page 32.

Safety		Environment		Reliable operations		Financial performance		Formulaic score
0.31	+	0.14	+	0.17	+	0.80	=	1.43[a] out of 2.0

Measures		Weighting	Threshold (0)	Target (1)	Maximum (2)	Outcome
Safety (20% weight)	Process safety tier 1 and tier 2 events[b]	KPI 10%	80 events 0	72 events 0.1	56 events 0.2	70 events 0.11
	Recordable injury frequency	KPI 10%	0.198/200k hrs 0	0.188/200k hrs 0.1	0.168/200k hrs 0.2	0.159/200k hrs 0.20
					Outcome	0.31
Environment (10% weight)	Sustainable emissions reductions	KPI 10%	0.49 mte 0	1.0 mte 0.1	2.0 mte 0.2	1.4 mte 0.14
Reliable operations (20% weight)	BP-operated refining availability[c]	KPI 10%	94.5% 0	95.0% 0.1	95.5% 0.2	94.9% 0.08
	BP-operated upstream plant reliability	KPI 10%	92.6% 0	94.6% 0.1	96.6% 0.2	94.4% 0.09
					Outcome	0.17
Financial performance (50% weight)	Operating cash flow (excluding Gulf of Mexico oil spill payments)	KPI 20%	$24.0 bn 0	$26.5 bn 0.2	$29.0 bn 0.4	$28.2 bn 0.33
	Underlying replacement cost profit	KPI 20%	$8.1 bn 0	$8.9 bn 0.2	$9.7 bn 0.4	$10.0 bn 0.40
	Upstream unit production costs	KPI 10%	$7.12/bbl 0	$6.72/bbl 0.1	$6.32/bbl 0.2	$6.84/bbl 0.07
					Outcome	0.80
Formulaic score						1.43[a] out of 2.0

Formulaic scorecard outcome		Input audit committee and SESAC		Remuneration committee judgement		Final scorecard outcome		
1.43 out of 2	>	No adjustment	>	Minus 0.08	>	1.35 out of 2	>	67.5% of maximum

a Due to rounding, the total does not equal the sum of the parts.
b Measure excludes data from Mexico retail and BHP onshore operations for two years from the date of their acquisition by BP.
c Solomon Associates' operational availability.

While we continue to believe these adjustments are appropriate, they potentially create some tension between the relative basis of our financial measurement, and shareholders' experience of cash flow and profit. With this context, we decided to reduce the formulaic bonus scorecard outcome to reflect our judgement that strong cash receipts at year end would potentially impact receipts in 2020.

Our bonus outcome for 2019 is therefore 135% of target and 67.5% of maximum. This compares with 81% of target and 40.5% of maximum in 2018. With the rigour of our process and discussions, and the support we have received from the SESAC and audit committee, we believe the 2019 annual bonuses fairly reflect and reward 2019 performance for the executive directors and senior leadership of BP.

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 2019 bonus, including the deferred shares, is included in the 2019 single figure table. This differs from reporting in respect of the 2014 policy, under which deferred shares related to the 2016 bonus are included in the 2019 single figure, i.e. the year in which they vest.

	Adjusted outcome	Paid in cash	Deferred into BP shares
Bob Dudley	$2,815,763[a]	$1,407,881	$1,407,881
Brian Gilvary	£1,200,572	£600,286	£600,286

a Due to rounding the total does not match the sum of the parts.

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

2017-19 performance share plan outcome

Vesting levels for the 2017-19 performance share awards are determined under the terms of the 2017 policy, in line with the performance measures and outcomes shown on the scorecard on page 107, and the committee's broader deliberations in line with the 'underpin' established in that policy. The scorecard for this period included relative total shareholder return (50%), return on average capital employed (30%) and four strategic progress measures (20%) that are assessed both quantitatively and qualitatively.

Assessed against the two financial scorecard measures, the group's performance for the three years from 2017 to 2019 is strong. We placed second on relative total shareholder return (with a 29% total return) which measures us against our super-major peers, Chevron, ExxonMobil, Shell and Total. Return on average capital employed (ROACE) was 8.9%, comfortably ahead of the 8.1% target.

We introduced the four strategic progress measures in our 2017 policy. Hence this is the first cycle for which we have made an assessment on strategic progress. We find that a rating of 13.8% out of 20% maximum opportunity is appropriate. Below are the four strategic pillars and a short description of some of the factors that influenced our scoring decision:

Shift to gas and advantaged oil in the upstream. Gas production has grown 35% (comparing 2019 with 2016), and 75% of all pre-2022 start-ups planned during the 2017-19 cycle are in gas. Pre-2022 start-ups in oil are lower-cost or adjacent to existing basins, creating additional value and lowering carbon intensity relative to BP's legacy portfolio.

Market-led growth in the downstream. BP has materially entered the retail markets in Mexico and Indonesia and expanded our overall retail network with 850 sites opened since 2016. Marketing of premium fuels has seen compound growth of 7% per annum in these higher value sales.

Venturing and low carbon across multiple fronts. BP has made signature investments in BP Chargemaster, our DiDi fast-charging joint venture in China and Lightsource BP, all of which underpin growth in electric vehicle charging and solar. We merged our biofuels business with another operator to create BP Bunge Bioenergia thereby creating synergies and scale for growth in biofuels. We have created a 'scale-up' factory known as BP Launchpad, to enhance our access to investment in new ventures, and have increased the portfolio over the last three years. The committee will be monitoring and measuring the progress of these ventures over time.

Gas, power and renewables trading and marketing growth. We noted robust early progress with BP's new integrated gas and power organization, mainly through a growing presence as a merchant in the global LNG trade, although financial results remain volatile. We also noted the development of infrastructure to undertake renewables trading, which has included building diverse counter-party relationships, such as with renewable energy source producers and owners of forests for the purposes of creating a market for natural climate solutions (NCS).

Along with the combination of financial and strategic measures that shareholders approved in the 2017 policy, the provision for 'underpin' decision by the committee was instituted. Namely, before deciding on the final result, the committee takes a broader view of performance to ensure that reward outcomes align with absolute shareholder returns, safety and environmental factors, and progress in low carbon and climate change matters. Our conclusion is that returns from the 2017-19 performance shares cycle are proportional and appropriate. Therefore, we have made no further adjustment to the scorecard outcome. Vesting therefore has been set at 71.2% of maximum, delivering the outcomes detailed below.

	Shares awarded	Shares vesting including dividends	Value of vested shares
Bob Dudley[a]	1,571,628	1,319,478	$7,936,660
Brian Gilvary	722,093	606,347	£2,752,815

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.

The value of vested shares reflects the share price changes all shareholders experienced over the three-year period. For this 2017-19 award cycle, the original grant was calculated based on ordinary share and ADS prices of £4.73 and $35.39 respectively, while the equivalent prices on 18 February 2020, the vesting date, were £4.54 and $36.09. Consequently, share price appreciation in this cycle accounts for $130,549 (1.6%) of the value of Bob's vested shares, and none of the value of Brian's vested shares.

2017-19 performance shares scorecard

These measures were set under the terms of our 2017 policy

KPI See key performance indicators on page 32.

Financial 57.4% + Strategic progress 13.8% = Formulaic vesting 71.2%

Measures		Weighting at maximum	Threshold performance	Maximum performance	Outcome
Financial	Relative total shareholder return	KPI 50%	Third	First	Second 40.0%
	Return on average capital employed	KPI 30%	7.25%	11.0%	8.9% 17.4%
				Outcome	57.4%
Strategic progress	Shift to gas and advantaged oil in the upstream	5%	Qualitative and quantitative assessment by the committee. No numeric scale for vesting outcome – see page 106.		3.75%
	Market-led growth in the downstream	5%			3.0%
	Venturing and low carbon across multiple fronts	5%			4.25%
	Gas, power and renewables trading and marketing growth	5%			2.75%
				Outcome	13.8%
Total formulaic score					71.2%

Formulaic vesting 71.2%

Underpin: Committee review of absolute shareholder returns, long-term safety and environmental performance, low carbon and climate change considerations.

