

Corporate governance

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Introduction from the chair



Throughout the year, the board has extensively engaged with stakeholders – and with shareholders, in particular.



Dear fellow shareholders,

Each year seems to bring more challenges for company boards – a more demanding operating environment in the context of geopolitical shifts, technology advancements and of course, the ongoing complexity of the energy transition. Our corporate governance framework was established in 2020, recognising the need for it to be both dynamic and flexible in its application to a range of different situations. Looking back on 2023, it's safe to say that it has served us well.

The framework provides a clear mandate and defines responsibilities for the board's main committees. It has enabled the board to apply its time to the most important areas requiring its focus and expertise.

In 2023 these included responding to an ever-changing macro environment and the appointment of a new chief executive officer (CEO) and chief financial officer (CFO). Underpinned by this framework, throughout the year, the board has extensively engaged with stakeholders – and with shareholders, in particular. This engagement has been particularly valuable and has informed the board's discussions and decision making.

Executive director succession

bp's succession plans are routinely reviewed by the board's people and governance committee and we were able to activate those plans swiftly last year.

The board appointed an interim CEO within hours of the former CEO's resignation in September, implementing an emergency succession process for this most important executive role. Our governance framework provided a similarly clear structure for us to progress through to the permanent appointments of Murray Auchincloss (previously CFO) as CEO and, in turn, Kate Thomson as CFO. This was all achieved within five months of the former CEO's departure. Although conducted at pace, the selection process was robust, competitive and resulted in full agreement among the board on the best candidates for these roles. See [page 95](#) for more details.

Murray cares deeply about bp and its people. He brings in-depth understanding of the opportunities and challenges in the energy transition and he has demonstrated leadership that is focused on teamwork, performance and delivery. Kate's appointment recognizes her detailed understanding of bp and the energy and finance sectors, combined with deep technical expertise.

Throughout this period of change, the board has maintained a constructive and productive relationship with the leadership team.

Focus on culture

As a board, we are conscious of our responsibility to assess and monitor bp's culture and to seek assurance from the leadership team that corrective action is being taken where practices or behaviours are not aligned with the company's 'Who we are' culture frame. With this in mind, a dedicated committee of the board was established in 2023 on an interim basis with a focus on psychological safety and speaking up. The committee's work was supported by data-led analysis and workforce engagement sessions.

The committee has served us well and its activities have provided a fresh foundation for the people and governance committee to now assume its responsibilities supporting the board in its assessment and monitoring of culture.

Purposeful engagement

Among the most rewarding experiences in 2023 was to see first-hand some of the work bp is doing around the world, particularly meeting the people delivering our strategy on the ground.

Our safety and sustainability committee travelled to Indonesia and visited bp's liquefied natural gas facility at Tangguh, seeing for themselves the positive effect of our operations on the local community. Members of the board also went to the US, visiting operations in the Permian Basin and the Thunder Horse platform in the Gulf of Mexico, and in the UK they met our internal audit and finance teams in Sunbury and the trading and shipping teams in London.

I also enjoyed meetings with people across bp, learning more about the business and the challenges being faced – and these views have been reflected in our board conversations.

This experience was complemented by our bespoke workforce engagement programme which allows my board colleagues to participate in small groups focusing on set themes. Having the themes aligned with the board's agenda for the year gave us a good insight into the views and concerns of a broad range of the bp workforce and further informed our discussions and the decisions we have taken.

Board evolution

Paula Rosput Reynolds and Sir John Sawers will both shortly reach the end of their nine years' tenure on our board and will step down at the end of our annual general meeting in April 2024. I thank them for their valued service to bp.

I am pleased that Amanda Blanc will take on the role of senior independent director and, for an interim period, Tushar Morzaria will become chair of the remuneration committee. Having undertaken a thorough assessment of time commitment (see [page 133](#)) the board is satisfied that they each have sufficient capacity to dedicate the time necessary for these roles.

The board continues to evolve, and I am pleased to say that with over 50% female and over 20% ethnic minority representation we exceed both the targets set out in the new UK Listing Rules and the 2027 Parker Review targets relating to ethnic diversity on UK boards. There is, of course, always more to do and I thank my board colleagues for their dedicated service in 2023 and their ongoing commitment to your company.

Closing thanks

I would like to close by thanking the bp teams who have continued to operate bp safely and effectively and its leadership for their focus. And finally, I would like to thank you, fellow shareholders, for your continued confidence in bp.

Helge Lund

Chair

8 March 2024

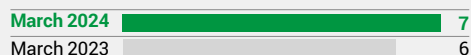
Board of directors

As at 8 March 2024

Board at a glance

Board gender diversity

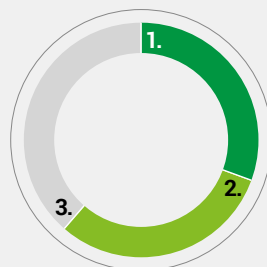
Female



Male



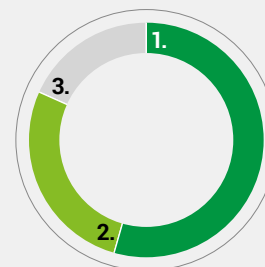
Board nationality



	March 2024	March 2023
1. UK	4	3
2. US	4	4
3. Non-UK/US ^a	5	6

a Norway, India, Canada, Germany

Non-executive directors' tenure



	March 2024	March 2023
1. 1-3 years	6	6
2. 4-6 years	3	3
3. 7-9 years	2	2

Director biographies

Further biographical details for each director are available online at bp.com/whoweare

Helge Lund
Chair



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Appointed Board: 26 July 2018; chair: 1 January 2019

Nationality Norwegian

External appointments

- Chair 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 for Industry.
- Mentor at Chair Mentors International.

Significant past appointments

- Chief executive of BG Group.
- President and chief executive officer of Equinor and Aker Kvaerner.
- Executive of Aker RGI and Hafslund Nycomed.
- Non-executive director of Schlumberger and Nokia.
- Member of the United Nations Secretary-General's Advisory Group on Sustainable Energy.
- Consultant at McKinsey & Company.
- Parliamentary group political advisor of the Conservative party, Norway.

Key skills and experience

- Distinguished career as a leader in the energy sector with deep industry knowledge and global business experience.
- Helge drives cohesion, constructive challenge and oversight of bp's strategy and net zero ambition through forward-looking and innovative leadership of the board.

Murray Auchincloss
Chief executive officer
(CEO)



Appointed Executive director: 1 July 2020; chief executive officer: 17 January 2024

Nationality Canadian

External appointments

- Board member of Aker BP ASA.
- Main committee member of The 100 Group.

Significant past appointments

- Joined Amoco in 1992 and then bp when the two companies merged in 1998.
- Senior roles in finance and management at bp, across tax, business development, mergers and acquisitions and performance management.
- Chief of staff to bp chief executive officer.
- CFO BP p.l.c.
- Interim CEO BP p.l.c.

Key skills and experience

- Murray drives bp's strategy to transform bp from an international oil company to an integrated energy company and has extensive experience and knowledge of the energy sector.
- Provides deep insight into bp's assets and businesses through broad experience across the group, extensive financial expertise and experience.

Kate Thomson
Chief financial officer
(CFO)



Appointed 2 February 2024

Nationality British

External appointments

- Board member of Aker BP ASA.
- Member of the European Round Table for CFOs.

Significant past appointments

- Joined bp in 2004.
- Group treasurer, BP p.l.c.
- Group head of tax, BP p.l.c.
- SVP finance for production & operations, BP p.l.c.
- Interim CFO BP p.l.c.

Key skills and experience

- Kate has a detailed understanding and experience of the energy sector.
- Provides deep technical insight from her broad experience of leading teams across the group in tax, treasury and commercial finance.

Committee membership key

■ Chair

Ⓐ Audit committee

Ⓔ Safety and sustainability committee

Ⓓ Remuneration committee

Ⓖ People and governance committee

Paula Rospot Reynolds
Senior independent director



Appointed Board: 14 May 2015; senior independent director: 27 May 2020

Nationality American

External appointments

- Director and chair of National Grid plc.
- Non-executive director of General Electric Company.
- Non-executive director of Linde plc.

Significant past appointments

- Began career at Pacific Gas & Electric Corp in 1979 and spent over 25 years in the energy industry.
- CEO Duke Energy Power Services.
- Chair, president and CEO of AGL Resources.
- Chair and CEO of Safeco Corporation.
- Vice-chair and chief restructuring officer of AIG.
- Non-executive director of TransCanada Corporation; CBRE Group, Inc; BAE Systems PLC; Anadarko Petroleum; Delta Air Lines; and Coca Cola Enterprises.
- Chair of the Seattle Cancer Care Alliance.

Key skills and experience

- Long career leading international and US companies in energy and financial sectors.
- Deep strategic and regulatory experience and broad business expertise, including leading through multiple restructuring processes and mergers.

Tushar Morzaria
Independent non-executive director



Appointed 1 September 2020

Nationality British

External appointments

- Non-executive director of Legal & General Group plc.
- Non-executive chairman of EMEA Investment Banking, Barclays.

Significant past appointments

- Group finance director and member of the board of Barclays PLC 2013 to 2022.
- Various senior roles at JP Morgan, including CFO of its Corporate & Investment Bank.

Key skills and experience

- Over 25 years of strategic financial management, investment banking, operational and regulatory relations experience.
- Breadth of knowledge and insight into financial, tax, treasury, investor relations and strategic matters.
- Strong experience in delivering corporate change programmes while maintaining a focus on performance.

Melody Meyer
Independent non-executive director



Appointed 17 May 2017

Nationality American

External appointments

- Non-executive director of AbbVie Inc.
- President of Melody Meyer Energy LLC.
- Director of the National Bureau of Asian Research.
- Trustee of Trinity University.

Significant past appointments

- President of Chevron Asia Pacific E&P until 2016 after 37 years of service in key leadership roles in global exploration and production.
- Executive sponsor of the Chevron Women's Network until 2016.

Key skills and experience

- Deep understanding of the factors influencing safe, efficient and commercially high-performing projects in a global organization.
- Expertise in the execution of major capital projects, technology, R&D, creation of businesses in new countries, strategic business planning, merger integration, leading change, and safe and reliable operations.

Dame Amanda Blanc
Independent non-executive director



Appointed 1 September 2022

Nationality British

External appointments

- CEO of Aviva plc.
- Co-chair of the UK Transition Taskforce.
- HM Treasury's Women in Finance Champion.
- Principal member of Glasgow Financial Alliance for Net Zero (GFANZ).
- Member of the Association of British Insurers Board.

Significant past appointments

- Began career as a graduate at Commercial Union, one of Aviva's ancestor companies, and held several senior executive roles across the insurance industry.
- Group CEO at AXA UK, PPP & Ireland.
- CEO of Europe, Middle East, Africa & Global Banking at Zurich Insurance Group.
- Leadership positions at Groupama Insurance Company and Commercial Union.
- Member of the Prime Minister's Business Council.

Key skills and experience

- Experience leading insurance businesses in the UK and across Europe and developing the standard for private sector climate transition plans.
- Wide-ranging board, industry and regulatory experience.

Pamela Daley
Independent non-executive director



Appointed 26 July 2018

Nationality American

External appointments

- Director of BlackRock, Inc.
- Director of SecureWorks, Inc.

Significant past appointments

- Various senior executive roles at General Electric Company (GE), including senior vice president of business development 2004 to 2013.
- Senior vice president and senior advisor to the chair at GE in 2013.
- Director of BG Group plc 2014 to 2016.
- Director of Patheon N.V. 2016 to 2017.
- Partner at Morgan, Lewis & Bockius.

Key skills and experience

- Qualified lawyer with a wealth of global business and strategic experience.
- Board-level experience of the UK oil and gas industry and executive experience in highly regulated industries.

Hina Nagarajan
Independent non-executive director



Appointed 1 March 2023

Nationality Indian

External appointments

- Managing director and CEO of United Spirits Limited (Diageo India).
- Member of the global executive committee of Diageo plc.
- Board member of The Advertising Standards Council of India.
- Director and co-chair of International Spirits and Wines Association of India.

Significant past appointments

- Leadership positions at Reckitt, Mary Kay India and Nestlé India with over 30 years in the fast-moving consumer goods (FMCG) industry.
- Non-executive director at two companies which were publicly quoted at the time: Guinness Ghana Breweries Plc and Seychelles Breweries Limited.

Key skills and experience

- Deep and wide-ranging experience in customer-focused FMCG businesses in complex emerging markets.
- Extensive experience in assessing climate-related risks and opportunities from oversight of sustainability initiatives.

Satish Pai
Independent non-executive director



Appointed 1 March 2023

Nationality Indian

External appointments

- Managing director of Hindalco Industries Limited.
- Director of Novelis Inc.
- Non-executive director, Aditya Birla Management Corporation Ltd.
- Director, Indian Institute of Metals.

Significant past appointments

- Executive vice president, worldwide operations and other engineering and management roles at Schlumberger across 28 years of service.

Key skills and experience

- Accomplished and transformative executive with operations and technology experience in the resources and energy industries.
- Strong digital capability and experience.

Karen Richardson
Independent non-executive director



Appointed 1 January 2021

Nationality American

External appointments

- Partner at Artius Capital Partners.
- Non-executive director (lead independent director) of Exponent, Inc.

Significant past appointments

- Senior operating roles in the public and private technology sector.
- Vice president of sales at Netscape Communications Corporation 1995 to 1998.
- Senior executive roles at E.piphany from 1998, including CEO 2003 to 2006.
- Non-executive director of BT plc 2011 to 2018.
- Director of Worldpay Inc. (Worldpay Group plc) 2016 to 2019.
- Chair of Origin Materials Inc. 2021 to 2024.

Key skills and experience

- Extensive knowledge of digital, technology, cyber and IT security matters.
- 30 years' technology industry experience including working with innovative Silicon Valley companies.

Sir John Sawers
Independent non-executive director



Appointed 14 May 2015

Nationality British

External appointments

- Visiting professor at King's College London.
- Senior advisor at Chatham House.
- Senior fellow at the Royal United Services Institute.
- Global advisor at the Council on Foreign Relations.
- Governor of the Ditchley Foundation.
- Director of the Bilderberg Association, UK.
- Executive chair of Newbridge Advisory Limited.

Significant past appointments

- 36 years in UK public services, working on foreign policy, international security and intelligence.
- Chief of the Secret Intelligence Service, MI6, 2009 to 2014.
- Part of the Diplomatic Service; represented the British government around the world and led negotiations at the United Nations, European Union and G8.
- Chair and general partner of Macro Advisory Partners February 2015 to May 2019.
- Set up own firm, Newbridge Advisory.

Key skills and experience

- Deep experience of international political and commercial matters.
- Expertise in assisting the board to navigate geopolitical issues.

Dr Johannes Teyssen
Independent non-executive director



Appointed 1 January 2021

Nationality German

External appointments

- Senior advisor to Kohlberg Kravis Roberts.
- President of Alpiq Holding Ltd.
- Senior advisor to Viridor Limited.

Significant past appointments

- Several leadership positions at VEBA AG (merged with VIAG AG in 2000 and renamed to E.ON AG and later to E.ON SE).
- Member of the board of management of the E.ON Group's central management company in Munich in 2001 and E.ON SE in 2004.
- Vice-chair of E.ON SE, 2008 and CEO, 2010.
- President of Eurelectric 2013 to 2015.
- Vice-chair of the World Energy Council, responsible for Europe, 2006 to 2012.
- Member of the supervisory board of Salzgitter AG 2006 to 2016 and Deutsche Bank AG 2008 to 2018.

Key skills and experience

- Extensive experience and deep knowledge of the energy sector and its continuing transformation.
- Considerable knowledge and experience of climate-related risk oversight.

Ben J S Mathews
Company secretary



Appointed 7 May 2019

Role and career summary

Ben joined bp as company secretary in May 2019. He is the co-chair of the Corporate Governance Council of the Conference Board and is a Fellow of the Chartered Governance Institute. Ben serves on the executive committee of the Association of General Counsel and Company Secretaries of the FTSE 100 (GC100), having previously served as its chair for four years.

Ben's global company secretary team is responsible for providing independent advice and support to the plc board and the boards of all other legal entities in the bp group. The team's vision is to enhance stakeholder value through dynamic corporate governance.

Former appointments include Group Company Secretary of HSBC Holdings plc and Rio Tinto.

Board attendance in 2023	Eight scheduled meetings	Five ad hoc meetings
Non-executive directors		
Helge Lund ^a	7/8	5/5
Dame Amanda Blanc ^b	8/8	4/5
Pamela Daley ^b	8/8	4/5
Melody Meyer	8/8	5/5
Tushar Morzaria ^b	8/8	4/5
Hina Nagarajan ^{bc}	7/7	3/4
Satish Pai ^{bc}	7/7	3/4
Paula Rosput Reynolds	8/8	5/5
Karen Richardson ^b	8/8	3/5
Sir John Sawers	8/8	5/5
Dr Johannes Teyssen ^d	7/8	5/5
Executive directors		
Murray Auchincloss ^b	8/8	4/5
Bernard Looney ^e	5/5	3/3

- a Helge was unable to attend the scheduled meeting in May due to an important commitment for and on behalf of bp. He received accompanying material and had the opportunity to provide comments to the board.
- b In respect of the five ad hoc meetings which took place outside the scheduled board calendar, which is agreed far in advance: Dame Amanda, Pamela and Karen were unable to attend the meeting in December, and Tushar was unable to attend the meeting in June, due to prior commitments which the board was notified of. Karen was unable to attend the meeting in June due to an important commitment for and on behalf of bp. They received accompanying material and had the opportunity to provide comments to the board. Murray was recused from attending the meeting in September that considered the appointment of the interim CEO, while Hina and Satish were unable to make this meeting due to the short notice at which it was convened.
- c Hina and Satish each joined the board effective 1 March 2023 and attended all scheduled meetings held after their appointments.
- d Johannes was unable to attend the scheduled meeting in October due to a prior commitment which the board was notified of. He received accompanying material and had the opportunity to provide comments to the board.
- e Bernard ceased to be a member of the board effective 12 September 2023 and had attended all meetings prior to this date.
- Of the 13 board meetings held in 2023, eight were scheduled as part of the routine board calendar and five were scheduled on an ad hoc basis. Four scheduled meetings covered a full agenda across strategy, performance, people and governance. Two scheduled board meetings were focused on the quarterly results and two meetings reviewed a full agenda and the quarterly results.

Leadership team

As at 8 March 2024

Integrators

From left to right

William Lin

EVP regions, corporates & solutions
Leadership team tenure Appointed on 1 July 2020
Nationality American
Other board memberships
William is a non-executive director of Pan American Energy Group, the largest independent energy company in Argentina. In addition, he is a member of the supervisory board for Corbion, a Dutch-listed global food ingredients and biochemicals company. He also chairs Corbion's Sustainability & Safety Committee and is a member of the Audit Committee.
Career summary
William served as chief operating officer, upstream regions before joining the leadership team. He has worked in bp for 28 years, and has spent most of his career working abroad in different countries. His 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 completion, start-up and operation of the Tangguh LNG facility during his time in Indonesia.

Carol Howle

EVP trading & shipping
Leadership team tenure Appointed on 1 July 2020
Nationality British
Other board memberships
None
Career summary
Before taking on her current role, Carol ran bp shipping and was the chief operating officer for integrated supply and trading, oil. She has more than 20 years' experience in the energy industry, many in integrated supply and trading. Her 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.

Giulia Chierchia

EVP strategy, sustainability & ventures
Leadership team tenure Appointed on 1 July 2020
Nationality Belgian and Italian
Other board memberships
Giulia is a non-executive director of Schneider Electric.
Career summary
Giulia joined bp in April 2020 as EVP strategy, sustainability & ventures. In her role, Giulia drives bp's strategy and sustainability agenda and embeds the group's ethics and compliance within the organization. She oversees bp's venturing investments business, which supports opportunities to enable bp's transition and net zero ambition. Giulia also serves as a Non-Executive Director of the Board for Schneider Electric. Prior to bp, she worked for 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 has more than 10 years' experience in the energy sector, including helping companies shape their strategies for the energy transition.

Leigh-Ann Russell

EVP innovation & engineering
Leadership team tenure Appointed on 1 March 2022
Nationality British
Other board memberships
Leigh-Ann is a non-executive director of Hill & Smith Holdings.
Career summary
Leigh-Ann was previously bp's SVP procurement, accountable for a supply chain of around \$30 billion of global spend. Prior to this, she was global head of upstream supply chain and VP of technical functions and performance in the global wells organization. Leigh-Ann holds a degree in mechanical engineering and is a Chartered Petroleum Engineer. She is a Fellow of the Royal Academy of Engineering, a Fellow of the Energy Institute and a Fellow of the Royal Society of Edinburgh. In 2022, Leigh-Ann was conferred the honorary title of Professor of Practice of Queen's University Belfast.



Business groups

From left to right

Gordon Birrell

EVP production & operations

Leadership team tenure Appointed on 1 July 2020

Gordon previously served on bp's executive team starting on 12 February 2020.

Nationality British

Other board memberships

Gordon is a non-executive director of Azure Energy Holdings Ltd.

Career summary

Before being appointed to his new role, Gordon was chief operating officer for production, transformation and carbon. In his bp career, Gordon has spent time in various leadership, technical, safety and operational risk roles, including four years as bp president Azerbaijan, Georgia and Türkiye. Gordon is a Fellow of the Royal Academy of Engineering.

Anja Dotzenrath

EVP gas & low carbon energy

Leadership team tenure Appointed on 1 March 2022

Nationality German

Other board memberships

None

Career summary

Anja has more than 30 years of experience in the global energy industry. Prior to her appointment, Anja was chief executive officer of RWE Renewables, one of the world's leading renewables businesses. She previously held a broad range of leadership roles in E.ON, including chief executive officer of E.ON Climate & Renewables. Anja held a number of senior roles in management consultancy over 15 years before joining E.ON, with a focus on energy and the industrial sector.

Emma Delaney

EVP customers & products

Leadership team tenure Appointed on 1 July 2020

Emma previously served on bp's executive team starting on 1 April 2020

Nationality Irish

Other board memberships

None

Career summary

Emma has spent 28 years working in bp, both in the upstream and the downstream. Prior to joining bp's executive team on 1 April 2020, she was regional president for West Africa. She has held a variety of senior roles including upstream chief financial officer for Asia Pacific and head of business development for gas value chains. In downstream she held roles in retail and commercial fuels and planning.

Enablers

From left to right

Kerry Dryburgh

EVP people & culture

Leadership team tenure Appointed on 1 July 2020

Nationality British

Other board memberships

None

Career summary

Kerry leads people & culture at bp.

Kerry previously headed HR for bp's upstream business while also serving as group chief talent officer. She has held a series of senior HR positions across the company, including running HR for bp's shipping, integrated supply and trading, and corporate functions. She brings vast experience from other sectors in Europe and Asia, having worked at both BT and Honeywell.

Mike Sosso

EVP legal

Leadership team tenure Appointed on 1 January 2024

Nationality American

Other board memberships

None

Career summary

Mike took on the role of EVP legal in January 2024. In his role, Mike is accountable for leading the legal function and executing the legal strategy for the group. Mike joined bp in 2011 and has held a number of leadership positions across legal. He also previously held the role of VP ethics and compliance. Prior to joining bp, Mike practised law in the Washington, DC office of Skadden, Arps, Slate, Meagher & Flom.



Governance framework


Authority for decision making is formally delegated by the board under a clearly defined governance framework and flows through the company to ensure an appropriate and consistent approach. Certain matters are reserved for the board as a whole, with specific responsibilities delegated to committees. All this helps the company to effectively and efficiently deliver against the strategy set by the board.

There is a formal division of responsibilities between the board and leadership team. The board is responsible for setting and overseeing the strategy, with the leadership team responsible for its implementation and delivery. Board role profiles are available at bp.com/governance.

Day-to-day management of the business is delegated to the chief executive officer (CEO) who is supported by the bp leadership team. The framework is supported by board and committee terms of reference which are reviewed annually and available at bp.com/governance.

Board of directors

The board is responsible for setting bp's strategy, purpose and values and monitoring its culture. In its role to promote the long-term success of the company, the board oversees the frameworks and systems for effective risk management and internal control.

