Energy with purpose means helping the world reach net zero.

Energy with purpose

Expanding solar

Lightsource BP is helping shape the future of global energy delivery by developing solar capacity around the world.

- We increased our stake in Lightsource BP to create a 50:50 joint venture in 2019.

Lightsource BP highlights in 2019
- Entered the Spanish solar market with the purchase of a 300MW portfolio of solar development projects across six sites.
- Signed a long-term agreement to build a 240MW facility, supplying EVRAZ, a US steel company.
- Established a presence in Brazil with the purchase of 1.9GW of solar projects in various stages of development.

Corporate governance

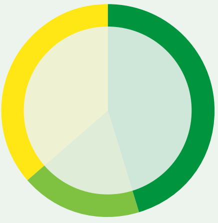
Board of directors

as at 18 March 2020

Committee membership key

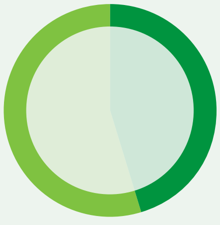
- Chairman
- A Audit
- S Safety, environment and security assurance
- R Remuneration
- G Geopolitical
- C Chairman's
- N Nomination and governance

Non-executive directors' tenure



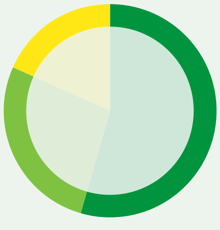
1 – 3 years	5
4 – 6 years	2
7+ years	4

Board gender diversity



Female	5
Male	6

Board nationality



UK	6
US	3
Non UK/US	2

View the directors' biographies in full at *bp.com/board.*

C N

Helge Lund

Chairman
Appointed to the board 26 July 2018 (appointed chairman 1 January 2019)

Outside interests:
Chairman of Novo Nordisk AS, Operating Advisor to Clayton Dubilier & Rice, Member of the Board of Trustees of the International Crisis Group, Member of the European Round Table of Industrialists

Age: 57

Nationality: Norwegian

Career summary:
Helge served as chief executive of BG Group from 2015 to 2016, when the company merged with Shell. He joined BG Group from Equinor (formerly Statoil) where he served as its president and chief executive officer for 10 years from 2004. Prior to Equinor, Helge was president and chief executive officer of the industrial conglomerate, Aker Kvaerner, and has also held executive positions in the Norwegian industrial holding company, Aker RGI and the former Norwegian power and industry company, Hafslund Nycomed. He worked as a consultant with McKinsey & Company and served as a political adviser for the parliamentary group of the Conservative party in Norway. Prior to joining BP, he was a non-executive director of the oil service group Schlumberger from 2016 to 2018, and Nokia from 2011 to 2014. He served as a member on the United Nations Secretary-General's Advisory Group on Sustainable Energy from 2011 to 2014.

Relevant skills and experience:
Helge has an impressive track record of leadership in the oil and gas industry. His open-minded and forward-looking approach is vital as the industry focuses on the transition to a lower carbon world. He has deep industry knowledge and global business experience – not only in the oil and gas industry but also in pharmaceuticals, healthcare and construction.

Bernard Looney

Chief executive officer
Appointed 5 February 2020

Outside interests:
Fellow of the Royal Academy of Engineering, Fellow of the Energy Institute, Mentor for FTSE 100 Cross-Company Mentoring Executive Programme

Age: 49

Nationality: Irish

Career summary:
Bernard Looney joined BP in 1991 as a drilling engineer working in roles in the North Sea, Vietnam and the Gulf of Mexico. Prior to becoming the chief executive of BP Upstream in April 2016, Bernard held a range of senior roles, including chief operating officer of production, managing director BP North Sea and vice president in Norway and North Sea infrastructure and BP Alaska. He has led access into new countries, including Mauritania and Senegal, high-graded the portfolio with the acquisition of onshore US assets from BHP Billiton and the sale of the Alaska business, and created innovative new business models, such as Aker BP in Norway.

As chief executive of BP Upstream, Bernard oversaw improvements in both process and personal safety performances and production grew by 20%. There were also significant improvements in both gender and global diversity. Bernard initiated a group-wide dialogue on mental health in hope of 'ending the stigma' associated with the issue.

Relevant skills and experience:
Bernard has spent his career at BP and has demonstrated dynamic leadership and vision as he has progressed through various roles within the Company. As part of the appointment process to becoming the new chief executive officer, Bernard exceeded at range of aptitude and psychometric testing. During his 10 years as a leader of Upstream, Bernard saw the segment through one of the most difficult periods in the BP's history, helping transform the company into a safer, stronger and more resilient business. He was instrumental in a number of workforce based initiatives to promote a diverse and inclusive environment.

Brian Gilvary

Chief financial officer
Appointed 1 January 2012

Brian will retire on 30 June 2020.

Outside interests:
Non-executive director of Air Liquide SA, Non-executive director of Barclays PLC, Non-executive director of Royal Navy Board, Senior independent director of The Francis Crick Institute, Chairman of The Hundred Group of Financial Directors (The 100 Group), Fellow of the Energy Institute; Great Britain Age Group Triathlete

Age: 58

Nationality: British

Career summary:
Brian joined BP in 1986 after obtaining a PhD in mathematics from the University of Manchester. Following a broad range of roles across the group in upstream, downstream and trading in Europe and the US, he became downstream's commercial director in 2002. From 2005 until 2009 he was chief executive of BP's commodity trading arm and, in 2010, he was appointed deputy group chief financial officer. Brian was a director of TNK-BP over two separate periods, from 2003 to 2005 and from 2010 until the sale of the business and BP's acquisition of Rosneft equity in 2013. He served on the HM Treasury Financial Management Review Board from 2014 to 2017.

Relevant skills and experience:
Brian's broad experience of working across the group has provided him with deep insight into BP's assets and businesses. He has been key during BP's strategy implementation to transform into a 'value over volume' business where trading is a key creator of value. His deep understanding of finance and trading has been vital in adjusting capital structures and operational costs while ensuring the group continues to be capable of meeting new opportunities. Brian played a major role in overseeing financial aspects of the Gulf of Mexico oil spill, and leading settlement negotiations to resolve outstanding federal and state claims. He also played a lead role in the negotiations around the exit of TNK-BP and investment into Rosneft and led the 2018 acquisition of the BHP onshore Lower 48 assets.

A C

Dame Alison Carnwath

Independent non-executive director
Appointed 21 May 2018

Outside interests:
Member of Supervisory Board of BASF SE, Director of Zurich Insurance Group, Independent director of PACCAR Inc, Member of UK Panel on Takeovers and Mergers, Trustee of The Economist Group

Age: 67

Nationality: British

Career summary:
Dame Alison is a qualified chartered accountant with a wealth of financial industry experience obtained during an expansive career in London and New York. In addition to her current appointments, she was previously Chairman of Land Securities Group plc from September 2004 until July 2018 and served as a non-executive director of Barclays PLC from 2010 to 2012 and Man Group plc from November 2012 to May 2013. In 2014, Dame Alison was appointed to the order of Dame Commander of the Most Excellent Order of the British Empire for her services to business and diversity.

Relevant skills and experience:
Dame Alison has extensive financial experience both as an executive and non-executive director. Dame Alison has chaired significant boards and has deep experience of the workings of investors and the finance industry in the City of London. She has worked with global organizations and brings this broad range of skills to the BP board and to the audit committee.

A R C

Pamela Daley

Independent non-executive director
Appointed 26 July 2018

Outside interests:
Director of BlackRock, Inc, Director of SecureWorks, Inc

Age: 67

Nationality: American

Career summary:
Pam joined General Electric Company in 1989 as tax counsel and held a number of senior executive roles in the company, overseeing a wide range of corporate transactions and serving as senior vice president and senior advisor to the chairman in 2013, before retiring from GE. Pam has served as a director of BlackRock since 2014 and of SecureWorks since 2016. She was a director of BG Group plc from 2014 to 2016 until its acquisition by Shell, a director of Patheon N.V. from 2016 to 2017 until its acquisition by Thermo Fisher, and was previously a partner at Morgan, Lewis & Bockius, a major US law firm, where she specialized in domestic and cross-border tax-oriented financings and commercial transactions.

Relevant skills and experience:
Pam is a qualified lawyer with significant management insight obtained from previous senior positions held at companies that operate in highly regulated industries. Pam has a wealth of experience in global business and strategy gained from over 20 years in an executive role at GE. She also has experience in the UK oil and gas industry from her time served on the BG Group plc board. Pam contributes important insight to the audit committee from her previous executive experience. In 2019, she joined the remuneration committee, where her understanding of employee and investor perspectives brings value.

R G N C

Sir Ian Davis

Senior independent director
Appointed 2 April 2010

Outside interests:
Chairman of Rolls-Royce Holdings plc, Non-executive director of Majid Al Futtaim Holding LLC, Non-executive director of Johnson & Johnson, Inc.

Age: 68

Nationality: British

Career summary:
Sir Ian began his career at The Bowater Corporation Limited, a paper manufacturing company, before joining McKinsey & Company in 1979. He was a partner at McKinsey & Company for 31 years until his retirement in 2010 and also served as chairman and managing director between 2003 and 2009. Sir Ian has remained as a senior partner emeritus of McKinsey & Company since his retirement. He also served as a lead non-executive board member for the Cabinet Office from 2015 to 2016. Sir Ian was given the honour of knighthood in the 2019 Birthday Honours for services to business.

Relevant skills and experience:
Sir Ian brings global financial and strategic experience to the board. He has worked with and advised global organizations and companies in a wide variety of sectors including oil and gas and the public sector. He is able to draw on knowledge of diverse issues and outcomes to assist the board and its committees.

Sir Ian's previous experience as a non-executive director for the Cabinet Office gives him an important perspective on government affairs which is an asset to both the board and the geopolitical committee.

S C

Professor Dame Ann Dowling

Independent non-executive director
Appointed 3 February 2012

Outside interests:
Deputy vice-chancellor and emeritus professor of Mechanical Engineering at the University of Cambridge, Non-executive director of Smiths Group plc

Age: 67

Nationality: British

Career summary:
Professor Dame Ann is a deputy vice-chancellor and emeritus professor of Mechanical Engineering at the University of Cambridge where her research includes fluid mechanics, acoustics and combustion. She has held visiting posts at MIT and at Caltech. Dame Ann is a fellow of the Royal Society and the Royal Academy of Engineering and a foreign associate of the US National Academy of Engineering, the Chinese Academy of Engineering and the French Academy of Sciences. She was an advisor at Rolls-Royce until 2015. Dame Ann was President of the Royal Academy of Engineering from September 2014 to 2019. In December 2015 she was appointed to the Order of Merit.

Relevant skills and experience:
Dame Ann is an internationally respected leader in engineering research and the practical application of new technology in industry. Her contribution, research and academic leadership in these fields are admired internationally. Her academic background provides balance to the board and brings a different perspective to the safety, environment and security assurance committee, particularly as developments in technology accelerate. Her work in this area is supplemented by her chairing the company's technology advisory council.

S G C R

Melody Meyer

Independent non-executive director
Appointed 17 May 2017

Outside interests:
President of Melody Meyer Energy LLC, Director of the National Bureau of Asian Research, Trustee of Trinity University, Non-executive director of AbbVie Inc., Non-executive director of National Oilwell Varco, Inc.

Age: 62

Nationality: American

Career summary:
Melody started her career in 1979 with Gulf Oil which later merged with Chevron Corporation, where she remained until her retirement in 2016. During her career with Chevron, Melody held several key leadership roles in global exploration and production, working on a number of international projects and operational assignments. Melody was the executive sponsor of the Chevron Women's Network and continues as a mentor and advocate for the advancement of women in the industry. Melody has received several awards and accolades throughout her career including being recognized as a 2009 Trinity Distinguished Alumni, with the BioHouston Women in Science Award and she was most recently recognized by Hart Energy as an Influential Woman in Energy in 2018.

Relevant skills and experience:
Melody has spent her entire career in the oil and gas industry. The breadth, variety and geographic scope of her experience is distinctive. Her career has been marked by a focus on excellence, safety and performance improvement. She has expertise in the execution of major capital projects, creation of businesses in new countries, strategic and business planning, merger integration and safe and reliable operations.

Melody brings a world-class operational perspective to the board, with a deep understanding of the factors influencing safe, efficient and commercially high-performing projects in a global organization.