No adjustment

71.2% final vesting after committee judgement

Executive directors' pay for 2019

Single figure table – executive directors (audited)

Remuneration is reported in the currency in which the individual is paid		**Bob Dudley** (thousand)		**Brian Gilvary** (thousand)	
		2019	2018	**2019**	2018
Salary and benefits	Salary	**$1,854**	$1,854	**£785**	£769
	Benefits	**$84**	$79	**£59**	£67
Retirement benefits	Pension and retirement saving – value increase[a]	**$544**	$0	**£0**	£0
	Cash in lieu of future accrual	**–**	–	**£252**	£269
Annual bonus	Cash bonus	**$1,408**	$845	**£600**	£353
	Shares – deferred for three years	**$1,408**	$845	**£600**	£353
Performance shares	Performance shares	**$7,937**[b]	$11,630[c]	**£2,753**[b]	£4,295[c]
Discontinued plans	Deferred share awards from prior-year bonuses	**–**[d]	–[d]	**£1,510**[e]	£2,113[e]
Total remuneration[f]		**$13,234**	$15,253	**£6,558**	£8,219
Value attributed to share price appreciation[g]		**$131**	$2,033	**–**	£1,753

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. Full details are set out on page 109. For Brian Gilvary this represents the annual increase in accrued pension, net of inflation, multiplied by 20. In 2019 Brian's salary increased by less than inflation, hence there is no net increase in accrued pension, and zero is reported as per regulations. Full details are set out on page 109.

b Represents the vesting of shares on 18 February 2020 following the end of the 2017-19 performance period, based on the assessment of performance achieved under the rules of the plan and includes accrued dividends on shares vested. The value of shares at vesting was $36.09 for ADSs and £4.54 for ordinary shares.

c In accordance with UK regulations, in the 2018 single figure table, the performance outcome values were based on fourth quarter average prices of $41.48 for ADSs and £5.33 for ordinary shares. In May 2019, 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 80%. On 3 May 2019, 269,974 ADSs for Bob Dudley and 776,611 ordinary shares for Brian Gilvary vested at prices of $43.08 and £5.53. The 2018 values for the total vesting have increased by $587,301 for Bob Dudley and £211,889 for Brian Gilvary because of the higher share prices and additional accrued dividends.

d In line with previous practice Bob Dudley has voluntarily agreed to defer performance assessment and vesting of the awards related to his 2016 annual bonus until at least one year after retirement, therefore the performance period will exceed the minimum term of three years. As stated in the 2017 and 2018 directors' remuneration reports, Bob voluntarily deferred performance assessment and vesting of the 2014 and 2015 deferred and matching awards until at least one year after retirement. See the Deferred shares table on page 115 for further details on these awards.

e The amounts reported for 2019 relate to the matching element of the 2014 annual bonus deferral, which Brian had voluntarily deferred for an additional two years, and the deferred element of the 2016 annual bonus. These awards vested on 18 February 2020 at the market price of £4.54 for ordinary shares and include accrued dividends on shares vested. The amounts reported for 2018 relate to the 2015 annual bonus, comprising the underlying award that vested on 19 February 2019 at a market price of £5.38 (as disclosed in our 2018 report), and the additional vesting of accrued dividends on 3 May 2019 at the market price of £5.53. See the Deferred shares table on page 115 for further details on these awards.

f Due to rounding, the totals do not agree exactly with the sum of their component parts.

g The values shown for performance shares and deferred share awards include the share price appreciation, if any, experienced over the applicable 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 multiplied by the increase in share price from grant date to vesting date. The 2018 values have been restated from the 2018 reported values to exclude share price growth relating to accrued dividends.

Overview of single figure outcomes (audited)

The single figures of total remuneration for Bob Dudley and Brian Gilvary are $13.234 million and £6.558 million respectively. This is a 13% decrease for Bob, and a 20% decrease for Brian.

Salary and benefits
Bob Dudley's salary remained at $1,854,000 throughout 2019. Brian Gilvary's salary was increased by 2% to £790,500 with effect from 21 May 2019. Both executive directors received car-related benefits, assistance with tax return preparation, security assistance, insurance and medical benefits.

2019 annual bonus and 2017-19 performance shares
Please refer to pages 105-107 for details of the performance measures, targets, results and the related reward outcomes for annual bonus and performance shares.

Discontinued plans: deferral of 2014 and 2016 bonus
In accordance with 2014 policy, Bob Dudley and Brian Gilvary compulsorily deferred one third of their 2016 annual bonus and each received an equivalent value matching award of BP shares. Both the deferred and matching awards were subject to a three-year performance period which ended on 31 December 2019.

Bob has requested that the committee delay the performance assessment and hence the vesting of his 2016 deferred and matching awards. This is a continuing practice from previous years and reflects his ongoing commitment to the long-term success of BP, even post employment. These awards will vest, subject to an assessment against the original safety and environmental sustainability conditions, after his retirement.

Brian had previously voluntarily requested that the committee delay the performance assessment and vesting of his 2014 matching award for two years. In 2018 he requested that the committee delay the performance assessment and vesting of his 2016 matching award until at least one year post employment.

For Brian's 2014 matching award and 2016 deferred awards, the committee considered operational and financial performance and reviewed safety and environmental sustainability performance over the 2015-19 and 2017-19 periods, seeking input from the SESAC 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 these two awards should vest in full.

Name	Shares granted	Vesting agreed	Total shares vesting, including dividends	Total value at vesting
Bob Dudley[a]				
2016 Deferred award	147,642	–[a]	–	–
2016 Matching award	147,642	–[a]	–	–
Brian Gilvary[b]				
2014 Matching award	176,576	100%	246,359	£1,118,470
2016 Deferred award	73,070	100%	86,176	£391,239
2016 Matching award	73,070	–[a]	–[a]	–[a]

a Vesting of these awards deferred until at least one year post employment, subject to conditions.
b Based on a vesting share price of £4.54.

Retirement benefits
Bob Dudley 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 proportion of earnings for each year of service. In 2019 his accrued defined benefit pension did not increase and in accordance with the requirements of UK regulations, the amount included in the single figure table on page 108 is zero.

The BP Employee Savings Plan (ESP) is a US tax-qualified defined contribution plan to which both Bob and BP contribute. 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 2019 Bob made contributions to the ESP totalling $28,000 and BP made matching contributions to the ESP, and notional contributions to the ECSP, totalling $129,780. In addition to these contributions, Bob realised investment gains of $413,881 in his unfunded ECSP account (aggregating the unfunded arrangements relating to his overall service with BP and TNK-BP), hence the amount included in the single figure table is $543,661.

Brian Gilvary is provided with pension benefits through a combination of tax-qualified and non-qualified plans for service to 31 March 2011, but linked to his final salary, and a cash allowance for service thereafter. In common with more than 3,800 UK employees employed prior to 2010 (or before 2014 in the North Sea) Brian is a member of the BP Pension Scheme (BPPS), a UK final salary defined benefit pension plan. Pension benefits accrued in excess of the individual lifetime tax allowance set by legislation are provided to Brian via a non-qualified, unfunded pension arrangement designed to mirror the design of the approved BPPS. His normal retirement age is 60, although due to his long service, benefits accrued before 1 December 2006 may be paid unreduced from age 55 with BP's consent.

In 2019 Brian's salary increase was below inflation. In accordance with the requirements of UK regulations, the amount included in the single figure table on page 108 is zero.

Brian receives a cash allowance of 30% of salary (this will reduce to 25% on 1 June 2020 for his last month of service). This amount has been separately identified in the single figure table.

History of group chief executive remuneration

Year	Group chief executive	Total remuneration thousand[a]	Annual bonus % of maximum	Performance shares % of maximum
2010[b]	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	$15,253	40.5	80.0
2019	Bob Dudley	$13,234	67.5	71.2

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, the adjusted outcome for the years 2012 to 2018 where preliminary assessments of performance for EDIP had initially been made, and the actual outcome for 2019.
b 2010 figures show full year remuneration for both Tony Hayward and Bob Dudley, although Bob Dudley did not become group chief executive until October 2010.

2020 remuneration: Policy on a page

Approach: We will retain the structure that has served well since 2017, reserving increased flexibility to adapt as BP pursues its ambition to become a net zero★ company by 2050 or sooner, and help the world get to net zero.