 Key decisions made by the board, see **page 89**. Further detail on how the board discharges its responsibilities, see **pages 90-93**.
For director biographies, see **pages 83-85**.

People and governance committee
See **page 94**

Audit committee
See **page 98**


CEO succession committee
See **page 97**

Safety and sustainability committee
See **page 103**

'Who we are' oversight committee
See **page 97**

Remuneration committee
See **page 105**

The board and committees delegate to the executive directors, who are supported by the leadership team in the day-to-day management of the business^a.

 For leadership team biographies, see **pages 86-87**

Role descriptions

Executive directors

Chief executive officer: as a member of the board and the bp leadership team, Murray Auchincloss contributes to the development of strategy and has responsibility, delegated from the board, for execution of the strategy and management of the business through the bp leadership team.

Chief financial officer: as a member of both the board and the bp leadership team, Kate Thomson provides financial leadership for the business and supports it in the implementation of the strategy.

Non-executive directors


Chair: Helge Lund leads the board and is responsible for its overall effectiveness.

Senior independent director: Paula Rosput Reynolds supports the chair and acts as an intermediary for other directors.

Independent non-executive directors: Provide support and constructive challenge to the executive management.

Company secretary

Ben Mathews advises the board on corporate governance matters, compliance with board procedures and regulatory requirements.

 For the company secretary's biography, see **page 85**

^a The leadership team discharges its responsibilities through a number of management committees, including, among others, the group financial risk committee, group operations risk committee and group ethics and compliance committee. The geopolitical advisory council and digital advisory council are collaborative forums for both executive and non-executive directors to benefit from insights and discussions.

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Decision making by the board

Set out below are examples of key decisions taken by the board during 2023, which demonstrate how Section 172 stakeholder considerations and impacts have been taken into account as part of board discussions and decision making.

 [Read more on Section 172, page 93](#)

Investment into transition growth★ engines

Following extensive board discussions with members of the bp leadership team, the board approved the strategic progress update announced in February 2023 at the time of full-year results (see more on [page 90](#) of the *bp Annual Report and Form 20-F 2022*). Further to the board's decision in February 2023 to invest up to \$8 billion more into our transition growth engines by 2030, three significant investment decisions were made by the board in 2023:

Convenience and mobility

In February 2023 bp agreed to purchase TravelCenters of America for \$1.3 billion, adding around 290 sites to our retail network, strategically located on major highways across the US – complementing bp's US convenience and mobility offering and combining conventional fuel sales with a significant convenience offer and the potential to integrate EV charging, biofuels, renewable natural gas and in time hydrogen mobility.

Wind

In July 2023 bp was awarded the rights to develop two offshore wind projects in Germany, marking bp's entry into offshore wind in continental Europe. The power from the wind farms is expected to be used to support bp's green hydrogen★ and biofuels production★, electric mobility growth and refinery decarbonization, as well as wider industry decarbonization in Germany. bp expects to connect them to the grid by the end of 2030.

Solar

In November 2023 bp announced that it had agreed to acquire the non-bp-owned share of Lightsource bp, one of the leading global utility-scale solar and battery storage developers, providing low-cost green electrons at scale in service of bp's hydrogen, biofuels, EV charging and power trading. Subject to regulatory approvals, the deal is expected to close in the second half of 2024.

Stakeholders considered

Customers

Governments and regulators

Investors and shareholders

Partners and suppliers

Workforce

Society

In considering the decisions outlined above, the board assessed a range of risks and opportunities across multiple stakeholder groups. Responding to what governments and customers ask of bp, the board advanced towards our net zero ambition by investment in our transition growth engines and also our resilient hydrocarbons.

Partners and suppliers will benefit from the three transactions outlined above as they provide greater certainty of dealing with bp as a counterparty, whilst also helping to de-risk and underpin delivery of bp's related 2025 targets, for the benefit of the workforce and customers.

Appointment of new chief executive officer (CEO) and chief financial officer (CFO)

The robustness of our governance framework and emergency succession plans enabled the board to take swift action following the resignation of bp's former CEO in September 2023.

Agility

The board met immediately after the former CEO confirmed his resignation from the board. The activation of our emergency succession plans allowed for the board to promptly appoint Murray Auchincloss as interim CEO, providing reassurance to our investors and our own people.

Leadership pipeline

Evidencing the strength and depth of our senior-level leadership, and the rigour of the talent review process which underpins our succession planning, Kate Thomson was appointed as bp interim CFO within a week of the former CEO's resignation. In this interim role, Kate demonstrated strong finance leadership and deep knowledge of the sector in her delivery, confirming for the board her suitability for the role of permanent CFO.

Dedicated committee

A new committee of the board was established on an interim basis to lead the process for the selection of our new CEO, comprising the chair and three non-executive directors. The committee recommended candidates which the full board considered for appointment. Read more on [page 97](#).

Role expectations

The committee agreed the primary accountabilities and leadership qualities for the new CEO to deliver against, providing a clear foundation on which to build the search.

Rigorous process

A thorough and highly competitive search exercise supported by international search advisors included detailed consideration of a wide and diverse range of candidates, both internal and external to bp.

Stakeholders considered

Customers

Investors and shareholders

Partners and suppliers

Workforce

Meetings were arranged with investors, the workforce and key partners over several days immediately following the former CEO's resignation to enable transparent dialogue. This valuable engagement helped inform the board during the permanent CEO and CFO succession process.

As part of its decision making, the board took account of stakeholder views and impact in appointing new executive directors. The board unanimously agreed that Murray Auchincloss was the right leader to help drive bp's strategy and create value and that Kate Thomson would further strengthen the board as CFO.

Board activities

During 2023, the board and its committees had regular scheduled meetings and held additional meetings on an ad hoc basis, as required by business needs.

Board meeting agendas are typically agreed in advance by the chair, chief executive officer (CEO) and company secretary, framed around four pillars – strategy, performance, people and governance.

The information provided below sets out some of the board's activities across each of these pillars during 2023. These activities were supported by the committees of the board where appropriate, with committee chairs providing update reports at board meetings.

Key

- T** Information that supports TCFD Recommendations and Recommended Disclosures in relation to Governance (see [page 55](#))

Strategy

Strategic direction **T**

- Discussed strategic progress at each board meeting, including business development updates and deep-dives into our five transition growth★ engines to help embed a shared understanding of the business, market context, capital allocation and profitability over time.
- Approved the strategic progress update announced in February 2023 that included an update on how we expect to achieve our short- to medium-term pathway to deliver our net zero production★ aim (aim 2) (see [page 49](#)).

Macroeconomics

- Received regular updates on the effect of the evolving macroeconomic environment on our strategy throughout the year. **T**

Mergers and acquisitions pipeline **T**

- Approved the purchase of TravelCenters of America in February 2023, which brings growth opportunities for four of our five transition growth engines: convenience, EV charging, biofuels/renewable natural gas (bioenergy) and, later, hydrogen (see [page 20](#)).
- Approved the acquisition of the non-bp-owned share of Lightsource bp in November 2023, which is expected to help underpin and de-risk delivery of bp's targets for its transition growth engines – in hydrogen, EV charging and biofuels as well as in power trading (see [page 23](#)).

Investor update

- Reviewed materials for the October 2023 investor presentations on the company's plans and expectations for our oil and gas and biogas businesses (see [page 93](#)).

Safety and sustainability **T**

- Reviewed ongoing safety, sustainability, project and operational performance throughout the year.

Performance

Annual plan

- Reviewed and approved the 2023 plan, which focused on capital allocation investments into oil and gas assets, and our transition growth engines, while continuing to strengthen the balance sheet. **T**
- Reviewed full-year delivery against the 2022 plan and monitored delivery against the 2023 plan.

Financial frame and distributions

- Reviewed options for enhancing and simplifying the financial frame.
- Considered transition risks and opportunities as part of the review of the financial frame. **T**
- Reviewed distributions to shareholders each quarter, consistent with the financial frame.
- Approved share buyback proposals together with 10% increases to our dividend per ordinary share for 4Q 2022 and 2Q 2023.

Capital expenditure

- Received a business update from the CEO at every board meeting. Updates covered projects across all of bp's businesses and, where appropriate, specific climate-related considerations. **T**
- The CEO's updates included any inorganic or divestment opportunities of more than \$100 million, or which would represent a new strategic business.
- Approved entering the German offshore wind market with a 4GW auction win in July 2023, where the renewable power generated is expected to help enable us to leverage integration opportunities with green hydrogen★, EV mobility and power trading as we build the business. **T**
- Reviews and reserves for its approval all resilient hydrocarbon investment opportunities above \$3 billion and all other transition and low carbon investment opportunities above \$1 billion. **T**



Meeting colleagues at bp's Canary Wharf office in London, UK



St James' Square Town hall, London, UK

Acquisition reviews

- Assessed the integration of Archaea Energy. **T**
- Reviewed development pipelines and broader business priorities.

Principal risks

- Reviewed trends and themes arising from risk management reports.
- Reviewed bp's principal and emerging risks twice in 2023, including those related to climate and the impact of geopolitical and macroeconomic developments on the pace of the energy transition (see [page 74](#)). **T**

Internal controls

- Assessed the effectiveness of the group's system of internal control and risk management as part of the review and approval of the *bp Annual Report and Form 20-F*. No specific areas of concern were identified in this assessment and the board concluded that the group's system of internal control and risk management continued to be resilient and fit for purpose, and that the system generally meets external expectations of components to be included in internal control frameworks. In arriving at these conclusions, the board took into account reports from group risk and internal audit, as well as deep-dive presentations and business reviews undertaken by the board and its committees during the year (see how we manage risk on [page 73](#) and bp's system of internal control on [page 134](#)).

People

Engagement

- Participated in the workforce engagement programme (WFEP), providing for board decisions to be better informed by the feedback received (see [page 92](#)).
- Through WFEP, met high-potential employees to help improve their visibility with directors.
- Held town halls in a number of countries during 2023 and undertook site visits to increase directors' direct interaction with the workforce (see [page 92](#)).

Succession

- Supported by the people and governance committee, the board received updates and considered the composition, skills, experience and diversity of the board, as well as that of the bp leadership team.
- Appointed the interim committee of the board that led the search process for bp's new CEO (see [page 97](#)).

Culture

- Reviewed feedback from the 'Pulse annual' employee surveys, agreeing actions and initiatives in response.
- The WFEP involved a number of sessions on bp's 'Who we are' culture frame, to receive employees' perspectives on bp's culture.
- Reviewed the annual ethics and compliance report, the function's priorities and objectives, including reviewing changes to the code of conduct and the associated proposed roll-out programme.
- Established a new interim board committee to gain insights into the implementation of the 'Who we are' culture frame (see [page 97](#)).

Diversity

- Approved an updated board diversity, equity and inclusion policy referencing the requirements of the UK Listing Rules (see [page 96](#)).

Governance

Board composition

- Approved the appointment of Satish Pai and Hina Nagarajan as independent non-executive directors with effect from 1 March 2023.
- Activated emergency succession process for the role of CEO and CFO, with a decision to approve Murray Auchincloss as interim CEO on 12 September 2023. Approval of the appointment of Kate Thomson as interim CFO followed on 19 September 2023.
- Approved the appointments of Murray Auchincloss as CEO on 17 January 2024 and Kate Thomson as CFO and board member on 2 February 2024.

Director training

- Completed online training on matters including ethics and compliance and digital security.
- Attended deep-dive knowledge sessions during 2023, including a teach-in on liquefied natural gas.
- Individual non-executive directors attended one-to-one training sessions with senior members of the bp management team.

Board effectiveness review

- Conducted an internally facilitated evaluation of the board under the leadership of the chair and the people and governance committee (see [page 95](#)).

Investor engagement

- Undertook extensive investor engagement throughout the year (see [page 92](#)).

Corporate governance framework

- Operated in accordance with the governance framework established in 2020 (see [page 88](#)).
- Considered the FRC's proposed reforms as part of their 2023 consultation on the UK Corporate Governance Code.



Site visit to our Bingo facility in the Permian Basin, US



Douglas House Town hall, London, UK

Our stakeholders

Throughout 2023 directors engaged with a broad range of stakeholders collectively and individually, through different activities and channels, across a wide geographical reach.

Investors and shareholders

Debt and equity investors are key stakeholders through their provision of finance and stewardship. Regular and constructive dialogue is important to hear their views, communicate bp's strategy and to build and maintain confidence in our ability to deliver it.

Directors engaged with investors via roadshows, quarterly results calls, presentations and the Annual General Meeting (AGM). Individual and group investor engagement meetings were held with the chair of the board and chair of the remuneration committee, who shared feedback with the wider board. Other committee chairs were available to investors as needed throughout the year. Feedback and insights from a meeting with retail holders via the UK Shareholder Association and ShareSoc were incorporated into a briefing for directors. Directors also discussed with management the implications of investor studies and surveys.

Customers

Customer interests are at the forefront of bp's strategy, whether end-use consumers, B2B customers or distributors. Focusing on customers provides the driving force for new business models and service platforms.

Directors visited retail sites★ including an EV charging location at one of our *Aral* sites in Düsseldorf, Germany, to gain insights into the customer experience. Other director visits included a safety review at one of our Hammersmith retail sites in London, supporting bp's commitment to put safety first.

Workforce

The board recognizes the value gained from engaging with bp's workforce. Regular engagement with members of the workforce helps bp attract, develop and retain talent.

The workforce engagement programme (WFEP) is the board's formal engagement mechanism, which is considered effective in complying with Provision 5 of the UK Corporate Governance Code (the Code). Its effectiveness is reviewed annually by the people and governance committee (see [pages 94-95](#)).

Beyond the WFEP, directors undertook site visits, town hall events and webcasts and a programme of meetings with high-potential employees. Engagements included a visit to the Gelsenkirchen refinery in Germany and Castellón refinery in Spain. 'Pulse annual' employee survey results and summary 'Open Talk' reports (bp's whistleblowing service, meeting Provision 6 of the Code) were also reviewed by the board.

Additional engagement centred on culture was undertaken by directors in 2023 via a specific committee, adding to bp's activities meeting Provision 2 of the Code (see [page 97](#)).

Governments and regulators

Engagement with governments and regulators is important in upholding the legal and reputational standing of bp and enables the business to better contribute and respond to emerging standards.

In addition to reviewing regulatory updates in 2023, including proposed UK audit and corporate governance reforms, directors attended global political and economic events

such as the Business 20 (B20) Summit and the World Economic Forum. Throughout 2023 board members met with government officials from Norway, Kuwait, Germany, Egypt and Spain amongst other nations. This included an event with over 250 officials, diplomats and regulatory agencies at bp's Washington DC office in the US.

Partners and suppliers

Strong relationships with partners and suppliers are important to support business opportunities. Engagement with them helps bp meet our customers' needs today and in the future.

The chief executive officer and chief financial officer have regular meetings with key suppliers. Directors have attended partner-hosted events in 2023, such as the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC), with a focus on bp's strategic priorities in both resilient hydrocarbons and low carbon energy.

Society


Through our business operations, we seek to benefit the people, businesses and environment in the communities we operate in, which span 61 countries. We also rely on wider society as potential customers, partners and employees.

As well as the consideration of geopolitical events, board members engaged with communities local to bp operations, for example when visiting Tangguh, Indonesia. Directors also received updates on research activities to understand society's energy needs, ranging from industrial fluids for robotics and wind at *Castrol's* headquarters, to a visit to the Global Applied Science Centre in Bochum, Germany.



Spotlight on safety and sustainability

Directors gained valuable insights from engagements with a wide range of stakeholders during the safety and sustainability committee's visit to our major liquefied natural gas (LNG) facility in Tangguh, West Papua, Indonesia.

 Safety and sustainability committee report, [page 104](#)

How the board has had regard to Section 172 factors

The table below provides information on how the directors have had regard to the factors set out in Section 172 of the Companies Act 2006. Other examples can be found under key decisions made by the board on [page 89](#).

Section 172 factor	Key examples
The likely consequences of any decisions in the long-term	All board decisions are made within a governance framework which supports the delivery of bp's strategy, designed to consider and promote the long-term success of the company. Read more on our governance framework on page 88 and our strategy and business model on pages 12-17 .
Interests of employees	In 2023 members of the board engaged with employees in jurisdictions including Australia, Germany, Spain, the UK and US as part of the workforce engagement programme. Topics covered included safety, culture, remuneration, talent attraction and retention and factors affecting the company's performance and strategy. Read more on our people on pages 70-72 .
Fostering the company's business relationships with suppliers, customers and others	As part of the board's structured calendar, reports from the ethics and compliance team on partner and supplier issues are received on an annual basis. In 2023 the audit committee and safety and sustainability committee held a joint meeting with members of bp's non-operated joint ventures solutions leadership team, discussing risks and opportunities in this part of our business. Read more on our strategy and business model on pages 12-17 .
Impact of operations on the community and the environment	The board established bp's purpose of reimagining energy for people and our planet, its net zero ambition and its sustainability frame, which has three components – net zero, caring for our planet and improving people's lives. Through the board's activities to satisfy itself that this purpose is aligned with bp's culture, the directors have continued to be active contributors to internal and external discussions which support bp's strategy and net zero people and planet aims. Read more on the board's oversight of climate-related risks and opportunities on pages 55-66 . Read more on sustainability: improving people's lives, page 53 , and caring for our planet on page 54 .
Maintaining a reputation for high standards of business conduct	The board is responsible for bp's code of conduct, which sets expectations and standards for doing the right thing. The code guides business decisions from the front line to the boardroom and every member of the board is held to account against the standards set out in our code. Read more on sustainability: ethics and compliance, page 72 .
Acting fairly between members of the company	During 2023 the board met with a wide range of shareholders, engaging with both retail and institutional holders, including at the AGM. Valuable feedback was considered on a broad range of topics including governance, remuneration and strategy.



Investor update in Denver, US

Investor update

In October 2023, bp held an investor update, inviting analysts and investors to our offices in Denver, followed by a guided tour of some of bpx energy's Permian Basin operations. This included Bingo, our second central processing facility, where oil is separated from water and impurities. Topics covered included safety, our 2025 targets and 2030 aims, with breakout sessions focused on oil, gas, LNG, base performance and resources and capital productivity.



bp.com/investors



bp pulse launch event, Birmingham, UK

Customer centricity in bp pulse

As part of the workforce engagement programme, directors met with 10 members of the bp pulse team to gain insights into customer centricity. Attendees reflected that there had been improvements in psychological safety as a result of greater clarity on strategy and structure. They also shared a desire to focus on simplicity moving forward and discussed the challenges faced in data integration.

People and governance committee

“The committee’s major areas of focus in 2023 were succession planning, executive and non-executive, as well as overseeing management’s embedding of our ‘Who we are’ culture frame.”



Chair’s introduction

Dear fellow shareholders,

2023 was a particularly active year for the committee. The committee’s major areas of focus in 2023 were succession planning, executive and non-executive, as well as overseeing management’s embedding of our ‘Who we are’ culture frame, which encompasses bp’s values and behaviours.

Executive succession plans were reviewed during the year, covering not only succession options and development plans for the bp leadership team, but also emerging talent throughout the organization. Given the importance the board attaches to ensuring a strong pipeline of future leaders, the committee oversaw the launch of a new leadership development programme. This programme provides structured development opportunities for all employees, but focuses in particular on those with high executive potential, while also helping to advance our diversity, equity and inclusion (DE&I) ambitions.

The committee reviewed bp’s people-related priorities for 2023, which included the roll-out of the company’s ‘Who we are’ culture frame, and further enhancing workforce engagement to better inform board-level debate and decisions. Read more on [page 95](#).

Meetings and attendance

The committee met five times in 2023. The EVP people & culture regularly attended the meetings.

Non-executive directors	Five scheduled meetings
Helge Lund: member (July 2018), chair of the committee (September 2018)	5/5
Dame Amanda Blanc: member ^a	4/5
Paula Rosput Reynolds: member	5/5
Sir John Sawers: member	5/5

^a Dame Amanda was unable to attend the meeting in November due to a pre-existing commitment which the committee was notified of upon her appointment. She received accompanying material and had the opportunity to provide comments to the committee.

Looking ahead to 2024, the committee’s focus will remain on executive succession, the gradual refreshing of the board as non-executives reach the end of their tenure, and initiatives to develop and enhance bp’s culture.

The committee’s review of the effectiveness and further embedding of the ‘Who we are’ culture frame will provide valuable qualitative data about the company’s culture and areas where further focus is required.

Role of the committee

The committee seeks to ensure that the composition and structure of the board remains effective and also monitors the balance of skills, knowledge, experience and diversity required. The process for the nomination, induction and orderly succession of candidates for the board, the leadership team and the company secretary role are led by the committee, as is the annual review of the board’s performance.

Key responsibilities

The committee’s full terms of reference can be viewed at bp.com/governance.

Helge Lund
Committee chair
8 March 2024

Workforce engagement programme

Under the board’s workforce engagement programme (WFEP), every non-executive director attends at least one session each year where they hear directly from 10-12 individuals from a section of the workforce.

To better inform the board’s discussions and decision making, the themes of the WFEP sessions were directly aligned with the board’s agenda for 2023. During the year, directors met with colleagues from our offshore wind team, the gas & low carbon energy business group, the US retail operating organization, Archaea Energy, *bp pulse* and our hydrogen businesses in the UK, Australia and Germany.

Participants shared insights on customers, competitors and the energy transition, and views on bp’s strategy, technology, market challenges, ways of working and culture. An anonymized summary of each session was reviewed by the committee, and key themes shared with the board.

In 2023 the committee also reviewed the workforce engagement mechanism and deemed the WFEP appropriate for the activities and structure of bp.

Activities during the year

Succession planning

Board succession planning

- Reviewed during the year the tenure, skills, experience and diversity of the existing board members and the succession plans for non-executive directors, including succession for the roles of senior independent director and chair of the remuneration committee.
- Following these reviews, the committee agreed the criteria for two roles to bolster the experience and interests of the board, covering industry, operational, manufacturing and remuneration experience, with a focus on representation from our key markets.
- Engaged MWM Consulting and Spencer Stuart in support of search activity for new board candidates, while the chief executive officer (CEO) succession committee engaged Egon Zehnder in support of the company's search for a CEO^a. Read more about the CEO succession committee on [page 97](#).

Executive succession planning

- Reviewed the leadership team succession planning scenarios over the short, medium and long-term, mapping the key skills and experience required to fulfil these positions for the continued implementation of bp's strategy and net zero ambition. **T** The robustness and effectiveness of the committee's emergency succession plans were evidenced by the swift appointments of Murray Auchincloss as interim CEO and Kate Thomson as interim chief financial officer (CFO) following the resignation of the former CEO in September 2023. Read more on Murray's appointment as CEO on [page 97](#).
- Leadership team succession planning is underpinned by a comprehensive talent review process. In being recognized as a succession candidate for the role of CFO, Kate Thomson underwent a rigorous evaluation, including an external third-party assessment, to identify the skills and qualities she could bring to an executive role. Following her appointment as interim CFO in September 2023, Kate demonstrated strong finance leadership confirming her suitability for the role of CFO and executive director of the board.

Key

- T** Information that supports TCFD Recommendations and Recommended Disclosures in relation to Governance (see [page 55](#))

- Reviewed the launch of new bp-wide leadership development initiatives, including a new programme with INSEAD aimed at supporting the progression of leaders with high-potential. The programme included specific pathways to promote diverse talent.
- Oversaw the development of high-performing individuals to accelerate the development of the skills needed to drive forward bp's transition. **T**

Culture

'Who we are'

- Received updates on how initiatives were contributing to embedding the 'Who we are' culture frame.
- Reviewed feedback received through the employee 'Pulse annual' employee survey.
- For information on the committee set up on an interim basis in 2023 to focus on culture oversight, see [page 97](#).

Workforce engagement

- Received reports on workforce engagement sessions and reviewed the effectiveness of the engagement mechanism. Read more on [page 94](#).
- Reviewed the results of the company's employee 'Pulse annual' employee survey and monitored progress against a defined set of 'Who we are' measures. These measures, underpinned by insights from the 'Pulse annual' employee survey, provided the committee with measurable insight into the adoption of bp's 'Who we are' culture frame and assisted the committee in understanding the sentiment of bp's workforce.