A C N R

Brendan Nelson

Independent non-executive director
Appointed 8 November 2010

Outside interests:
Non-executive director of NatWest Markets plc, Member of the Financial Reporting Review Panel

Age: 70

Nationality: British

Career summary:
Brendan is a qualified chartered accountant and former partner at KPMG having held a number of senior positions at KPMG International. He served on the KPMG UK board from 2000 until his retirement in 2010. Brendan previously served as a member of the Financial Services Practitioner Panel for six years and was president of the Institute of Chartered Accountants of Scotland in 2013/14. He has extensive financial and banking experience having been a non-executive director of The Royal Bank of Scotland Group p.l.c. and National Westminster Bank p.l.c. from 2010 until April 2019 and December 2018 respectively.

Relevant skills and experience:
Brendan has completed a wide variety of audit, regulatory and due-diligence engagements over the course of his career. He played a significant role in the development of the profession's approach to the audit of banks in the UK, with particular emphasis on establishing auditing standards. He continues to contribute in his role as a member of the Financial Reporting Review Panel.

This wide experience makes him ideally suited to chair the audit committee and to act as its financial expert. He brings related input from his role as the chair of the audit committee of a major bank. His specialism in the financial services industry allows him to contribute insight into the challenges faced by global businesses by regulatory frameworks.

R A C N

Paula Rosput Reynolds

Independent non-executive director
Appointed 14 May 2015

Outside interests:
Non-executive director of BAE Systems plc, Non-executive director of General Electric Company

Age: 63

Nationality: American

Career summary:
Paula commenced her energy career at Pacific Gas & Electric Corp in 1979 and spent over 25 years in the energy industry. She has held a number of executive positions during her career, including CEO of Duke Energy Power Services, Chairman, President and CEO of AGL Resources as well as Chairman and CEO of Safeco Corporation and Vice Chairman and Chief Restructuring Officer of AIG. Paula was a non-executive director of TransCanada Corporation and CBRE Group, Inc until May 2019, having been appointed in 2011 and 2016 respectively. Paula was awarded the National Association of Corporate Directors (US) Lifetime Achievement Award in 2014.

Relevant skills and experience:
Paula has had a long career leading global companies in the energy and financial sectors. Her financial background and deep experience of trading makes her ideally suited to serve on the audit committee.

Her experience with international and US companies, including several restructuring processes and mergers, gives her insight into strategic and regulatory issues, which is an asset to the board.

Paula currently serves as the chair of the remuneration committee of BAE Systems plc. Her experience there and her wider business experience and understanding of the views of investors are well suited to her being the chair of the BP remuneration committee.

G S N C

Sir John Sawers

Independent non-executive director
Appointed 14 May 2015

Outside interests:
Visiting professor at King's College London, Governor of the Ditchley Foundation, Trustee of the Bilderberg Association, UK, Executive Chairman of Newbridge Advisory Limited

Age: 64

Nationality: British

Career summary:
Sir John spent 36 years in public service in the UK, working on foreign policy, international security and intelligence. He was chief of the Secret Intelligence Service, MI6, from 2009 to 2014 and prior to that spent the bulk of his career in the Diplomatic Service, representing the British government around the world and leading negotiations at the UN, in the European Union and in the G8. After he left public service, Sir John was chairman and general partner of Macro Advisory Partners, a firm that advises clients on the intersection of policy, politics and markets, from February 2015 to May 2019. He then set up his own firm, Newbridge Advisory, to carry out similar work. Sir John was appointed Knight Grand Cross of the Order of St Michael and St George in the 2015 New Year Honours for services to national security.

Relevant skills and experience:
Sir John's deep experience of international political and commercial matters is an asset to the board in navigating the geopolitical issues faced by a modern global company. Sir John brings a unique perspective and broad experience which makes him ideal to lead the geopolitical committee. His knowledge and skills gained in government, diplomacy and policy analysis and advice are invaluable to both the board and the safety, environment and security assurance committee.

Ben J S Mathews

Company secretary
Appointed 7 May 2019

Ben joined BP as a company secretary in May 2019. He is chairman of the The Association of General Counsel and Company Secretaries of the FTSE 100 (GC100) and the co-chair of the Corporate Governance Council of the Conference Board. Ben is also a Fellow of the Institute of Chartered Secretaries and Administrators. Former appointments include Group Company Secretary of HSBC Holdings plc and Rio Tinto plc.

Executive team

as at 18 March 2020

Gordon Birrell

Interim head of upstream
Appointed 12 February 2020

Gordon will continue as part of the new leadership team.

Outside interests:
No external appointments

Age: 57 **Nationality:** British

Career summary:
Before being appointed to his new role, Gordon was chief operating officer for production, transformation and carbon. In a long BP career, Gordon has spent time in various technical, safety and operational risk (S&OR) and leadership roles including four years as BP president Azerbaijan, Georgia and Turkey.

Susan Dio

Chairman and president of BP America
Appointed 1 September 2018

Susan will step down from her role on 30 June 2020 and retire from the company in the second half of 2020.

Outside interests:
Member of the American Petroleum Institute Board and Executive Committee, Member of the Greater Houston Partnership Executive Committee, Member of the Ford's Theatre Board of Trustees Executive Committee.

Age: 59 **Nationality:** American

Career summary:
Susan is chairman and president of BP America, providing leadership and oversight to BP's US businesses.

Since joining the company in 1984, she has held key operational and executive positions in the US, UK and Australia. Before assuming her current role, Susan served as chief executive officer of BP Shipping.

Tufan Erginbilgic

Chief executive, Downstream
Appointed 1 October 2014

Tufan will retire from the company on 31 March 2020.

Outside interests:
Member of the Turkish-British Chamber of Commerce & Industry Board of Directors, Member of the Strategic Advisory Board of the University of Surrey.

Age: 60 **Nationality:** British and Turkish

Career summary:
Tufan was appointed chief executive, Downstream on 1 October 2014.

Prior to this, Tufan was the chief operating officer of the fuels business, accountable for BP's fuels value chains worldwide, the global fuels businesses and the refining, sales and commercial optimization functions for fuels. Tufan joined Mobil in 1990 and BP in 1997 and has held a wide variety of roles in refining and marketing in Turkey, various European countries and the UK.

David Eyton

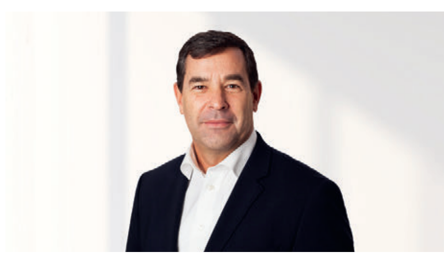
Group head of technology
Appointed 1 September 2018

David will continue as part of the new leadership team.

Outside interests:
Fellow of the UK Royal Academy of Engineering, Fellow of the Institute of Materials, Minerals & Mining, Fellow of the Institute of Directors, Trustee of the John Lyons Foundation, Member of Oil & Gas Climate Initiative Climate Investments Board.

Age: 58 **Nationality:** British

Career summary:
As group head of technology, David is accountable for technology strategy and its implementation across BP. This includes corporate venture capital investments and conducting research and development in areas of corporate renewal. In this role, David sits on the Oil & Gas Climate Initiative Climate Investments Board. David was recognized for his services to engineering and energy in 2018 and awarded a CBE.



Bob Fryar

Executive vice president, safety and operational risk
Appointed 1 October 2010

Bob will retire from the company in the second half of 2020.

Outside interests:
No external appointments

Age: 56 **Nationality:** American

Career summary:
Bob is responsible for safety, operational risk management and the systematic management of operations across the BP group. He is accountable for a variety of group-level disciplines. In this capacity, he looks after the group-wide operating management system implementation and capability programmes.

Bob has over 30 years' experience in the oil and gas industry, having joined Amoco Production Company in 1985.

Andy Hopwood

Executive vice president, chief operating officer, upstream strategy
Appointed 1 November 2010

Andy will retire from the company in the second half of 2020.

Outside interests:
No external appointments

Age: 62 **Nationality:** British

Career summary:
Andy was appointed chief operating officer, upstream strategy in April 2018. Andy joined BP in 1980, spending his first 10 years in operations in the North Sea, Wytch Farm and Indonesia. In 1989 Andy joined the corporate planning team formulating BP's upstream strategy and subsequent portfolio rationalization.

Following the BP-Amoco merger, Andy spent time leading BP's businesses across the world. He was appointed executive vice president, exploration and production in 2010.

Lamar McKay

Chief transition officer
Appointed 16 June 2008

Lamar's current portfolio will be redistributed on 1 July and he will continue in his capacity as chief transition officer.

Outside interests:
No external appointments

Age: 61 **Nationality:** American

Career summary:
Lamar took on a new role as chief transition officer in 2019. He is responsible for supporting the chairman and new group chief executive in achieving a full and orderly transfer of leadership. In addition, he continues to hold responsibility for leading BP's strategy work for the energy transition.

Lamar started his career in 1980 with Amoco and has since held a number of senior roles including most recently group deputy CEO.

Eric Nitcher

Group general counsel
Appointed 1 January 2017

Eric will continue as part of the new leadership team.

Outside interests:
No external appointments

Age: 57 **Nationality:** American

Career summary:
Eric is responsible for legal matters across the BP group. He joined Amoco in 1990 and over the years has held a wide variety of roles.

Eric moved to London in 2000, to join the mergers and acquisitions legal team. He returned to Houston in 2007 to serve as special counsel and chief of staff to BP America's chairman and president.

Most recently he played a leading role in the settlement of the Deepwater Horizon US government claims and resolution of many of the remaining private claims.

Dev Sanyal

Chief executive, alternative energy and executive vice president, regions
Appointed 1 January 2012

Dev will continue as part of the new leadership team.

Outside interests:
Independent non-executive director of Man Group plc; Member of the International Advisory Board on Energy, Government of India; Advisory Board of the Centre for European Reform; Board of Advisors of The Fletcher School of Law and Diplomacy, Tufts University; Fellow of the Energy Institute.

Age: 54 **Nationality:** British and Indian

Career summary:
Dev is responsible for BP's global alternative energy business and for the group's interests in the Europe and Asia regions. He was appointed to the BP Group executive committee in 2011.

Dev joined BP in 1989 and has held a variety of international roles in London, Athens, Istanbul, Vienna and Dubai. Dev was previously appointed group treasurer in 2007 and was also chairman of BP Investment Management. Until April 2016, Dev was executive vice president, strategy and regions.

Dame Angela Strank

BP chief scientist and head of technology, downstream
Appointed 1 September 2018

Angela will retire from the company at the end of 2020.

Outside interests:
Non-executive director of Severn Trent plc, Fellow of the Royal Society, Fellow of the Royal Academy of Engineering.

Age: 67 **Nationality:** British

Career summary:
Dame Angela is responsible for technology across a number of BP's businesses. As BP's chief scientist she is accountable for developing strategic insights from advances in science and managing technology capability in BP.

She joined BP in 1982 as a geologist in exploration and has held various leadership roles across the business. She was recognized for her services to the oil industry and women in science, technology, engineering and mathematics in 2017 and awarded a DBE.

Helmut Schuster

Executive vice president, group human resources director
Appointed 1 March 2011

Helmut will step down from his current role on 1 July and continue working with BP as an advisor.

Outside interests:
Non-executive director of Ivoclar Vivadent AG, Germany

Age: 59 **Nationality:** Austrian and British

Career summary:
Helmut became group human resources (HR) director in March 2011. Since joining BP in 1989, Helmut has held a number of leadership roles. He has worked for BP in the US, UK and continental Europe and within most parts of refining, marketing, trading and gas and power.

Before taking on his current role, his portfolio of responsibilities as vice president, HR, included leading the people agenda for roughly 60,000 people across the globe.

The leadership team

from 1 July 2020

Murray Auchincloss

Executive vice president, finance

From 2015 until being announced to his new position, Murray was chief financial officer for BP Upstream. He has held other senior roles in the segment and spent three years as head of the group chief executive's office. He spent his early career in North America and qualified as a Chartered Financial Analyst.

Giulia Chierchia

Executive vice president, strategy and sustainability

Giulia joins BP from McKinsey, where she was a senior partner. She led the global downstream oil and gas practice and was a key member of the chemicals and electricity, power and natural gas practices. She begins this role with more than 10 years' experience in the energy sector, including helping companies shape their strategies for the energy transition.

Emma Delaney

Executive vice president, customers and products

Emma has spent 25 years working in BP, both in the Upstream and the Downstream, most recently as regional president, West Africa. Prior to this role she held a variety of senior roles: CFO (chief financial officer) for Asia Pacific, head of business development for Upstream gas value chains and commercial director for Iraq. She was the vice president for integrated social and economic programmes in Indonesia. In Downstream she held a number of roles in marketing and planning.