Salary and benefits	Salary will be reviewed annually. Increases are measured against external pay relativity, and will not exceed the increase for our wider workforce.	Benefits are unchanged and include car-related provisions (or cash in lieu), security assistance, insurance and medical cover.
Retirement benefits	New appointees from within the BP group retain previously accrued benefits. For their service as a director, retirement benefits will be no more than the median provision offered to the wider workforce in the UK.	This is a material reduction from our 2017 policy.
Annual bonus	Bonus is measured against an annual scorecard. Measures will include financial (50%), operational (10%), safety (20%) and environmental (20%) goals. The committee holds discretion to choose the specific measures to be adopted within each of these categories and the relative weightings to assign to them to reflect the annual plan as agreed with the board. Numeric scales are set for each measure, to score outcomes relative to targets.	The committee will set appropriately stretching targets for each measure. Target bonus is 112.5%, and maximum bonus is 225% of salary. Half of the bonus for each year is paid in cash, and half is delivered as a deferred share award vesting in three years.
Performance shares	Performance shares are granted with a three-year performance period. Awards to be granted under this policy will vest in 2023, 2024 and 2025, and shares held until 2026, 2027 and 2028. Measures will include rTSR (40%), assessed against a broader peer group, ROACE (30%) and an assessment related to the low carbon transition (30%). For 2020, the rTSR peer group will include additional energy companies in our sector, but ones who also have low carbon businesses or material commitments, such as Equinor, ENI and Repsol. Beyond 2020, the committee will consider additional companies whose programmes provide meaningful challenge to BP regarding its own lower carbon ambitions.	At the outset of each award the committee will review the measures that are to govern the award, along with weightings and targets, to ensure they remain focused on delivering the strategy and are in the interests of shareholders. Annual grants will be at 500% of salary for the chief executive officer, and 450% of salary for any other executive director. These awards will vest in three years and in proportion to the outcomes measured through the performance scorecard, with a holding period that requires the shares to be retained for a further three years. The committee will assess safety outcomes over the perfomance cycle as an underpin in determining the final vesting percentage.
Shareholding requirement	Chief executive officer to build a shareholding of at least five times salary, and other executive directors four and a half times salary, within five years of appointment.	Executive directors are required to maintain that level for at least two years post employment.
Malus and clawback	Malus provisions may apply where there is: a material safety or environmental failure; an incorrect award outcome due to miscalculation or incorrect information; a restatement due to financial reporting failure or misstatement of audited results; material misconduct; or other exceptional circumstances that the committee considers similar in nature.	Clawback provisions may apply where there is: an incorrect outcome due to miscalculation or incorrect information; a restatement due to financial reporting failure or misstatement of audited results; or material misconduct.
Committee flexibility	Under this policy, the committee will hold flexibility to choose the measures and weightings to be adopted for each annual bonus and performance shares scorecard, and to adjust the peer group for the rTSR measure, at the start of each performance cycle. This will allow appropriate re-alignment, over the policy term, to the anticipated evolution of the low carbon competitor market.	The committee reserves discretion in determining the outcomes for annual bonus and performance shares, allowing it to take broad views on alignment with shareholder experience, environmental, societal and other inputs.

The table above shows an at-a-glance summary of our proposed 2020 executive director remuneration policy. For the full remuneration policy, which will be proposed for shareholder approval at our 2020 AGM, please see pages 119 to 127.

Alignment with strategy

Bernard Looney recently announced a bold new purpose and ambition for BP, reaching out to 2050. This reframes a crucial part of our investor proposition with an explicit commitment to the energy transition that investors and wider society rightly expect. It also recommits us to delivering competitive financial returns, through our 'performing while transforming' programme.

While the specifics of our strategic milestones are yet to be defined, our direction is clear. For alignment of remuneration policy to corporate strategy, we will broadly retain our policy structure, while reserving specific flexibility to allow an evolution of performance measures and their weightings over the three-year policy term. Our 2017 policy structure, driven by an annual bonus and three-year performance shares, has allowed us to harness the energy and commitment of our executive directors and senior leadership through a set of clearly articulated and ambitious goals. By retaining flexibility to adjust performance measures and weightings, we have been able to maintain alignment between shareholders and executives even as BP's strategy has developed over time. We therefore believe that this combination of structure and flexibility, that has served us well through the last policy cycle, is equally well suited to the transition years ahead.

The annual bonus is determined in line with performance relative to annual targets for safety, environmental, operational and financial measures. Performance shares vest in line with performance relative to three-year targets for rTSR, ROACE and a set of low carbon/energy transition measures. This suite of measures allows for an end-to-end alignment between our strategic direction, our executive focus and our remuneration outcomes, always with the underpin of committee discretion to adjust outcomes as appropriate to match shareholders' own experience.

Safety is and will remain a core value, hence continues to drive a material part of the bonus outcome, as well as forming part of the committee's 'underpin' consideration in the finalvesting of performance shares. Likewise, BP has made clear strategic commitment to maintain focus on financial returns to shareholders, which therefore remain well-represented in the performance measures for annual bonus (50% weighting) and performance shares (40% weighting on rTSR and 30% weighting on ROACE). Reflecting the views of our shareholders, we have reduced the rTSR weighting (from 50%) and also started to widen the comparator group. For the first performance share cycle under the new 2020 policy, the comparator group is expanded from the four super majors to include ENI, Equinor and Repsol, all of whom have some lower carbon elements in their strategies. We have studied opportunities to expand the peer group further. But we conclude that other low carbon operators and indices have yet to reach sufficient maturity for inclusion at this time. Nevertheless it is possible that this will change during the policy cycle and hence we retain the discretion to introduce other companies or an index of low carbon companies in the coming equity cycles within the life of this policy.

The strategic shift that BP signalled in February, and which will be further detailed during our capital markets presentation in September, sharply increases the need for the remuneration policy to reflect low carbon ambitions and the energy transition. For this reason, the environmental measure in annual bonus will increase from 10% to 20% weighting, and the strategic measures for performance share vesting are now explicitly tied to low carbon/energy transition, and carry a 30% weighting. As BP's leadership continues to develop specific strategic goals in this space, we are reserving committee discretion to define and communicate the precise measures and weighting that will apply for the performance share awards, and to adjust from cycle to cycle.

Wider workforce in 2019

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 considers ways to deepen engagement with the workforce, and to understand the workplace in its broadest sense, the remuneration committee continues to receive and review information on pay outcomes and processes for our wider workforce.

During 2019, we have taken a measured path towards deepening our understanding of this complex field by studying these five areas:

- The overall demographics of the workforce, to understand where we employ our people, at what levels within the organization, and in what business areas.
- The distinct reward frameworks used by our major business areas, to understand different approaches to fixed pay, incentives and benefits. This review included a detailed consideration, by way of case study examples, of the progression of total reward across the job hierarchy in seven representative business areas.
- A deeper look at annual bonus, to build a greater appreciation of the business and geographic profile of our total bonus spend, and how target levels of bonus vary across the employee hierarchy in our top eight countries.
- An analysis of the use of equity-based reward, to understand the extent to which equity forms a core element of reward in different locations and business areas.
- The structure of workforce pensions in the US and UK, to deepen our understanding of the variety of entitlements that exist across different levels of the organization, given obligations to honour legacy arrangements from prior policies.

This wider workforce context is helpful to our thinking about future reward policies. Aside from our specific oversight of remuneration in the IST business, the committee does not intend to supplant the appropriate role of management in setting rewards for the wider workforce. But the committee believes our engagement and our own experiences in other companies and other industries can be additive to the thought process of management.

In addition to the board's workforce engagement initiatives, as a committee we have started a programme of engagement directly related to remuneration. This includes focus group sessions related to our remuneration practices and the connectivity we see between executive and wider workforce remuneration.

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 market rates of pay at relevant comparators, 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. Given the variety of markets in which we operate, and with the aspect of choice available to many employees, there is no identifiable pension rate for our wider workforce. For context, however, a majority of our UK employees are entitled to a 15% (of salary) benefits budget.	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. For new executive directors, pension benefits have been sharply reduced. Bernard Looney's cash-in-lieu of pension allowance is set at 15% of salary. His defined benefit calculation is based on his pre-appointment salary and his accrued service is capped.
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 and individual level. This structure places equal emphasis on the importance of an employee's personal contribution 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 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.

Group chief executive-to-employee pay ratio

Since 2016 we have disclosed the ratio between our group chief executive's total remuneration and the median remuneration of a comparator group of our UK and US professional and managerial workforce (representing 38% of our global professional workforce). This calculation highlights pay differentials across the concentrated portion of our workforce and thus we have retained this voluntary measure for the purpose of comparison over time.