Board performance

Looking back on 2022

- Reviewed progress on previously agreed actions, including to improve the board's effectiveness and efficiency by reviewing pre-read templates to support prioritization of the board's focus areas and a refresh of forward calendar planning to optimise board members' time commitment.
- The actions identified by the board in concluding the prior year's performance were reviewed during 2023. Good progress has been made against these actions as evidenced by 2023's board review.
- In light of the three-year evaluation cycle, the committee decided that the 2023 evaluation be facilitated internally, with the next external review anticipated in 2024.

2023 board performance review

- The chair and company secretary led the internal evaluation of the board and its committees. This was supported by the use of a digital platform to better capture and

organize feedback and to define and track identified actions. The chair and company secretary also held one-to-one meetings with each non-executive director which covered their individual performance.

- A review of Murray's performance as interim CEO was led by the chair, with input from the senior independent director.
- The chair's performance review was led by the senior independent director.
- Feedback was consolidated and presented to the board in early 2024. The 2023 performance review concluded that the board and its committees continue to operate effectively. Alongside the ongoing renewal of the board to ensure it has the right balance of skills, experience and diversity to oversee the company's strategy and its execution, the review highlighted some actions to further enhance its effectiveness during 2024. With the appointment of Murray Auchincloss as the new permanent CEO in January 2024, the board will support his development and effectiveness, driving shareholder value and a further commitment to its oversight of bp's purpose and culture frame. Among the actions identified by the review, a detailed programme of strategy discussions to be held during 2024 is planned to help optimise capital investment proposals in an evolving macro environment.

Learning, development and induction

Induction

- On appointment, all directors receive a formal induction, tailored to their individual needs, skills and experience and which takes account of any committees they join.
- In March 2023 Hina Nagarajan and Satish Pai were appointed as independent non-executive directors to the board, as well as to the audit committee and safety and sustainability committee respectively, with induction programmes provided in advance of and following their appointments.
- These inductions included one-to-one meetings with members of the board and leadership team and with select members of senior management.
- Feedback is sought from directors undertaking their induction programmes to ensure they are continually updated and improved.

Training and development

- Beyond directors' initial induction, ongoing training and development is provided during the routine programme of meetings and board visits (e.g. the audit committee's visit to the security operations centre, where members learned first-hand about the operations of our digital security team).

^a None of the search agents have any connection with the company or individual directors, save that Egon Zehnder provides advice and support on bp's executive development programme and Spencer Stuart supports on executive recruitment.

People and governance committee continued

- Training is delivered through targeted knowledge sessions with internal or external subject-matter experts as well as online courses, with reading material provided through our secure board portal.
- During 2023 board members undertook online training on cyber security and ethics and compliance, including bp's code of conduct. A knowledge session was also provided by bp's trading & shipping business to certain directors.

Diversity

The board believes that, to deliver on our purpose and strategy, we must foster diversity of thought.

Diversity of the board

- The 2023 board DE&I policy was approved and recommended for adoption by the board at its meeting in February 2023.
- The DE&I policy included revisions to recognize broader forms of diversity and a commitment by the board to undertake DE&I training and development initiatives.
- The revised DE&I policy set, as a minimum, targets of at least 40% female representation on the board, at least one senior board position held by a woman and at least one member of the board from an ethnic minority background.
- The DE&I policy:
 - applies to the board and its committees and requires all aspects of diversity to be considered when reviewing composition, skills, experience and the overall balance of the board and its committees.

- aims to achieve better decision making and outcomes by bringing together people with differences of opinion and background, but who share a common ambition.
- complements bp's wider diversity policies and the group's values, code of conduct and sustainability frame. Read more at bp.com/governance.
- Appointments to the board during 2023 and up to the date of publication of this report considered the objectives of the DE&I policy and, as a result, our female representation in senior board positions has doubled and our ethnic minority representation on the board has tripled since 2022.
- As at 31 December 2023, the board exceeded the UK Listing Rules diversity benchmark targets, since more than 40% of the board are women, including our senior independent director, and three of our directors identify as being from a minority ethnic background (see [page 133](#)). bp's progress was also recognized in the FTSE Women Leaders Review: Achieving Gender Balance, published in February 2024.

Diversity of senior leaders

- The committee oversees executive succession planning and monitors its alignment with bp's DE&I ambitions and strategy.
- As at 31 December 2023, the composition of senior management, defined as the leadership team (being the first layer of management below board level) and the company secretary, in accordance with the

UK Corporate Governance Code 2018, and their direct reports comprised 51% women (2022 51%) and 26% Black, Asian and ethnic minority individuals (2022 25%).

- The committee oversees the work undertaken by management to support career progression of under-represented groups in a sector that has historically been male-dominated with limited diversity in other forms.
- The board is cognisant of the Parker Review objective for companies to set targets to 2027 for ethnic minority representation at senior management level. We have set diversity ambitions to 2025, which include our ambitions to achieve:
 - 30% of our group and senior leader roles in the US held by individuals from an ethnic minority background.
 - 15% of our group and senior leader roles in the UK held by individuals from an ethnic minority background.
- For numerical data on the ethnic background and gender identity or sex of bp's board and executive management, in line with the UK Listing Rules, see [page 133](#).

Diversity of the workforce

- DE&I remains a key part of bp's people strategy.
- The board is supportive of bp's employee-led business resource groups, which provide forums for employees to obtain support and networking opportunities around specific themes such as ethnicity, sexual orientation and social mobility (see [page 71](#)).

Skills matrix

Background and experience

	Energy markets	Operational excellence and risk management	Global business leadership and governance	Technology, digital and innovation	Climate change and sustainability	People leadership and organizational transformation	Society, politics and geopolitics	Finance, risk and trading
Non-executive directors								
Dame Amanda Blanc		●	●		●	●	●	●
Pamela Daley			●					●
Helge Lund	●	●	●		●	●	●	
Melody Meyer	●	●	●		●			
Tushar Morzaria		●	●			●		●
Hina Nagarajan		●	●	●	●	●		
Satish Pai	●	●	●	●	●	●		
Paula Rosput Reynolds	●	●		●		●		●
Karen Richardson		●	●	●		●		●
Sir John Sawers						●	●	
Johannes Teyssen	●	●	●		●	●	●	

For further detail on the directors' climate change and sustainability experience, see the TCFD section on [page 56](#), and for the directors' biographies see [page 83](#).

In 2023 two additional interim committees were established. More detail on their roles and key responsibilities can be found below.

CEO succession committee

The board met immediately after the former CEO resigned in September 2023. Our existing succession plans were activated and the board appointed Murray Auchincloss as interim CEO within a few hours. Demonstrating the strength of our senior-level leadership and the rigour of our emergency succession plans, Kate Thomson was appointed as interim CFO one week later.

Following this, a new board committee was formed on an interim basis, focused on the selection of the next CEO. The committee led a thorough and highly competitive process for the identification, selection and appointment to the board of bp's next CEO. Helge Lund was committee chair, with Amanda Blanc, Tushar Morzaria and Johannes Teyssen committee members.

The committee had a clear remit including the workstreams leading to the appointment of the CEO. A project plan was agreed and the timeframe and delivery of key workstreams were monitored.

With inputs from the board, the committee agreed the role profile and the proposed hiring approach, which included, but was not limited to, psychometric testing, interview and candidate submission content. This approach was then confirmed with the chosen search firm, Egon Zehnder.

Over a period of four months, the committee met regularly and interviewed a range of high-calibre internal and external candidates. Following robust due diligence on each candidate, the committee recommended a shortlist to be interviewed by the full board.

The process resulted in the board's unanimous agreement that Murray Auchincloss was the best candidate and the right leader for bp. Read more in the chair's letter on [page 4](#).

'Who we are' oversight committee

The 'Who we are' oversight committee was established on an interim basis by the board in 2023, to gain insight into management's progress towards embedding bp's 'Who we are' culture frame, with a specific emphasis on psychological safety and speaking up.

The committee reviewed management's approach to measuring bp's culture, including the analysis of 'Pulse live' and 'Pulse annual' employee surveys of cross-sections of bp's workforce and comparative benchmark data, as well as external best practice. Additionally, the committee considered the effectiveness of the company's code of conduct and associated policies and guidelines and the operation of the company's confidential speak-up programme. bp's people & culture and ethics and compliance management supported the committee's work and attended meetings.

The work of the committee was supplemented by individual engagement sessions with different parts of the workforce to hear directly about issues of relevance to the measurement of bp's culture. Our existing workforce engagement programme described on [page 94](#) provided the ideal framework for this, with engagement sessions focused on culture which have supported the committee's work.

The committee's activities have informed the board's assessment and monitoring of culture. Its work will additionally help to facilitate how the views of the workforce are considered in board discussions and decision-making. It is expected that the responsibilities of the 'Who we are' oversight committee will be absorbed by the people and governance committee.

Chaired by Helge Lund, the committee met twice in 2023. The other committee members were Amanda Blanc, Melody Meyer and Paula Rosput Reynolds.

Audit committee



The committee has regularly scrutinized key accounting issues and judgements made by management to monitor and assess the continued integrity of the group's financial reporting. "



Chair's introduction

Dear fellow shareholders,

I am pleased to present the committee's report for the year ended 31 December 2023.

The challenging macro environment and energy market volatility have been areas of focus for the committee this year, with close attention paid to energy price assumptions and the ongoing suitability of discount rates for impairment testing. The committee has regularly scrutinized key accounting issues and judgements made by management to monitor and assess the continued integrity of the group's financial reporting. Read more on [page 99](#).

The committee has monitored the approach and scope of the group's non-financial reporting framework, taking into account evolving environmental, social and governance (ESG) reporting. It also receives regular updates from management on the wider control environment, such as the controls in place for financial reporting, and examines the progress of remediating any deficiencies with input from bp's internal audit team and our external auditor, Deloitte.

The committee reviewed and monitored the principal risks allocated to it by the board for 2023, through a combination of business reviews and focused engagements, as well as regular updates from management, internal audit and Deloitte. Read more on [page 102](#).

Meetings and attendance

The committee met nine times in 2023. Regular attendees included the chief financial officer (CFO), SVP accounting, reporting and control, SVP internal audit, EVP legal, and the external auditor.

Non-executive directors	Eight scheduled meetings	One ad hoc meeting
Tushar Morzaria: member (September 2020), chair of the committee (May 2021)	8/8	1/1
Pamela Daley ^a : member	8/8	0/1
Paula Rosput Reynolds: member	8/8	1/1
Karen Richardson: member	8/8	1/1
Hina Nagarajan: member (March 2023)	7/7	1/1

^a One ad hoc meeting was arranged during December. As it took place outside of the scheduled committee calendar, which is agreed far in advance, Pamela was unable to attend due to a prior commitment. She received accompanying material and had the opportunity to provide comments to the committee.

Engaging with bp's workforce is important to us, and we were pleased to spend time with the accounting, reporting and control and internal audit teams in our technology and business centre in bp's Sunbury, UK office. Read more on [page 101](#). The committee continues to engage with other stakeholders where appropriate, including regulatory inspections when they occur.

Role of the committee

The committee monitors the effectiveness of the group's financial reporting, including ESG and climate-related financial disclosures, systems of internal control and risk management. It also monitors the integrity of the group's external and internal audit processes.

Key responsibilities

A summary of the committee's terms of reference is on [page 359](#) and the full terms of reference can be viewed at [bp.com/governance](https://www.bp.com/governance). This report describes how bp has approached compliance with the provisions of the FRC's Audit Committees and the External Audit: Minimum Standard.

Tushar Morzaria

Committee chair
8 March 2024

Financial expertise

The board is satisfied that:

- Tushar Morzaria, the chair of the committee, has recent and relevant financial experience as required by the UK Corporate Governance Code 2018 and that he is competent in accounting and auditing in accordance with the FCA's Disclosure Guidance and Transparency Rules.
- The committee 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.
- As a US foreign private issuer, the committee meets the independence criteria provisions of Rule 10A-3 of the US Securities Exchange Act of 1934, and Tushar Morzaria can be regarded as an audit committee financial expert as defined in Item 16A of Form 20-F.

Activities during the year

Financial reporting and assurance

- Monitored the integrity of and reviewed the quarterly, half-year and annual financial statements and supporting materials, including key accounting judgements, and discussed these with management and the external auditor.
- Reviewed and challenged the application and appropriateness of significant accounting policies and financial reporting judgements, concluding that the financial statements appropriately addressed the key accounting judgements and estimates in respect of both the amounts reported and disclosures made. Examples are set out in the table below.
- Reviewed the affordability of proposed distributions (dividends and share buybacks) under bp's financial frame as part of the quarterly results process and reported to the board on the outcome of that review.
- Reviewed the company's going concern assumption and longer-term viability statement. Determined and recommended to the board that it was appropriate to adopt the going concern basis of accounting and the longer-term viability of the company in accordance with Provision 31 of the UK Corporate Governance Code. Read more on [page 135](#).
- Discussed and challenged financial reporting and internal controls processes and reviewed any control gaps identified and mitigating actions. Read more under the internal controls section on [page 102](#).
- Received a report from management on the verification process undertaken in respect of the *bp Annual Report and Form 20-F*, including non-financial disclosures such as the Task Force on Climate-related Financial Disclosures (TCFD). **T**

- Challenged management on the underlying assumptions used in the TCFD assessment. **T**
- Recommended to the board that the *bp Annual Report and Form 20-F* was fair, balanced and understandable. Read more on [page 135](#).
- Considered the FRC's proposed reforms as part of the FRC's 2023 consultation on the UK Corporate Governance Code.

Key

- T** Information that supports TCFD Recommendations and Recommended Disclosures in relation to Governance (see [page 55](#))

Examples of how key accounting judgements and estimates were considered and addressed, and how relevant accounting policies have been applied

Audit committee activity

Conclusions/outcomes

Impact of climate change and the energy transition **T**

Climate change and the transition to a lower carbon economy may have significant impacts on the currently reported amounts of the group's assets and liabilities, and on similar assets and liabilities that may be recognized in the future.

- Reviewed management's assumptions relating to impairment testing, recoverability of exploration assets and decommissioning provisions. Read more below.
- Reviewed how management's revised best estimate of oil and natural gas prices are in line with a range of transition paths consistent with the goals of the Paris climate change agreement.

- Management's revised best estimate of oil and natural gas prices are in line with a range of transition paths consistent with the goals of the Paris climate change agreement.
- Read more in Note 1 regarding how bp applies carbon pricing in its impairment testing, sensitivity analyses estimating effects of changes in net revenue and changes in the expected timing of decommissioning.

Provisions

The group holds provisions primarily for decommissioning, environmental remediation **T** and litigation.

The most significant provision is for the future decommissioning of oil and natural gas production facilities and pipelines. Estimation uncertainty exists as most of these events are many years in the future. Assumptions are made by bp in relation to cost estimation, settlement dates, technology, legal requirements and discount rates. There is also a risk that decommissioning obligations from previously divested assets revert to bp.

- Received briefings on decommissioning (including the process for managing the risk of decommissioning reversion), environmental, asbestos and litigation provisions. These included the requirements, governance and controls for the development and approval of cost estimates and provisions in the financial statements.
- Reviewed and challenged the group's discount rates for calculating provisions.

- Decommissioning provisions of \$12.4 billion were recognized on the balance sheet at 31 December 2023.
- The discount rate used by bp to determine the balance sheet obligation at the end of 2023 was a nominal rate of 4%, based on long-dated US government bonds; an increase of 0.5% from 2022.

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.

Judgement is also required to determine whether it is appropriate to continue to carry intangible assets related to exploration costs on the balance sheet.

- Reviewed policy and guidelines for compliance with oil and gas reserves disclosure regulation, including the group's reserves governance framework and controls.
- Reviewed and challenged the group's oil and gas price assumptions.
- Reviewed and challenged the group's discount rates for impairment testing purposes.
- Impairment charges, reversals and 'watch-list' items were reviewed as part of the quarterly due diligence process.

- The group's price assumption for Brent oil and for Henry Hub gas were updated as set out on [page 30](#) and in Note 1.
- Sensitivity analyses estimating the effect of changes in net revenue and discount rate assumptions have been disclosed in Note 1.
- Net impairment charges of \$5.7 billion have been disclosed in Note 4.
- Exploration intangibles totalled \$4.3 billion at 31 December 2023.

Audit committee continued

Examples of how key accounting judgements and estimates were considered and addressed, and how relevant accounting policies have been applied	Audit committee activity	Conclusions/outcomes
Pensions		
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.	<ul style="list-style-type: none"> Reviewed and challenged the group's assumptions used to determine the projected benefit obligation at the year end, including the discount rate, rate of inflation and salary growth and mortality levels. 	<ul style="list-style-type: none"> At 31 December 2023, surpluses of \$7.9 billion and deficits of \$5.5 billion were recognized on the balance sheet in relation to pensions and other post-retirement benefits. The method for determining the group's assumptions remained largely unchanged from 2022. 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.
Investment in Aker BP		
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 Aker BP and bp's share of Aker BP'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 15.9% interest in Aker BP in 2023 was dependent on the judgement that bp had significant influence over Aker BP.	<ul style="list-style-type: none"> Considered whether bp continued to retain significant influence over Aker BP throughout 2023. 	<ul style="list-style-type: none"> bp retained significant influence, as defined by IFRS, over Aker BP throughout 2023.
Investment in Rosneft		
bp's interest in Rosneft is measured at a fair value of nil.	<ul style="list-style-type: none"> Reviewed the accounting considerations relating to bp's shareholding in Rosneft and other businesses with Rosneft in Russia, including the valuation of these investments. 	<ul style="list-style-type: none"> bp continues to determine that it does not have significant influence over Rosneft. bp considers that it is not currently possible to estimate any carrying value of the interest in Rosneft other than zero and that the accounting criteria for recognizing any dividend income have not been met.
Derivatives★		
For 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 liquefied natural gas (LNG) contracts.	<ul style="list-style-type: none"> Received a briefing on the group's trading risks and reviewed the system of risk management and controls in place. Reviewed the control process and risks relating to the trading business. Received updates on accounting judgements on LNG and derivatives associated with hybrid bonds. 	<ul style="list-style-type: none"> bp has assets and liabilities of \$9.2 billion and \$7.1 billion, respectively, recognized on the balance sheet for level 3 derivative financial instruments at 31 December 2023, mainly relating to the activities of the trading & shipping function. bp's use of internal models to value certain of these contracts has been disclosed in Note 1. bp considers that contracts to buy or sell LNG do not meet the definition of a derivative under IFRS.

External audit

Auditor reappointment and independence

- Considered and agreed to recommend the reappointment of the external auditor to the board.
- Assessed the independence of the external auditor on an ongoing basis, taking account of the information and assurances provided by the external auditor, the level of non-audit fees, the timeline for rotation of the lead audit partner and the timeline for the re-tender of audit services. Read more under the oversight of audit fees and non-audit services section.
- The external auditor is required to rotate the lead audit partner every five years and other senior staff every five to seven years. No partners or senior staff associated with the bp audit may transfer to the group.
- External audit services were last tendered in 2016 and the external auditor has been in role for six years (since 2018). It is anticipated that a re-tender will be completed by 2026 or sooner, in line with relevant guidelines that require a tender at 10 years. This will allow sufficient time for potential tendering firms and the company to assess non-audit services that could impair independence. The committee believes that the anticipated timeline for the re-tender of audit services is in the best interests of shareholders as it provides an appropriate balance between factors such as knowledge of controls and risks, maintaining audit quality, independence and objectivity and value for money.
- The company complies with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Assessment of quality and effectiveness

- Assessed audit quality and effectiveness through reports from the external auditor and management, and private meetings with the external auditor. The committee was satisfied that the audit team was providing the required quality of services, demonstrated the necessary commitment and ability and had provided constructive challenge to management. The committee received the following audit quality reports as part of its assessment:
 - **External auditor insights report** – summary of areas of opportunity for improvements to processes related to financial reporting or internal controls, management's response to the recommendations identified, progress made against any prior year items and areas of focus for the year ahead.
 - **Management survey** – the survey sought views from key internal stakeholders on the external auditor's performance, for which the main measurement criteria were: planning and scope, robustness of audit, independence and objectivity, quality of delivery, quality of people and service, and value-added advice. The survey also sought feedback on bp's commitment to the audit. The overall score from the survey increased compared to the previous year with areas of strength noted including audit team judgement, integrity and attitude, as well as communication.
- Discussed improvement opportunities, including the benefits of further information on how the external auditor used technology in their audit.

Audit plan

- Reviewed the external audit plan, in particular the materiality level versus prior years and key audit risks relating to: impairment of oil and gas property plant and equipment assets; accounting for complex transactions; valuation of financial instruments with significant unobservable inputs; and management override of controls. As part of the external audit plan, received a report on audit quality, including actions taken to address the FRC's annual report on the external auditor, as well as the inspection results of the external auditor's quality control procedures.
- Approved the external audit plan, noting key scoping changes, resourcing, and received updates on delivery against the plan, as well as an update prior to year end on key audit risks. A summary of the audit approach, including audit risks, is set out in the independent auditor's report on [pages 138-163](#).

Oversight of audit fees and non-audit services

- Reviewed the fee structure, resourcing and terms of engagement for the external auditor.
- Retained oversight of bp's policy on non-audit services and the review and approval of non-audit services. The policy safeguards audit objectivity and independence through the prohibition of non-audit tax services being provided by the external auditor, the limitation of audit-related work which falls within defined categories, and by stating that the auditor may not perform non-audit services that are prohibited by the SEC, Public Company Accounting Oversight Board (PCAOB),



Sunbury, UK visit 2023

In November 2023 Tushar Morzaria and members of the committee visited the accounting, reporting and control (ARC) team at bp's offices in Sunbury, UK for a showcase of their work on controls and reporting, including a simplified close approach to quarterly financial reporting. They engaged with members of the broader finance team during a floor walk, hearing their views and thoughts on a number of key topics.

The committee members also met with the internal audit senior leadership team to discuss in depth the proposed internal audit programme for 2024, as well as plans to further harness the use of data analytics. The visit was a great opportunity to build connections with the ARC and internal audit teams, and gain insight into key areas of focus planned for 2024.

Finally, they visited the security operations centre, where they learned first-hand about the operations of our digital security team.

Audit committee continued

International Auditing and Assurance Standards Board (IAASB) or the FRC.

- 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 are important. Approvals for individual engagements of pre-approved permitted services below certain thresholds are delegated to the SVP accounting, reporting and control or the CFO. Any proposed service not included in the permitted services categories must be approved in advance by either the committee chair or the committee prior to engagement.
- The committee, CFO and SVP accounting, reporting and control 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 the principal accountant's fees and services on [page 360](#).
- The total non-audit fees paid to Deloitte for 2023 was \$3 million. The majority of these fees related to work of an assurance nature. See Note 36 for further information.
- Fees paid to the auditor for the year are set out in Note 36. The 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 services consisted of other assurance services.

Internal audit and internal controls

Internal audit

- Appraised the performance of the SVP internal audit and agreed their objectives.
- Recommended the SVP internal audit's remuneration to the remuneration committee.
- Met privately with the SVP internal audit. The committee chair also met with the SVP internal audit on a regular basis.
- Continued to monitor and review the effectiveness and capabilities of internal audit during the year and concluded that the function had unrestricted scope, together with access to information and sufficient resources to fulfil its mandate.
- Reviewed the internal audit plan and alignment to risk factor coverage. Received updates on audits undertaken and adjustments made to the plan. Undertook a deep-dive on the internal audit planning process for 2024.

- Received regular updates on findings during the year and challenged management's response and progress made on the closure of findings.
- Monitored progress against the internal audit plan and adjustments made during the year through updates from internal audit. Areas of focus included cyber security, digital product delivery and resilience, trading activities, aspects of the energy transition such as *bp pulse* and ethics and compliance controls.
- Oversaw the appointment in October 2023 and onboarding of the new SVP internal audit.
- Reviewed and approved the internal audit charter.
- Reviewed the implementation of recommendations from the 2022 external effectiveness review of the internal audit function, including the enhancement of data analytics.