Kerry Dryburgh

Executive vice president, people and culture

Kerry was previously head of HR for the Upstream and has held a series of senior HR positions. She was a key driver behind the Upstream people transformation during 2015-2017. Kerry previously ran HR in BP's shipping, integrated supply and trading (IST) and corporate functions teams. She brings experience from other sectors in Europe and Asia, having worked at both BT and Honeywell before joining BP. She currently sits as a non-executive director for the United Kingdom Strategic Command.

Carol Howle

Executive vice president, trading and shipping

Before taking on her current role, Carol ran BP shipping and was the chief operating officer for IST oil. She has more than 20 years' experience in the energy industry, many in IST. Previous roles, include chief operating officer for natural gas liquids, regional leader of global oil Europe and finance. Carol also served as the head of the group chief executive's office.

William Lin

Executive vice president, regions, cities and solutions

William served as chief operating officer, upstream regions before joining the leadership team. Previous senior roles include vice president – gas development and operations for Egypt, regional president for Asia Pacific and head of the group chief executive's office. William managed the successful start-up of the Tangguh LNG facility during his time in Indonesia. He is a non-executive director for Pan American Energy Group that operates in Argentina.

Geoff Morell

Executive vice president, communications and advocacy

Geoff has run group communications and external affairs (C&EA) since 2017, after six years leading BP America's communications and government relations teams. He was instrumental in rebuilding BP's reputation in the years following Deepwater Horizon. Prior to BP, Geoff spent four years at the Pentagon, serving as the chief spokesperson for the military under presidents Bush and Obama. He previously worked in television, including as White House correspondent for ABC News.

Biographies for the other members of the leadership team

Bernard Looney, chief executive officer, page 74.

Gordon Birrell, executive vice-president, production and operations, page 78.

David Eyton, executive vice president, innovation and engineering, page 78.

Eric Nitcher, executive vice president, legal, page 79.

Dev Sanyal, executive vice president, gas and low carbon energy, page 79.

Introduction from the chairman

"Our new purpose is the result of a period of careful development and wide debate with the management team and also reflects the valuable feedback we have received from a number of our stakeholders, both inside and outside of BP."

Helge Lund
Chairman

It has been a privilege to lead BP's board for the past year, especially given the important decisions we have taken together. BP now begins the new decade with a new direction. Our new purpose, to reimagine energy for people and our planet, is supported by a new ambition - for BP to get to net zero by 2050 or sooner, and to help the world get to net zero too. And we have appointed a new chief executive officer, Bernard Looney, who under the board's oversight, will lead BP in achieving both its purpose and its ambition.

BP's board has been deeply involved in each of these changes. It is the board's responsibility to define and set the company's purpose, its values and its strategy, and to be assured that these are aligned with BP's culture. Our strategy and evolving portfolio have been discussed with the management team at every board meeting in 2019. Our new purpose is the result of a period of careful development and wide debate with the management team and also reflects the valuable feedback we have received from a number of our stakeholders, both inside and outside of BP.

BP's new leadership

During the year, the board, through its nomination and governance committee, took equal care in its executive succession planning, including in our appointment of a successor to Bob Dudley. When we began that planning in earnest in autumn 2018, we knew that Bob's many achievements in the role set a high bar for his eventual successor. That was reflected in the time we took to define the qualities we were looking for in the new leadership of BP at a time of considerable change. A year on, we were delighted to welcome Bernard Looney to the role. He is both capable, performance oriented and deeply aware of the importance that we attach to working in close dialogue with BPs stakeholders.

New ways of working

The board itself is an important component of BP's leadership. The most effective boards – and the most effective board meetings – are inclusive, collaborative, open and transparent. During 2019, I was pleased with the support I received from my colleagues on the board as we fostered an atmosphere with the management team in which those standards are clearly exhibited.

These improvements have gone in-hand with improvements to the board's efficiency and productivity. We have strengthened how we manage the board's meeting agenda, the materials developed for the board and the division of labour between the committees and the board. I believe that these changes have enabled us to effectively manage both the leadership succession and develop our new purpose and ambition.

Evolving board composition

The make-up of the board has also evolved, and I expect that to continue in future as we seek to ensure we have the right balance of skills, experience and diversity. In November last year, Nils Andersen was appointed Chairman of Unilever, and therefore stepped down from BP's board on 18 March after a period of transition. On behalf of the board, I thank Nils for his service to BP. In Nils' place, Melody Meyer agreed to chair the safety, environment and security assurance committee (SESAC), recognizing her strong operational and safety experience. Separately, the board has assumed direct oversight of ethics and compliance matters, previously the responsibility of SESAC.

One of the chairman's responsibilities is to ensure cohesion of the board over time, especially during times of transition. To provide continuity, Sir Ian Davis and Brendan Nelson have kindly agreed to stand for re-election at the 2020 AGM for up to a further year. Because they have now each exceeded nine years in the role, in putting them forward for re-election this year the board carefully considered whether, they still demonstrate the necessary qualities of independence. I am pleased to confirm that the board is satisfied that they do, and I am grateful for the support and wisdom that Sir Ian and Brendan bring to the board. Our nomination and governance committee has, as you would expect, begun a process to identify successors to these important roles.

While continuity is important, BP's new direction gives reason to examine whether the board's composition is optimally aligned to BP's new direction. We'll always need a core cadre of members with global executive experience from similar industries, but different specialist skills may also be valuable. These include skills relevant to BP's ambition, individuals with strong digital and transformational skills and those with broader energy and sustainability experience.

In light of the changes ahead of us, but also as a consequence of natural succession, I anticipate that we will add new competences and experiences to the board during 2020.

Evolving remuneration structure

The year 2019 also marked a transition for executive remuneration. In order to develop a new remuneration policy, which will be proposed at the 2020 AGM, the remuneration committee sought candid feedback from some of our largest shareholders. Consequently, while we will retain our current structure, which is simple and well understood, we will strengthen the elements relating to our energy transition ambition. More details of our new policy are set out in the Directors' remuneration report on page 100.

Our stakeholders

This year also marks the first year in which the board is required to report on how it has fulfilled its duties under section 172 of the Companies Act, which requires directors to promote the success of the company for the benefit of its members, and in doing so to have regard to our stakeholders, including employees, suppliers and customers, the impact of our operations on communities and the environment, and the likely consequences of any decision in the long term.

Regard for a wider group of stakeholders is not new. Indeed, it has been incorporated into the board's working for some time. But new reporting requirements are an opportunity to explain the processes we have followed, and how dialogue with stakeholders has shaped decisions. Details can be found on page 66, and information about how the board has engaged with BP's workforce is on page 88.

Closing thanks

Finally, I want to express my gratitude to Bob Dudley, Bernard Looney, the executive team, our employees and my board colleagues for their hard work, their commitment, and their contribution to BP's new direction.

I look forward to working with our teams to compete effectively in a changing energy market.

Helge Lund
Chairman

Governance framework

Shareholders

BP board

Delegation

Accountability

Audit committee

HPGR* monitored
- Financial liquidity.
- Cyber security.
- Compliance with business regulations.
- Trading compliance and control.

Responsibilities
- Reviewing financial disclosures.
- Monitoring compliance.
- Reviewing audit effectiveness, including internal controls and risk management.
- Advice on external auditor.

See page 91.

Safety, environment and security assurance committee

HPGR monitored
- Monitor marine, well and pipeline incidents.
- Oversee effective controls around releases at facilities and/or explosion.
- Review and advise on major security incident.
- Cyber security.

Responsibilities
- Review safety and operational risk.
- Monitor security developments.
- Review environmental matters.

See page 96.

Geopolitical committee

HPGR monitored
- Geopolitical.

Responsibilities
- Monitor social, economic and political events around the world.
- Identify major and correlated geopolitical risks.
- Consider broader political policy developments.

See page 98.

Remuneration committee

Responsibilities
- Recommend remuneration principles and policy.
- Maintain dialogue with shareholders and workforce on remuneration issues.
- Monitor alignment of remuneration and incentives for all employees.
- Report on implementation of remuneration policy.

See page 101.

Nomination and governance committee

Responsibilities
- Review composition of board.
- Review outside commitments of the NEDs.
- Maintain strong pipeline.
- Review developments in corporate governance, law and ESG.

See page 90.

Chairman's committee

Responsibilities
- Evaluate performance and effectiveness of chief executive officer.
- Review the structure and effectiveness of the business organization.
- Review system of executive development and succession.

See page 99.

Chief executive officer

Executive committee

- Group operations risk committee
- Group financial risk committee
- Group disclosure committee
- Group people committee
- Group ethics and compliance committee
- Resource commitment meeting
- Technical advisory council

Framework changes in 2020
As part of the governance framework review, the board committees and their responsibilities will be reviewed.

* HPGR – highest priority group risks.

Board activities in 2019

Role of the board

The board is responsible for the overall conduct of the group's business. Directors have duties under the both UK company law and BP's Articles of Association. The primary tasks of the board in 2019 included:

- Active consideration and establishment of long-term strategy and approval of the annual plan.
- Monitoring of BP's performance against the strategy and plan including ethics and compliance.
- Ensuring that the principal and emerging risks and uncertainties to BP are identified and that systems of risk management and control are in place.
- Board and executive management succession.

"The board is responsible for establishing the company's purpose, its values and strategy, and satisfying itself that these and its culture are aligned."

Helge Lund
Chairman

Strategy

During 2019 the board considered the BP strategy at every board meeting and held a two-day strategy discussion in September. The board also received a number of technical briefings to expand the directors' knowledge in particular areas, such as Scope 3 emissions, the *BP Energy Outlook* and environmental, social and corporate governance (ESG) matters, to best equip the board to consider and debate strategic themes relating to BP's segments, key functions and the impact of the lower carbon transition on the group's business model. This included looking at long-term energy trends and projections for world energy markets.

The board monitored the company's performance against the annual plan for 2019 and approved the annual plan for 2020 after taking into account management's revised assumptions and outlook for the year. They received regular reports on the progress and implementation of the strategy from the group chief executive (GCE) and chief financial officer (CFO) by means of a strategic performance scorecard, which is discussed at each board meeting.

The board undertook portfolio reviews of various parts of the BP group, including upstream, downstream and renewables. It assessed the potential impact changes to the portfolio might have on the financial framework and discussed allocation of capital. The board looked at circular and sustainable solutions and business development opportunities in a low carbon future, through the lens of what was in the best interest of long-term success of the company.

In a year that saw BP face significant transition, both internally with the announcement of Bob Dudley's retirement and more widely as the company looks to play an important role in the world's energy transition, the board discussed BP's purpose and ambitions and their alignment with strategy and the BP culture.

Performance and monitoring

The board reviews financial, operational and safety performance throughout the year, as well as the latest view on expected full-year delivery against external scorecard measures. During the year there were a number of business and regional reviews, including North Sea, Russia, the lubricants business and BPX Energy.

Updates are also given on various components of value delivery for BP's business. Regular reports presented to the board include:

- Chief executive's report.
- Group performance report.
- Group financial outlook.
- Effectiveness of investment review.
- Quarterly and full-year results.
- Shareholder distributions.

In 2019 the board re-assumed primary responsibility for ethics and compliance (E&C), having previously managed oversight jointly through the SESAC and the audit committee. The group head of E&C attended the board meeting four times in 2019, providing an update on E&C matters, and how the importance of such was embedded within the BP culture throughout the business. The board was also provided ethics and compliance training. The NEDs held private sessions with the head of E&C.

The board reviews the quarterly and full-year results, including shareholder and capital distributions. The 2019 annual report was assessed in terms of the directors' obligations and reflects the briefings on updated corporate governance requirements and best practice.

The board monitors employee opinion via an annual 'Pulse' survey which includes measurement of how the BP values are incorporated into culture around our global operations.

Feedback from other stakeholders is also considered by the board as part of its monitoring of performance, as outlined in the BP Section 172 statement and on pages 88-89.

Risk

The board, either directly or through its committees, regularly reviews the processes whereby principal and emerging risks are identified, evaluated and managed.

Each of the highest priority group risks were reviewed in 2019. The board has a focus on emerging risks and how these are being managed and mitigated. The board undertook its annual review of cyber security risk in particular in December 2019.

Each year the board assesses the effectiveness of the group's system of internal control and risk management as part of the review and sign off of the *BP Annual Report and Form 20-F*, to satisfy itself that the report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Further information on BP's system of risk management is outlined in How we manage risk on page 68. Information about BP's system of internal control is on page 128.