For 2019, however, we also report the pay ratio based on the new requirements set out in the 2018 regulations. Given the markedly different comparator groups, the voluntary and required pay ratios are not directly comparable. The different ratios arise because of two key differences: the required method includes BP hourly paid retail workforce in its fuels and convenience stations who are employed in roles which attract relatively lower market rates of pay; and the required method excludes the majority of our professional workforce, namely those outside the UK, such as our Houston, Texas campus.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	50th percentile total pay	75th percentile pay ratio
2018	BP voluntary	–	106:1	$136,865	–
2019	BP voluntary	–	89:1[a]	$147,612/ £115,683[a]	–
2019	Option A[b]	543:1[c]	188:1[df]	£55,071	82:1[e]

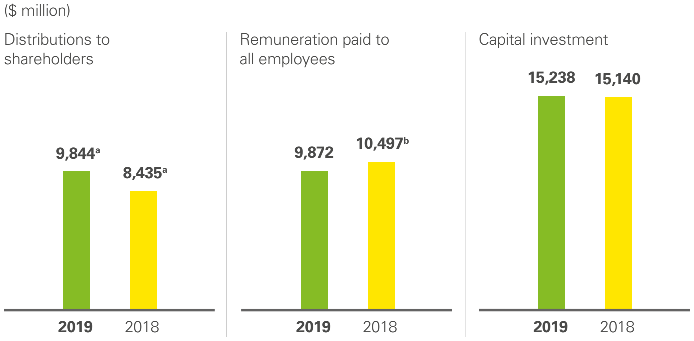
a Remuneration converted from $ to £ at an exchange rate of 1.276.
b Option A has been selected as it is the most accurate approach. Pay and benefits have been calculated using values for the year ended 31 December 2019 and no broadly applicable components of pay or benefits have been omitted. Full-time equivalent remuneration has been calculated by mathematical engrossment.
c The relevant 25th percentile values are £19,108 total pay and benefits, and £18,845 salary.
d The relevant 50th percentile values are £55,071 total pay and benefits, and £38,800 salary.
e The relevant 75th percentile values are £126,085 total pay and benefits, and £74,200 salary.
f The company believes that the 50th percentile pay ratio reflects total pay and benefits values fully in line with reward policies for the group chief executive and the median UK employee respectively, and consequently that the ratio is consistent with policy.

Percentage change comparisons: GCE remuneration versus UK workforce

Comparing 2019 to 2018	Salary	Benefits	Bonus
% change in GCE remuneration	0%	6.3%	66.7%
% change in comparator group remuneration	3.8%	1.0%	16.8%

The comparator group used here is our UK workforce, in line with the required basis for chief executive to employee pay ratio reporting and therefore provides a measure of consistency in reporting.

Relative importance of spend on pay
($ million)



a Distributions to shareholders comprise dividend payments of $8,333 million. ($8,080 million in 2018) and share buybacks at a cost of $1,511 million ($355 million in 2018). See page 299 for details.
b This amount was misstated as $10,494 in our 2018 report.

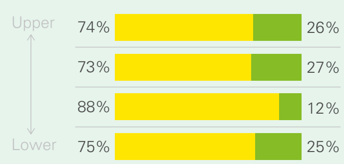
Equal pay and UK gender pay gap reporting

As well as looking at pay structures, the committee has spent time understanding how effectively current pay policies and processes maintain fairness and avoid bias in pay outcomes. We noted BP's 2019 UK gender pay gap reporting, published in March 2020, 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 representation of women, rather than adjusting pay practices. We are encouraged by the various initiatives taken by management to address these representation concerns and will continue to monitor progress.

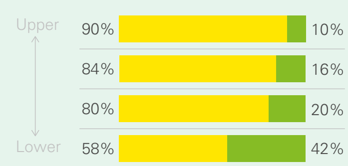
The illustration below, from our 2019 UK gender pay gap reporting (the most recent available), highlights the representation issue and how it relates to the gender pay gap for each entity. For instance, our larger median gender pay gaps relate to BP Exploration and BP p.l.c. where we have the largest differential between representation of women in the top and bottom pay quartiles. By contrast, we reported a negative median pay gap in BP Chemicals (-12.4%), where male to female representation is more balanced.

BP Chemicals Limited
median pay gap -12.4%



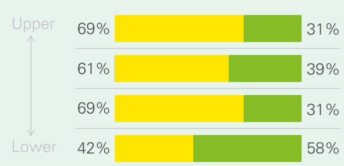
BP Chemicals is our petrochemicals business in the UK, principally our operation in Hull.

BP Exploration Operating Company Limited
median pay gap 24.9%



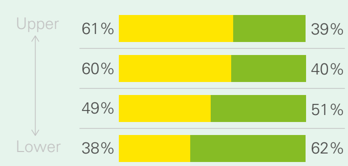
BP Exploration covers Upstream activities in the UK, principally North Sea operations.

BP Oil UK Limited
median pay gap 9.5%



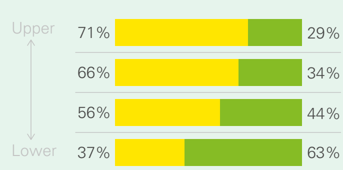
BP Oil represents our Downstream fuels and lubricants businesses.

BP Express Shopping Limited
median pay gap 4.0%



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

BP p.l.c.
median pay gap 18.9%



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

Bar charts represent the balance between male ( ) and female ( ) employees in each total pay quartile of the relevant business.

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 recent shareholding policy therefore required executive directors to build a personal shareholding of five times their salary within five years of their appointment. They were expected to maintain personal shareholdings of at least two and a half times salary for two years post employment. Updates to this policy are proposed as an integral part of our 2020 remuneration policy, as detailed on page 121.

Directors' shareholdings (audited)

The tables below detail the personal shareholdings of each current and recent executive director. Both Bob Dudley and Brian Gilvary significantly exceed the policy requirement at 3 March 2020, with Bernard Looney building towards the policy requirement that applies five years from his appointment on 5 February 2020. These figures include all beneficial and non-beneficial ownership of shares of BP (or calculated equivalents) that have been disclosed to the company.

Director	Ordinary shares or equivalents at 1 Jan 2019	Ordinary shares or equivalents at 31 Dec 2019	Changes from 31 Dec 2019 to 3 Mar 2020	Ordinary shares or equivalents at 3 Mar 2020
Bob Dudley[a]	3,718,284	4,592,208	698,238	5,290,446
Brian Gilvary	2,043,899	2,593,708	492,729	3,086,437

a Held as ADSs.

Director	Appointment date	Value of current shareholding	Multiple of salary achieved
Bob Dudley	October 2010	$28,145,173	15.18 x salary
Brian Gilvary	January 2012	£12,808,714	16.20 x salary

Bob and Brian 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 2019	Unvested ordinary shares or equivalents as 31 Dec 2019	Changes from 31 Dec 2019 to 3 Mar 2020	Unvested ordinary shares or equivalents at 3 Mar 2020
Bob Dudley[a]	6,825,606[b]	6,639,882	-1,343,142	5,296,740
Brian Gilvary	3,291,614	2,905,764	-845,629	2,060,135

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 2019 and 2020		
			Potential maximum performance shares[a]					
	Performance period	Date of award of performance shares	At 1 Jan 2019	Awarded 2019	At 31 Dec 2019	Number of ordinary shares vested	Vesting date	Face value of award, £
Bob Dudley[b]	2016-18	4 Mar 2016	1,645,074[c]	–	–	1,619,844[d]	3 May 2019[d]	–
	2017-19	19 May 2017	1,571,628	–	1,571,628	1,319,478[e]	18 Feb 2020[e]	–
	2018-20	22 May 2018	1,395,600	–	1,395,600	–	–	8,206,128[f]
	2019-21	19 Feb 2019	–	1,340,766	1,340,766	–	–	7,199,913[g]
Brian Gilvary	2016-18	4 Mar 2016	786,559	–	–	776,611[d]	3 May 2019[d]	–
	2017-19	19 May 2017	722,093	–	722,093	606,347[e]	18 Feb 2020[e]	–
	2018-20	22 May 2018	696,705	–	696,705	–	–	4,096,625[f]
	2019-21	19 Feb 2019	–	654,315	654,315	–	–	3,513,672[g]

a For awards under the 2016-18 plan, 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 the comparator companies 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 2018-2020 plan, performance conditions are measured on the same basis as the 2017-2019 plan, except ROACE which will be based on performance in the last two years of the performance period (i.e. 2019 and 2020).
For awards under the 2019-2021 plan, performance conditions are measured 50% on TSR relative to the comparator companies over three years, 30% on strategic progress assessed over the performance period and 20% ROACE averaged over the full performance period. In the event that no threshhold performance targets are met, no shares would vest unless the committee found reason to exercise discretion.
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 Bob Dudley has requested that the EDIP performance shares vesting in respect of the performance period 2016-2018 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 applied under the 2014 directors' remuneration policy.
d 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. This 2016-2018 award vested on 3 May 2019. The market price of each share at the vesting date was £5.48 and for ADSs was $43.08. Details can be found in the single figure table on page 108.
e 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. This 2017-2019 award vested on 18 February 2020. The market price of each share at the vesting date was £4.54 and for ADSs was $36.09. Details can be found in the single figure table on page 108.
f The face value has been calculated using the market price at closing of ordinary shares on 22 May 2018 of £5.88.
g The face value has been calculated using the market price at closing of ordinary shares on 19 February 2019 of £5.37.