Internal controls

- Discussed with management and the external auditor financial reporting and internal controls processes, reviewed any control gaps identified and monitored mitigating actions.
- Undertook a deep-dive on significant deficiencies and control environment, with a focus on IT user access and journal controls. The committee focused on mitigating measures, ongoing remediation work and challenged management on the timeline for the development of more enduring controls.
- Received a report from internal audit on its annual review of internal control and risk management, together with an assessment from management on the system of internal control.
- Reviewed the control and assurance framework for non-financial reporting (NFR), including ESG reporting and climate-related metrics, under the NFR framework, and challenged management as to whether bp had the most appropriate suite of NFR metrics for disclosures against bp's strategy, aims and ambition. [T](#)
- Reviewed the effectiveness of, and challenged management on, bp's system of internal control and risk management and concluded that these were effective. See the directors' statements on [pages 134-135](#) for further information on the basis for the conclusion on effectiveness and the nature of the review.

Risk

- Routinely reviewed and monitored principal risks allocated to it through a combination of business reviews and focused engagements, as well as updates from management, internal audit and the external auditor.

The principal risks allocated to the committee for monitoring in 2023 were:

- Prices and markets.
- Liquidity, financial capacity and financial, including credit, exposure.
- Insurance.
- Regulation.
- Trading and treasury trading activities.
- Reporting.

- The committee also shared responsibility for oversight of the following principal risks with the safety and sustainability committee and board:

- Joint arrangements★ and contractors (shared with the safety and sustainability committee).
- Ethical misconduct and non-compliance (shared with the board and safety and sustainability committee).

- Examples of committee principal risk activities, in addition to risks associated with reporting which are referenced above, included:

- Reviewed cash flow forecasts, business affordability of distributions and the financial frame.
- Reviewed and challenged the longer-term outlook for energy prices in line with bp's price assumptions for investment, including their consistency with the goals of the Paris Agreement compared with a broad range of external Paris-consistent scenarios. [T](#)
- Reviewed off-balance-sheet commitments and reviewed the longer-term viability statement at year end, together with the going concern basis of accounting at the full- and half-year ends.
- Undertook a jointly held review of non-operated joint ventures (NOJVs) risk with the safety and sustainability committee.
- Undertook a review of insurance risk.
- Received updates on the systems in place to assess fraud risk, the controls in place to manage and mitigate the identified risk and progress on the roll-out of additional controls.
- Received an update on compliance with regulation together with additional briefings during the year on technical accounting updates and developing ESG reporting disclosures. [T](#)
- Undertook two business reviews of the trading & shipping business and a deep-dive session on LNG.

- For more information on how we manage risk, see risk factors on [page 77](#), liquidity and capital resources on [page 340](#), and Note 29 Financial instruments and financial risk factors.

Safety and sustainability committee

Site visits provide a valuable opportunity for committee members to experience the safety and sustainability culture within bp's operations first-hand.



Chair's introduction

Dear fellow shareholders,

I am pleased to present the safety and sustainability committee report for the year ended 31 December 2023.

The committee continued to monitor the bp leadership team's drive to improve safety and environmental performance, with a particular focus in 2023 on the reduction of tier 1 and 2 process safety events★. This included deep-dives on specific areas of the business where safety risk is considered to have the potential to be significant or material.

As part of this work, two site visits were completed during 2023: one to the Permian Basin and Thunder Horse platform in the Gulf of Mexico in February, and the second to the Tangguh liquefied natural gas (LNG) site in West Papua, Indonesia in November. Site visits provide a valuable opportunity for committee members to experience the safety and sustainability culture within bp's operations first-hand. Read more on both visits on [page 104](#).

Tragically, three people lost their lives during 2023. A contractor was fatally injured at a bp wellsite in the Permian Basin in May 2023 after the forklift he was driving came into contact with an overhead powerline.

Meetings and attendance

The committee met six times in 2023. Regular attendees included SVP internal audit, EVP production & operations, EVP strategy, sustainability and ventures, SVP HSE and carbon, SVP safety and operational risk assurance, SVP sustainability and VP internal audit – safety and sustainability.

Non-executive directors

	Six scheduled meetings
Melody Meyer: member (May 2017), chair of the committee (November 2019)	6/6
Satish Pai: member (March 2023)	5/5
Sir John Sawers: member	6/6
Johannes Teyssen: member	6/6

Two additional fatalities occurred in our TravelCenters of America business, which we acquired in May 2023. One was in September 2023 as a result of employee violence, and the other in November 2023 when an employee was hit by a truck.

Our sincere condolences go out to the families and friends of those who have been lost. We continue to focus on learnings from safety events and to cascade these learnings through the business.

Role of the committee

The committee oversees the management of safety and sustainability matters, including relevant systems and processes, focusing on those which it considers to be most potentially material from time to time.

Key responsibilities

The committee's full terms of reference can be viewed at bp.com/governance.

Melody Meyer

Committee chair
8 March 2024

Activities during the year

Safety performance and assurance

- Received updates at every meeting from the EVP production & operations on key safety performance metrics from across all parts of the business, including process, personal and operational safety and non-operated as well as operated joint ventures★.
- Received reports at every meeting on major operational, security (including crisis management and business continuity) and cyber security incidents.

Sustainability T

- Received routine updates from the SVP, sustainability, including on:
 - Progress on implementation of bp's sustainability aims.
 - Sustainability reporting.
 - The sustainability frame, including deep-dives on advancing our net zero, people and planet aims.
 - The process and findings of the external auditor's limited assurance exercise over selected sustainability metrics.
 - Internal climate policy.

Internal audit

- Received regular updates on internal audit activity, and an annual report on systems of internal control and updates on the internal audit programme.

Risk

- Routinely reviewed and monitored principal risks allocated to it through a combination of business reviews and focused engagements, as well as updates from management.
- The principal risks allocated to the committee for monitoring in 2023 were:
 - Crisis management and business continuity.
 - Process safety, personal safety, and environmental risks.
 - Drilling and production.
 - Security.
 - Product quality.

Safety and sustainability committee continued

- The committee also shared responsibility for oversight of the following principal risks with the audit committee and board:
 - Joint arrangements★ and contractors (shared with the audit committee).
 - Digital infrastructure, cyber security and data protection (shared with the board).
 - Ethical misconduct and non-compliance (shared with the board and audit committee).

Principal risk deep-dives

- Reviewed and monitored the principal risks allocated to it through several deep-dive updates tabled throughout the year, for example covering risks related to wells, product quality, ethical misconduct and non-compliance, and non-operated joint ventures (NOJVs).
- Received deep-dive updates in relation to specific risk areas within the business. For example, a deep-dive was held on the bpx energy business, covering current risks, well control risk management, the Operating Management System★ (OMS) and progress against process and personal safety performance and improvement plans.
- Received further deep-dive updates regarding other significant or material events, including detail on actions being taken, for example in relation to:
 - Fatalities following a fire at a bp oil refinery in Toledo, US during 2022 (which was subsequently sold in 2023).
 - Progress made by the site operator in the reduction of flaring activity at an NOJV in Rumaila, Iraq.
 - The contractor fatality in the Permian Basin.
 - The employee fatalities at TravelCenters of America sites in 2023.
 - Regulatory compliance issues.
- Reviewed reports on significant risk events, probing management on investigations, remediating actions and the proactive cascading of learnings throughout the business.
- Received ethics and compliance reports on a quarterly basis.

Other matters

- Reviewed annual cash bonus (ACB) target adjustments.
- Reviewed and recommended to the remuneration committee, changes to the ACB framework relating to emissions reductions targets **T** (see [page 50](#)) and a structured framework for consideration of fatalities and how they should influence remuneration outcomes.



Permian Basin and Gulf of Mexico visit February 2023

Melody Meyer, chair of the committee, and Pamela Daley, member of the bp board, visited the Permian Basin and Thunder Horse platform in the Gulf of Mexico.

The trip to the Permian provided an opportunity to see how bp is seeking to reduce operational greenhouse gas emissions through its electrification strategy in the basin. The directors also heard about initiatives to eliminate routine flaring and to reduce tier 1

process safety events★. This provided both directors with an insight into the deep commitment to safety on-site.

The directors also visited the Thunder Horse production drilling quarters semi-submersible oil platform in the Gulf of Mexico, where directors engaged with the site team on the approach to safe and reliable operations within this joint venture with ExxonMobil.



Tangguh visit November 2023

The committee visited our major LNG site on the Indonesian island of Papua to meet the team and understand first-hand the safety and sustainability aspects of their operations.

The committee toured all three LNG trains and heard how safety learnings from Trains 1 and 2 had been implemented in Train 3. The visit also provided a valuable opportunity to engage with a broad variety of local stakeholders of the site. The committee:

- Met with Papuan colleagues who recently graduated from bp's technician training programme (70% of Tangguh LNG's workforce are from the local Papuan community).

- Met with the Tangguh Women's International Network (women make up 50% of the overall technician workforce that have graduated from bp's technician training programme).
- Visited the local village of Tanah Merah Baru to speak with community leaders, tour the school and get a first-hand view of Tangguh's community and sustainability initiatives.
- Visited Tangguh's mangrove plantation, where over 2,000 mangrove trees have been planted on site using recycled fertile soil from dredging activity, in addition to over one million trees planted in the local community.

Key

- T** Information that supports TCFD Recommendations and Recommended Disclosures in relation to Governance (see [pages 55 to 58](#))

Directors' remuneration report

// During the year, bp's performance was robust – both operationally and financially... and there has been continued progress in bp's transformation to an integrated energy company. //



Role of the committee

The role of the committee is to determine and recommend to the board the remuneration policy and to set chair, executive director and leadership team remuneration. In determining the policy, the committee takes into account various factors, including wider workforce remuneration, structures and alignment of reward to performance, thus promoting the long-term success of the company. The committee also reviews workforce remuneration and monitors related policies, satisfying itself that incentives and rewards are aligned with bp's goals and culture.

Key responsibilities

A summary of the committee's terms of reference is on [page 359](#) and the full terms can be reviewed at bp.com/governance.

Key areas of focus in 2023

- **Change in leadership** – set the terms of appointment for the interim CEO for the period from 12 September 2023 to 17 January 2024 and interim CFO for the

period from 19 September 2023 to 2 February 2024. Determined the departure terms for the former CEO.

- **Workforce engagement** – engaged with the wider workforce on reward and wellbeing – for example, met with new hires to discuss their initial views on bp's reward structures.
- **Remuneration outcomes** – monitored in-flight progress of equity and bonus awards, and evaluated salary and benefits against peer group comparators, considering adjustments where appropriate.
- **Reporting** – reviewed the directors' remuneration report and the UK gender and ethnicity pay gap report.
- **Sustainability measures** – discussed and agreed to the sustainability measures in annual and long-term performance scorecards. For example, after consulting with the safety and sustainability committee and taking into account feedback from shareholders, the remuneration committee set an alternative measure related to operational emissions for the 2024 annual bonus and 2024-26 long-term incentive plan award. [T](#)

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Meetings and attendance

The chair and the chief executive officer (CEO) attend meetings of the committee except for matters relating to their own remuneration. The CEO is consulted on remuneration of the chief financial officer (CFO), the leadership team and receives input from the committee on remuneration across the wider workforce. Both the CEO and CFO are consulted on matters relating to group's performance and the metrics adopted for each performance cycle.

bp's EVP people & culture, SVP reward, external advisors 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 eight times during the year. All directors attended each meeting they were eligible to attend, except one previous apology for a planned meeting.

Non-executive directors

	Six scheduled meetings	Two ad-hoc meetings
Paula Rosput Reynolds: member (September 2017), chair of the committee (May 2018)	6/6	2/2
Dame Amanda Blanc ^a : member (January 2023)	5/6	2/2
Pamela Daley: member	6/6	2/2
Melody Meyer: member	6/6	2/2
Tushar Morzaria: member	6/6	2/2

a Dame Amanda Blanc was unable to attend one planned meeting during 2023 due to a prior commitment. She received accompanying material and had the opportunity to provide comments to the committee.

Directors' remuneration report continued

Chair's introduction

Dear fellow shareholders,

On behalf of the board, I am pleased to present our 2023 directors' remuneration report. This report provides details of the remuneration decisions we have reached regarding current and former executive directors. These decisions comply with the remuneration policy that was overwhelmingly approved at the 2023 Annual General Meeting (AGM) by 94% of the voting shares. The report also covers various matters pertaining to the wider workforce.

Performance and reward for 2023

Business performance

During the year, bp's performance was robust – both operationally and financially. Among other metrics, the company achieved an underlying replacement cost profit★ of \$13.8 billion and sustained high levels of reliability and availability of our operations. Operating cash flow★ was \$32.0 billion and net debt★ was reduced to \$20.9 billion.

There has been continued progress in bp's transformation to an integrated energy company, with momentum across our resilient hydrocarbons, convenience and mobility and low carbon businesses.

2023 annual bonus

The 2023 annual bonus was based on a scorecard of performance measures across three categories: safety and sustainability (30%), operations (20%) and financials (50%).

Safety and sustainability

Safety comes first for all employees at bp; avoiding incidents or injuries that irreversibly change lives is of paramount importance.

Tier 1 and tier 2 process safety events★ performance improved, with the number of events in each category lower than in 2022 and below our targets for 2023. This outcome reflects a relentless focus on process and personal safety. Nevertheless, the positive process safety performance was sadly overshadowed by three workforce fatalities – one within bpx energy and two at our recently acquired TravelCenters of America facilities.

Details of these fatalities, including the actions taken by management in response, are set out on [page 69](#) in the sustainability section of the strategic report.

The committee decided to apply downward discretion to the formulaic outcome for the entire bonus score reflecting the fatality in our bpx energy business; we reduced the bonus by 5 points for all participants in the 2023 annual cash bonus plan (ACB) to reinforce all employees' individual and collective responsibility for delivering safe operations. The TravelCenters of America incidents were not reflected in the adjustment, which is in line with our new framework for assessing newly acquired assets (see [page 122](#)).

Further detail on the impact of safety on pay outcomes is provided on [page 115](#).

Sustainability is measured in the annual bonus scorecard by the degree to which the company reduces Scope 1 and 2 emissions. We track sustainable emissions reductions (SER)★ and performance in 2023 was slightly ahead of target, delivering 0.908mte of reductions in 2023 and 7.973mte cumulatively since 2017.

Operations

bp delivered strong performance against this category, driven by both high hydrocarbon plant reliability★ and refining availability★, and achieved an outcome of 95.7% for this combined measure. In addition to reliability and availability of our hydrocarbons operations, we adopted another operational measure for 2023 intended to give focus to our newer businesses. Namely, we measured convenience & EV gross margin growth (%)★ which accounts for 10% of the award. The organization demonstrated robust year-on-year growth under this metric (10.6% vs. our target of 10%).

Financials

Our financial performance has two measures: annual adjusted EBITDA★ and adjusted free cash flow★. Adjusted EBITDA delivery was strong at \$43.7 billion, resulting in a near maximum outcome for this measure. This outcome reflected both higher production and strong trading results. Adjusted free cash flow was \$15.1 billion, which exceeded the maximum target we set for 2023.

As a reminder, in line with policy, the targets for both financial measures are adjusted for the actual price environment to reflect underlying performance.

Overall result

The formulaic outcome of the annual bonus considering safety, operational and financial performance was 1.64 out of 2.00. As described above, the committee decided to exercise its discretion on the mechanical outcome on account of the fatality within bpx energy and reduced the outcome by 5 points to 1.59 out of 2.00 for all participants of the plan (which translates to 79.5% of the maximum opportunity).

2021-23 performance shares

bp started its transition to an integrated energy company in 2020. As a result, this is the second cycle of equity (2021-23) in which we have evaluated performance over a three-year period since the strategy was set in place.

The 2021-23 performance shares were measured against relative TSR (20% weighting), return on average capital employed (ROACE) (20% weighting)★, adjusted EBIDA per share CAGR★ (20% weighting) and strategic progress (40% weighting). The relative weighting of these measures for this award reflected the need, we perceived at the time, to create a significant incentive for strategic progress in the period immediately following the strategy change announced in 2020, ensuring a continued focus on ambitious financial goals and the delivery of shareholder value.

bp's relative TSR performance recovered in the 2021-23 period compared to the prior 2020-22 period. bp achieved median returns relative to peers – placing bp fourth out of eight in the comparator group. This performance resulted in 25% vesting.

Underlying financial performance was resilient over the performance period and both performance measures achieved full vesting; the 2021-23 average ROACE performance was 20.6%, which materially exceeded the ambitious target we set in 2021. Similarly, adjusted EBIDA per share CAGR outperformed target and achieved an outcome of 15.8%.

Unlike the three measures described above, strategic progress was not a quantitative assessment. By design, this measure is assessed in the round – and in two successive policy votes, shareholders have affirmed their willingness to have this committee make these judgements on progress.

When assessing outcomes under the strategic progress measure for the 2021-23 performance shares, the committee considered how management have delivered on bp's transition plans, including its financial resilience, and how they relate to our communicated 2025 targets.

Overall, bp's hydrocarbons business has performed well with all underlying measures on track towards our 2025 targets. In low carbon energy we have seen growth in our pipeline against the backdrop of tough economic conditions, and our convenience and mobility businesses have shown resilient performance in tough trading conditions.

When considering strategic progress in the round, the committee determined that an outcome of 75% of maximum was appropriate.

Looking forward, the committee has decided to evaluate strategic progress based on value generation potential rather than volume goals. The committee will be looking for evidence that the transition growth★ engines are generating sustainable, and growing, earnings. Simultaneously, we will continue to assess progress in the resilience of our hydrocarbon portfolio.

Furthermore, for the next performance share cycle – 2024-26 – the committee has decided to lower the weighting of strategic progress in the scorecard to 20% of the total. We will also raise the relative TSR weighting to 25%. These changes are permitted under the current remuneration policy.

The committee has come to these conclusions with the benefit of shareholder feedback we have received. Namely, shareholders have supported our strategy, but they have noted that vesting of performance shares must reflect the broader shareholder experience over the cycle. They are particularly keen to see the financial resilience of the transition growth engines. We hope you will agree that using value-driven criteria for the outstanding awards and de-rating of strategic progress for future awards is an appropriate response to shareholder feedback received.

Overall, the sum of the several components that go into performance share vesting for the 2021-23 cycle was 75% of maximum. The committee believes that this outcome is reflective of performance during the period and therefore has not applied any further discretion.

Looking ahead to 2024

For 2024, we have reviewed the operation of the bonus and performance shares against our strategy and are proposing only modest changes, all consistent with our shareholder-approved remuneration policy.

Alignment with strategy Sustainability performance

In 2023, we consulted with shareholders about changing the measurement of our progress in reducing greenhouse gas emissions to provide a direct link to bp's aim 1, to achieve net zero operations by 2050 or sooner.

In our annual bonus scorecard, instead of SER we will use a measure of operated carbon emissions. Unlike SER, operated carbon emissions is a measure recognized by stakeholders and thus allows comparability of our results with those of others in our industry. This measure covers the Scope 1 and 2 emissions reported under aim 1 (net zero operations) and will have the same weighting as SER previously did (15% of award).

It is our intent to measure and reward progressive improvements in operated carbon emissions performance both over the short and long term. We are therefore introducing this operated carbon emissions metric to our 2024-26 executive directors' incentive plan (EDIP) scorecard to better align with our strategic ambition of net zero by 2050 or sooner. This measure will be weighted at 15% and for reference, we will use 2019 as the baseline year (which is consistent with the baseline year for bp's aim 1).

Recognizing the transition growth engines

bp has aims to accelerate the growth in earnings from transition growth engines. Rather than picking business unit specific operating metrics (e.g. convenience margin, EV sales growth), we will measure and report on earnings growth overall in our transition growth engines. This measure should provide better visibility to shareholders as to the financial quality of our transition growth investment★ and focus our teams on ensuring that these new businesses can generate meaningful earnings over time. We will weight this metric at 10% in the annual bonus.

Focus on safety

A number of shareholders provided feedback in 2023 that we were not giving a meaningful enough message through bonus adjustments when fatalities occurred. We have carefully considered the comments and agree that we should modify our approach. Namely, if any workforce fatality occurs during the year, the committee will make it normal practice to adjust the overall bonus outcome downwards. The downward adjustment will vary based on the specific circumstances and will apply broadly across the organization. Notwithstanding this change, safety is an underpin to all of our plans and so we retain absolute discretion to reflect lapses in safety in remuneration outcomes.

Further details have been set out on [page 122](#).

Alignment with stakeholders

Wider workforce

When reflecting on pay decisions in relation to the executive directors, the committee is mindful of the pay arrangements of the wider workforce. For 2024, the wider workforce will receive an average salary increase of 4.5% in the UK. Adjustments in other jurisdictions vary by local conditions. All bp employees in the UK earn at least the UK Living Wage.

We are aware that a number of bp's UK pensioners have asked bp management to consent to a trustee request to provide an additional discretionary increase that is over and above the 5% increase they have received under the scheme rules, to their pensions. Discretionary pension increases under bp's many pension schemes around the world are a matter for management. We do note that management made additional funding to the bp Helios Fund and the Retail Trust, which has enabled the trustees of those bodies to support pensioners who are most in need through a one-off grant.

Directors' remuneration report continued

Shareholder engagement

In 2023, during the development of our directors' remuneration policy, we engaged extensively with our shareholders and the main proxy agencies. We discussed the company's strategy, their expectations in relation to executive pay, and in some cases, our approach to remuneration upon the departure of our former CEO. By letter and in individual conversations, we have engaged with our largest shareholders and proxy agencies on the proposed outcomes for 2023 and the implementation of our policy going forward.

Executive director changes

As announced on 12 September 2023, Bernard Looney resigned as CEO with immediate effect. The board triggered its emergency succession plan to ensure continuity in leadership, resulting in Murray Auchincloss's appointment as interim CEO with immediate effect. As you will have read in our disclosures elsewhere, the board undertook a robust and competitive executive succession process, ultimately resulting in the decision to appoint Murray Auchincloss as the permanent CEO on 17 January 2024. On 2 February 2024, Kate Thomson, who had been acting as interim CFO, was appointed as permanent CFO and became an executive director of the board.

CEO arrangements

Upon appointment as interim CEO, the committee agreed that Murray Auchincloss should receive base pay equal to that of his predecessor for 2023, but that his bonus would be based on a pro-rated salary rather than his new higher salary and that no additional equity grants would be made in the interim. His annual salary was therefore set at £1.45 million, reflecting his increased responsibility, and the competitive landscape.

Upon appointment as permanent CEO, Murray's salary remained unchanged at £1.45 million and he will not receive a salary increase for 2024. All elements of his remuneration will be in line with the shareholder-approved remuneration policy. The details have been set out in full on [pages 119 to 120](#).

CFO arrangements

Having acted as interim CFO since September 2023, Kate Thomson was appointed to the board and as permanent CFO on 2 February 2024.

Upon appointment, her base pay has been set at £800,000 and will not be reviewed until 1 April 2025. The committee believes it is appropriate that Kate's salary be set at a lower level than that of her predecessor, reflecting her limited experience in a board role. However, the committee will keep the CFO salary under review each year, with regard to performance in the role and market conditions. As such, it is possible that any future adjustments may exceed the percentage for the wider workforce for a period, subject to performance. All elements of Kate's new package are consistent with our remuneration policy.

Former CEO departure terms

In December 2023, the board determined that serious misconduct had occurred in relation to the former CEO. At that time, we disclosed the provisions of his separation. Full details of which are provided on [page 127](#).

All remuneration decisions have been made in accordance with our shareholder-approved policy.

Concluding remarks

At the close of this year's AGM, I will depart the board of bp as my nine-year tenure concludes.

As I depart, I want to express my appreciation to my colleagues on this committee, the advisors and executives who support us in our deliberations – and to you, our shareholders, for your constructive feedback and candour. I am gratified that we have always come to agreement on the way forward, after what has often been vigorous and challenging discussion.

I trust that 2024 will be no exception. The committee has remained true to the policy you approved and where we have used discretion, it has been thoughtfully undertaken. As always, we welcome your comments on the materials covered herein. One final time, I respectfully ask for your vote in favour of the resolution to approve the 2023 directors' remuneration report at the upcoming AGM.