Succession

The board, in conjunction with the nomination and governance and chairman's committees, reviews succession plans for executive and non-executive directors and senior executives on a regular basis. The board ensures that potential candidates are identified and evaluated against objective criteria and on merit, with due regards to the benefits of diversity of thought, gender, social and ethnic backgrounds and cognitive and personal strengths, through a formal and rigorous procedure. BP operated board and senior executive succession planning across three horizons.

1. Contingency planning is constantly at the forefront as mitigation against key person risk in cases of sudden and unforeseen departures.
2. Medium-term planning relates to the orderly replacement of board and committee members and senior executives as they retire or change roles.
3. Finally, long-term planning seeks to equip BP with the skills required now and in the future as we implement the long-term strategy.

The board employs executive search firms when it concludes that this is an effective way of finding suitable candidates. Bernard Looney's appointment as chief executive officer (CEO) resulted from a review of both internal and external candidates. The nomination and governance committee engaged with external headhunters to source external candidates for this purpose of the CEO succession and in support of the overall process.

- Pamela Daley was appointed to the remuneration committee on 30 January 2019.
- Nils Andersen was appointed to the nomination and governance and remuneration committees upon becoming the chair of the safety, environment and security assurance committee on 8 April 2019. Subsequently Nils stepped down as chair of the safety, environment and security assurance committee on 13 November 2019 following the announcement of his appointment as chairman of Unilever. He was succeeded by Melody Meyer as chair of the SESAC on the same day. He resigned from the board and all other committees on 18 March 2020.
- Alan Boeckmann and Admiral Frank Bowman stood down as directors and from all committees following the AGM on 21 May 2019.
- Bob Dudley retired as group chief executive and a director on 4 February 2020. Bernard Looney succeeded him as chief executive officer on 5 February 2020.
- Brian Gilvary announced his retirement in January 2020. He will be succeeded by Murray Auchincloss on 1 July 2020.

Looking forward, the board is implementing changes to its ways of working and redefining its primary responsibilities. As outlined on page 66, from 2020, board agendas will be structured along the following four distinct pillars – strategy, performance, people and governance. Within those areas the key areas of focus will be:

Strategy: the board will consider and help establish the strategy of BP alongside the new CEO and leadership team to achieve the purpose, ambition and aims set out on 12 February 2020, see page 6. In doing so, the board will ensure that every member of the board has a deep understanding of the board's role in determining BP's capital allocation process and enabling effective decision making.

Performance: the board will continue to perform an important monitoring role, making sure the CEO and the leadership team are held to account against the 2020 Annual Plan to satisfy itself that BP is performing while transforming.

People: the board will focus on reviewing the composition, skills, experience and diversity of the board and executive management, as well as the process for executive succession planning talent management and development. It will ensure that workforce policies and practices are consistent with the company's values and the manner in which BP invests and rewards its workforce is designed and implemented in a way that supports the company's long-term sustainable success.

Governance: as outlined on page 83,the board is developing a new corporate governance framework. This framework will reinforce the effectiveness of the internal control framework and be more closely aligned with BP's new purpose and ambition.

Board and committee attendance

Non-executive director	Board	Audit committee	SESAC	Remuneration committee	Geopolitical committee	Nomination and governance committee	Chairman's committee
Helge Lund	9 (9) ●					6 (6) ●	7 (7) ●
Nils Andersen*	8 (9)		6 (6)	4 (6)	3 (4)		6 (7)
Alan Boeckmann	3 (3)		2 (2)	3 (3)		2 (2)	2 (2)
Admiral Frank Bowman	3 (3)		2 (2)		2 (2)		2 (2)
Dame Alison Carnwath	9 (9)	8 (8)					7 (7)
Pamela Daley	9 (9)	7 (8)		8 (8)			6 (7)
Sir Ian Davis	9 (9)			8 (9)	4 (4)	6 (6)	7 (7)
Professor Dame Ann Dowling	9 (9)		6 (6)				6 (7)
Melody Meyer	9 (9)		6 (6) ●		4 (4)		7 (7)
Brendan Nelson	9 (9)	8 (8) ●		9 (9)		6 (6)	7 (7)
Paula Rosput Reynolds	9 (9)	8 (8)		9 (9) ●		6 (6)	7 (7)
Sir John Sawers	9 (9)		6 (6)		4 (4) ●	6 (6)	7 (7)

Executive directors	
Bob Dudley*	9 (9)
Brian Gilvary	9 (9)

● Chairman of board/committee

* Bob Dudley stepped down from the board 4 February; Nils Andersen stepped down from the board 18 March 2020

Background

Non-executive director	Background and experience						
	Energy markets	Operational excellence and risk management	Global business leadership and governance	People leadership and organizational transformation	Technology, digital and innovation	Society, politics and geopolitics	Finance, risk, trading, etc
Dame Alison Carnwath		●	●				●
Pamela Daley			●				●
Sir Ian Davis			●	●		●	●
Professor Dame Ann Dowling					●		
Helge Lund	●	●	●	●		●	●
Melody Meyer	●	●					
Brendan Nelson			●				●
Paula Rosput Reynolds	●		●	●			●
Sir John Sawers				●		●	●

Diversity

BP believes diversity and inclusion is vital to our values, the group strategy and the success of the company. We understand that better decisions and outcomes are achieved when we have different people, with differences of opinions from different backgrounds.

We recognize the importance of diversity, whether that be gender, social or ethnic backgrounds, personal identities, age, religion, physical abilities and more. These all promote diversity of thought and reduce the risk of groupthink. This approach is followed by the board, senior executives and their direct reports and throughout the BP group.

We are committed to attracting the best talent to BP and feel an inclusive and respectful work environment, where people are valued as individuals, is key. When reviewing the composition of the board, the nomination and governance committee reviews not only the skills and experience of existing board members, but also their background and diversity. Equally, when seeking to identify candidates to join the board, the committee gives consideration to merits of diversity, including gender, in helping to bring greater balance to the board's discussion and debates on strategy and associated matters.

Diversity is considered as an integral part of succession planning. Executive gender and ethnicity were taken into consideration as part of the board's wider executive succession review in 2019, while diversity of thought, deriving from a robust combination of gender, social or ethnic backgrounds, was a prominent factor in the selection process, ensuring that BP has a diverse executive pipeline.

At the end of 2019 the board comprised five female directors (2018 5, 2017 3) representing 42% of a 12-person board (46% of an 11 person board at the time of publication). Our senior management, as defined by the Corporate Governance Code 2018, and their direct reports comprise 38% female and 18% black, Asian and minority ethnic (BAME) individuals. For details of BP workforce diversity and inclusion, see Our people on page 47. The board looked at diversity across the group as part of its annual review of HR, capability and talent management. BP continues to take action to address the broader issue of diversity within the group.

Independence

Non-executive directors (NEDs) are expected to be independent in character and judgement and free from any business or other relationship that could materially interfere with exercising that judgement. It is the board's view that all BP NEDs are independent.

The board is satisfied that there is no compromise to the independence of, and nothing to give rise to conflicts of interest for, those directors who serve together as directors on other company's boards or who hold other external appointments. Directors are required to provide the board with sufficient information to evaluate their independence and the board keeps the other interests of the NEDs under review and regularly reviews the conflicts of interest register.

Sir Ian Davis and Brendan Nelson are proposed for re-election notwithstanding that they have both served beyond nine years as non-executive directors.

Following careful consideration, the board believes that both Sir Ian and Brendan continue to provide constructive challenge and robust scrutiny of matters that come before the board and the committees on which they serve. Neither director has served simultaneously with an executive director for over nine years and the overall average tenure of the board is similar to that of the average FTSE 100 directors' tenure. In 2018 the board undertook significant refreshment of its composition with a number of new non-executives and a new chairman. Since assuming the chairmanship of the board at the beginning of the year, Helge Lund has led the process to identify and, in October 2019, to announce the appointment of a new group CEO. This was supplemented by a process to identify and, in January 2020, announce the appointment of a new group CFO. Sir Ian and Brendan will play crucial roles in the transition period as these new appointments come into effect, so that BP's culture and values are not adversely impacted and that the integrity of its financial reporting is maintained. After careful consideration, the board is satisfied that Sir Ian and Brendan continue to demonstrate the qualities of independence in carrying out their duties.

Appointment and time commitment

The chairman and NEDs 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.

The chairman's letter of appointment sets out the time commitment expected of him. The NEDs' letters of appointment do not set out a fixed time commitment. The time required of directors fluctuates depending on the demands of BP business and other events. They are expected to allocate appropriate time to BP to perform their duties effectively and make themselves available for all regular and ad hoc meetings. The board believes that, notwithstanding the NEDs' other appointments, they have sufficient time to fulfil their BP duties.

Executive directors are normally permitted to take up one board appointment at an external listed company, subject to the agreement of the chairman and after consultation with the company secretary. In February 2020, Brian Gilvary was appointed as a non-executive director of Barclays PLC. An announcement in respect of Brian's plans to retire as CFO of BP was made in January 2020. He will stay in the role until June 2020 to work with his successor, Murray Auchincloss, in order to ensure an orderly transition. Given these circumstances and after consideration by the chairman and company secretary, it was concluded that Brian's role at Barclays PLC was unlikely to be detrimental to his duties as outgoing CFO. Fees received for an external appointment may be retained by the executive director and are reported in the Directors' remuneration report (see page 100). Neither the chairman nor the senior independent director are employed as an executive of the group.

The board also considers all NED external appointments and considers the impact those requiring significant commitment might have on the director's ability to dedicate sufficient capacity in times of increased demand. In November 2019, the board acknowledged the appointment of Nils Andersen as Chairman of Unilever NV/PLC and accepted his resignation from the BP board. Nils remained as a non-executive director until March 2020 to support Melody Meyer who took over as chair of the SESAC in November 2019.

Learning, development and inductions

The board held a number of developmental briefing sessions during the year, in which field experts with a range of academic and practical knowledge were invited to provide bespoke training sessions, updating them on latest intelligence in their particular area. This develops and optimizes the skill set within the board on evolving technical topics and aids conversation around strategic planning.

The board continued to build its knowledge of the BP business through briefings and site visits as part of its learning programme, see examples on page 89.

No new directors were appointed during 2019. In October 2019, BP announced that Bob Dudley would be retiring in 2020, succeeded by Bernard Looney. Bernard's functional and operational knowledge of BP meant that an in-depth induction programme was not necessary. Nonetheless, Bernard attended a number of town halls with Helge Lund in 2019 to engage with BP people.

Board evaluation

Each year, BP completes a review of the board, its committees and of the individual directors. It is generally recommended that such reviews are externally led once every three years. Having undertaken an externally facilitated review in 2018, the 2019 evaluation was facilitated by the incoming company secretary. The process involved interviews with each member of the board based around a number of themes, including strategy formulation and portfolio development, the role of the new chairman and boardroom dynamics, the evolution of BP's purpose and wider stakeholder engagement and the processes in place for managing succession across the organization. Positive feedback was received on the new chairman's style and the benefits his inclusive leadership approach had brought to the board during the year. The outputs of this review highlighted three areas of future focus and attention:

- Reviewing the composition, skills, experience and diversity of the board and the process for executive succession planning talent management and development.
- Ensuring every member of the board has a deep understanding of the board's role in determining BP's capital allocation process and enabling effective decision making.
- Re-shaping the BP corporate governance framework and how this it should reinforce the effectiveness of the internal control framework and be more closely aligned with BP's new purpose and ambition.

A new corporate governance framework is in development, supported by the outputs from this year's board review process, with the aim of ensuring that this new framework is in place by the time that the new organizational structure and reporting arrangements take effect.

UK Corporate Governance Code compliance

BP complied throughout 2019 with the principles and provisions of the 2018 UK Corporate Governance Code except in the following aspects:

Provision 33

The remuneration of the chairman is not set by the remuneration committee. Instead, the chairman's remuneration is reviewed by the remuneration committee which makes a recommendation to the board as a whole for final approval, within the limits set by shareholders. This wider process enables all board members to discuss and approve the chairman's remuneration, rather than solely the members of the remuneration committee.

Provision 38

The pension arrangements for Bob Dudley and Brian Gilvary reflect the historical retirement benefits available to employees that joined BP at similar times. We recognize that the contribution rates under these arrangements are higher than the majority of the current workforce and as such the pension contributions for the new executive directors, Bernard Looney and Murray Auchincloss, have been aligned with those available to the majority of the workforce.

A copy of the 2018 UK Corporate Governance Code is available at *frc.org.uk*.

How the board has engaged with shareholders, the workforce and other stakeholders

Shareholders

Institutional investors
The company engages with its institutional shareholders through its active investor relations programme. The board receives feedback on shareholder views in many ways, particularly through the chairman and senior management who meet regularly with shareholders throughout the year, as well as through the results of an independent investor study and report.