Deferred shares (audited)[a]

	Bonus year	Type	Performance period	Date of award of deferred shares	Deferred share element interests: Potential maximum deferred shares: At 1 Jan 2019	Awarded 2019	At 31 Dec 2019	Interests vested in 2019 and 2020: Number of ordinary shares vested	Vesting date	Face value of the award, £
Bob Dudley[bc]	2014	Comp	2015-17	11 Feb 2015	147,054	–	147,054	–	–	655,861[d]
		Vol	2015-17	11 Feb 2015	147,054	–	147,054	–	–	655,861[d]
		Mat	2015-17	11 Feb 2015	294,108	–	294,108	–	–	1,311,722[d]
	2015	Comp	2016-18	04 Mar 2016	275,892	–	275,892	–	–	1,015,283[e]
		Vol	2016-18	04 Mar 2016	275,892	–	275,892	–	–	1,015,283[e]
		Mat	2016-18	04 Mar 2016	551,784	–	551,784	–	–	2,030,565[e]
	2016	Comp	2017-19	19 May 2017	147,642	–	147,642	–	–	696,870[f]
		Mat	2017-19	19 May 2017	147,642	–	147,642	–	–	696,870[f]
	2017	Comp	2018-20	22 May 2018	226,236	–	226,236	–	–	1,330,268[g]
	2018	Comp	2019-21	19 Feb 2019		118,584	118,584	–	–	636,796[h]
Brian Gilvary	2014	Mat	2015-17	11 Feb 2015	176,576	–	176,576	246,359[i]	18 Feb 20	–
	2015	Comp	2016-18	04 Mar 2016	159,021	–	159,021	196,262[j]	19 Feb 19	–
		Vol	2016-18	04 Mar 2016	159,021	–	159,021	196,262[j]	19 Feb 19	–
		Mat	2016-18[k]	04 Mar 2016	318,042	–	318,042	–	–	1,170,395[e]
	2016	Comp	2017-19	19 May 2017	73,070	–	73,070	86,176[i]	18 Feb 20	–
		Mat	2017-19[l]	19 May 2017	73,070	–	73,070	–	–	344,890[f]
	2017	Comp	2018-20	22 May 2018	127,457	–	127,457	–	–	749,447[g]
	2018	Comp	2019-21	19 Feb 2019		64,436	64,436	–	–	346,021[h]

a Since 2010, vesting of the deferred shares has been subject to a safety and environmental sustainability hurdle. 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 SESAC. 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 Bob Dudley has voluntarily agreed to defer vesting of these awards until the later of one year post employment or the end of the relevant performance period, therefore the performance period will exceed the minimum term of three years.
d The face value has been calculated using the market price of ordinary shares on 11 February 2015 of £4.46.
e The face value has been calculated using the market price of ordinary shares on 4 March 2016 of £3.68.
f The face value has been calculated using the market price of ordinary shares on 19 May 2017 of £4.72.
g The face value has been calculated using the market price of ordinary shares on 22 May 2018 of £5.88.
h The face value has been calculated using the market price of ordinary shares on 19 February 2019 of £5.37
i 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 18 February 2020 was £4.54.
j 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 19 February 2019 was £5.38. These totals include the accrual of dividends which vested on 3 May 2019.
k Brian Gilvary has voluntarily agreed to defer vesting of these matching awards for a total of five years with a further one-year retention period.
l Brian Gilvary has voluntarily agreed to defer vesting of this matching award to at least one year post employment.

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 option plans (audited)

	Option type	At 1 Jan 2019	Granted	Exercised	At 31 Dec 2019[a]	Option price	Market price at date of exercise	Date from which first exercisable	Expiry date
Brian Gilvary	BP 2011[b]	400,000	–	–	400,000	£3.72	–	07 Sep 14	07 Sep 2021
	SAYE	3,103	–	3,103	–	£2.90	£5.07	01 Sep 19	28 Feb 2020
	SAYE	–	2,064	–	2,064	£4.36		01 Sep 22	28 Feb 2023

a The closing market prices of an ordinary share on 31 December 2019 was £4.72.
During 2019 the highest market price was £5.83 and the lowest market price was £4.62.
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.

Bob Dudley and Brian Gilvary have no interests in BP preference shares, debentures or option plans (other than as listed above), and no interests in shares or loan stock of any subsidiary company.

No directors or other senior managers own more than 1% of the ordinary shares in issue. At 3 March 2020, our directors and senior managers collectively held interests of 19,004,688 ordinary shares or their calculated equivalents, 7,699,795 restricted share units (with or without conditions) or their calculated equivalents, 8,542,463 performance shares or their calculated equivalents and 4,299,972 options over ordinary shares or their calculated equivalents, under BP group share option schemes.

Post employment share ownership interests
As we reported last year, Bob Dudley and Brian Gilvary will retain significant interests in BP post employment. They have given their personal commitment as executive directors to maintain actual holdings equivalent to two and a half times salary for two years post employment. The commitment is guaranteed by the fact that their anticipated interests in share awards under group plans which remain subject to vesting and/or holding periods at the time they leave BP exceed the two and a half times salary threshold. Although we are instituting a formal post employment share ownership requirement as part of our 2020 policy, given the foregoing, we see no need to modify the commitments of these outgoing executives.

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 2019, Helge Lund had the use of a fully maintained office for company business, a car and driver, and security advice in London. The table below shows the fees paid for the year ended 31 December 2019.

2019 remuneration (audited)

	Fees		Benefits[a]		Total[b]	
£ thousand	2019	2018	2019	2018	2019	2018
Helge Lund[c]	785	46	95[d]	122[d]	880	169
Carl-Henric Svanberg[e]	–	785	–	24	–	809

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.
b Due to rounding, the totals may not agree exactly with the sum of the component parts.
c Appointed as a director on 26 July 2018 and as chairman on 1 January 2019.
d Benefits include relocation expenses.
e Resigned on 31 December 2018.

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 2019, as a percentage of the shareholding policy, were 361%.

	Ordinary shares or equivalents at 1 Jan 2019	Ordinary shares or equivalents as 31 Dec 2019	Changes from 31 Dec 2019 to 3 Mar 2020	Ordinary shares or equivalents at 3 Mar 2020
Helge Lund	600,000	600,000	–	600,000

Non-executive directors' fee structure
The table below shows the fee structure for non-executive directors, per our 2017 policy.

	Fees £ thousand
Senior independent director[a]	120
Board member	90
Audit, geopolitical, remuneration and SESA 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, SESA and remuneration committees.

2019 remuneration (audited)

£ thousand	Fees 2019	Fees 2018	Benefits[a] 2019	Benefits[a] 2018	Total[b] 2019	Total[b] 2018
Nils Andersen	161	132	11	11	172	144
Alan Boeckmann[c]	68	155	6	10	74	165
Admiral Frank Bowman[c]	74	160	6	14	80	174
Dame Alison Carnwath[d]	115	74	33	47	148	121
Pamela Daley[e]	164	55	37	42	201	97
Sir Ian Davis	165	170	5	2	170	172
Professor Dame Ann Dowling[f]	140	158	3	2	143	159
Melody Meyer	152	160	16	26	168	186
Brendan Nelson	150	150	11	12	161	162
Paula Rosput Reynolds	170	166	36	33	206	200
Sir John Sawers	145	150	1	1	146	151

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 the component parts.
c Resigned on 21 May 2019.
d Appointed 21 May 2018.
e Appointed 26 July 2018.
f Fee includes £25,000 for chairing and being a member of the BP technology advisory council.