Paula Rosput Reynolds

Committee chair
8 March 2024

Remuneration at a glance

Key performance highlights in 2023

\$32.0bn

operating cash flow

Resilient financial performance

\$20.9bn

net debt

Lowest level over past decade

27.760¢

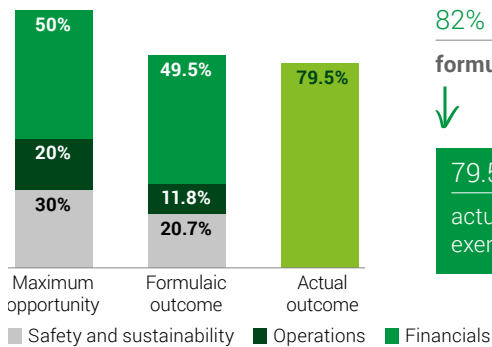
dividends paid per ordinary share

+21% increase vs. 2022

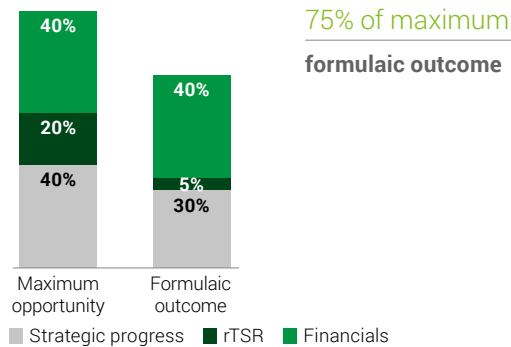
- Acquisition of TravelCenters of America
- 150% increase in energy sales volumes and 35% increase in EV charge points★
- Biogas supply volumes★ rose by 80% year on year
- LNG supply portfolio increased by over 20% to ~23mtpa (2022 19mtpa)

Pay outcomes in 2023

Annual bonus 2023



Performance shares 2021-23



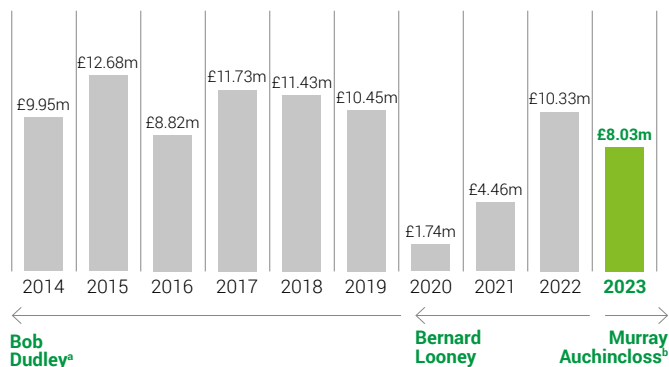
Application of discretion

The committee may exercise discretion in determining the outcomes for the annual bonus and performance shares, reflecting on the broader stakeholder experience during the performance period.

*For 2023, downward discretion was applied to the annual bonus and the formulaic outcome has been reduced by 5 points to 1.59 for all participants. Further details on the application of discretion have been set out on [page 115](#).

Single figure history

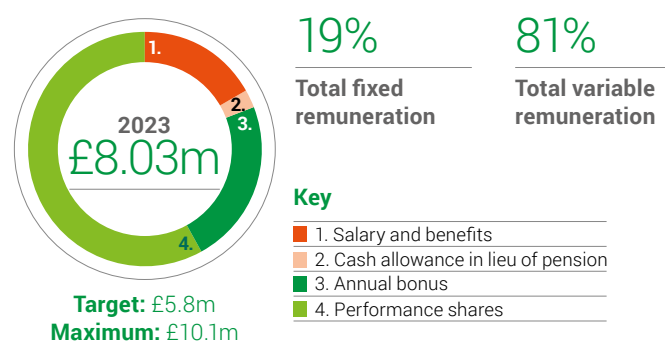
10-year trend of remuneration



a Bob Dudley's single figure converted from USD to GBP at the relevant exchange rate.

b For 2023, the single figure for the CEO (Murray Auchincloss) has been shown in the chart. See [page 113](#) for further details on the former CEO's single figure for 2023.

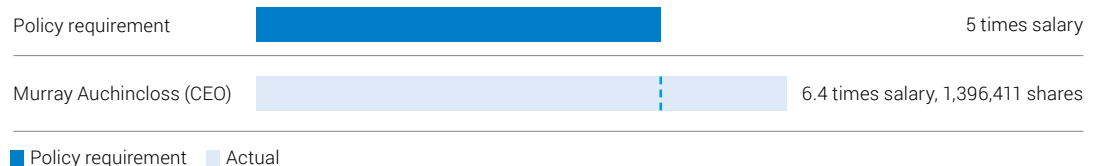
Single figure for 2023



Alignment with shareholders

Share ownership

Share ownership is a key means by which the interests of executive directors are aligned with those of shareholders. Murray exceeds the current policy requirement.



Remuneration at a glance continued

Application of remuneration policy for 2024

Set out below is an illustration of how the remuneration policy will be implemented for 2024.

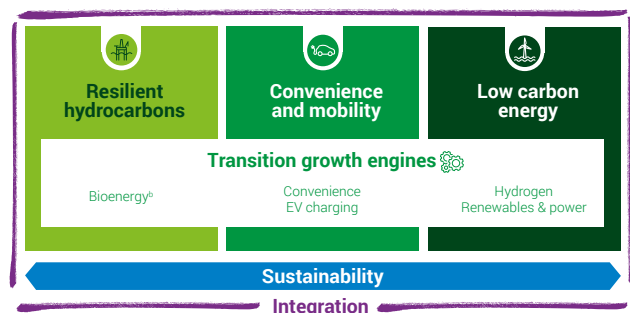
	2024	2025	2026	2027	2028	2029	2030	
Fixed pay (salary, pension and benefits)								<ul style="list-style-type: none"> Upon appointment, the CEO and CFO's salaries were set at £1.45 million and £0.8 million respectively. Salaries will remain unchanged in respect of 2024. This compares to an average increase of 4.5% for the UK wider workforce in 2024.
Annual bonus^a	 1-year performance period				 3-year deferral period			<ul style="list-style-type: none"> CEO's max opportunity: 225% of salary. CFO's max opportunity: 225% of salary. For 2024, transition growth engines adjusted EBITDA % growth and operated carbon emissions have been introduced to the bonus scorecard (see below).
Performance shares	 3-year performance period			 3-year holding period				<ul style="list-style-type: none"> CEO's max opportunity: 500% of salary. CFO's max opportunity: 450% of salary. For 2024, cumulative reduction % in operated carbon emissions has been introduced to the performance shares scorecard (see below).
Shareholding requirement								<ul style="list-style-type: none"> In-employment and post-employment guidelines will continue to apply.

a Half the bonus is paid in cash, and half is deferred into bp shares for three years up until 'minimum shareholding requirement' is met. At this point, 67% is paid in cash and 33% is deferred into bp shares.

Alignment of 2024 variable remuneration with strategy

Each year, the committee aims to set a remuneration framework for executive directors that supports and incentivizes progress towards our strategy. For 2024 the performance measures in the annual bonus and performance shares scorecards have been refined slightly to further align with our strategy. Measures that have been introduced for 2024 have been marked with ▲ below. Further details on the rationale for their inclusion can be found on [pages 121 and 123](#).

bp's strategy



Key focus



Annual bonus

	Net zero by 2050 or sooner	Financial frame	Strategy
Safety and sustainability (30%)			
Tier 1 and tier 2 process safety events			●
Operated carbon emissions ▲	●		●
Operations (20%)			
bp-operated reliability and availability		●	●
Transition growth engines adjusted EBITDA % growth ▲		●	●
Financials (50%)			
Adjusted free cash flow (\$bn)		●	
Earnings (adjusted EBITDA)		●	
Performance shares			
Cumulative reduction % in operated carbon emissions (15%) ▲	●		●
rTSR (25%)		●	
ROACE (20%)		●	
Adjusted EBIDA per share CAGR (20%)		●	
Strategic progress (20%)			●

b Bioenergy includes customer-facing and midstream biofuels activities that form part of convenience and mobility.

Engaging with our workforce

At bp, we believe that having a diverse and engaged workforce is critical for us to deliver our strategy. We aim to create an open dialogue among our board, senior management and the wider workforce – including on topics such as remuneration (see section below).

During 2023, the committee was particularly mindful of the higher cost of living and the challenges inflation presents for many. bp has introduced a range of initiatives to help improve the wellbeing of our colleagues.

We have continued to review our pay arrangements in our retail businesses and are committed to ensuring that our offering is fair. This includes a commitment to increase our hourly wage for ~6,000 UK staff from 1 April 2024 in line with the Real Living Wage.

The results of these initiatives are showcased in our recent 'Pulse annual' employee survey results, where we were pleased to see that all our wellbeing scores improved year on year. Highlights are set out below.

Workforce engagement

During the year, the committee continued its direct engagement sessions with the wider workforce through a number of forums. The intention of the sessions was to better understand the views of our workforce and to encourage an open discussion on relevant matters. More detail on bp's workforce engagement agenda can be found on [page 92](#).

With regards to remuneration, a session was held with recent joiners at management level to discuss their initial views on bp's culture and remuneration models (including executive pay). The selected participants came from different parts of the business, from energy to consumer to technology, and represented a diverse group. Without exception, they expressed support for bp's strategy.

There was a shared sense that the culture at bp was welcoming and open, with colleagues wanting to drive success. Our transition to an integrated energy company was frequently cited as a reason for joining the organization. While commentary on our remuneration models was broadly positive, we received feedback that there could be greater simplicity in the structure of incentives.

As ever, we were impressed by our colleagues' readiness to share open and honest feedback with board members and will continue to reflect on our workforce views as we consider executive pay decisions.

Enhance Wellbeing

Our **aim 15** is to enhance the health and wellbeing of our employees, contractors and local communities. This is achieved through the innovative programmes, partnerships and offers at bp.

Physical and mental wellbeing

Objective: Support employees to proactively improve their physical and mental health.

- Achieved menopause-friendly employee accreditation from 2023 for the UK. This included launching new guidance, e-learning modules for colleagues and leaders and collaborating with our external providers.
- In 2023, bp provided more paid leave and enhanced medical coverage in several countries – including Singapore, Malaysia, India and Hungary.
- In the process of designing a new global mental health education programmes for our wider workforce called 'Healthy Minds'.
- Following the success of rolling out free membership for the Headspace app, around 9,000 employees enrolled globally.
- For the first time, 'Thrive Together' our wellbeing challenge was available globally – inspiring employees to take positive action and enhance their wellbeing.

~69,000

employees with access to financial wellbeing support

26%

increase in our global wellbeing platform usage

~9,000

employees enrolled with Headspace

~180,000

views of our global wellbeing guides

Financial wellbeing

Objective: Alleviate the impact of money concerns on overall wellbeing.

- During the year, we hosted a series of global events on financial wellbeing for our below board employees. The sessions aimed to provide practical tips on how to manage day-to-day finances and signposted the financial support systems in place at bp.
- These events were made available to all site-based employees globally, with relevant material being extended to our retail and non-site-based employees.
- Introduced financial coaching sessions to support colleagues in the UK with managing their personal finances. Following this success, we plan to roll-out a global toolkit for financial wellbeing in 2024.
- In the UK, all new joiners are entitled to a free 1:1 financial coaching session with other colleagues receiving a discounted service.

Focus on retail

- Accredited as a Living Wage Employer in the UK since 2020 – first major energy, mobility and convenience employer to achieve this.
- Increased the hourly wages of ~6,000 staff as part of an £8 million annual investment in pay which is effective 1 April 2024. In practice, this will mean that staff nationwide will receive over £2,000 extra a year.
- Continue to ensure our retail employees are offered a competitive benefits package, which includes discounted food and shopping and paid breaks (worth ~£2,500 a year).



Directors' remuneration report continued

Wider workforce in 2023

Element	Policy features for the wider workforce	Comparison with executive director remuneration
Salary	<p>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.</p> <p>In setting pay budgets each year, we assess how employee pay is currently positioned relative to market rates, wage inflation, forecasts, and business context related to such things as growth plans, workforce turnover and affordability.</p> <p>For 2024, most salaried employees will receive a base salary increase (effective 1 April 2024). In the UK, the average pay increase has been set at 4.5%.</p>	<p>The salaries of our executive directors form the basis of their total remuneration, and we review these salaries annually along the same timelines as the wider workforce.</p> <p>Salary increases for executive directors will typically be at or below the salary review budgets set for our wider workforce. In specific circumstances, salary increases may be awarded above the workforce rate and will have regard for the individual's performance in the role and market competitiveness.</p> <p>As the executive directors were only appointed earlier this year, there will be no further salary increases for either of them as part of the annual pay review for 2024.</p>
Pensions and benefits	<p>We operate different pension plans by location and for those parts of our business where market practice is markedly different, e.g. our retail business.</p> <p>For our population of non-retail employees in the UK, covering 57% of the UK workforce, we provide a flexible cash benefits allowance of 20% of salary.</p> <p>In the UK, our hourly retail employees, the majority of whom are part-time, are eligible to participate in the National Employment Savings Trust (NEST) where we make contributions and all proceeds are portable with the employee.</p>	<p>Executive directors, both current and future appointments, are to receive a cash allowance in lieu of pension aligned with the wider workforce (currently 20% of salary).</p> <p>Other than the provisions of car, security and tax preparation related benefits, benefit packages are broadly aligned with those of other employees in the UK.</p>
Annual bonus	<p>More than half of the eligible global workforce participate in an annual cash bonus plan that multiplies a grade-based target bonus amount by a bp performance factor in the range 0 to 2.</p> <p>In 2022, the bonus plan was enhanced to include a stronger link to individual performance. Select participants may be nominated to receive an uplift to their bonus outcome, reflecting their contribution and impact.</p> <p>We operate different bonus plans for those distinct parts of our business where market practice is markedly different, such as our trading business.</p>	<p>The annual bonus for the executive directors is linked to the same bp performance measures and bp performance factor as those for the wider workforce.</p> <p>Executive directors are not entitled to a bonus uplift linked to individual performance.</p>
Performance shares	<p>We operate share plans with three-year vesting for all our senior leaders. Opportunity varies across two broad tiers: group leaders (approximately 300) and senior-level leaders (approximately 4,500). For the group leader population, we operate a hybrid scheme with a mixture of restricted shares and performance shares awarded. The performance shares are aligned to bp's performance outcomes – similar to the scorecard used for executive directors.</p> <p>All employees are eligible to receive ad hoc share awards in exceptional circumstances. bp also operates an award-winning global ShareMatch programme which is available to over 17,500 employees in 47 countries.</p>	<p>Performance shares for our executive directors are assessed using a bp performance scorecard, similar to the scorecard used for the group leader population. There are no restricted shares for executive directors.</p> <p>Executive directors' performance share awards are subject to an additional three-year holding period post-vesting. Executive directors are also expected to build a minimum level of shareholding equal to 5x salary for the CEO and 4.5x salary for the CFO. This minimum holding cannot be sold until two years post-employment.</p>
Recognition	<p>energize!, our global recognition platform is open to all employees for peer-to-peer recognition. Recognition may be in the form of a 'thank you' or points that can be spent on a catalogue of products. We also operate a spot bonus programme where individuals or teams can be nominated to receive a one-off cash award to recognize their achievements.</p> <p>Senior leaders and our two executive directors fully participate in the programmes (typically by giving recognition). They may receive non-financial recognition only through energize!.</p>	
Wellbeing	<p>All employees have access to mental health support via our employee assistance programme. In addition, Thrive@bp – our global wellbeing platform – is open to all employees and provides access to mental, physical and financial wellbeing support.</p> <p>In a number of countries, employees have access to a personal wellbeing fund – a sum of money that can be spent on wellbeing initiatives. In 2023, this was equal to £1,500 per employee per annum, in the UK.</p>	

Executive directors' pay for 2023

Single figure table – executive directors (audited)^a

	Murray Auchincloss^b thousand 2023	Bernard Looney^b thousand 2023	Murray Auchincloss thousand 2022	Bernard Looney thousand 2022
Salary	£1,015	£996	£782	£1,372
Benefits	£338	£30	£88	£75
Cash allowance in lieu of pension	£190	£149	£117	£206
Annual bonus^c	£1,839	£0	£1,404	£2,366
Performance shares^d	£4,652	£0	£3,037	£6,313
Total remuneration	£8,034	£1,175	£5,429	£10,331
Total fixed remuneration	£1,543	£1,175	£988	£1,653
Total variable remuneration ^e	£6,491	£0	£4,441	£8,678
Application of malus and clawback ^f		£(2,979)		
Total remuneration (incl. malus and clawback)^g		£(1,804)		

a Due to rounding, the total may not agree exactly with the sum of the component parts.

b As announced on 12 September 2023, Bernard Looney resigned as CEO and stepped down from the board with immediate effect. For 2023, the figures stated in the table reflect the time spent in his role as CEO (1 January 2023 to 12 September 2023). Murray Auchincloss was appointed as interim CEO on 12 September 2023, having previously been in position as CFO.

c Annual bonus is subject to deferral into shares for three years at a rate of 33%, in line with the 2023 remuneration policy approved by shareholders.

d The performance share figure for 2023 has been calculated using the average share price in the last three months of 2023 of £4.93 and includes notional dividends accrued up to 16 February 2024. For 2022, the performance shares have been restated to reflect the share price on the date of vesting of £4.86 and actual dividends received.

e In respect of 2023, Bernard Looney did not receive any variable pay awards. He was not entitled to any annual bonus in respect of the financial year and his 2021-23 EDIP award lapsed in full.

f In line with regulatory requirements for reporting single figure outcomes, the table sets out the value of the malus and clawback applied to Bernard Looney's variable pay awards in respect of awards which have previously been reported in prior year single figure tables. These values are in line with the press release on 13 December 2023 and further detail can be found on [page 127](#). The value for awards subject to clawback has been shown on a net-of-tax basis as per bp's clawback policy.

g Following the board's decision on 13 December 2023, Bernard Looney's outstanding 2022-24 EDIP and 2023-25 EDIP awards also lapsed in full. These have not been included in the table as they have not previously been reported in single figure tables as performance periods are still in-flight. For reference, the maximum value of both these awards would have been £14,667k when calculated in line with the press release on 13 December 2023. Further details can be found on [page 127](#).

Overview of single figure outcomes

Salary

On 12 September 2023, Murray Auchincloss was appointed as CEO on an interim basis. The committee agreed that his remuneration package should be broadly in line with that of his predecessor and his base pay was set at £1.45 million.

Murray has been an advocate of bp's strategy to transition to an integrated energy company and remains focused on delivering exceptional performance – this was clearly evident when he undertook the interim CEO role. The committee believes it was in our shareholders' interest that Murray's remuneration was set at a level that appropriately reflected the responsibility and scope of the role, while motivating and retaining him during this interim period, thus ensuring a continued focus on delivering our long-term strategy. The extensive external search we undertook confirmed our view that a base pay of £1.45 million was competitive to lead a company of bp's size, business complexity and strategic ambition.

Benefits

Executive directors received car-related benefits, coverage of tax return preparation, security assistance, health and life insurance and medical benefits.

Transitional changes to the car-related benefit provided to Murray Auchincloss, as approved by the committee, is the primary reason for the increase in the value of taxable benefits compared with 2022. The cost of this benefit is expected to fall in 2024.

Cash allowance in lieu of pension

Upon appointment to the board in 2020, Murray's cash allowance in lieu of pension was aligned to the flexible benefit allowance for the majority of the wider UK workforce at that time (15% of salary).

In the 2023 directors' remuneration policy, the cash allowance in lieu of pension for executive directors was changed to 20% of salary (in line with the wider workforce). This amendment to our policy was supported by shareholders and approved at the 2023 AGM with a vote of 94%. From the 2023 AGM, Murray's cash allowance was therefore adjusted to 20% of salary. As disclosed in last year's report, Bernard Looney's allowance remained unchanged at 15% of salary.

Directors' remuneration report continued

Annual bonus

The committee has considered the approach that should be taken in relation to Murray's annual bonus award for 2023. In line with our remuneration policy, awards are typically calculated using salary as at year-end. However, given Murray's relatively short tenure as interim CEO during the performance period, the committee felt it would be appropriate to base his award on a pro-rated salary.

In relation to the deferral requirement, the committee reviewed Murray's shareholding during the year to assess if the minimum shareholding requirement had been met. Given that his bonus award is based on a pro-rated salary, it was considered appropriate to calculate his shareholding on the same basis. As of 16 February 2024, the CEO achieved a shareholding of 6.4x salary (based on a pro-rated salary). This is above the minimum shareholding requirement for the CEO of 5x salary and his 2023 award will therefore be subject to a deferral rate of 33%.

2023 annual bonus scorecard and outcome

For 2023, the committee assessed performance against a bonus scorecard of seven measures across three categories: safety and sustainability, operations and financials. These measures align with our strategy (see [page 12](#)) and were set out under the terms of our 2023 policy.

Safety and sustainability 0.41	+	Operations 0.24	+	Financials 0.99	=	Formulaic score 1.64 out of 2.0
Measures		Weighting	Threshold (0)	Target (1)	Maximum (2)	Outcome
Safety and sustainability (30% weight)	Tier 1 process safety events★	15%	12 0	10 0.075	8 0.15	39 (tier 1: 9, tier 2: 30)
	Tier 2 process safety events★		47 0	39 0.075	31 0.15	0.26
	Sustainable emissions reductions★ (million tonnes)	15%	<7.77 0	7.97 0.15	8.27 0.3	7.973 0.15
Operations (20% weight)	bp-operated reliability and availability	10%	94.5% 0	95.5% 0.1	96.4% 0.2	95.7% 0.13
	Convenience & EV gross margin % growth	10%	4% 0	10% 0.1	16% 0.2	10.6% 0.11
Financials (50% weight)	Adjusted free cash flow★	25%	\$12.6bn 0	\$13.6bn 0.25	\$14.6bn 0.5	\$15.1bn 0.50
	Adjusted EBITDA	25%	\$40.7bn 0	\$42.2bn 0.25	\$43.7bn 0.5	\$43.67bn ^a 0.49
Formulaic score						1.64 out of 2.0
Formulaic scorecard outcome 1.64 out of 2.00		Committee judgement for fatalities - 0.05		Final scorecard outcome 1.59 out of 2.00		79.5% of maximum

^a Adjusted EBITDA for bonus calculation purposes (\$43.67bn) differs from the figure reported elsewhere in the bp Annual Report and Form 20-F 2023 (\$43.71bn) because of accounting adjustments made after the committee's bonus outcome decisions.

Safety performance as measured by tier 1 and 2 process safety events, was strong with the mechanical outcome achieving between target and maximum performance. The committee's review of safety performance is detailed below and in the safety and sustainability committee (S&SC) report on [page 103](#).

Sustainable emissions reductions (SER) of 7.973mte cumulative (2023 vs. 2017) met target for the fourth year running, demonstrating consistent progress against our aim 1. At the start of the year bp identified opportunities for emission reductions based on planned activity totalling 704kt in 2023. However, an SER target of 900kt was set to continue embedding a net zero mindset and ownership of emissions performance across the operating entities. This approach led our sites to review existing activity sets and identify projects with SER potential that were not in existing plans. Key contributions across bp's portfolio included Whiting and Cherry Point refineries switching to low carbon power (255kt), bpx energy projects including electrification, vapour recovery and centralized processing in the Permian and Eagle Ford (240 kt), and a focus on flare system and practices improvements across production sites (102kt).

Reliability and availability is a measure of bp-operated refining availability and bp-operated plant reliability with a performance outcome of 95.7% – slightly above target. Refining availability strengthened year-on-year to 96.1% (94.5% in 2022). Plant reliability was below the target outcome at 95.0%.

Convenience & EV gross margin % growth (v. 2022) was above target with an outcome of 10.6%. Over the period, our EV energy sales grew by 150% and our convenience gross margin, excluding TravelCenters of America and adjusted for other portfolio changes at constant foreign exchange, was up by 9%.

Financial performance, as measured by **adjusted free cash flow and adjusted EBITDA**, was strong. bp generated adjusted free cash flow of \$15.1 billion, which resulted in the maximum outcome. Similarly, adjusted EBITDA performance was strong with an outcome of \$43.67 billion, slightly below our maximum target. Our targets are environment-adjusted at year end and the revised targets for adjusted free cash flow and adjusted EBITDA were \$13.6 billion and \$42.2 billion respectively.