In September 2019 the chair of the remuneration committee hosted an event for large investors on considerations for the new remuneration policy which is to be tabled at the 2020 AGM in May (see Remuneration committee report on page 101). The chairman also held one-to-one meetings with major institutional investors during the year, collecting their views and sharing these with the other board members and the remuneration committee.

During the course of the year, senior management met regularly with institutional investors through road shows, group and one-to-one meetings, events for socially responsible investors (SRIs), meetings with various investors to discuss environment, social and governance matters, and oil and gas sector conferences.

In May 2019, the chairman and board committee chairs held their annual investor event. This meeting enabled BP's largest shareholders to hear about the work of the board and its committees and for investors to share their views directly with non-executive directors.

See *bp.com/investors* for investor and strategy presentations, including the group's financial results and information on the work of the board and its committees.

Shareholder engagement cycle 2019

Q1	• Fourth quarter and full year 2018 results and strategy update • Investor roadshows with executive management – fourth quarter and full year 2018 results • BP Energy Outlook presentation • BP Annual Report 2018 launch • BP Sustainability Report 2018 launch
Q2	• Chairman and board committee chairs meeting with investors • UKSA (retail shareholders') meeting with the chairman • First quarter 2019 results presentation • Annual general meeting • BP Statistical Review of World Energy launch
Q3	• Second quarter 2019 results presentation • Investor roadshows with executive management following 2Q results
Q4	• Third quarter 2019 results presentation • Investor roadshows with executive management following 3Q results

Retail investors
BP held an event for retail investors in conjunction with the UK Shareholders' Association (UKSA) in 2019. The chairman and a representative from investor relations gave presentations on BP's annual results, strategy and the work of the board. Shareholders' questions were focused on BP's activities and performance.

AGM
Voting levels were relatively consistent at 67.1% (of issued share capital, including votes cast as withheld) in 2019, compared to 67.3% in 2018. The lower voting level of 50.8% in 2017 was due to the negative impact of stock lending.

In 2019 the AGM was held in Aberdeen for the first time, which enabled the board to engage with shareholders who might not have had the opportunity to attend a meeting before. There were two shareholder requisitioned resolutions put to the meeting in 2019.

All resolutions supported by the board, including the shareholder resolution from the Climate Action 100+ group, passed at the meeting, see page 6. The shareholder resolution from Follow This, which was not supported by the board, did not pass.

Each year the board receives a report after the AGM giving a breakdown of the votes and investor feedback on its voting decisions to inform it on any issues arising.

Workforce

At BP we believe a diverse and engaged workforce is critical to us successfully delivering our group strategy. BP strives to create an open culture where dialogue between the board, senior management and the workforce, which includes a wide range of employees, contractors, agency and remote workers across all of its geographical locations, is encouraged and expected. 'Respect' and 'courage' are two of our corporate values that underpin this and are embedded in our performance management system. Employees are informed of information on matters of concern to them as employees through BP's intranet and local sites, social media channels, town halls, site visits and webinars including topics such as quarterly results, strategy, the low carbon transition and diversity. We have a number of employee-led forums and business resource groups and aim to build constructive relationships with labour unions formally representing some employees. Employees are consulted on a regular basis through regular team and one-to-one meetings and through our annual 'Pulse' survey. These initiatives are applied where practicable.

Our annual employee 'Pulse' survey results for overall engagement, long-term cultural metrics and listening and involvement have shown a steady and sustained improvement over this period, see page 47.

With such a diverse and globally distributed workforce, we believe ongoing dialogue through multiple channels is the best way for the board and management to engage with our people and listen to what they have to say. The board is firmly of the opinion that face-to-face interaction with our people is the best way to get direct feedback and an understanding of the important issues of the workforce, as well as deepen the board's operational understanding. Only by visiting and meeting with employees from all aspects of the business can the board fully assess the culture and tone of BP. The board held a number of site visits in 2019 to a number of different locations, including Busan, Kuala Lumpur, Singapore, Aberdeen and Denver. A number of non-executive directors also took opportunities to engage directly with local workforce at various BP offices around the globe. As part of Helge Lund's first year as chairman, he conducted town hall meetings with the workforce in Washington DC, Baku, Rotterdam, Beijing, Houston and London.

The board and its committees are committed to meeting with a wide range of employees across the entire workforce and at times exclude senior management from meetings to get the unfettered opinions of their teams. An example of this was the SESAC's visit to a new LNG vessel off the coast of South Korea immediately prior to its maiden voyage. This was the first shipping visit of its kind, during which members of the SESAC held private informal meetings with the ship's crew, away from senior officers. The crew highlighted a couple of potential improvements, the SESAC members agreed and, as a consequence, certain improvements were undertaken by shipping leadership.

As an example of how engagement has directly contributed to shaping policy, in 2019 we launched a new global commitment to minimum parental leave for new parents. This policy was established through engagement with our employee-led business resource groups and employee forums, including the working parents' forum.

BP invests in its workforce through a number of employee share ownership schemes and plans. For example, we operate 'ShareMatch' in more than 50 countries. The plan matches BP shares purchased by our employees. We also operate a group-wide discretionary share plan, which rewards employees with participation in BP's equity at different levels globally and is linked to BP performance.

As we look to achieve our purpose, ambition and aims – engagement with our global talent pool is as critical as ever. BP wants to recruit, retain and reward people from wide-ranging and diverse backgrounds who can support us in the global transition to a low carbon energy system. We will continue to expand our existing networks of communication to foster a listening culture that enables the board and management to gain meaningful insight directly from our colleagues around the world, and respond accordingly. For instance, following feedback from BP's working parents' forum, agile working and parental leave policies have been improved, and in response to growing demand from our workforce, BP introduced a way for some employees to offset their personal carbon emissions and is working towards expanding this scheme to more employees across the group. The board will dedicate time to specifically review the outputs from the various channels of workforce engagement at board sessions.

The board believes the existing approaches and mechanisms described above enable comprehensive two-way engagement opportunities with BP's workforce, and as such, is satisfied that these are effective alternatives to the proposed workforce engagement methods set out in Provision 5 of the Code. Given the current period of transition within BP, the board will continue to review its engagement mechanisms to seek new ways to strengthen existing workforce forums to ensure a continuing robust relationship and collaboration.

Other stakeholders

For details of how the board complied with Section 172 of the Companies Act 2006 and how it further engaged with other stakeholders, see page 66.

Site visits

Denver
The board visited BP's Denver office in September 2019 where they hosted several employee events. A town hall took place, led by Helge Lund, with the rest of the board present to talk with the workforce and answer questions over a community lunch with over 150 employees in attendance. The board was also introduced to emerging talent in the region and met with senior leadership. As part of the suite of events the board also met with external stakeholders at a business reception in the city.

150

employees attended a community lunch with the board.

Kuala Lumpur and Singapore
Members of the audit committee visited the global business services in Kuala Lumpur. Touring BP's offices gave valuable insight into the workforce which has been responsible for centralizing and standardizing key business processes across the organization and transforming processes end-to-end. The directors then visited the IST team in Singapore where they met with senior leadership and the wider workforce at BP's offices.

300

employees attended the town hall presented by Helge Lund and Bob Dudley.

Aberdeen
Following the AGM in Aberdeen, the board held a number of engagement activities. Helge Lund and Bob Dudley led a town hall which was attended by over 300 employees at BP's Dyce office and streamed live to the offshore teams in the North Sea. The board hosted a business reception, inviting members of the local community, local political and government officials, employees and local businesses.

Members of the board had further engagement with the workforce at the Dyce office, observing new agile ways of working and gaining technological insight into new initiatives. Members of the board also visited the Clair Ridge platform, where they learnt more about operations offshore. They discussed the safety agenda onsite, visited the drilling floor and spoke with employees directly to better understand the culture when working offshore.

South Korea
The SESAC visited BP's shipping function and spent a day at sea in South Korea on board a new LNG vessel. They experienced the vessel in a period of 'shakedown' ahead of going into service. The committee observed safety processes in action and were able to discuss physical and cyber security planning. Members of the SESAC met with sea farers without management present to discuss life working on board the vessels.

"The committee members noted strong morale."

Nomination and governance committee

"The committee dedicated a significant amount of time to its role in 2019 and this will continue as BP implements its new purpose, ambition and aims."

Helge Lund
Committee chair

Chairman's introduction

The committee dedicated a significant amount of time to its role in 2019, a year which was vitally important for BP and the future direction of the company. This will continue as BP implements its new purpose, ambition and aims.

During the year the committee led the search for a new CEO to succeed Bob Dudley. This involved agreeing the leadership credentials and desired experiences for the executive role. External headhunters were engaged to support the process and to identify candidates with the required skills, experience and diversity credentials. After a thorough and transparent process, Bernard Looney was identified as the best suited candidate and his appointment was announced in October 2019.

The committee's focus on executive succession planning continued, and BP announced Murray Auchincloss as Brian Gilvary's successor as CFO in January 2020.

Finally, a review was undertaken by the committee of the new leadership team which was announced in February 2020.

As part of the selection and appointment process for each of these roles, candidates completed extensive leadership assessment testing and were asked to give insight to their aims for BP's future.

During the year the committee also undertook a review of the executive succession pipeline, considering the process, emerging talent and leadership role key-person-risks. As part of this review, the committee took into account the importance of diverse talent pipelines and the current and future skill sets required to help the company achieve its strategy

The committee discussed the implications of the UK Corporate Governance Code 2018 and how to maintain the highest standards of governance.

Lastly, the committee considered the findings of the 2018 board evaluation and made proposals to the board on new ways of working. Together with the results from the 2019 board review, these changes are being incorporated into a new corporate governance framework.

Helge Lund
Committee chair

Role of the committee

The committee seeks to ensure an orderly succession of candidates for directors, the company secretary and senior executives and oversees corporate governance matters for the group.

Key responsibilities

- Identify, evaluate and recommend candidates for appointment or reappointment as directors.
- Review the outside directorships/commitments of the Non-Executive Directors (NEDs).
- Review the mix of knowledge, skills, experience and diversity of the board for the orderly succession of directors.
- Identify, evaluate and recommend candidates for appointment as company secretary.
- Review developments in law, regulation and best practice relating to corporate governance and make recommendations to the board on appropriate action, including on Environmental, Social and Governance matters.

Membership

Helge Lund	Member since July 2018 and chairman since September 2018
Alan Boeckmann	Member (resigned April 2019)
Sir Ian Davis	Member
Nils Andersen	Member (resigned March 2020)
Brendan Nelson	Member
Paula Reynolds	Member
Sir John Sawers	Member

Meetings and attendance

The committee met six times in 2019. All members attended each meeting with the exception of Nils Andersen who missed two meetings owing to prior commitments.

Activities during the year

2019 saw the workload and required time commitment of committee members increase significantly as the committee continued to monitor the composition and skills of the board, with foresight across the three succession planning horizons, as part of the process of developing a reinvented BP.

During the year, it supported the board in the selection of the new CEO, which was announced in October 2019, and the new CFO, which was announced in January 2020. Regular updates were provided to the chairman's committee to ensure that all NEDs were kept informed of the pending changes to BP's executive leadership. The committee also reviewed the wider executive team's succession planning, considered the implications of the new UK Corporate Governance Code 2018 and made recommendations to the board following the results of the external board evaluation in 2018. We will continue to focus on ensuring that the board's composition is strong and diverse and to promote best practice governance in the boardroom and throughout the company.

Audit committee

"

The committee robustly challenges reports...enabling it to determine whether BP's financial reporting is fair, balanced and understandable."

Brendan Nelson
Committee chair

Chairman's introduction

During 2019, in keeping with the new UK Corporate Governance Code 2018, the committee continued its focus on monitoring the integrity of the group's financial reporting and risk management systems. Each quarter the committee robustly challenges the reports from management and the external auditor highlighting significant accounting issues and judgements, enabling it to determine whether BP's financial reporting is 'fair, balanced and understandable'. Throughout the year, the committee reviewed the group's principal and emerging risks, including scenarios which could impact the company's long-term viability which also helped to inform the committee's debates on what would constitute significant failings and weaknesses in our system of internal control.

In 2019 the committee focused on the effectiveness of a number of group functions including integrated supply and trading, treasury, tax, information technology and security. We also received presentations regarding, and reviewed performance of, both the Upstream and Downstream segments and regularly considered climate change risk affecting the whole business. These reviews helped inform the committee of the work and future plans of those functions and businesses and enabled the committee to understand the key risks and challenges (and associated mitigations and lessons learned) faced by each of them. In addition, the committee carried out reviews into the group risks of financial liquidity, cyber security and compliance with business regulations.