Non-executive director fees are reviewed on a regular basis and were last changed in 2012. This year, following a review of the increasing time commitment associated with the role and taking into account non-executive director fees against those of comparable UK listed companies, the fee structure below will be adopted from 1 June 2020.

	Fees £ thousand
Senior independent director[a]	155
Board member	115
Audit, geopolitical, remuneration and SESA committees chairmanship fees[b]	35
Committee membership fee[c]	20

a The senior independent director is eligible for committee chairmanship fees plus any committee membership fees, excluding the nomination and governance committee.
b Committee chairmen do not receive an additional membership fee for the committee they chair.
c A membership fee is not payable for the chairman's committee.

The board has decided to remove the intercontinental travel allowance to simplify the structure of non-executive director fees, although under the proposed policy it retains the flexibility to reintroduce such an allowance. In addition, following a review of the time commitment required, a fee of membership of the nomination and governance committee will be introduced in line with other committee membership fees to compensate for the increased time commitment. The senior independent director will not be eligible for this fee and no fee is payable for chairing the nomination and governance committee.

Non-executive directors' interests

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 2019	Ordinary shares or equivalents at 31 Dec 2019	Changes from 31 Dec 2019 to 3 Mar 2020	Ordinary shares or equivalents at 3 Mar 2020	Value of current shareholding[a]	% of policy achieved
Nils Andersen	125,000	125,000	–	125,000	£518,750	576%
Alan Boeckmann[b]	44,812[cd]					
Admiral Frank Bowman[b]	24,864[c]					
Dame Alison Carnwath	17,700	17,700	–	17,700	£73,455	82%
Pamela Daley	17,592[c]	17,592[c]	–	17,592[c]	$93,589	82%
Sir Ian Davis	50,296	52,671	–	52,671	£218,585	243%
Professor Dame Ann Dowling	22,320	22,320	–	22,320	£92,628	103%
Melody Meyer	20,646[c]	20,646[c]	–	20,646[c]	$109,837	96%
Brendan Nelson	11,040	11,040	–	11,040	£45,816	51%
Paula Rosput Reynolds	73,200[c]	73,200[c]	–	73,200[c]	$389,424	339%
Sir John Sawers	15,030	15,506	6,494	22,000	£91,300	101%

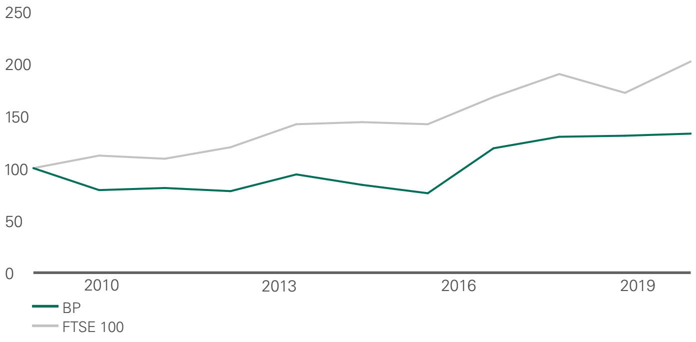
a Based on share and ADS prices at 3 March 2020 of £4.15 and $31.92.
b Resigned on 21 May 2019.
c Held as ADSs.
d Amended from 44,772 as originally disclosed in the 2018 report.

Other disclosures

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

We made no payments for loss of office during or in respect of 2019 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 2019, he received £100,000 for this role. Other than this, we made no payment to any past director of BP during 2019 (we have no de minimis threshold for such 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 2009 to 31 December 2019.

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 101.

During 2019 Hannah Ashdown and, from his appointment as company secretary on 7 May 2019, Ben Mathews, 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 2019, following its appointment as independent adviser to the committee in September 2017, following a competitive tender process. None of PwC's consultants advising the BP remuneration committee have any connection with the company's directors. Advice included, for example, support with the remuneration policy review and remuneration benchmarking. 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. Total fees or other charges (based on an hourly rate) for the provision of remuneration advice to the committee in 2019 (save in respect of legal advice) were £144,175 to PwC.

Freshfields Bruckhaus Deringer LLP ('Freshfields') 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; global mobility; internal audit subject matter expertise; cyber security risk reviews; tax modernization; low carbon strategy consulting; digital, data analytics and IT implementation services.

Shareholder engagement

Throughout 2019 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 2020, as we consider updates to our remuneration policies for 2020 and beyond.

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
2019	95.93%	4.07%	337,586,814
2018	96.42%	3.58%	42,741,541
2017	97.05%	2.95%	63,453,383

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 2019 are shown below.

Director	Appointee company	Additional position held at appointee company	Total fees
Bob Dudley	Rosneft[a]	Director	0
Brian Gilvary	Air Liquide SA	Non-executive director	Euros 77,500

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

Directors' remuneration report – the 2020 policy

In this part of our report we set out our directors' remuneration policy for 2020 and subsequent years (the '2020 policy'). We will present this 2020 policy to shareholders at the 2020 annual general meeting and, subject to shareholder approval, it will take effect for the 2020 financial year.

Remuneration principles

In preparation for the review of our directors' remuneration policy, the committee gave deep consideration to the changing reward frameworks for the wider workforce, alongside our more specific debates on executive remuneration. All of this is in the context of a changing business model as we evolve to meet and contribute to the low carbon energy transition. From this, we have drawn a unifying set of remuneration principles that apply equally to executives, and to employees at all levels of our workforce hierarchy.

Alignment	Our remuneration programmes will align with BP's strategic priorities, long-term success and shareholders' experience. In delivering our remuneration programmes across the globe we will reflect the policies and practices of the respective markets in which we operate.
Competitiveness	Total remuneration will be competitive for the role taking into account scale, sector, complexity of responsibility and geography. When setting senior executive pay, we will consider both external pay relativity and wider workforce remuneration and conditions.
Pay for performance	We promote a culture where all employees are accountable for delivering performance . Depending on the level of the individual in the organization, we use variable pay to incentivize delivery against performance. Pay will be delivered with an emphasis on long-term equity in line with seniority. Performance measures and targets will seek to balance collective BP success with clear line of sight for participants. Remuneration outcomes aim to reflect sustained long-term underlying performance of BP. Factors beyond the control of management will be adjusted in determining final outcomes.
Judgement	We will use discretion and judgement to review formulaic performance outcomes to arrive at fair and balanced remuneration outcomes for both BP and employees.
Sustainability	Remuneration programmes will support the development of a long-term sustainable business informed by environmental, societal and other inputs. Performance targets and measures will typically be chosen with due regard to incentives for prudent risk taking. Individual contribution and values and behaviours will be reflected in remuneration outcomes.

Consideration of shareholder views

We have reflected on the valuable shareholder engagement exercise that led to the significant changes from our 2014 to 2017 policy. In our view, those changes have stood up well over the last three years, have delivered remuneration outcomes that align to shareholders' own experience, and have encouraged strategic decisions appropriate for the long term. Notably, the current 2017 policy also corresponds well to our recently concluded remuneration principles, shown above.

Throughout 2019 we consulted widely with shareholder representatives individually and collectively. In particular through a constructive listening session with our largest shareholders in September 2019, we identified four broad themes for our future policy direction:

- Clear end-to-end alignment from strategy, through measurable performance indicators and reward outcomes, to shareholder experience
- Balance our contribution to the energy transition with delivering shareholder returns. The committee was encouraged to use appropriate discretion, given the complexity of the environment in the energy transition
- Assure that strategic moves align to long-term sustainability, relative to a wide peer group
- Use meaningful and transparent measures to reflect our progress in the energy transition and reductions to our carbon impact.

We have concluded that the strongly performance-oriented reward model that has served us well in recovery from the aftermath of the 2010 Deepwater Horizon oil spill, and particularly the structure of our 2017 policy, broadly remains the right frame as we look ahead to the equally great challenge of reducing our carbon footprint. The 2020 policy set out below therefore retains and builds upon the 2017 policy structure, and thus commands the advantage of being well-understood and accepted by our executives and wider workforce alike.