Overall outcome

The formulaic score for the 2023 annual bonus was 1.64 out of 2.00 (82% of maximum).

The committee, advised by the S&SC, considered the circumstances of all of the fatalities and resolved to apply a downward adjustment to the annual bonus for one of the fatalities (see 'A focus on safety' below).

The formulaic score has therefore been reduced by 5 points from 1.64 to 1.59 (79.5% of maximum) for all plan participants.

A focus on safety

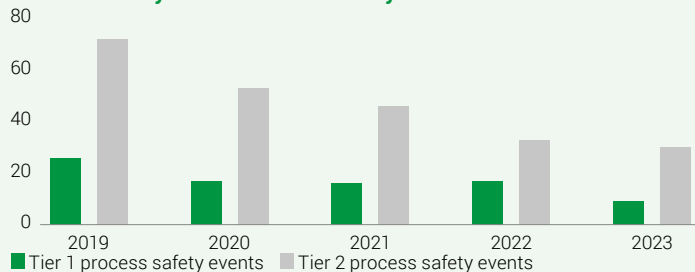
Safety comes first at bp and avoiding safety incidents within the workforce is paramount. Our goal is to eliminate tier 1 process safety events, fatalities and life-changing injuries.

Each year the committee, with advice from the S&SC, reviews the formulaic outcome of the annual bonus scorecard against broader contextual factors when determining the final performance outcome. As part of this holistic review, careful consideration is given to annual and long-term safety performance, any major safety incidents and any workforce fatalities during the year.

Process safety performance

To improve the focus on tier 1 process safety events, the committee determined that for the 2023 annual bonus scorecard tier 1 and tier 2 events would be measured independently rather than a combined measure. The committee is pleased to report that both tier 1 and tier 2 process safety events – particularly tier 1 – were lower than prior years.

Process safety events over last five years



The overall strong process safety performance resulted in a score of 87.5% of maximum for this element of the annual bonus scorecard. With the overall trend in process safety performance over time being positive, the committee felt this outcome was fair.

Impact of fatalities

In 2023, three people lost their lives while working for bp – a contractor within bpx energy and two employees from our newly acquired TravelCenters of America business. Our thoughts, as ever, are with their family, friends and co-workers.

Alongside the S&SC, the committee reflected on the fatalities that occurred during the year. While the fatality in bpx energy was within bp's ultimate responsibility, the incident was contractor led and under a third party management system. However, after careful consideration the committee concluded that the fatality should directly impact the annual bonus.

TravelCenters of America was acquired mid 2023 and is not fully integrated into bp – either from a safety culture or remuneration perspective (employees there do not participate in the bp annual cash bonus plan). The committee has therefore determined that applying a discretionary adjustment to all bp employees for the fatalities in TravelCenters of America would not be appropriate at this time. This is consistent with our approach to target setting more generally for recent acquisitions, where a transition period normally applies. Details on the TravelCenters of America acquisition are provided on [page 20](#).

Reflective of the fatality in our bpx energy business, the overall formulaic outcome of 1.64 has been reduced by 5 points (3%), resulting in an overall performance outcome of 1.59. This adjustment has been applied to all participants of the bp annual cash bonus plan to emphasize our collective responsibility with regard to safety.

We hope to see fatalities eliminated. Nevertheless, in response to shareholder feedback, a framework has been developed to guide the committee's decisions regarding the impact of fatalities on incentive outcomes. This new framework will formally take effect from 2024 (the committee has applied its principles when determining 2023 outcomes). Further detail on the framework has been provided in the implementation section of this report (see [page 122](#)).

Directors' remuneration report continued

2021-23 performance share plan scorecard and outcome

2021-23 performance share awards were granted under the executive directors' incentive plan (EDIP). The scorecard for this cycle consists of relative total shareholder return (rTSR) (20% weighting), return on average capital employed (ROACE) (20% weighting), adjusted EBIDA per share CAGR (20% weighting) and strategic progress (40% weighting).

2021-23 performance share plan scorecard (audited)

These measures were set under the terms of our 2020 policy.

rTSR	+	ROACE	+	Adjusted EBIDA per share CAGR	+	Strategic progress	=	Formulaic vesting
5.0%		20.0%		20.0%		30.0%		75.0%
Measures		Weighting	Threshold performance	Maximum performance	Outcome			
rTSR (20% weight)	rTSR	20.0%	Fourth	First	Fourth			
					5.0%			
					Outcome			5.0%
Financials (40% weight)	ROACE (average 2021-23)	20.0%	9.7%	10.7%	20.6%			
					20.0%			
	Adjusted EBIDA per share CAGR	20.0%	4.6%	6.6%	15.8%			
					20.0%			
					Outcome			40.0%
Strategic progress (40% weight)	Deliver value through resilient hydrocarbon business	13.3%	Qualitative and quantitative assessment by the committee, see pages 117 to 118 .			<ul style="list-style-type: none"> bp's hydrocarbon business performed well, with underlying measures on-track to 2025 targets. bp met its first goal under aim 4 (deployed methane measurement). 		
	Demonstrate track record, scale and value in low carbon energy	13.3%				<ul style="list-style-type: none"> Strong performance against renewable pipeline (GW) objectives, with pipeline more than doubling over the period. Currently tracking behind 2025 target for the developed renewables measure. 		
	Accelerate growth in convenience and mobility	13.3%				<ul style="list-style-type: none"> On-track to achieve convenience margin★ growth and strategic convenience sites★ objectives. Performance in <i>Castrol</i> tracking lower than expected. 		
					Outcome			30.0%
Formulaic vesting								75.0% out of 100.0%
Formulaic vesting 75.0%		Underpin: Committee review of absolute shareholder returns, long-term safety and environmental performance, low carbon and climate change considerations. No adjustment					Final vesting after committee judgement 75.0%	

Relative TSR

During the performance period, bp's rTSR performance placed it fourth out of eight in the comparator group which resulted in 25% of this measure vesting.

Financials

Performance for ROACE, at 20.6% over the period, was strong and resulted in maximum vesting of this measure. Similarly, adjusted EBIDA per share CAGR performance was strong, achieving 15.8%. As part of the review of outcomes, the committee considers the impact of the trading environment with respect to ROACE outcomes, and in respect of adjusted EBIDA per share CAGR the committee review share buyback activity outside of plan during the performance period. It determined that no further adjustments should be made for the 2021-23 cycle.

Strategic progress

Overview of strategic progress

Strategic progress is determined using a balance of quantitative and qualitative judgement against bp's three strategic pillars: to deliver value through a resilient hydrocarbon business; to demonstrate track record, scale and value in low carbon energy, and; to accelerate growth in convenience and mobility. The committee assesses performance against objectives within these pillars and takes into account the broader stakeholder experience during the performance period.

During our review of strategic progress, the committee was mindful of bp's mid-cycle announcement in February 2023 updating its transition strategy. These updates were strongly supported by the board and the committee.

On balance, the committee determined that the strategic progress measure should result in 75% of maximum vesting.

1. Deliver value through a resilient hydrocarbon business

Unit production costs

Unit production costs★ have reduced by 15% over the three-year period, from \$6.82/boe in 2021 to \$5.78/boe in 2023. This currently places bp ahead of our 2025 target of \$6.00/boe by 2025.

This performance has largely been driven by portfolio high grading and efficiency gains. Looking ahead to 2025, the aim is to maintain a production cost at ~\$6.00/boe – which is ambitious given the challenges in the current market.

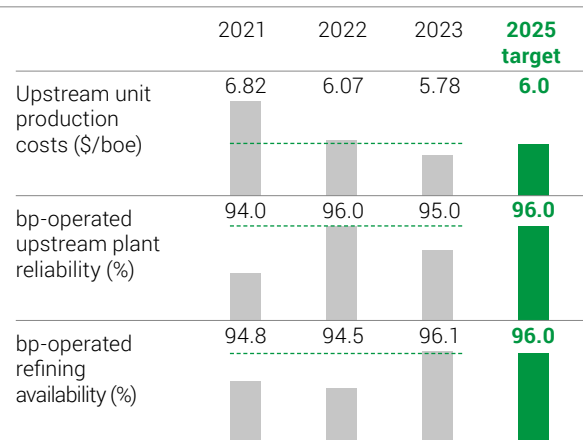
Plant reliability

For 2023, hydrocarbon plant reliability was 95.0% which was a slight decline from our 2022 high-point of 96.0%.

But, bp remains on track to reach its 2025 target and continues to be focused on delivering major projects★ with higher reliability.

Refining availability

Refining availability was 96.1% in 2023, compared to 94.5% in 2022 and slightly above the 2025 target of ~96%. During the period, we have seen strong performance across the sites with focus on continuously enhancing availability through ongoing improvement initiatives and safely delivering turnaround events.



2. Demonstrate track record, scale and value in low carbon energy

During the year, bp has continued to make progress against our low carbon energy strategic pillar. Focus remains on the transition growth engines as bp works towards achieving its 2025 targets.

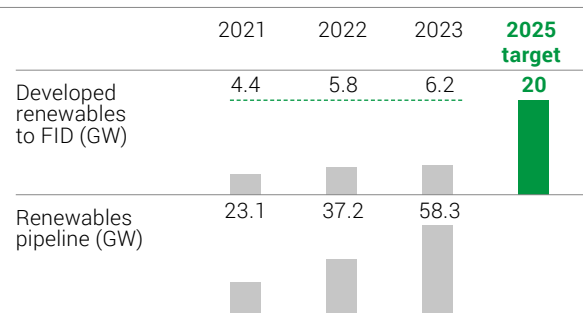
Developed renewables to FID★

During the performance period we have delivered 2.9GW to FID (bp net), with main contributions from Lightsource bp (50% JV) and the 100% bp solar pipeline (Cygnus). Driven by supply chain challenges in the US and the principle of value over volume, Lightsource bp has reduced the number of delivered sanctioned projects in 2023. In US offshore wind, given challenging

macroeconomic conditions we have restructured our Beacon and Empire projects taking full ownership of Beacon and transferring Empire ownership to Equinor. Slower pace in solar FIDs and US restructuring in relation to offshore wind resulted in slower GW to FID progression.

Renewables pipeline★

bp has materially scaled the renewables businesses with the pipeline of projects increasing from 10.9GW (end of 2020) to 58.3GW (end of 2023). bp's offshore wind organization pipeline was built from a zero base and the pipeline has doubled in recent years – with a total potential generating capacity of 4GW in Germany.



Directors' remuneration report continued

3. Accelerate growth in convenience and mobility

Convenience gross margin growth

For 2021-23, convenience gross margin growth was an average of 9% and remains on track to achieve the 2025 target of 10%.

During the period, bp extended the convenience partnership with Lekkerland and Auchan to deliver services at retail sites in Germany and Poland.

Strategic convenience sites

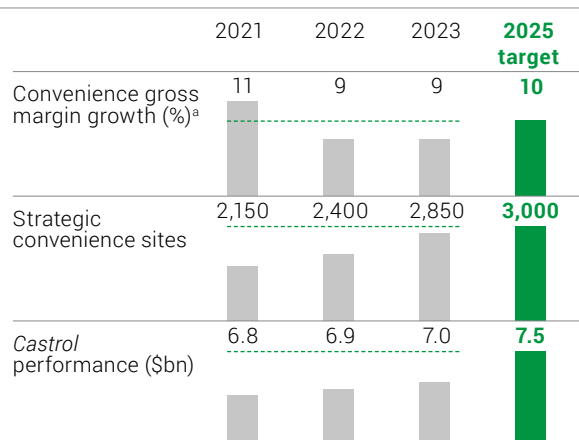
Strategic convenience sites are on track to exceed the 2025 target of 3,000 sites. This has been supported by taking full ownership of *Thorntons* in 2021 and the acquisition of TravelCenters of America in 2023, which added around 290 sites.

Castrol performance

During the period, *Castrol* has strengthened its market leading position in EV fluids. For instance, three out of four of the world's major vehicle manufacturers use *Castrol ON* products as part of their factor refill.

This success has been supported by investments in our technology centres, e.g. a new EV laboratory in Shanghai, China and a new laboratory in New Jersey, US.

However, performance to date is tracking lower than the 2025 targets. This is partly due to the challenging market environment.



Approach to outstanding awards

Having reflected on our approach to assessing strategic progress as part of the EDIP scorecard, the committee intends to judge this measure primarily through value-driven criteria for outstanding awards. This evaluation will include consideration of the financial performance of the transition growth engines, which has been raised as a key indicator of our strategic progress by shareholders in our recent consultation.

It is also to be noted that for 2024, the strategic progress measure is to be weighted at 20% of the award (previously 25%) while relative TSR will increase from 20% to 25%. For further details on the implementation of our policy for 2024, please refer to [pages 119 to 120](#).

Other vesting considerations

Along with the results from the scorecard measures, the committee considers an 'underpin' to the formulaic outcome in order to determine the final vesting percentage. The underpin broadens our performance assessment, allowing us to consider vesting outcomes with overall alignment to absolute shareholder returns, environmental and safety factors and progress in low carbon and climate change matters. Where relevant, we take input from the safety and sustainability committee and the audit committee to deepen and enhance our perspective.

Windfall gains: As part of this holistic review, the committee also considered potential 'windfall gains'. Last year, the committee applied a downward adjustment to the 2020-22 performance share award in response to the fall in share price of 40% from the prior year's grant. That adjustment was viewed as extraordinary given the pandemic-related circumstances and was not intended to be embedded into the policy. For 2021-23, the grant price was ~4% lower than the share price used for the prior year grant. Therefore, an adjustment for windfall gains was not deemed appropriate for this cycle.

Having considered the above, the committee concluded that the vesting outcome was suitably reflective of the company's underlying performance and the experience of stakeholders overall. The committee therefore agreed it was not necessary to apply discretion to the out-turns and approved the formulaic vesting of 75% for the 2021-23 performance share awards. This decision yields the outcomes shown in the table below. The scorecard detail is shown on [page 116](#).

2021-23 performance share plan outcome (audited)

	Shares awarded	Unvested shares following application of performance factor	Value of unvested shares following application of performance factor	Impact of share price change ^b
Murray Auchincloss	1,122,009	943,565	£4,651,775	£1,811,645

^a Adjusted for other portfolio changes and excludes TravelCenters of America.

^b These values reflect the impact of the increase in share price since grant related to the number of shares which are no longer subject to performance conditions, including notional dividends accrued up to 16 February 2024. The value of unvested shares not subject to performance conditions reflects the share price changes all shareholders have experienced over the three-year period. For this 2021-23 award cycle, the original grant was calculated based on ordinary share price of £3.01, while the average share price in 4Q 2023 was £4.93. Consequently, the share price gain has increased the initial face value of these awards by approximately 64%.

Policy implementation for 2024

The current remuneration policy was approved by shareholders at the 2023 annual general meeting on 27 April 2023. The full policy is displayed on the company's website at bp.com/remuneration. The table below shows how the remuneration policy will be implemented in 2024, alongside a summary of key features.

Element	Policy feature	2024 implementation
Salary	<p>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.</p> <p>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. Percentage increases for executive directors will not exceed that for the wider workforce, other than in specific circumstances identified by the committee (e.g. in response to a substantial change in responsibilities).</p> <p>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.</p>	<ul style="list-style-type: none"> • Upon appointment to their respective roles, the CEO and CFO's salaries were set as follows: <ul style="list-style-type: none"> – Murray Auchincloss (CEO): £1,450,000 – Kate Thomson (CFO): £800,000 • Given their recent appointments, executive directors will not receive an increase in respect of 2024 as part of our annual salary review. • The average increase to our UK salaried staff effective from 1 April 2024, our annual salary review date, will be 4.5%.
Pensions and benefits	<p>Executive directors normally participate in the company retirement plans that operate in their home country.</p> <p>New appointees from within the bp group retain previously accrued benefits related to service prior to appointment as executive director. For their service as a director, cash allowance in lieu of pension will be up to 20% of base salary.</p> <p>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.</p>	<ul style="list-style-type: none"> • Murray and Kate's cash allowance in lieu of pension is 20% of base pay (in line with the wider workforce). • Prior to their appointment as executive directors, Murray received a US deferred pension and Kate received a UK deferred pension. No further value is accrued under either plan. • Benefits will remain unchanged for 2024 and include car-related provisions, security assistance, insurance and medical cover.
Annual bonus	<p>Bonus is measured against an annual scorecard. The committee holds discretion to choose the specific measures and the relative weightings adopted in the annual scorecard, to reflect the annual plan as agreed with the board.</p> <p>Numeric scales are set for each measure, to score outcomes relative to targets. A scorecard outcome of 1.0 reflects the target outcome and 2.0 is the maximum outcome.</p> <p>Target bonus is 112.5% of salary, and maximum bonus is 225% of salary.</p> <p>Half the bonus is paid in cash, and half is deferred into bp shares for three years up until the 'minimum shareholding requirement' is met. At this point, 67% is paid in cash and 33% is paid in bp shares. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares.</p> <p>Awards are subject to operationally robust and effective malus and clawback provisions as described below.</p>	<ul style="list-style-type: none"> • For 2024, our scorecard categories will remain unchanged and will be assessed against the following: safety and sustainability (30%), operations (20%), and financials (50%). • We intend to make two changes to performance measures for 2024: <ul style="list-style-type: none"> – Introduce a more holistic measure focused on growth in our transition growth engines financial delivery (transition growth engines adjusted EBITDA % growth), in place of the convenience & EV margin growth measure. – Replace our sustainable emissions reductions measure with operated carbon emissions to directly align with our net zero ambition. • See page 121 for further details on measures for the 2024 annual bonus. • From 2024, we are introducing a framework to help guide decisions on adjustments to the bonus outcome in relation to fatalities. Further detail has been provided on page 122.

Directors' remuneration report continued

Element	Policy feature	2024 implementation
Performance shares	<p>Performance shares are granted with a three-year performance period, measured against a scorecard.</p> <p>The committee holds discretion to choose the specific measures and the relative weightings adopted in the scorecard, to ensure they are focused on the near-term priorities for delivering the bp strategy in the interests of shareholders.</p> <p>Annual grants are 500% of salary for the CEO, and 450% of salary for any other executive director. Awards will vest in proportion to the outcomes measured through the performance scorecard, subject to any adjustment by the committee.</p>	<ul style="list-style-type: none"> For our 2024-26 cycle, the scorecard categories will remain unchanged from the 2023-25 cycle, although we have amended the weightings. Performance will be assessed against rTSR (25%), ROACE (20%), adjusted EBIDA per share CAGR (20%), ESG (15%) and strategic progress (20%). The award will continue to be subject to an underpin that takes into consideration in-year safety outcomes and long-term trends in safety outcomes over the performance period. The weighting of strategic progress has been decreased from 25% to 20%, reflecting feedback from shareholders, and relative TSR will be increased from 20% to 25% of the overall award. Under the ESG measure, we are proposing a cumulative reduction % in operated carbon emissions to better align with our strategic ambitions (e.g. aim 1 – net zero by 2050 or sooner). The 2024-26 awards will be granted based on the average closing share price of each calendar day in the 90-day period ending on the date of bp's 2024 annual general meeting. Any shares that vest will be subject to a three-year post-vesting holding period. Awards are subject to operationally robust and effective malus and clawback provisions as described below.
Shareholding requirement	<p>CEO 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.</p> <p>Executive directors are required to maintain that level for at least two years post-employment.</p>	<ul style="list-style-type: none"> Murray's shareholding has reached 6.4 times pro-rated salary, above his minimum shareholding requirement. See page 125 for further details. Kate's shareholding has reached 2.1 times salary. Over the next five years, to 2029, Kate will work towards reaching her minimum shareholding requirement of 4.5 times of salary.
Malus and clawback	<p>Operationally robust and effective malus and clawback provisions apply to our incentive awards.</p> <p>Malus provisions may be applied 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.</p> <p>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.</p>	
Committee flexibility	<p>The committee has discretion to adjust performance measures and weightings, and to revise the peer group for the rTSR measure.</p> <p>This discretion allows appropriate re-alignment, throughout the policy term, for changes in the annual plan and for the anticipated evolution of the low carbon business environment.</p> <p>The committee also holds discretion in determining the outcomes for annual bonus and performance shares, allowing them to take broad views on alignment with shareholder experience, environmental, societal and other relevant considerations e.g. portfolio changes.</p>	

Salary

As announced on 17 January 2024, Murray Auchincloss was appointed as CEO with immediate effect and his base pay was set at £1.45m (in line with his predecessor). As part of the search process for a new CEO, external and internal candidates were considered. During this process, the committee became acutely aware of the challenges of competing in the global talent market (particularly in the US). We also reflected on the nature of the CEO role, which is inherently complex as we continue to drive our strategic transformation. On balance, our market positioning is considered appropriate and suitably reflective of the role.

Kate Thomson was appointed to the board and as CFO on 2 February 2024. Her base pay has been set at £800,000 (lower than her predecessor). The committee felt this was appropriate, balancing her limited experience as a board member and CFO of a FTSE 20 company, with her market positioning and with her proven capability within bp. We will continue to review her salary as she develops within the role, with regard to performance and market competitiveness. As such, adjustments in future years may exceed the percentage accorded the wider workforce for a period.

For 2024, Murray and Kate will not receive a salary increase as part of our annual pay review. For reference, the average wider workforce increase will be 4.5% in the UK.

Measures for the 2024 annual bonus

For 2024, two new measures are being introduced to the scorecard to reflect our strategic priorities for the year – operated carbon emissions and transition growth engines adjusted EBITDA % growth.

We are replacing our sustainable emissions reductions (SER) measure with operated carbon emissions to better align with our aim 1 – net zero operations by 2050 or sooner. This measure incorporates all operated emissions (Scope 1 and 2) and takes into account all activities that contribute to or reduce emissions during the year. This provides a more comprehensive view of our sustainability performance during the year than sustainable emissions reductions, which is only measured against interventions taken to reduce emissions in year. Operated carbon emissions is recognized by stakeholders and allows comparability of our performance with those of others in our industry. The committee believes that the introduction of operated carbon emissions will drive the right behaviours in the scorecard by remaining focused on activities impacting emissions during the year.

Under operations, we are introducing a more holistic transition growth engines adjusted EBITDA % growth measure in place of the convenience & EV margin growth measure. This change is reflective of our continued focus on financial delivery within all our transition growth engines and aims to widen the scope of how we assess performance within the scorecard.

Provided below is a summary of the measures we have chosen for the 2024 annual bonus plan scorecard. The targets are commercially sensitive and will be disclosed in the 2024 directors' remuneration report.

Safety and sustainability

30%

Measures include	Weighting
Tier 1 and tier 2 process safety events (measured separately)	15%
Operated carbon emissions	15%

Operational

20%

Measures include	Weighting
bp-operated reliability and availability	10%
Transition growth engines adjusted EBITDA % growth	10%

Financials

50%

Measures include	Weighting
Adjusted free cash flow	25%
Earnings (adjusted EBITDA)	25%

Directors' remuneration report continued

Introduction of framework on fatalities

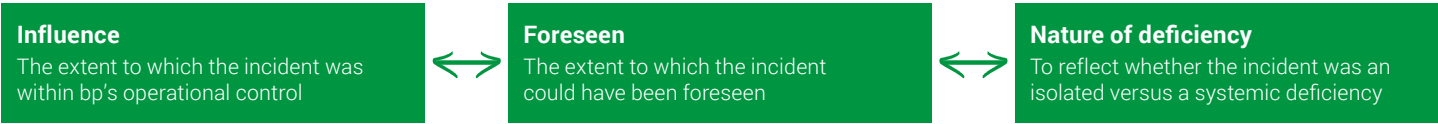
It is always our goal to eliminate workforce fatalities. Nevertheless, should such tragic losses occur, from 2024 onwards, a framework is being introduced to help guide decisions regarding the impact of workforce fatalities on the annual bonus scorecard. In developing the framework, the committee listened to shareholder feedback during the 2023 engagement cycle and sought the input of the safety and sustainability committee (S&SC).