There were no changes to the committee membership during the year and the skills and experience of our committee members remain strong, enabling the committee to continue to perform effectively.

Brendan Nelson
Committee chair

Role of the committee
The committee monitors the effectiveness of the group's financial reporting, systems of internal control and risk management and the integrity of the group's external and internal audit processes.

Key responsibilities
- Monitoring and obtaining assurance that the process to identify, manage and mitigate principal and emerging financial risks are appropriately addressed by the chief executive officer and that the system of internal control is designed and implemented effectively in support of the limits imposed by the board ('executive limitations'), as set out in the BP board governance principles.
- Reviewing financial statements and other financial disclosures and monitoring compliance with relevant legal and listing requirements.
- Reviewing the effectiveness of the group audit function, BP's internal financial controls and systems of internal control and risk management.
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the engagement of the external auditor to supply non-audit services to BP.
- Reviewing the systems in place to enable those who work for BP to raise concerns about possible improprieties in financial reporting or other issues and for those matters to be investigated.

Membership

Brendan Nelson	Member since November 2010 and chair since April 2011
Dame Alison Carnwath	Member
Pamela Daley	Member
Paula Reynolds	Member

Brendan Nelson is chair of the audit committee. He was formerly vice chairman of KPMG and president of the Institute of Chartered Accountants of Scotland. Currently he is chairman of the group audit committee of NatWest Markets plc and a member of the Financial Reporting Review Panel. The board is satisfied that he is the audit committee member with recent and relevant financial experience as outlined in the UK Corporate Governance Code and competence in accounting and auditing as required by the FCA's Corporate Governance Rules in DTR7. It considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to address, as well as competence in the oil and gas sector. The board also determined that the audit committee meets the independence criteria provisions of Rule 10A-3 of the US Securities Exchange Act of 1934 and that Brendan may be regarded as an audit committee financial expert as defined in Item 16A of Form 20-F.

Meetings and attendance
There were eight committee meetings in 2019. All members attended each meeting with the exception of Pamela Daley who was absent from the September meeting owing to prior commitments. Regular attendees at the meetings include the chief financial officer, group controller, chief accounting officer, group head of audit, group general counsel and external auditor.

Activities during the year

How the committee reviewed financial disclosure

The committee reviewed the quarterly, half-year and annual financial statements with management, focusing on the:

- Integrity of the group's financial reporting process.
- Clarity of disclosure.
- Compliance with relevant legal and financial reporting standards.
- Application of accounting policies and judgements.

As part of its review, the committee received quarterly updates from management and the external auditor in relation to accounting judgements and estimates including those relating to the Gulf of Mexico oil spill, recoverability of asset carrying values and other matters. The committee keeps under review the frequency of results reporting during the year.

The committee reviewed the assessment and reporting of longer-term viability, systems of risk management and internal control, including the reporting and categorization of risk across the group and the examination of what might constitute a significant failing or weakness in the system of internal control. It also examined the group's modelling for stress testing different financial and operational events, and considered whether the period covered by the company's viability statement was appropriate.

The committee considered the *BP Annual Report and Form 20-F 2018* and assessed whether the report was fair, balanced and understandable and provided the information necessary for shareholders to assess the group's position and performance, business model and strategy. In making this assessment, the committee examined disclosures during the year, discussed the requirement with senior management, confirmed that representations to the external auditors had been evidenced and reviewed reports relating to internal control over financial reporting. The committee made a recommendation to the board, which in turn reviewed the report as a whole, confirmed the assessment and approved the report's publication.

Other disclosures reviewed included:

- Oil and gas reserves.
- Pensions and post-retirement benefits assumptions.
- Risk factors.
- Legal liabilities.
- Tax strategy.
- Going concern.
- IFRS 16 (lease accounting).

How risks were reviewed

The principal risks allocated to the audit committee for monitoring in 2019 included those associated with:

Trading activities: including risks arising from shortcomings or failures in systems, risk management methodology, internal control processes or employees.

In reviewing this risk, the committee focused on external market developments and how BP's trading function had responded to a rapidly changing environment, including modernizing its control environment policies to strengthen its compliance and control culture. The committee further considered updates in the integrated supply and trading function's risk management programme, including compliance with regulatory developments, activities in response to cyber threats, and efficiencies derived from more collaborative ways of working across group functions and businesses and the use of digital technologies.

Compliance with business and regulations: including ethical misconduct or breaches of applicable laws or regulations that could damage BP's reputation, adversely affect operational results and/or shareholder value and potentially affect BP's licence to operate.

The committee reviewed the group's programme of controls and contingencies for managing this risk, including enhanced approaches to monitor the risk in light of business evolution (such as an increase in venturing), as well as other internal and external trends. The committee also reviewed key areas of BP's legal function that advise on compliance matters.

Cyber security risk: including inappropriate access to or misuse of information and systems and disruption of business activity.

The committee reviewed ongoing developments in the cyber security landscape, including events in the oil and gas industry and within BP itself. The review focused on a strengthened approach in order to manage the ever increasing threat of cyber risk and maintain cyber security, as the focus on a digital transformation across BP continues.

Financial liquidity: including the risk associated with external market conditions, supply and demand and prices achieved for BP's products which could impact financial performance.

The committee reviewed the key assumptions, and underlying judgements, used to manage the group's liquidity, and capital investments (including appraisal, effectiveness and efficiency).

How other reviews were undertaken

Other reviews undertaken in 2019 by the committee included the following, and in each case where the committee received segment and function reviews, each reported on strategy, performance, capability and risk management as well as on their first, second and third lines of defence policies as appropriate:

- Non-operated joint venture: including management of exposure to financial, reputational and regulatory risks.
- Upstream: including strategy, business model, financial performance and risk management.
- Downstream: including strategy, performance, capability and risk management.
- Tax: including strategy, performance, key drivers of the group's effective tax rate, the global indirect tax environment, the tax modernization programme and the evolving approach to management of key risks.
- Other businesses and corporate: including overview of the businesses and functional activities, financial performance and financial control framework.
- Treasury: including performance, capability, and risk management.
- Integrated supply and trading: including strategy, performance, capability and risk management.
- Capability and succession in BP's finance function, including the group's finance summary of change programme.
- Effectiveness of investment: annual review of performance of projects with sanctioned capital over a certain threshold.
- Assessment of financial metrics for executive remuneration: consideration of financial performance for the group's 2019 annual cash bonus scorecard and performance share plan, including adjustments to plan conditions and non-operating items.
- Internal controls: assessments of management's plans to remediate the external auditor's findings.
- Information technology and security: including an update on the transformation of the function to enable the digitization and modernization of the firm at pace.

How internal control and risk management was assessed

Group audit

The committee received quarterly reports on the findings of group audit in 2019, including their assessment of issues raised in previous years, especially those relating to IT access controls. The committee met privately with the group head of audit and key members of his leadership team. The committee monitored and reviewed the effectiveness of internal audit and considered whether it had the appropriate level of independence and its importance in assessing the company culture.

Training

The committee considered market updates and developments throughout the year including the CMA statutory audit market study, the Brydon Review and the Kingman Review. It received technical updates from the chief accounting officer on developments in financial reporting and accounting policy, in particular an update on IFRS 16 'Leases' and the stakeholder engagement disclosures required under The Companies (Miscellaneous Reporting) Regulations 2018 for the 2019 accounting year, and amendments to IFRS 9 'Financial Instruments' for interest rate benchmark reform from the start of 2020.

GBS and integrated supply and trading visit

In March the committee visited BP's global business services (GBS) centre in Kuala Lumpur. During the visit they met with the head of country and his leadership team who presented GBS strategy to 2025 enabling modernization of BP through accelerated standardization, digital solutions and process transformation – underpinned by a global functional operating model. They also met with the Procurement and HR services teams including an interactive session with local business resource colleagues.

In March the committee also visited BP's integrated supply and trading (IST) function in Singapore, meeting with senior leaders to discuss the role of this function in BP, review of the risks and controls processes and a floor walk through key functions and the trading desks. See page 89 for more information on these visits by the committee.

In October, the committee held its meeting at BP's IST function in London and conducted its annual tour, which covered global oil strategy, integrated gas and power, associated key risks and risk and compliance management and how the function was responding to a fast evolving market by using digital tools to drive efficiencies. The following trading desks were visited by the committee: treasury trading, global environmental products and integrated gas and power.

External audit

How the committee assessed audit risk

The external auditor set out its audit strategy for 2019, identifying significant audit risks to be addressed during the course of the audit. These included:

- Focus on the consistency of management's judgements and estimates within BP's strategy in the context of climate change.
- Responding to the risk of material misstatements in the group, by way of substantive testing and the use of detailed data analytics.
- The risk of impairment of upstream oil and gas property, plant and equipment, and exploration and appraisal assets.
- Accounting for structured commodity transactions in the integrated supply and trading function.
- Valuation of level 3 financial instruments held by the integrated supply and trading function.
- Management override of controls.

The committee received updates during the year on the audit process, including how the auditor had challenged the group's assumptions on these issues.

How the committee assessed audit fees

The audit committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually; in addition it reviews the non-audit services that the auditor provides to the group on a quarterly basis.

Fees paid to the external auditor for the year were $49 million (2018 $42 million), of which 2% was for non-audit assurance work (see Financial statements – Note 36). The audit committee is satisfied that this level of fee is appropriate in respect of the audit services provided and that an effective audit can be conducted for this fee. Non-audit or non-audit related assurance fees were $1 million (2018 $2 million). Non-audit or non-audit related services consisted of other assurance services.

How the committee assessed audit effectiveness

Management undertook a survey which comprised questions across five main criteria to measure the auditor's performance:

- Robustness of the audit process.
- Independence and objectivity.
- Quality of delivery.
- Quality of people and service.
- Value added advice.

The results of the survey indicated that the external auditor's performance was broadly comparable with the previous year. Areas with high scores and favourable comments included quality of accounting and auditing judgement and robust stance on issues. Areas for improvement were identified but none impacted on the effectiveness of the audit, mostly in recognition of it having been Deloitte's first year in role. The results of the survey were discussed with Deloitte for consideration in their 2019 audit approach.

The committee held private meetings with the external auditor during the year and the committee chair met separately with the external auditor and group head of audit at least quarterly.

The effectiveness of the external auditor is evaluated by the audit committee. The committee assessed the auditor's approach to providing audit services. On the basis of such assessment, the committee concluded that the audit team was providing the required quality in relation to the provision of the services. The audit team had shown the necessary commitment and ability to provide the services together with a demonstrable depth of knowledge, robustness, independence and objectivity as well as an appreciation of complex issues. The team had posed constructive challenge to management where appropriate.

The committee specifically considered the findings of the FRC's Audit Quality Review team's review of Deloitte's 2018 audit. The committee noted the single observation raised and Deloitte's proposed response thereto. Overall the committee noted the review did not raise any concerns in respect of audit quality.

How the auditor reappointment and independence was assessed

The committee considers the reappointment of the external auditor each year before making a recommendation to the board. The committee assesses the independence of the external auditor on an ongoing basis and the external auditor is required to rotate the lead audit partner every five years and other senior audit staff every five to seven years. No partners or senior staff associated with the BP audit may transfer to the group.

How the committee had oversight of non-audit services

The audit committee is responsible for BP's policy on non-audit services and the approval of non-audit services. Audit objectivity and independence is safeguarded through the prohibition of non-audit tax services and the limitation of audit-related work which falls within defined categories. BP's policy on non-audit services states that the auditor may not perform non-audit services that are prohibited by the SEC, Public Company Accounting Oversight Board (PCAOB), International Auditing and Assurance Standards Board (IAASB) and the UK Financial Reporting Council (FRC).

The audit committee approves the terms of all audit services as well as permitted audit-related and non-audit services in advance. The external auditor is considered for permitted non-audit services only when its expertise and experience of BP is important.

Approvals for individual engagements of pre-approved permitted services below certain thresholds are delegated to the group controller or the chief financial officer. Any proposed service not included in the permitted services categories must be approved in advance either by the audit committee chairman or the audit committee before engagement commences. The audit committee, chief financial officer and group controller monitor overall compliance with BP's policy on audit-related and non-audit services, including whether the necessary pre-approvals have been obtained. The categories of permitted and pre-approved services are outlined in Principal accountant's fees and services on page 322.