Policy table – executive directors

Salary and benefits

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

Retirement benefits

Purpose	To recognize competitive practice in home country.	
Operation and opportunity	Executive directors normally participate in the company retirement plans that operate in their home country. For future appointments, the committee will carefully review any retirement benefits to be granted to a new director, taking account of retirement policies across the wider group and any arrangements currently in place. Specifically, the committee will be sensitive to investor concerns over pensions for directors, and limit pension contribution rates to no more than the median allowance offered to the wider workforce in the UK (as a percentage of salary).	Current executives (including designates) in BP have been employees of the group for a number of years and remain as participants in long-standing arrangements in which other similarly situated employees continue to participate. UK participants will become deferred pensioners of the company's defined benefit plan. They will receive a cash supplement in lieu of further service accrual under the plan.
Performance framework	Retirement benefits are not directly linked to performance.	

Annual bonus

Purpose	To provide variable remuneration dependent on performance against annual financial, operational, safety and environmental measures. 50% of the bonus is paid in cash and 50% is mandatorily deferred and held in BP shares for three years to reinforce the long-term nature of the business and the importance of sustainability.	
Operation and opportunity	The bonus is based on performance against annual measures and targets set at the start of the year, evaluated over the financial year and assessed following the year end. The target annual bonus is half of the maximum available, and relates to delivery of performance in line with targets in the annual plan. Executive directors may earn a maximum annual bonus of 225% of salary. This maximum level would relate to performance at or above the highest end of the performance scale for every measure. The committee intends to set demanding requirements for maximum payment.	The final bonus outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards. Half the bonus is paid in cash, and half is deferred into BP shares for three years. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares. Awards are subject to malus and clawback provisions as described on page 123.

Performance framework	The committee determines a scorecard of specific measures, weightings and targets each year to reflect the priorities in the annual plan. The scorecard is designed to deliver the group's strategy.	The scorecard will typically include a balance of financial, operational, environmental and safety measures. Details of the measures and weighting will be reported in advance each year in the annual report on remuneration, while targets will be disclosed retrospectively. The committee holds discretion to choose the specific measures and weightings to be adopted within each of these categories to better reflect the annual plan as agreed with the board.

Performance shares

Purpose	To link the largest part of remuneration opportunity with the long-term performance of the business. The outcome varies with performance against measures of relative total shareholder return (rTSR), return on average capital employed (ROACE) and an assessment related to the low carbon transition.	
Operation and opportunity	The maximum annual award level for the chief executive officer will be 500% of salary and 450% of salary for the chief financial officer. Annual awards of shares will vest based on performance relative to measures and targets that reflect the delivery of BP's strategy over a performance period of typically three years. For each measure, the threshold level at which vesting is first triggered is not expected to yield vesting above 25% of the maximum. The final performance shares outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards.	The shares that vest are subject to a holding period. The combined length of the performance and holding periods will normally be six years. Dividends (or equivalents, including the value of reinvestment) may accrue in respect of share awards to the extent that they vest. Awards are subject to malus and clawback provisions as described on page 123.
Performance framework	Performance shares vest relative to performance achieved against a combination of financial and strategic measures. For 2020 awards, the measures (weightings) will be: • Relative total shareholder return (40%) assessed relative to Chevron, Eni, Equinor Exxon, Repsol, Shell and Total • Return on average capital employed (30%). This will be assessed on a three-year average basis, with no adjustment for market conditions • Low carbon/energy transition (30%). At the outset of each cycle the committee will review the measures that are to govern the award, along with weightings and targets, to ensure they remain focused on delivering the strategy and are in the interests of shareholders.	For the relative assessment of total shareholder returns, the committee will in time consider broadening the comparator set as our own transition towards low carbon evolves. We expect to outline specific measures for the low carbon / energy transition element later this year. This will follow, and align with, the strategy update planned for our capital markets day later this year. The committee would consult appropriately with major shareholders regarding any material changes to the measures. The committee will assess safety outcomes over the perfomance cycle as an underpin in determining the final vesting percentage.

Shareholding requirements

Purpose	To provide alignment between the interests of executive directors and our other shareholders.	
Operation and opportunity	The chief executive officer is required to build and maintain a minimum shareholding of five times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years post-retirement.	Other executive directors are required to build and maintain a minimum shareholding of four and a half times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years post-retirement.
Performance framework	Not applicable.	

Notes to the policy table

1. New components and key changes from the 2017 policy

While the structure of the 2017 policy has been retained, the committee highlights the following key changes from 2017:

- A new requirement to limit the value of retirement benefits for service as an executive director. In practice, we do not expect to offer pension contribution rates worth more than 15% of salary.
- The minimum shareholding requirement is clearly stated and continues to apply, in full, for two years post employment. This minimum shareholding requirement is now formally adopted as part of the remuneration policy.

2. How is variable pay linked to performance?

Annual bonus	Bonus aligned with annual objectives	50% paid in cash; 50% in BP shares deferred for 3 years
Performance bonus	Share award for meeting three-year targets	6 years; 3 year performance period + 3 year holding period
Share ownership	Long-term shareholding	Built up over 5 years and maintained

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

3. How are performance measures linked to strategy?

Variable pay is linked to performance measures designed to deliver the BP strategy. At the start of each year, the remuneration committee reviews the measures, targets and weightings to ensure they remain consistent with the priorities in the annual plan and the group strategy. For the annual bonus and performance shares, the approach to performance measurement is intended to provide a balance of measures to assess performance reflecting the global scale of the business, the unique characteristics of the oil and gas sector, and the role our enterprise will play in advancing the transition to lower carbon energy. The key changes from our 2017 policy, and a summary of measures for 2020 awards, are shown below:

- Weighting of the environment target in our annual bonus scorecard is doubled to 20%.
- Fewer measures in our annual bonus scorecard (from two to one on safety, from two to one on reliable operations, from three to two on financial performance). Our 2020 financial performance on cash flow changes from operating cash flow to free cash flow.
- Weighting of the rTSR measure in our performance shares scorecard reduced to 40%. The comparator group has been expanded to include Repsol, ENI and Equinor. The low carbon / energy transition category replaces strategic progress and weighting increases to 30%.

New remuneration policy measures for the period commencing in 2020

Annual bonus

Safety	Environment	Operational performance	Financial performance
20%	20%	10%	50%

Performance shares

Relative total shareholder return	Return on average capital employment	Low carbon / energy transition
40%	30%	30%

Underpin: Take into account safety outcomes prior to determining final vesting percentage.

Discretion to reflect shareholder experience, environmental, societal and other inputs.

Robust malus and clawback.

4. How will we use flexibility, judgement and discretion?

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

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

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

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

5. How will we safeguard against payments for failure?

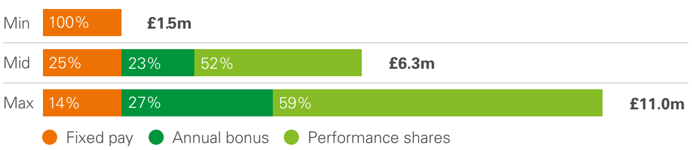
Performance based pay	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.	
Discretion	The committee may vary formulaic outcomes where these do not suitably reflect performance over the relevant performance period.	
Malus and clawback	The malus provisions enable the committee to reduce the size of award, cancel an unvested award, or impose further conditions on an award made under this policy. The malus provisions may apply if, prior to the vesting or payment of an award, there is a negative event such as: • material failure impacting safety or environmental sustainability • incorrect award outcomes due to miscalculation or based on incorrect information • restatement due to financial reporting failure or misstatement of audited results • material misconduct by the participant • such other exceptional circumstances that the committee consider to be similar in nature.	The clawback provisions enable the committee to require participants to return some or all of an award after payment or vesting. They may be applied under the following circumstances: • incorrect outcomes due to miscalculation or based on incorrect information • restatement due to financial reporting failure or misstatement of audited results • material misconduct by the participant.

6. Differences from remuneration policy in the wider group
This executive director remuneration policy is structurally similar to remuneration for the majority of the wider workforce, but naturally differs in quantum reflecting market norms for the differing size and complexity of roles. Although performance assessment is a common feature for executive and wider workforce remuneration, the relative importance of different performance measures changes in line with seniority. For instance, executive directors are subject to longer-term measures and no individual performance element, whereas the majority of the wider workforce receive variable pay that is based on annual performance measures, including their own individual performance.