The framework is based on the following guiding principles:

Collective responsibility	The entire annual bonus score will typically be adjusted by the same percentage for all participants of the plan in the event of a workforce fatality. This is to reinforce that safety is everyone's priority at bp.
Meaningful adjustment	Any reduction will be applied to the overall outcome of the annual bonus scorecard, rather than impacting only the safety elements of the bonus.
Judgement within a frame	The level of adjustment will be a judgement within a range up to a maximum set by reference to the weighting of the safety component of the annual bonus scorecard. There is no value that we would associate with a loss of human life and therefore are not proposing a formulaic policy in such situations.
Treatment of new assets	To enable the embedding of bp's safety culture, operating systems and practices, major acquisitions will be excluded for an initial period of time. This will be agreed upfront and allow for a period of transition to bp.

Application of framework

The framework will be consulted where there has been any workforce fatality during the year. The committee will seek input from the S&SC, who will provide a view on the individual fatalities. This will broadly include consideration of the following:



Taking into consideration the S&SC's input, the committee will then apply judgement on the level of adjustment to be applied to the overall formulaic bonus.

Treatment of new assets

As stated above, major acquisitions will be excluded from the framework for an initial period to enable the embedding of bp's safety culture, operating systems and practices.

For example, it has been agreed that Lightsource bp will be excluded for two years; 2024 and 2025 performance years, based on an acquisition date expected in 2024, and TravelCenters of America for three years; 2023, 2024 and 2025 performance years, based on an acquisition date of May 2023. The difference in timeframes between the two is reflective of TravelCenters of America being a complex business with over 20,000 employees and therefore requiring a longer period of time to fully embed bp's safety culture. Practically, this means that any fatality in Lightsource bp or TravelCenters of America may impact the annual cash bonus plan outcomes for bp cash bonus plan participants from performance year 2026.

Where an acquisition has been excluded for an initial transitional period, there will still be careful consideration of safety performance within this business during the performance period. Where a workforce fatality has occurred, the committee will consider the individual incident – alongside input from the S&SC – and will determine whether a downward adjustment to bonus outcomes for the specific business is appropriate.

Overriding discretion

Alongside this framework, the committee will retain the right to exercise discretion and will review the formulaic outcome against broader considerations. While the committee has ultimate discretion with regards to the level of adjustment that will be applied, typically adjustments will be made with reference to the range set out within our framework.

Details of any adjustment based on the framework will be provided in full retrospectively.

Measures for the 2024-26 performance shares (EDIP)

Provided below is a summary of the measures we have chosen for the 2024-26 performance share plan. The categories remain unchanged from the prior year, however the weighting on strategic progress has reduced from 25% to 20% following shareholder feedback. The weighting on relative TSR has increased from 20% to 25%, providing further alignment between executive directors and the wider shareholder experience.

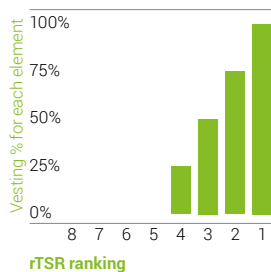
Under our ESG category, we are proposing to introduce a cumulative reduction % in operated carbon emissions measure. This is to provide direct alignment with bp's net zero ambition so that all operated emissions are captured. The weighting will remain unchanged at 15% to ensure a meaningful percentage of the EDIP is focused on operational emissions reduction and performance.

For strategic progress, as referenced in the chair's statement, the committee has reflected on how performance will be assessed under this measure. While the strategic pillars remain unchanged, and following feedback from shareholders, a greater focus will be placed on value-driven objectives and financial resilience within our transition growth engines. In assessing final strategic progress outcomes, a holistic review of performance will be undertaken and outcomes will be aligned with the overall shareholder experience.

rTSR

25%

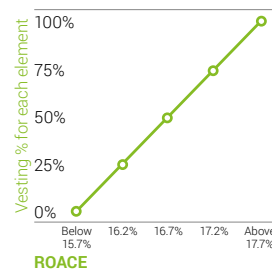
Peer group of seven companies: Chevron, Eni, Equinor, ExxonMobil, Repsol, Shell and TotalEnergies (and bp)^a



Financials

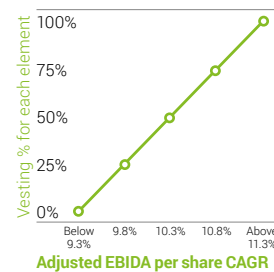
20%

ROACE
(average 2024-26)^b



20%

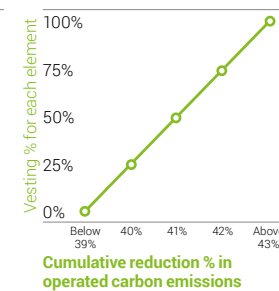
Adjusted EBIDA per share CAGR^c



Environmental, social and governance

15%

Cumulative reduction % in operated carbon emissions^d



Strategic progress

20%

Weighting of measures subject to remuneration committee judgement:

- Deliver value through a resilient hydrocarbon business.
- Demonstrate track record, scale and value in low carbon energy.
- Accelerate growth in convenience and mobility.

- Underpin will take into account safety outcomes prior to determining final vesting percentage.
- Remuneration committee discretion will reflect shareholder experience, environment, societal and other inputs.
- Robust malus and clawback may apply in certain circumstances.

^a Nil vesting for fifth place or lower.

^b Based on the average over 2024, 2025 and 2026. Score to be based on straight-line interpolation between threshold and maximum. Adjustments may be required in certain circumstances. The external environment to be a considered judgement in the final outcome.

^c Targets will be adjusted for mergers, acquisitions and disposals outside of plan. The committee may consider share buyback activity before making a final judgement.

^d Scope 1 and 2 GHG emission reductions versus 2019 baseline from operated carbon emission including portfolio change.

Directors' remuneration report continued

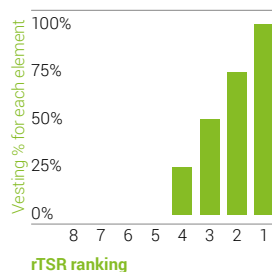
Having reflected on the counsel received from shareholders, we disclose below the measures and weightings for each of our in-flight awards.

Measures for 2022-24 performance shares

rTSR

20%

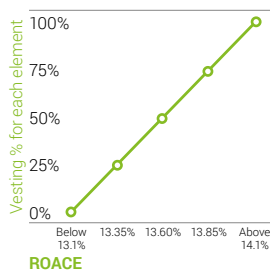
Peer group of seven companies: Chevron, Eni, Equinor, ExxonMobil, Repsol, Shell and TotalEnergies (and bp)



Financials

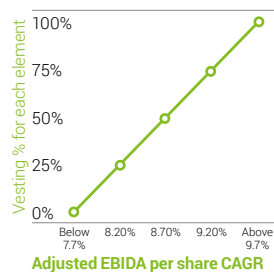
20%

ROACE
(average 2022-24)



20%

Adjusted EBIDA per share CAGR



Strategic progress

40%

Weighting of measures subject to remuneration committee judgement:

- Deliver value through a resilient hydrocarbon business.
- Demonstrate track record, scale and value in low carbon energy.
- Accelerate growth in convenience and mobility.

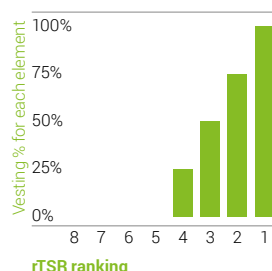
See [page 24](#) for key performance indicators related to the strategic progress measures.

Measures for 2023-25 performance shares

rTSR

20%

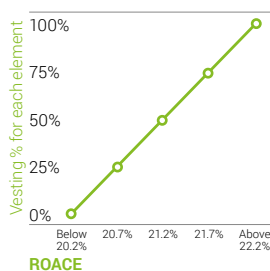
Peer group of seven companies: Chevron, Eni, Equinor, ExxonMobil, Repsol, Shell and TotalEnergies (and bp)



Financials^a

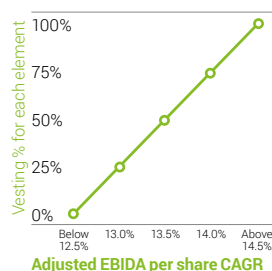
20%

ROACE
(average 2023-25)



20%

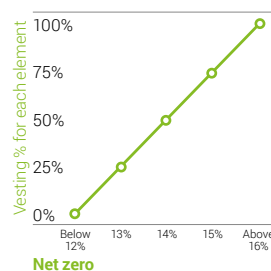
Adjusted EBIDA per share CAGR



Environmental, social and governance^b

15%

Net zero across entire bp operations by 2050 (Scope 1 + 2)



Strategic progress

25%

Weighting of measures subject to remuneration committee judgement:

- Deliver value through a resilient hydrocarbon business.
- Demonstrate track record, scale and value in low carbon energy.
- Accelerate growth in convenience and mobility.

See [page 24](#) for key performance indicators related to the strategic progress measures.

Given the fluidity of our strategy and ever changing energy environment, the committee intends to review strategic progress primarily through value-driven criteria for outstanding awards. See [page 118](#) for further detail.

^a For the 2023-25 performance shares, the targets for ROACE and adjusted EBIDA per share CAGR were incorrectly reported in the 2022 directors' remuneration report. These figures have been updated to reflect the actual targets agreed by the committee last year.

^b Scope 1 and 2 GHG emissions reductions versus 2019 baseline from permanent operational interventions, excluding reductions associated with portfolio changes.

Stewardship and executive director interests

We believe that our executive directors should build and maintain a material interest in the company. Our policy therefore requires the CEO and CFO to build a personal shareholding of five times and four and a half times, respectively, their salary within five years of their appointment. They are expected to maintain this level of personal shareholdings for two years post-employment.

Directors' shareholdings and aggregated interests (audited)

The table below details the personal shareholdings of each executive director. These figures include all beneficial and non-beneficial ownership of shares of bp (or calculated equivalents) that have been disclosed to the company. Murray Auchincloss has met the minimum shareholding requirement under the policy. Kate Thomson is building towards the policy requirement that applies five years from her date of appointment, 2 February 2024. The committee has reviewed and confirmed this position and will continue to monitor compliance with this policy.

	Directors' ordinary shares or equivalents at 16 Feb 2024	Aggregated interests at 16 Feb 2024, all plans				Current shareholding for MSR ^b	Value of current shareholding ^c , £	Multiple of salary achieved ^d
		Unvested awards not subject to performance conditions		Unvested awards subject to performance conditions				
		Shares ^a	Options	Shares	Options			
Murray Auchincloss ^e	793,786	1,417,533	155,872	1,655,458	—	1,396,411	6,591,060	6.4
Kate Thomson	192,358	294,530	500,000	161,950	—	348,458	1,644,722	2.1
Bernard Looney ^f	1,348,866	—	—	—	—	1,348,866	6,366,648	4.4

a Includes deferred and restricted shares, and performance shares prior to application of the performance factor.

b Includes ordinary shares or equivalents and unvested awards not subject to performance conditions on a net-of-tax basis, excluding dividends.

c Based on ordinary share price at 16 February 2024 of £4.72.

d As described on [page 114](#), a pro-rata salary has been used to calculate the multiple of salary achieved for Murray Auchincloss.

e Includes interests of a person closely associated with Murray Auchincloss.

f Bernard Looney stepped down from the board on 12 September 2023. His interest in shares is shown up to 31 December 2023. He is required to hold his in-employment shareholding guideline, or actual shareholding if lower, for two years post-cessation of employment, as required by the shareholder approved-remuneration policy. His multiple of salary achieved reduced from the figure reported in the 2022 DRR due to share price movements and the impact of forfeited awards. See [page 127](#) for further details.

Executive directors have additional interests in performance, restricted and deferred bonus shares. These interests are shown in aggregate in the table above, and by plan in the tables below. For performance shares, the figures reflect maximum possible vesting levels (excluding the addition of reinvested dividends) even though the actual number of shares that vest will depend on the extent to which performance conditions are satisfied.

Performance shares (audited)

	Performance period	Date of award of performance shares	Share element interests				Interests to vest in 2024		
			Potential maximum performance shares ^a				Number of ordinary shares due to vest	Vesting date	Face value of award ^b , £
			At 1 Jan 2023	Awarded 2023	Lapsed 2023	At 31 Dec 2023			
Murray Auchincloss	2021-23 ^c	1 Jun 2021	1,122,009	—	—	1,122,009	943,565	Jun 2024	—
	2022-24 ^d	26 May 2022	937,500	—	—	937,500	—	May 2025	—
	2023-25 ^d	2 May 2023	—	717,958	—	717,958	—	May 2026	3,503,635
Bernard Looney ^e	2021-23	1 Jun 2021	2,218,853	—	2,218,853	—	—	n/a	—
	2022-24	26 May 2022	1,813,175	—	1,813,175	—	—	n/a	—
	2023-25	2 May 2023	—	1,368,828	1,368,828	—	—	n/a	6,679,881

a For awards under the 2021-23 plans performance conditions were measured 20% on TSR relative to Chevron, ExxonMobil, Shell, Total, ENI, Equinor and Repsol ('comparator companies') over three years, 20% ROACE averaged over performance period, 20% adjusted EBIDA per share CAGR measured versus June 2020 and 40% on strategic progress assessed over the performance period. For awards under the 2022-24 plans performance conditions are measured 20% on TSR relative to the comparator companies over three years, 20% ROACE averaged over the performance period, 20% adjusted EBIDA per share CAGR measured versus year ended June 2020 and 40% on strategic progress assessed over the performance period.

For awards under the 2023-25 plans performance conditions are measured 15% on our aim 1 net zero ambition, 20% on TSR relative to the comparator companies over three years, 20% ROACE averaged over the performance period, 20% adjusted EBIDA per share CAGR measured versus year ended June 2020 and 25% on strategic progress assessed over the performance period.

Since 2010, vesting of the performance shares under EDIP has been subject to a safety underpin. If the committee assesses that there has been a material deterioration in safety performance, or there have been major incidents, either of which reveal underlying weaknesses in safety management, then it may conclude that shares should vest only in part, or not at all. In reaching its conclusion, the committee obtains advice from the safety and sustainability committee.

Each performance period ends on 31 December of the third year.

b The face value of awards granted during 2023 have been calculated using market prices of ordinary shares at closing on the date of the award, as follows; £4.88 on 2 May 2023.

c Represents unvested shares, which will vest during 2024 but are not subject to further performance conditions, achieved under rules of the plan and includes notional dividends accrued up to 16 February 2024. Murray's award is due to vest on 3 June 2024, three years after the date of award. The average share price during 4Q 2023 was £4.93 for each share. The amount reported as 2023 income on the single figure table is therefore £4.652m for Murray.

d Minimum vesting under these awards (below threshold performance) is 0%. At threshold performance of each measure, vesting would be 5% of maximum for 2022-24 and 2023-25. The 2024 performance share award under EDIP is expected to be made following the conclusion of the 2024 annual general meeting.

e Bernard Looney stepped down from the board on 12 September 2023. His interest in shares is shown up to 31 December 2023.

Directors' remuneration report continued

Restricted shares (audited)

	Restricted period	Date of award of restricted shares	Share element interests			Face value of award ^a , £
			Number of restricted shares			
			At 1 Jan 2023	Awarded 2023	At 31 Dec 2023	
Murray Auchincloss	2018-22 ^{bc}	20 Mar 2018	43,170	—	—	—
	2020-22 ^{cd}	28 Aug 2020	4,840	—	—	—
	2021-23 ^d	25 Mar 2021	21,277	—	21,277	—
	2021-23 ^d	16 Jun 2021	10,485	—	10,485	—
	2022-24 ^d	22 Mar 2022	10,066	—	10,066	—
	2022-24 ^d	17 Jun 2022	11,565	—	11,565	—
	2023-25 ^d	7 Jun 2023	—	8,630	8,630	40,906

a The face value of awards granted during 2023 have been calculated using market prices of ordinary shares at closing on the date of the award, as follows; £4.74 on 7 June 2023.

b Award made under the Restricted Share Plan II prior to appointment as a director.

c Awards vested and were released on 15 February 2023.

d Interests of person closely associated with Murray Auchincloss.

Deferred shares (audited)

				Deferred share element interests				Face value of award ^a , £
				Potential maximum deferred shares				
	Bonus year	Restricted period	Date of award of deferred shares	At 1 Jan 2023	Awarded 2023	Lapsed 2023	At 31 Dec 2023	
Murray Auchincloss	2021	2022-24 ^b	16 Feb 2022	164,569	—	—	164,569	—
	2021	2022-24 ^c	22 Mar 2022	7,046	—	—	4,698	—
	2022	2023-25 ^c	21 Mar 2023	—	10,761	—	10,761	54,128
	2022	2023-25 ^b	2 May 2023	—	87,584	—	87,584	427,410
Bernard Looney ^d	2021	2022-24	16 Feb 2022	292,902	—	292,902	—	—
	2022	2023-25	2 May 2023	—	147,567	147,567	—	720,127

a The face value of awards granted during 2023 have been calculated using market prices of ordinary shares at closing on the dates of the awards, as follows; £5.03 on 21 March 2023 and £4.88 on 2 May 2023.

b There is no identified minimum vesting threshold level. The 2023 bonus year deferred shares award under EDIP is expected to be made following the conclusion of the 2024 annual general meeting.

c Interests of person closely associated with Murray Auchincloss. Award made under the IST Deferred Annual Bonus Plan.

d Bernard Looney stepped down from the board on 12 September 2023. His interest in shares is shown up to 31 December 2023.

Share interests in share option plans (audited)

In common with many of our UK employees, executive directors may hold options under the bp group Save As You Earn (SAYE) scheme as shown below. These options are not subject to performance conditions.

	Option type	At 1 Jan 2023	Awarded 2023	Exercised 2023	Lapsed 2023	At 31 Dec 2023 ^a	Option price	Market price at date of exercise	Date from which first exercisable	Expiry date
Murray Auchincloss	SAYE ^b	3,614	—	3,614	—	—	£2.49	£5.03	01 Sep 2023	28 Feb 2024
	SAYE ^b	3,571	—	—	—	3,571	£2.52	—	01 Sep 2024	28 Feb 2025
	Reinvent bp ^b	150,000	—	—	—	150,000	£3.15	—	11 Mar 2025	10 Mar 2031
	SAYE ^b	—	2,301	—	—	2,301	£3.91	—	01 Sep 2026	28 Feb 2027
Bernard Looney ^c	SAYE	6,024	—	—	6,024	—	£2.49	—	n/a	n/a
	SAYE	5,952	—	—	5,952	—	£2.52	—	n/a	n/a

a The closing market price of an ordinary share on 29 December 2023 was £4.66. During 2023 the highest market price was £5.68, and the lowest market price was £4.50.

b Interests of person closely associated with Murray Auchincloss.

c Bernard Looney stepped down from the board on 12 September 2023. His interest in options is shown up to 31 December 2023.

Bernard Looney had, and Murray Auchincloss has, no interests in bp preference shares, debentures or option plans (other than as listed above), and neither did, nor do, they have interests in shares or loan stock of any subsidiary company.

Directors and leadership team

No directors or other leadership team members own more than 1% of the shares in issue. At 16 February 2024, our directors and leadership team members collectively held interests of 6,225,244 ordinary shares or their calculated equivalents, 3,654,106 restricted share units (with or without conditions) or their calculated equivalents, 5,588,712 performance shares or their calculated equivalents and 6,935,858 options over ordinary shares or their calculated equivalents, under bp group share option schemes.

Payments to past directors and for loss of office

Departure terms for Bernard Looney (audited)

As set out elsewhere in the report, Bernard Looney stepped down from the board with immediate effect on 12 September 2023. After due consideration, the board concluded that Bernard Looney's actions amounted to serious misconduct and he was dismissed without notice effective 13 December 2023. This decision had the effect of bringing his notice period to an immediate end.

The following provides further detail on his remuneration arrangements^a:

Salary and benefits	<p>In line with the shareholder-approved remuneration policy, Bernard Looney continued to receive salary, cash allowance in lieu of pension and benefits during the period 12 September 2023 to 13 December 2023 with a total value of £424,000.</p> <p>On 13 December 2023 his notice period came to an immediate end and he ceased to be entitled to any form of fixed pay, including cash allowance in lieu of pension, in respect of the period from this date onwards.</p>
2023 annual bonus	<p>Bernard Looney will not receive an annual bonus in respect of the 2023 financial year.</p> <p>Taking into account the performance outcome of 79.5% of maximum, this would have amounted to £2,591,000 for the full year (against the maximum of £3,258,000 included in the 13 December 2023 announcement).</p>
Outstanding share awards	<p>Performance share awards</p> <p>Bernard Looney's unvested performance share awards under the EDIP – 2022-24 and 2023-25 – lapsed in full on cessation of employment. This amounts to a maximum value of £14,667,000.</p> <p>The performance share awards under the 2021-23 EDIP also lapsed in full. Taking into account the performance outcome of 75% of maximum, this would have amounted to £7,671,000 for the performance period (against the maximum of £10,228,000 that was included in the 13 December 2023 announcement for this award).</p> <p>Deferred bonus awards</p> <p>Bernard Looney's unvested deferred annual bonus share awards under the EDIP – from the 2021 and 2022 annual bonus awards – lapsed in full on cessation of employment. This amounts to £2,030,000.</p> <p>Note, these totals do not take into consideration any accrued dividends over the period. For the 2021-23 EDIP award, this would have amounted to £930,000.</p>
Recovery provisions	<p>Reflecting the decision by the board that Bernard Looney should not retain any variable pay relating to service following the date of the misleading assurances he gave to the board (July 2022), discretionary clawback has been applied to the following awards:</p> <p>2022 annual bonus</p> <p>Bernard Looney has repaid 50% of the cash portion of the annual bonus paid to him in respect of the financial year 2022 (net of tax). This amounts to £420,000.</p> <p>2020-22 performance share awards</p> <p>Bernard Looney has forfeited 6/36ths of his shares that vested in August 2023 from the 2020-22 performance share plan under the EDIP (net of tax). This amounts to £529,000.</p> <p>In practice, clawback has been enforced by reducing the number of the former CEO's vested shares currently in the holding period from the 2020-22 EDIP award.</p>

^a In line with the press release on 13 December 2023, the values of the share awards have been calculated using the closing price on 12 December 2023 of £4.61. All values are before tax unless stated otherwise. Figures have been rounded to the nearest thousand and, as such, totals may not agree exactly with the sum of the component parts.

Bernard Looney is required to hold his in-employment shareholding guideline, or actual shareholding if lower, for two years post-cessation of employment, as required by the shareholder-approved remuneration policy.

His separation terms were made in line with the shareholder-approved remuneration policy. He did not receive any other payments in relation to the termination of his employment.

Post-employment benefits (audited)

Bob Dudley and Brian Gilvary were provided with tax return preparation support amounting to £4,018 and £12,000 respectively and Bob Dudley was provided with corporate hospitality amounting to £1,091.

We made no other payments within the scope of the disclosure requirements to any past director of bp during 2023 (we have no de minimis threshold for such disclosures).

Directors' remuneration report continued

Chair and non-executive director outcomes and interests

Fee structure

The table below shows the fee structure for the chair and non-executive directors (NEDs). The chair is not eligible for committee chairship and membership fees.

As provided for under the 2023 policy, fee levels are reviewed annually alongside the wider workforce salaries and any changes that are agreed are put into effect from 1 April each year. Taking all factors into consideration, for 2024 the board agreed to implement a 4.5% increase to the base fee for its NEDs and for the senior independent director, aligned to the salary increase budget for the UK wider workforce. Oversight and determination of the fees payable to the chair falls to the remuneration committee, which agreed to align the percentage increase of the chair's fee with the other non-executive board members.

Following board and remuneration committee approval, the remuneration arrangements for the chair and NEDs will be adjusted with effect from 1 April 2024 as per the below table.

£ thousand per annum	2024/25 fees	2023/24 fees
Chair	854	817
Senior independent director ^a	174.5	167
Board member	125.5	120
Audit, remuneration and safety and sustainability committees chairship fees ^b	35	35
Committee membership fee	20	20

a The senior independent director is eligible for committee chairship and membership fees, but has waived her entitlement to the fee for membership of the people and governance committee. Fee includes board member fee.

b Committee chairs do not receive an additional membership fee for the committee they chair.