How accounting judgements and estimates were considered and addressed

Key judgements and estimates in financial reporting	Audit committee activity	Conclusions/outcomes
Exploration and appraisal intangible assets		
BP uses technical and commercial judgements when accounting for oil and gas exploration, appraisal and development expenditure and in determining the group's estimated oil and gas reserves. Judgement is required to determine whether it is appropriate to continue to carry intangible assets related to exploration costs on the balance sheet.	• Reviewed exploration write-offs as part of the group's quarterly due diligence process. • Received the output of management's annual intangible asset certification process used to ensure accounting criteria to continue to carry the exploration intangible balance are met. • Received briefings on the status of upstream intangible assets, including the status of items on the intangible assets 'watch-list'.	• Exploration write-offs totalling \$0.6 billion were recognized during the year. • Exploration intangibles totalled \$14.1 billion at 31 December 2019. • BP believes it is appropriate to continue to capitalize the costs relating to intangible assets, on the 'watch-list'.
Recoverability of asset carrying values		
Determination as to whether and how much an asset, cash generating unit (CGU) or group of CGUs containing goodwill is impaired involves management judgement and estimates on uncertain matters such as future commodity prices, discount rates, production profiles, reserves and the impact of inflation on operating expenses. Reserves estimates based on management's assumptions for future commodity prices have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements.	• Held an in-depth review of BP's policy and guidelines for compliance with oil and gas reserves disclosure regulation, including the group's reserves governance framework and controls. • Reviewed the group's oil and gas price assumptions. • Reviewed the group's discount rates for impairment testing purposes. • Upstream impairment charges, reversals and 'watch-list' items were reviewed as part of the quarterly due diligence process.	• The group's long-term price assumption for Brent oil★, was reduced by \$5 from 2018 assumptions and was unchanged for Henry Hub★ gas. • The period over which the group's price assumptions transition from recent market prices to the long-term assumption was unchanged at five years for Brent oil and increased from 5 to 12 years for Henry Hub gas from 2018. • A sensitivity analysis estimating the effect of reductions in the price assumptions has been disclosed in Note 1. • The methodology for determining the group's discount rates used for impairment testing was enhanced, resulting in country-specific rates being applied. • Impairments of \$6.6 billion were recorded in the year, net of impairment reversals, primarily relating to decisions to dispose of certain assets.
Investment in Rosneft		
Judgement is required in assessing the level of control or influence over another entity in which the group holds an interest. BP uses the equity method of accounting for its investment in Rosneft and BP's share of Rosneft's oil and natural gas reserves is included in the group's estimated net proved reserves of equity-accounted entities. The equity-accounting treatment of BP's 19.75% interest in Rosneft continues to be dependent on the judgement that BP has significant influence over Rosneft.	• Reviewed the judgement on whether the group continues to have significant influence over Rosneft, including following Bob Dudley stepping down from his role as BP group chief executive. • Considered IFRS guidance on evidence of participation in policy-making processes. • Received reports from management which assessed the extent of significant influence, including BP's participation in decision-making.	• BP has retained significant influence over Rosneft throughout 2019 as defined by IFRS.

Key judgements and estimates in financial reporting	Audit committee activity	Conclusions/outcomes
Derivative financial instruments		
For its level 3 derivative financial instruments, BP estimates their fair values using internal models due to the absence of quoted market pricing or other observable, market-corroborated data. Judgement may be required to determine whether contracts to buy or sell commodities meet the definition of a derivative, in particular longer-term LNG★ contracts.	• Received a briefing on the group's trading risks and reviewed the system of risk management and controls in place. • The committee annually reviews the control process and risks relating to the trading business.	• BP considers that longer-term contracts to buy or sell LNG do not meet the definition of a derivative under IFRS. BP has assets and liabilities of $5.5 and $4.4 billion respectively, recognized on the balance sheet for level 3 derivative financial instruments at 31 December 2019, mainly relating to the activities of the integrated supply and trading function (IST). • BP's use of internal models to value certain of these contracts has been disclosed in Note 30.
Provisions		
BP's most significant provisions relate to decommissioning, environmental remediation and litigation. The group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. Most of these decommissioning events are many years in the future and the exact requirements that will have to be met when a removal event occurs are uncertain. Assumptions are made by BP in relation to settlement dates, technology, legal requirements and discount rates. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognized.	• Received briefings on decommissioning, environmental, asbestos and litigation provisions, including those related to the Gulf of Mexico oil spill. These included the requirements, governance and controls for the development and approval of cost estimates and provisions in the financial statements. • Reviewed the group's discount rates for calculating provisions.	• Decommissioning provisions of $15.1 billion were recognized on the balance sheet at 31 December 2019. • The discount rate used by BP to determine the balance sheet obligation at the end of 2019 was a nominal rate of 2.5% – based on long-dated US government bonds – a reduction of 0.5% from 2018. • The impact of applying the revised rate has been disclosed.
Pensions and other post-retirement benefits		
Accounting for pensions and other post-retirement benefits involves making estimates when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made about uncertain events, including discount rates, inflation and life expectancy.	• Reviewed the group's assumptions used to determine the projected benefit obligation at the year end, including the discount rate, rate of inflation, salary growth and mortality levels.	• The method for determining the group's assumptions remained largely unchanged from 2018. The values of these assumptions and a sensitivity analysis of the impact of possible changes on the benefit expense and obligation are provided in Note 24. • At 31 December 2019, surpluses of $7.1 billion and deficits of $8.6 billion were recognized on the balance sheet in relation to pensions and other post-retirement benefits.

Safety, environment and security assurance committee (SESAC)

"The committee has continued to focus on working with executive management to drive safe and reliable operations."

Melody Meyer
Committee chair

Chairman's introduction

At the end of 2019 I took the role of chair for the committee. Alan Boeckmann retired from the board in April 2019 and Nils Andersen replaced him as the committee chair. In November last year, Nils announced his intention to step down from the board in March 2020 and I replaced Nils as SESAC chair with immediate effect.

During 2019 the committee has continued to focus on working with executive management to drive safe and reliable operations. As part of the committee's review of the executives' management of the highest priority non-financial group risks assigned to SESAC we provide constructive challenge and oversight. The risks under our remit remained the same as for 2018: marine, wells, pipelines, explosion or release at facilities, major security incidents and cyber security in the process control network. The committee receives reports on each of these risks and monitors their management and mitigation.

In 2019 the committee reviewed the *BP Sustainability Report 2018*. It also reviewed work practices in BP in relation to and following publication of the company's Modern Slavery Act (MSA) statement in 2019. The committee will continue to review progress in developing and embedding practices to mitigate the risk of modern slavery and related human rights.

In March, members of the committee visited the shipping function as one of the new LNG vessels went into service from the building yard in Busan, South Korea. This afforded the committee time with the crew on board the vessel, employees in the office and with contractors in the shipyard. See page 89 for more details. The level of access into the operations on such visits gives the directors first-hand, direct insight. This framework provides an opportunity for meaningful and open dialogue with the local site teams, allowing the committee to better fulfil its obligations.

Melody Meyer
Committee chair

Committee overview

Role of the committee
The role of the SESAC is to look at the processes adopted by BP's executive management to identify and mitigate significant non-financial risk. This includes monitoring the management of personal and process safety risk, security and environment risks and receiving assurance that processes to identify and mitigate such non-financial risks are appropriate in their design and effective in their implementation.

Key responsibilities
The committee receives specific reports from the business segments and functions, which include, but are not limited to, the safety and operational risk function, shipping, group audit and group security. The SESAC can access any other independent advice and counsel it requires on an unrestricted basis. The SESAC and audit committee worked together, through their chairs and secretaries, to ensure that agendas did not overlap or omit coverage of any key risks during the year.

Meetings and attendance
There were six committee meetings in 2019. All directors attended every meeting for which they were eligible.

In addition to the committee members, all SESAC meetings were attended by the group chief executive, the executive vice president for safety and operational risk (S&OR) and the head of group audit or his delegate. The external auditor has access to the chair and secretary to the committee as required. The group general counsel also attended some of the meetings. At the conclusion of each meeting the committee scheduled private sessions for the committee members only, without the presence of executive management, to discuss any issues arising and the quality of the meeting. The group chief executive receives invitations to join the private meetings on an ad hoc basis and at least once a year the head of group audit is invited to a private meeting with the committee.

Membership

Melody Meyer	Member since May 2017 and chair since November 2019
Nils Andersen	Member (resigned March 2020)
Alan Boeckmann	Member (retired April 2019)
Admiral Frank Bowman	Member (retired May 2019)
Professor Dame Ann Dowling	Member
Sir John Sawers	Member

Activities during the year

System of internal control and risk management

The review of operational risk and performance forms a large part of the committee's agenda. Group audit provided quarterly reports on its assurance work and its annual review of the system of internal control and risk management.

The committee also received regular reports from the group chief executive and vice president for S&OR on operational risk, including regular reports prepared on the group's health, safety, security and environmental performance and operational integrity. These included meeting-by-meeting measures of personal and process safety, environmental and regulatory compliance, security and cyber risk analysis, as well as quarterly reports from group audit. In addition, the group auditor regularly met in private with the chairman and other members of the committee over the course of the year. During the year the committee received separate reports on the company's management of risks relating to:

- Marine.
- Wells.
- Pipelines.
- Explosion or release at our facilities.
- Major security incidents.
- Cyber security (process control networks).

The committee reviewed these risks and their management and mitigation in depth with relevant executive management. The committee reviewed the 2019 forward programme for the group audit function.

Site visits

In March members of the committee made a physical visit to the shipping function for the first time. While the committee has regular access to senior leaders in the function, attempting to visit the vessels needed careful planning. With the launch of six new LNG vessels between October 2018 and April 2019, the committee took the opportunity to visit, and arrived as the fifth LNG vessel was in its period of 'shakedown' – a period post-launch and pre-service, when checks are made onboard the ship. The visit, hosted by the chief operating officer of shipping, was made to The British Mentor while it was at sea, just off the coast of South Korea. Committee members went on board and were met by the ship's crew, undertook a thorough tour, and later met with various seafarers, without the captain present, to get a sense of the culture on board. The committee also spent time at the office and held an informal town hall and lunch to hear from employees. The following day the committee was also able to visit the shipyard which had built the LNG vessels, and meet with management. The committee members were able to take a tour of a LNG vessel in the building phase and see the technology used in the construction of the vessel at various stages of completion. The committee spent time with the shipyard owners, important stakeholders in the programme of delivery. In respect of the visit, committee members and other directors received briefings on operations, the status of conformance with BP's operating management system, key business and operational risks and risk management and mitigation. Committee members reported back in detail about the visit to the committee and subsequently to the board. See page 89 for further details.

The board also undertook a site visit. This was not a SESAC site visit but, nevertheless, safety and non-financial risk matters were covered during the visit to Clair Ridge in May 2019.

Corporate reporting

The committee oversaw the *BP Sustainability Report 2018*. The committee reviewed the content and worked with the external auditor with respect to its assurance of the report.

Geopolitical committee

"The committee continued to address key geopolitical matters and their potential impact on BP."

Sir John Sawers
Committee chair

Role of the committee

The committee monitors the company's identification and management of geopolitical risk.

Key responsibilities

- Monitor the company's identification and management of major and correlated geopolitical risk and consider reputational as well as financial consequences.
- Review BP's activities in the context of political and economic developments on a regional basis and advise the board on these elements in its consideration of BP's strategy and the annual plan.
- Major geopolitical risks are those brought about by social, economic or political events that occur in countries where BP has material investments.
- Correlated geopolitical risks are those brought about by social, economic or political events that occur in countries where BP may or may not have a presence but that can lead to global political instability.

Membership

Sir John Sawers	Member since September 2015 and chair since April 2016
Nils Andersen	Member (resigned March 2020)
Admiral Frank Bowman	Member (resigned May 2019)
Sir Ian Davis	Member
Melody Meyer	Member

Meetings and attendance

The chairman and group chief executive regularly attend committee meetings. The chief executive of Alternative Energy and executive vice president, regions and the head of government and political affairs attend meetings as required. The committee met four times during the year. All directors attended each meeting that they were eligible to attend, with the exception of Nils Andersen who missed one meeting due to a prior commitment.

Chairman's introduction

The work of the geopolitical committee in 2019 continued to address key geopolitical matters and their potential impact on BP and how these evolved during the year. As chair of this committee I also attended all of the international advisory board (IAB) meetings in 2019. Now that the IAB has been disbanded, this committee will look to take some of the IAB's remit and we will report next year on how that evolves. In May 2019, Admiral Frank Bowman stood down from the committee. Nils Andersen left the committee upon his resignation from the board in March 2020. I would like to thank Frank and Nils, both of whose contributions were much valued. Other board members joined our meetings from time to time.