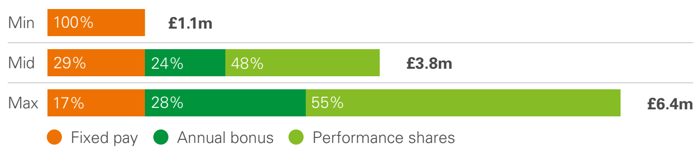
Illustrations of application of remuneration policy

The total remuneration opportunity for executive directors is strongly performance based and weighted to the long term. The charts below provide scenarios for the total remuneration of executive directors at different levels of performance and are calculated as prescribed in UK regulations.

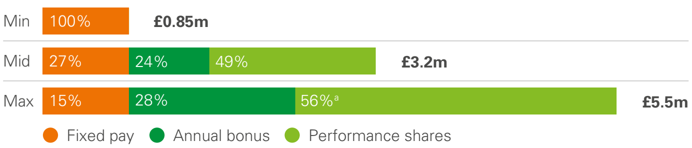
Bernard Looney



Brian Gilvary



Murray Auchincloss



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

The remuneration outcomes reported above reflect the face value of performance shares and therefore exclude the impact of potential share price growth, as well as dividends. If share prices were to appreciate by 50% from face value, then the maximum remuneration receivable by Bernard Looney, Brian Gilvary and Murray Auchincloss would increase to £14.2m, £8.2m and £7.1m respectively.

Fixed components
For these illustrations salary, benefits and pension are the same in all three scenarios (annual values shown).

Salary	CEO (Looney)	£1,300,000	Bernard Looney's salary from appointment on 5 February 2020.
	CFO (Gilvary)	£790,500	Brian's salary, effective until his retirement from BP on 30 June 2020.
	CFO (Auchincloss)	£695,000	Murray's salary, effective from his appointment on 1 July 2020.
Benefits and pension benefits	CEO (Looney)	£245,000	Based on pension benefits at 15% of salary, with an estimated £50,000 total for other benefits.
	CFO (Gilvary)	£296,150	Based on Brian's 30% cash in lieu of pension, plus the total of other benefits shown in the 2019 single figure table.
	CFO (Auchincloss)	£154,250	Based on pension benefits at 15% of salary, with an estimated £50,000 total for other benefits.

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

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

7. Clarity, simplicity, and other considerations related to the Corporate Governance Code

The committee consider the scorecard-based approach to setting targets and measuring outcomes provides great clarity in our ability to engage transparently with shareholders and the wider workforce on remuneration arrangements, and that this is complemented by retaining the simple structure of our 2017 policy; market aligned fixed pay with annual cash and three-year performance share incentives. Risks are managed through a combination of careful setting of performance measures and targets, the many options to apply committee discretion in assessing outcomes, and the robust malus and clawback measures reserved in this policy. The committee also considers that remuneration outcomes are predictable, as shown clearly in the scenario charts at note 6 above, and proportional by virtue of the challenging performance levels required to achieve target pay outcomes. By retaining material weighting in measures related to both safety and the environment, this policy aligns closely with central themes of BP's culture, purpose and ambition.

Recruitment policy

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

Accordingly, the committee will ensure that:

- The salary level of any new director is appropriate to their role and the competitive environment at the time of appointment. Where appropriate it may appoint an individual on a lower salary (relative to any previous incumbent), then gradually increase salary levels as the individual gains experience in the role.
- Variable remuneration will be awarded within the parameters of the policy for current executive directors.
- The committee may tailor the vesting criteria for initial incentive awards depending on the specific circumstances.
- Where an existing employee is promoted to the board, the company may honour all existing contractual commitments including any outstanding share awards or pension entitlements.
- The committee would expect any new director to participate in the company pension and benefit schemes that are open to other employees (where appropriate referencing the candidate's home country).
- Where an individual is relocating in order to take up the role, the company may provide certain one-off benefits such as reasonable relocation expenses, accommodation for a period following appointment, assistance with visa applications or other immigration issues and ongoing arrangements such as tax filing assistance, annual flights home and a housing/utilities allowance.
- Where an individual would be forfeiting remuneration or employment terms in order to join the company, the committee may award appropriate compensation. The committee would require reasonable evidence of the nature and value of any forfeited arrangements and would, to the extent practicable, ensure any compensation was of comparable commercial value and capped as appropriate, considering the terms of the previous arrangement being forfeited (for example the form and structure of award, timeframe, performance criteria and likelihood of vesting). Where appropriate, the committee prefers to deliver buy-outs in the form of restricted shares in the company.

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

Service contract

Bob Dudley's service contract is with BP Corporation North America Inc., Bernard Looney's and Brian Gilvary's service contracts are with BP p.l.c., and Murray Auchincloss' service contract will be with BP p.l.c.

Each executive director is entitled to retirement benefits as outlined on page 120.

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

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

Each executive director may terminate their employment by giving 12 months' written notice. In this event, for business reasons, the employer may not necessarily hold the executive director to their full notice period.

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

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

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

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

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

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

Termination payments

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

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

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

Legacy arrangements and other detailed provisions

Previously the deferred element of the annual bonus in respect of years up to and including 2016 attracted a corresponding award of matching shares. Although the committee no longer grants matching awards in respect of future bonus awards, executives retain interests in legacy awards previously granted under this arrangement under the terms set out in the 2014 policy.

For completeness, the table below summarizes the key terms of the previous matching share element.

Purpose	To reinforce the long-term nature of the business and the importance of sustainability.	
Operation	Previously one third of the annual bonus was subject to compulsory deferral and a further third was subject to voluntary deferral. These deferred shares were matched on a one-for-one basis.	Where shares vest, additional shares representing the value of reinvested dividends are added. All deferred shares are subject to clawback provisions if they are found to have been granted on the basis of a material misstatement of financial or other data.
Performance framework	Both deferred and matching shares must pass an additional hurdle related to safety and environmental sustainability performance in order to vest.	If there has been a material deterioration in safety and environmental metrics, or major incidents revealing underlying weaknesses in safety and environmental management then the committee, with advice from the board's safety, environment and security assurance committee, may conclude that shares vest in part, or not at all.

In addition to the award described above, the committee may continue to satisfy existing remuneration commitments and/or payments for loss of office, including the exercise of any discretion in connection with such payments provided that such terms were agreed:

- before 10 April 2014 when the first approved remuneration policy came into effect
- before the 2020 policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed
- at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director.

Share awards are subject to the terms of the relevant plan rules under which the award has been granted. The committee may adjust or amend awards, but only in accordance with the provisions of the plan rules. This includes making adjustments to awards to reflect one-off corporate events, such as a change in the company's capital structure or treatment of awards in the event of a change of control. In accordance with the plan rules, awards may be settled in cash rather than shares, where the committee considers this appropriate.

The committee may make minor amendments to the policy to aid its operation or implementation without seeking shareholder approval, for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation provided that any such change is not to the material advantage of the directors.

Remuneration in the wider group

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

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

Policy table – non-executive directors

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

Non-executive 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 CEO 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.
Intercontinental allowance	
Approach	Non-executive directors may receive an allowance to reflect the global nature of the company's business. This allowance would be payable for the purpose of attending board or committee meetings or site visits.
Operation and opportunity	This allowance would be 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. Professional fees incurred by non-executive directors based outside the UK in connection with advice and assistance on UK tax compliance matters are reimbursed.
Shareholding guidelines	
Approach	Non-executive directors are encouraged to establish a holding in BP shares of the equivalent value of one year's base fee.
Letters of appointment for chairman and non-executive directors	
Approach	The chairman and non-executive directors each have letters of appointment. There is no term limit on a director's service, as BP proposes all directors for annual re-election by shareholders in line with best governance practice. There are no obligations arising from the non-executive directors' letters of appointment for remuneration or payments for loss of office, except for the chairman whose appointment may be terminated in the following ways: • by either party giving three months' written notice, or • by the company for cause (as set out in the letter of appointment) and without compensation. The company may lawfully terminate the appointment by making a lump sum payment in lieu of notice equal to three months' fees. Copies of the executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the registered office of the company.

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

This directors' remuneration report was approved by the board and signed on its behalf by Ben J.S. Mathews, company secretary on 18 March 2020.