2023 remuneration (audited)

The table below shows the fees paid and applicable benefits for the year ended 31 December 2023. Benefits include travel and other expenses relating to the attendance at board and other meetings both inside and outside bp's headquarters in the UK. Under the terms of his engagement with the company, Helge Lund has the use of a fully maintained office for company business, a car and driver, and security advice in London. Benefits values have been grossed up using a tax rate of 45%, where relevant, as an estimation of tax due. Taxable benefit changes for the chair in 2023 principally arose as a result of additional travel commitments in relation to his bp duties.

£ thousand	Fees		Benefits		Total ^a	
	2023	2022	2023	2022	2023	2022
Dame Amanda Blanc ^b	159	38	2	0	161	38
Pamela Daley	159	155	67	65	226	220
Helge Lund (Chair)	809	785	66	37	875	822
Melody Meyer ^c	184	180	29	34	213	214
Tushar Morzaria ^d	174	170	3	6	177	176
Hina Nagarajan ^b	116	—	32	—	148	—
Satish Pai ^b	116	—	39	—	155	—
Paula Rosput Reynolds	220	215	20	23	240	238
Karen Richardson ^{e,f}	178	160	18	23	196	183
Sir John Sawers ^g	174	170	7	4	181	174
Johannes Teyssen ^c	149	145	15	14	164	159

a Due to rounding, the totals may not agree exactly with the sum of the component parts.

b Dame Amanda Blanc was appointed on 1 September 2022, and Hina Nagarajan and Satish Pai were appointed on 1 March 2023.

c Fee includes £10,000 p.a. for being a member of the bp geopolitical advisory council.

d Due to an administrative error Tushar Morzaria received an overpayment of £6,000 during 2022, which was recovered in 2023. These payments have been excluded for consistency.

e Fee includes £25,000 p.a. for chairing the bp digital advisory council.

f Fee includes £25,000 p.a. for chairing the bp innovation advisory council, which was undertaken until 31 July 2023.

g Fee includes £15,000 p.a. for chairing the bp geopolitical advisory council.

Chair and non-executive directors' interests (audited)

The figures below include all the beneficial and non-beneficial interests of the chair and each non-executive director (NED) of the company 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. Our 2023 policy encourages NEDs to establish a holding in bp shares of the equivalent value of one year's base fee during their tenure.

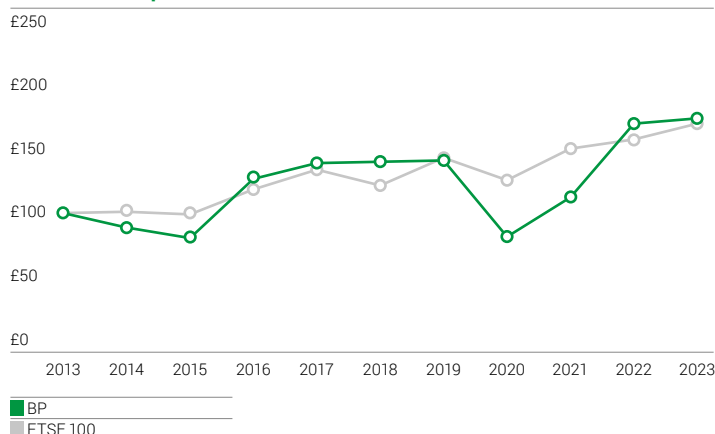
	Ordinary shares or equivalents					
	At 1 Jan 2023	At 31 Dec 2023	Changes to 16 Feb 2024	At 16 Feb 2024	Value of current shareholding ^a	% of guideline achieved
Dame Amanda Blanc	23,500	23,500	—	23,500	£110,920	92%
Pamela Daley	40,332	40,332	—	40,332	\$238,295	160%
Helge Lund (Chair)	600,000	600,000	—	600,000	£2,832,000	347%
Melody Meyer	20,646	20,646	—	20,646	\$121,983	82%
Tushar Morzaria	71,972	71,972	—	71,972	£339,708	283%
Hina Nagarajan ^b	—	10,000	—	10,000	£47,200	39%
Satish Pai ^b	—	12,000	—	12,000	\$70,900	48%
Paula Rosput Reynolds	78,378	78,378	—	78,378	\$463,083	311%
Karen Richardson	29,316	29,316	—	29,316	\$173,209	116%
Sir John Sawers	24,242	24,242	—	24,242	£114,422	95%
Johannes Teyssen	35,000	35,000	—	35,000	£165,200	138%

a Based on ordinary share and ADS prices at 16 February 2024 of £4.72 and \$35.45. Where a US\$ value is provided these shares are held as ADSs.

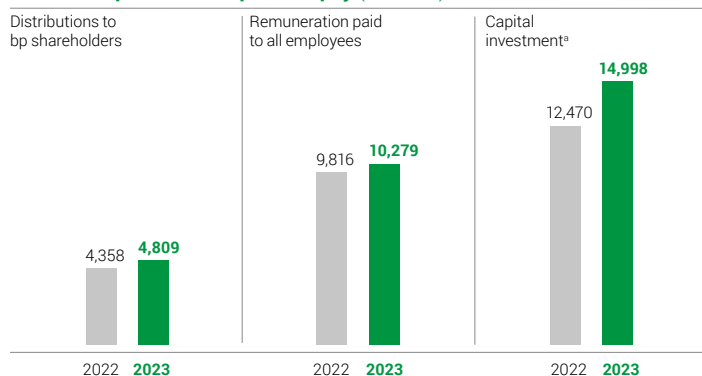
b Hina Nagarajan and Satish Pai were appointed on 1 March 2023.

Other disclosures

Historical TSR performance



Relative importance of spend on pay (\$ million)



a Organic capital expenditure.

The graph above 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 2013 to 31 December 2023.

Directors' remuneration report continued

History of chief executive officer remuneration

Year	Chief executive officer	Total remuneration, thousand	Annual bonus % of maximum	Performance shares % of maximum
2014	Bob Dudley	\$16,390	73.3	63.8
2015	Bob Dudley	\$19,376	100	74.3
2016	Bob Dudley	\$11,904	61	40
2017	Bob Dudley	\$15,108	71.5	70
2018	Bob Dudley	\$15,253	40.5	80
2019	Bob Dudley	\$13,234	67.5	71.2
2020 ^a	Bob Dudley	\$188	0	32.5
	Bernard Looney	£1,735	0	32.5
2021	Bernard Looney	£4,457	80.5	30
2022 ^b	Bernard Looney	£10,331	75.5	54
2023^{cd}	Bernard Looney	£1,175	n/a	n/a
	Murray Auchincloss	£5,680	79.5	75

a 2020 figures show remuneration for the periods of qualifying service as CEO during 2020.

b 2022 figure updated based on the actual share price used for vesting of £4.86.

c Share price has been based on the average share price over Q4 of the 2023 FY of £4.93.

d Bernard Looney stepped down as CEO and from the board of directors with immediate effect on 12 September 2023 and was succeeded by Murray Auchincloss as interim CEO on the same date. In respect of variable pay, Bernard Looney did not receive any bonus or EDIP awards in respect of 2023. The total single figure shown in the table above excludes the impact of malus and clawback in order to provide a comparison with prior years. For further details of his treatment upon departure, please see [page 127](#). For Murray Auchincloss, his total single figure has been pro-rated to show the period worked as interim CEO during the year except for his long-term share award which has been shown in full.

Chief executive officer to employee pay ratio

Year	Method	25th percentile: pay ratio, total pay and benefits, (salary)	50th percentile: pay ratio, total pay and benefits, (salary)	75th percentile: pay ratio, total pay and benefits, (salary)
2019 ^a	Option A	543:1	188:1	82:1
2020 ^a	Option A	99:1	40:1	19:1
2021	Option A	208:1	87:1	35:1
2022 ^b	Option A	421:1	172:1	69:1
2023^{cd}	Option A	268:1 £25,535 (£25,080)	103:1 £66,822 (£48,433)	45:1 £150,704 (£80,525)

a Bob Dudley's pay has been converted from US dollars as per the ratios reported in the 2019 and 2020 annual reports.

b Share price for the CEO share plan vesting has been updated based on the actual share price used for vesting of £4.86.

c Share price for the CEO share plan vesting has been based on the average share price over 4Q of the 2023 FY of £4.93.

d For 2023, the total single figure used to derive the CEO pay ratio is a combination of the two individuals in position of CEO during the year. In respect of the former CEO, the calculation has been based on the total single figure excluding the impact of malus and clawback in order to provide a comparison with prior years. Appropriate pro-rating of fixed and variable pay has been applied.

This is our fifth year reporting the CEO pay ratio following the requirements introduced in 2018. As per the past four years, we have selected Option A as our reporting basis, being the most accurate approach available, and we confirm that no broadly applicable components of pay have been omitted. Where necessary, full-time equivalent pay has been calculated by simple engrossment of part-year values. Employee values relate to pay and benefits for the year ended 31 December 2023.

Changes in pay ratio over time reflect the fact that CEO remuneration is more heavily weighted to variable pay, resulting in larger year-on-year swings than wider workforce pay. This is evidenced by the variability of the CEO pay ratio over the past five years. This volatility in the pay ratio reporting from year to year is expected, and illustrates one of the challenges in commenting on whether pay differentials are appropriate. In 2023 the 50th percentile pay ratio decreased from 172:1 to 103:1. This was driven by the former CEO not receiving any variable pay in respect of 2023, as he was not paid any annual bonus in respect of 2023 and his 2021-23 EDIP lapsed in full on departure. For further details of his treatment upon departure, please see [page 127](#). It is the view of the committee that the remuneration frameworks we have in place for the executive directors and the wider workforce are fit-for-purpose and deliver pay outcomes appropriate to the circumstance of the year, with differentials that reflect the relative contributions made at different levels in our organization.

The committee is satisfied that the median pay ratio reported this year is consistent with bp's pay policies for employees and does not constitute a reason to modify our pay programmes.

Percentage change comparisons: Directors' remuneration versus employees

In the table below, values in column 'a' represent the percentage change in salary and fees; values in column 'b' represent the percentage change in taxable benefits; and values in column 'c' represent the percentage change in bonus outcomes for performance periods in respect of each financial year. For the purposes of comparison, the employee percentages shown below represent the relative change between the median full-time equivalent pay for every employee employed at BP p.l.c. at any point during the relevant financial year, and the equivalent median value for the preceding financial year.

Taxable benefit changes for the chair in 2023 principally arose as a result of additional travel commitments in relation to his bp duties, and for the current CEO as a result of transitional changes to the car-related benefit, as approved by the committee.

Percentage change for ^a :	2023 v 2022			2022 v 2021			2021 v 2020			2020 v 2019		
	a	b	c	a	b	c	a	b	c	a	b	c
Employees	6%	1%	4%	2%	1%	45%	7%	-9%	100%	0%	0%	-100%
Bernard Looney ^b	-27%	-60%	-100%	4%	233%	-2%	2%	-29%	100%	—	—	—
Murray Auchincloss ^c	30%	283%	31%	7%	530%	3%	5%	5%	100%	—	—	—
Dame Amanda Blanc ^d	38%	100%	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Pamela Daley	2%	2%	n/a	7%	43%	n/a	4%	1385%	n/a	-15%	-92%	n/a
Helge Lund (chair)	3%	78%	n/a	0%	97%	n/a	0%	-24%	n/a	0%	-74%	n/a
Melody Meyer	2%	-14%	n/a	13%	139%	n/a	-4%	283%	n/a	9%	-77%	n/a
Tushar Morzaria ^c	2%	-46%	n/a	25%	100%	n/a	5%	0%	n/a	—	—	n/a
Hina Nagarajan ^e	—	—	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Satish Pai ^e	—	—	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Paula Rosput Reynolds	2%	-14%	n/a	16%	145%	n/a	6%	228%	n/a	2%	-92%	n/a
Karen Richardson ^f	11%	-20%	n/a	30%	96%	n/a	—	—	n/a	—	—	n/a
Sir John Sawers	2%	105%	n/a	17%	1%	n/a	0%	1588%	n/a	0%	-83%	n/a
Johannes Teyssen ^f	3%	12%	n/a	21%	65%	n/a	—	—	n/a	—	—	n/a

a The resumption of bonus for 2021, and Tushar Morzaria's and Dame Amanda Blanc's taxable benefits for 2022 and 2023 respectively were, mathematically, infinite increases relative to the nil bonus for 2020 and nil taxable benefits for 2021 and 2022; we have shown the increases as 100% for illustration.

b Bernard Looney stepped down from the board on 12 September 2023 and his remuneration is shown up to this date.

c Murray Auchincloss and Tushar Morzaria were appointed to the board part-way through 2020 and therefore, other than for one-time items, their 2020 pay has been annualised for comparison.

d Dame Amanda Blanc was appointed to the board part-way through 2022 and therefore no comparison to 2021, 2020 or 2019 is available and, other than for one-time items, her 2022 pay has been annualised for comparison.

e Hina Nagarajan and Satish Pai were appointed to the board in 2023 and therefore no comparison to 2022, 2021, 2020 or 2019 is available.

f Karen Richardson and Johannes Teyssen were appointed to the board in 2021 and therefore no comparison to 2020 or 2019 is available.

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 in 2023 is set out in the remuneration committee report on [page 125](#).

During 2023 Ben Mathews, who was employed by the company and reported to the chair 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 Kerry Dryburgh, EVP people & culture and Ashok Pillai, SVP reward.

PricewaterhouseCoopers LLP (PwC) continued to provide independent advice to the committee in 2023. PwC advice included, for example, support with remuneration benchmarking and updates on market practice. PwC is a member of the Remuneration Consulting Group and, as such, operates under the code of conduct in relation to executive remuneration in the UK. The committee is satisfied that the advice received is objective and independent. The committee is comfortable that the PwC engagement partner and team who provides remuneration advice to the committee do not have connections with the company or its directors that may impair their independence.

Total fees or other charges (based on an hourly rate) for the provision of remuneration advice to the committee in 2023 (save in respect of legal advice) were £94,714 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.

Considerations related to the Corporate Governance Code

When setting the 2023 policy, the committee concluded that a scorecard-based approach to setting targets and measuring outcomes helps it to engage transparently with shareholders and the wider workforce on remuneration. Thus, bp continues to operate a simple, clear structure of market-aligned salary with annual and three-year performance-based incentives. Risks are managed through careful setting of performance measures and targets and the committee retains the exercise of its discretion in assessing outcomes. These are complemented with robust malus and clawback measures. Remuneration outcomes are predictable, as shown in the implementation charts of the 2023 policy, and proportional by virtue of the challenging performance levels required to achieve target pay outcomes. Through material weighting in measures related to safety, sustainability and strategy, as shown on [page 123](#), remuneration aligns closely with bp's culture, as expressed through our purpose and ambition.

Directors' remuneration report continued

Shareholder engagement

Throughout 2023, the committee engaged frequently on remuneration policy and approach with bp's largest shareholders, as well as their representative bodies. This dialogue will continue throughout 2024.

The table below shows the recent votes on the directors' remuneration report and policy.

Year	% vote 'for'	% vote 'against'	Votes withheld
2023 – Directors' remuneration report	81.95%	18.05%	179,106,094
2023 – Directors' remuneration policy	94.23%	5.77%	36,921,641

Service contracts and letters of appointment

The service contracts of executive directors do not have a fixed term. Service contracts for each executive director are available for shareholders to view upon request at the company's registered office. Each executive director's service contract contains a 12-month notice period. Consistent with the best interests of the group, the committee will seek to minimize termination payments.

	Date of contract	Effective date
Murray Auchincloss	17 Jan 2024	17 Jan 2024
Kate Thomson	2 Feb 2024	2 Feb 2024

The non-executive directors (NEDs) have letters of appointment, which are available for shareholders to view upon request at the company's registered office. All directors are subject to annual re-election by shareholders at the annual general meeting. Normally, NEDs will be encouraged to serve for up to nine years from their appointment in line with the provisions of the 2018 Code, subject to annual re-election.

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 chair and reported to the board. Any external appointment must not conflict with a director's duties and commitments to bp. Details of appointments as NEDs of publicly listed companies during 2023 are shown below.

	Appointee company	Additional position held at appointee company	Total fees, £
Murray Auchincloss	Aker BP ASA ^a	Director	0
Kate Thomson	Aker BP ASA ^a	Director	0

a Held as a result of the company's shareholding in Aker BP ASA.

This directors' remuneration report was approved by the board and signed on its behalf by Ben J.S. Mathews, company secretary on 8 March 2024.

Other disclosures

Appointment and succession plans

The chair, senior independent director (SID) and other independent non-executive directors (NEDs) each have letters of appointment with BP p.l.c. and do not serve, nor are they employed, in any executive capacity by bp. In line with the UK Corporate Governance Code 2018 (Code), bp proposes all directors for annual re-election by shareholders at the Annual General Meeting (AGM) where letters of appointment for each NED are available for inspection. Details on the skills and experience of each director seeking re-election, as well as their individual contributions to the long-term success of the company, are set out in the Notice of AGM. In accordance with the Code, NEDs would not be expected to serve beyond nine years unless there are exceptional circumstances. For information on board meetings held during 2023 and director attendance at board meetings, please see [page 85](#). On behalf of the board, the people and governance committee reviews the formal appointment process and succession plans for the board. Appointments and succession plans are both based on merit and assessed against objective criteria with the promotion of diversity, equity and inclusion as central considerations. This includes diversity of gender, social and ethnic backgrounds as well as cognitive and personal strengths. In reviewing appointments and succession plans, due consideration is given to ensure the smooth transition of board members with specific responsibilities (e.g. committee chair roles) by allowing sufficient time for a detailed handover. This is balanced by the need to have new board members join at regular intervals such that over time there is a controlled approach to board members reaching the end of their tenure. Further detail on board succession and tenure can be found in the people and governance committee report

on [page 95](#) and board at a glance disclosure on [page 83](#), respectively.

Time commitments

The expectation regarding time commitment for board members to effectively discharge their duties is set out in the directors' letters of appointment. The time commitment varies with the demands of bp business and other events. The NEDs' external time commitments – whether through executive, non-executive, advisory or other roles – are regularly reviewed by the company secretary to ensure that directors are able to allocate appropriate time to bp. A register of directors' time commitments and conflicts is maintained and is also reviewed annually by the people and governance committee. The review process takes into account outside appointments and other external commitments and considers the complexity of the organization, the nature of the role, the sector (especially regulated and/or potentially competing sectors) and any leadership roles (e.g. a chair position). NEDs are also required to consult with the company secretary and chair before accepting any other role that may impact their ability to commit appropriate time to bp. The process for the approval of any new external appointment, significant or otherwise, for an existing director assesses the impact of that appointment on the director's time in order to ensure the director has sufficient capacity for their role with bp. As part of that same review process, a review of independence and potential conflicts of interest is undertaken, taking account of institutional investor and proxy advisor guidance and market best practice. Any external proposed commitments that could exceed the mandates set out in such guidance are given particular consideration. The board was satisfied that significant appointments undertaken during

2023 did not impact the directors' ability to prepare for and attend meetings, engage with stakeholders and participate in learning and development opportunities. The board has concluded that, notwithstanding external appointments held, each director is able to dedicate sufficient time to fulfil their bp duties. In compliance with the Code, none of the executive directors who served during 2023 held more than one non-executive directorship in a FTSE 100 company or other significant appointment throughout their tenure on the board. For more information on the external commitments of bp's directors, see [page 83](#).

Independence and conflicts of interest

All directors have a statutory duty to exercise independent judgement. Independence of NEDs is crucial in bringing constructive challenge to the chief executive officer (CEO) and the leadership team at board meetings, while providing support and guidance to promote meaningful discussion and, ultimately, informed and effective decision-making. In addition, each director has a statutory duty to disclose actual or potential conflicts of interest. In accordance with the criteria set out in the Code, the chair was considered independent at the time he was appointed. NEDs are required to provide sufficient information to allow the board to evaluate their independence prior to and following their appointment. Formal procedures are in place for new potential conflicts to be reported and recorded during the year. As a consequence of regular reviews in 2023, the board is satisfied that there were no matters giving rise to conflicts of interest which could not be authorized by the board. It has therefore concluded that all bp NEDs are independent.

Reporting in line with Listing Rule 9.8.6R(10)

As at 31 December 2023, 50% of the board comprises women, our SID is a woman and three directors identify as from an ethnic minority background. Following Kate Thomson's appointment to the board as chief financial officer (CFO) in 2024 and as at the date of publication of this report, 54% of the board comprises women, two senior board positions are held by women and three directors identify as being from an ethnic minority background. Data for the below tables is collected on an annual basis through a standardized process under which each member of the board and executive management is asked to self-declare, or elect not to declare, their ethnic background and gender identity or sex. The information is correct as at 31 December 2023. For the purposes of this table, executive management includes bp's leadership team and the company secretary.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, SID and chair)	Number in executive management	Percentage of executive management
Gender identity or sex					
Men	6	50%	2	5	42%
Women	6	50%	1	7	58%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–
Ethnic background					
White British or other white (including minority-white groups)	9	75%	3	11	92%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	3	25%	–	1	8%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

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 United Kingdom 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) and IFRS as adopted by the European Union (EU).

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 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.

Each of the current directors, whose names and functions are listed on [pages 83-85](#), confirms that to the best of their knowledge:

- The consolidated financial statements, prepared on the basis of IFRS as issued by the IASB, IFRS as adopted by the United Kingdom and EU and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards, 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
Chair
8 March 2024

UK Corporate Governance Code compliance

Throughout 2023, bp applied the principles of the UK Corporate Governance Code 2018 (Code) and has complied with all the provisions. The information set out in the Directors' report, including the committee reports on [pages 94-132](#), is intended to provide an explanation of how bp applied the principles and complied with the provisions of the Code during the year. The Code can be found on the Financial Reporting Council website: [frc.org.uk](https://www.frc.org.uk).

Risk management and internal control

Under the 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.

Acquired businesses which have not transitioned into bp's system of internal control and non-operated joint ventures and associates★ have not been dealt with as part of this process.

A description of the principal 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 [pages 77-79](#). During 2023 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 on [page 73-76](#).

In assessing the risks faced by the company and monitoring the system of internal control, the board and the audit and safety and sustainability committees requested, received and reviewed reports from executive management, including management of the business segments, corporate activities and any functions, at their regular meetings. A report by each of these committees, including its activities during the year, is set out on [pages 94-132](#).

During 2023 the committees, as relevant, also met with management, the SVP internal audit and other monitoring and assurance functions (including group ethics & 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 relevant committee or the board, as appropriate.

At a meeting in March 2024, the audit committee considered reports from the group risk function on the system of internal control and the function's categorisation of significant failings or weaknesses. The audit committee also considered a report from internal audit on their assessment of bp's systems of internal control and risk management, based on audit work conducted during 2023. In considering these reports and assessments, the audit committee noted that bp's systems of internal control and risk management 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.

The board then 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 133](#).

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 remains appropriate. This assessment is based on management's reasonable expectations of the position and performance of the company over this period, its internal detailed budgets and planning timeframes and the targets and aims that it has set out.

Our risk management system, described in how we manage risk starting on [page 73](#), outlines our risk identification, assessment and management approach for all risks, including our principal risks, described starting on [page 77](#).

Taking into account the company's current position and its principal risks, 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 the next three years.

The directors' assessment included a review of the potential financial impact of, and the financial headroom that could be available in the event of, the most severe but plausible scenarios that could threaten the viability of the company. The assessment took into consideration the robust financial position of the group and the potential mitigations that management reasonably believes would be available to the company over this period. Mitigations considered include use of cash, access to debt facilities and credit lines, raising of capital, reductions in capital expenditure, divestments and dividend reductions.

The scenarios that have been modelled are based on the most severe but plausible outcomes and associated costs are based on actual experience where possible. The scenarios have been considered individually and as a cluster of events. They include:

- A significant process safety incident when operating facilities, drilling wells or transporting hydrocarbons.
- A sustained significant decline in oil prices over three years.
- A significant cyber security incident.
- A loss of a significant market or producing asset for six months.

The directors also considered the impact on viability from an extended pandemic scenario, as well as the potential risks associated with climate change and the transition to a lower carbon economy. They consider that the most likely impacts of these risks are broadly captured and modelled through the sustained low oil price and loss of a producing asset 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.

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.

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.

Forecast liquidity has been assessed under a number of stressed scenarios to support this assertion. Reverse stress tests performed indicated that the group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. For further information on financial risk factors, including liquidity risk, see Financial statements – Note 29.