Sir John Sawers
Committee chair

Activities during the year

The committee discussed BP's involvement in the key countries where it has existing investments or is considering investment. These included the EU, Mexico, Brazil, Algeria, Libya, Egypt, Iraq, Oman and The Gambia.

The committee also discussed the potential impact of Brexit on BP, and the negotiations between the UK and the EU on their future relationship.

It reviewed the geopolitical background to BP's global investments, the global politics of climate change, the geopolitics of gas, Russian energy exports, OPEC, the USA-China trade war, and developments in the Persian Gulf.

Chairman’s committee

"The committee spent significant time discussing the development and progression of BP’s purpose, expanding upon what the purpose actually means for the company and how it impacts BP’s stakeholders."

Helge Lund
Committee chair

Role of the committee
To provide a forum for matters to be discussed by the non-executive directors.

Key responsibilities
- Evaluate the performance and the effectiveness of the chief executive officer.
- Review the structure and effectiveness of the business organization.
- Review the systems for senior executive development and determine succession plans for the chief executive officer, executive directors and other senior members of executive management.
- Determine any other matter that is appropriate to be considered by non-executive directors.
- Opine on any matter referred to it by the chairman of any committees comprised solely of non-executive directors.

Membership
The committee is made up solely of non-executive directors, each of whom is appointed to the committee upon their appointment to the board.

Meetings and attendance
The committee met seven times in 2019. Nils Andersen, Pamela Daley and Professor Dame Ann Dowling each missed one meeting during the year, all other directors attended every meeting for which they were eligible.

Chairman’s introduction

The chairman’s committee worked closely with the nomination and governance committee on the selection process of the new group CEO and CFO, receiving regular updates and providing feedback on the succession planning. The committee also spent significant time discussing the development and progression of BP’s purpose, expanding upon what the purpose actually means for the company and how it impacts BP’s stakeholders. We discussed the updated UK Corporate Governance Code 2018 and the implications for the business. In May 2019, Alan Boeckmann and Frank Bowman stood down from the board and the chairman’s committee. I would like to pay tribute to their exceptional service and thank them for their dedication to the committee and BP as a whole.

Helge Lund
Committee chair

Activities during the year

- Evaluated the performance of the group chief executive.
- Reviewed the composition of and the succession plans for the executive team.
- Discussed the company’s purpose and what it meant for the business.
- Considered updates to the UK Corporate Governance Code 2018.

Directors' remuneration report

Contents

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

Paula Rosput Reynolds
Committee chair

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

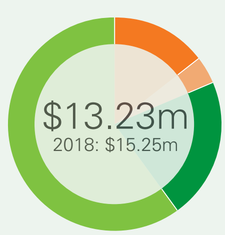
KPI This legend denotes remuneration measures that directly relate to BP's key performance indicators. See page 32.

Total remuneration 2019

Bob Dudley
Group chief executive

18.7% fixed
81.3% variable

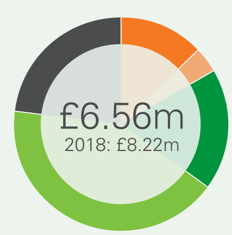
- Salary and benefits, (14.6)%
- Retirement benefits, (4.1)%
- Annual bonus, (21.3)%
- Performance shares, (60.0)%



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	67.5% of maximum
1.43 out of 2	No adjustment	Minus 0.08	1.35 out of 2	

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) 2019	Bob Dudley (thousand) 2018	Brian Gilvary (thousand) 2019	Brian Gilvary (thousand) 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]

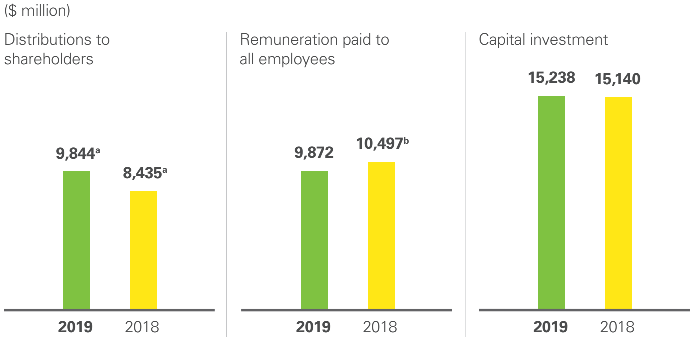
a Remuneration converted from $ to £ at an exchange rate of 1.276.
b Option A has been selected as it is the most accurate approach. Pay and benefits have been calculated using values for the year ended 31 December 2019 and no broadly applicable components of pay or benefits have been omitted. Full-time 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.

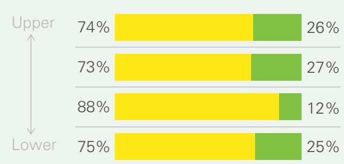
Equal pay and UK gender pay gap reporting

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.

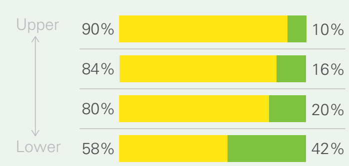
The illustration below, from our 2019 UK gender pay gap reporting (the most recent available), highlights the representation issue and how it relates to the gender pay gap for each entity. For instance, our larger median gender pay gaps relate to BP Exploration and BP p.l.c. where we have the largest 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%



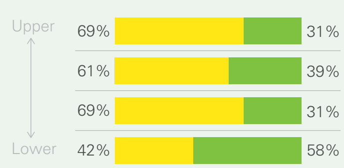
BP Chemicals is our petrochemicals business in the UK, principally our operation in Hull.

BP Exploration Operating Company Limited
median pay gap 24.9%



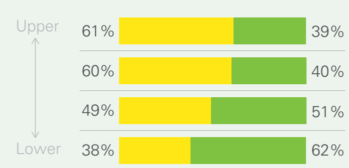
BP Exploration covers Upstream activities in the UK, principally North Sea operations.

BP Oil UK Limited
median pay gap 9.5%



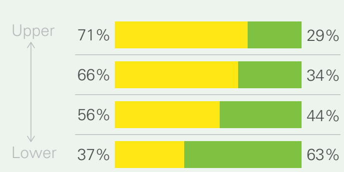
BP Oil represents our Downstream fuels and lubricants businesses.

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%

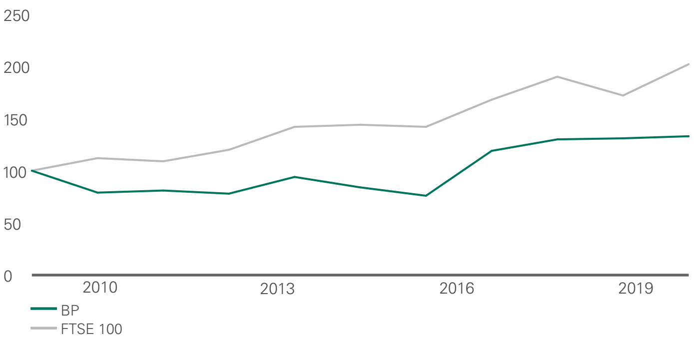
a Based on share and ADS prices at 3 March 2020 of £4.15 and $31.92.
b Resigned on 21 May 2019.
c Held as ADSs.
d Amended from 44,772 as originally disclosed in the 2018 report.

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?

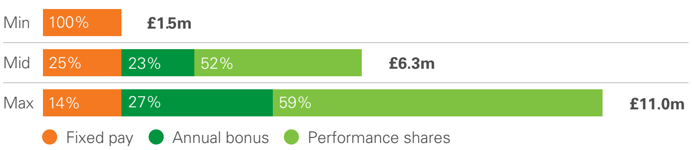
Performance based pay	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.	
Discretion	The committee may vary formulaic outcomes where these do not suitably reflect performance over the relevant 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.

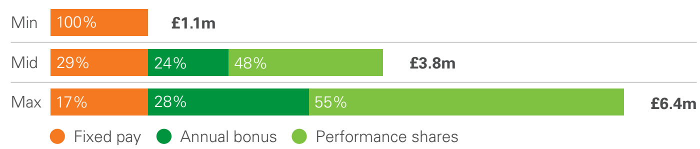
Illustrations of application of remuneration policy

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.

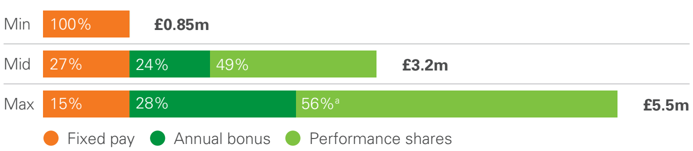
Bernard Looney



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.

Directors' statements

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. The directors are required by the UK Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and the parent company and the financial performance and cash flows of the group and parent company for that period. Under that law they are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law and have elected to prepare the parent company financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice), including FRS 101 'Reduced Disclosure Framework'. In preparing the consolidated financial statements the directors have also elected to comply with IFRS as issued by the International Accounting Standards Board (IASB).

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosure when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.
- State that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation and the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with IFRS as issued by the IASB, IFRS as adopted by the EU and in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.
- The parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the company.
- The management report, which is incorporated in the strategic report and directors' report, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face.

Helge Lund
Chairman
18 March 2020

Risk management and internal control

Under the UK Corporate Governance Code 2018 (Code), the board is responsible for the company's risk management and internal control systems. In discharging this responsibility the board, through its governance principles, requires the chief executive officer to operate the company with a comprehensive system of controls and internal audit to identify and manage the risks including emerging risks that are material to BP. In turn, the board, through its monitoring processes, satisfies itself that these material risks are identified and understood by management and that systems of risk management and internal control are in place to mitigate them. These systems are reviewed periodically by the board, have been in place for the year under review and up to the date of this report and are consistent with the requirements of Principle O of the Code.

The board has processes in place to:

- Assess the principal and emerging risks facing the company.
- Monitor the company's system of internal control (which includes the ongoing process for identifying, evaluating and managing the principal and emerging risks).
- Review the effectiveness of that system annually.

Non-operated joint ventures and associates have not been dealt with as part of this board process.

A description of the principal and emerging risks facing the company, including those that could potentially threaten its business model, future performance, solvency or liquidity, is set out in Risk factors on page 70. During the year, the board undertook a robust assessment of the principal and emerging risks facing the company. The principal means by which these risks are managed or mitigated are set out in How we manage risk on page 68.

In assessing the risks faced by the company and monitoring the system of internal control, the board and the audit, safety, environment and security assurance and geopolitical committees requested, received and reviewed reports from executive management, including management of the business segments, corporate activities and functions, at their regular meetings. A report by each of these committees, including its activities during the year, is set out on pages 90-99, 101.

During the year, the committees as relevant also met with management, the group head of audit and other monitoring and assurance functions (including group ethics and compliance, safety and operational risk, group control, group legal and group risk) and the external auditor. Responses by management to incidents that occurred were considered by the appropriate committee or the board.

An audit committee meeting in January 2020 carried out an annual review of the effectiveness of the system of internal control. In considering this system, the audit committee noted that it is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

This review included a report from the group head of audit which summarized group audit's consideration of the design and operation of elements of BP's system of internal control over significant risks arising in the categories of strategic and commercial, safety and operational and compliance and control, in addition to considering the control environment for the group. The report also highlighted the results of internal audit work conducted during the year and the remedial actions taken by management in response to failings and weaknesses identified. Where failings or weaknesses were identified, the audit committee was satisfied that these were or are being appropriately addressed by the remedial actions proposed by management.

At its meeting in March 2020, the board considered the review undertaken by the audit committee and the proposed disclosures outlining the company's risk management and internal control systems prior to publication of the annual report and accounts.

A statement regarding the company's internal controls over financial reporting is set out on page 322.

Longer-term viability

In accordance with provision 31 of the Code, the directors have assessed the prospects of the company over a period significantly longer than 12 months. The directors believe that a viability assessment period of three years is appropriate based on management's reasonable expectations of the position and performance of the company over this period, taking account of its short-term and longer-range plans, including committed capital investment.

Taking into account the company's current position and its principal risks on page 70, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over three years.

The directors' assessment included a review of the financial impact of the most severe but plausible scenarios that could threaten the viability of the company and the likely effectiveness of the potential mitigations that management reasonably believes would be available to the company over this period. These scenarios included:

- a significant process safety incident when operating facilities, drilling wells or transportation of hydrocarbons;
- a sustained significant oil price decline;
- a significant cyber-security incident; and
- a loss of a significant market or asset.

The risks associated with the transition to a lower carbon economy and a global pandemic are embedded in these scenarios.

In assessing the prospects of the company, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Going concern

In accordance with provision 30 of the Code, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Fair, balanced and understandable

The board considers the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.