Directors' remuneration report – the 2020 policy

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

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

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

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

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

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

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

Policy table – executive directors

Salary and benefits

Purpose

To provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market.

Operation and opportunity

Salary

Salary levels will relate to the nature of the role, performance of the business and the individual, market positioning and pay conditions in the wider BP group. There is no maximum salary under the policy.

When setting salaries, the committee considers practice in other oil and gas majors as well as European and US companies of a similar size, geographic spread and business dynamic to BP. The committee will consider salary increases for the most senior management and the wider workforce. In particular, percentage increases for executive directors will not exceed increases for the broader employee population, other than in specific circumstances identified by the committee (e.g. in response to a substantial change in responsibilities).

Salaries are normally set in the home currency of the executive director and are reviewed annually. They may be reviewed at other times where appropriate, for example following a major role change.

Benefits

Executive directors are entitled to receive those benefits available to all BP employees generally, such as participation in all-employee share plans, sickness pay, relocation assistance and parental leave. Benefits are not pensionable.

Executive directors may receive other benefits that are judged to be cost effective and appropriate in terms of the individual's role, time and/or security. These include car-related benefits or cash in lieu, security, assistance with tax return preparation, insurance and medical benefits. The company may meet any tax charges arising on business-related benefits provided to directors, for example security.

The taxable value of benefits provided may fluctuate during the period of this policy, depending on the cost of provision and a director's personal circumstances.

In general, the committee expects to maintain benefits at the current level.

Performance framework

Not applicable

Retirement benefits

Purpose

To recognize competitive practice in home country.

Operation and opportunity

Executive directors normally participate in the company retirement plans that operate in their home country.

For future appointments, the committee will carefully review any retirement benefits to be granted to a new director, taking account of retirement policies across the wider group and any arrangements currently in place. Specifically, the committee will be sensitive to investor concerns over pensions for directors, and limit pension contribution rates to no more than the median allowance offered to the wider workforce in the UK (as a percentage of salary).

Current executives (including designates) in BP have been employees of the group for a number of years and remain as participants in long-standing arrangements in which other similarly situated employees continue to participate.

UK participants will become deferred pensioners of the company's defined benefit plan. They will receive a cash supplement in lieu of further service accrual under the plan.

Performance framework

Retirement benefits are not directly linked to performance.

Annual bonus

Purpose

To provide variable remuneration dependent on performance against annual financial, operational, safety and environmental measures. 50% of the bonus is paid in cash and 50% is mandatorily deferred and held in BP shares for three years to reinforce the long-term nature of the business and the importance of sustainability.

Operation and opportunity

The bonus is based on performance against annual measures and targets set at the start of the year, evaluated over the financial year and assessed following the year end.

The target annual bonus is half of the maximum available, and relates to delivery of performance in line with targets in the annual plan.

Executive directors may earn a maximum annual bonus of 225% of salary. This maximum level would relate to performance at or above the highest end of the performance scale for every measure. The committee intends to set demanding requirements for maximum payment.

The final bonus outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards.

Half the bonus is paid in cash, and half is deferred into BP shares for three years. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares.

Awards are subject to malus and clawback provisions as described on page 123.

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

Performance shares

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

Shareholding requirements

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

Notes to the policy table

1. New components and key changes from the 2017 policy

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

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

2. How is variable pay linked to performance?

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

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

3. How are performance measures linked to strategy?

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

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

New remuneration policy measures for the period commencing in 2020

Annual bonus

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

Performance shares

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

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

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

Robust malus and clawback.

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

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

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

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

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

5. How will we safeguard against payments for failure?

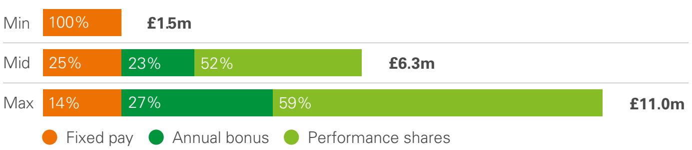
Performance based pay	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.	
Discretion	The committee may vary formulaic outcomes where these do not suitably reflect performance over the relevant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

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

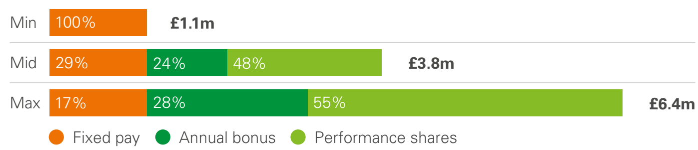
Illustrations of application of remuneration policy

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

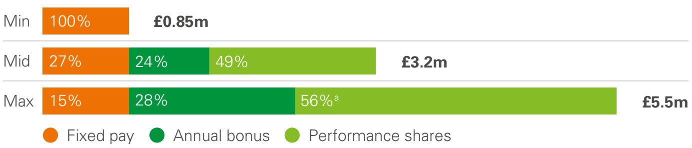
Bernard Looney



Brian Gilvary



Murray Auchincloss



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

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

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

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

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

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

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

Recruitment policy

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

Accordingly, the committee will ensure that:

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

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

Service contract

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

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

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

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

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

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

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

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

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

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

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

Termination payments

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

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

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

Legacy arrangements and other detailed provisions

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

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

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

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

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

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

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

Remuneration in the wider group

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

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

Policy table – non-executive directors

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

Non-executive chairman	
Fees	
Approach	Remuneration is in the form of cash fees, payable monthly. The level and structure of the chairman's remuneration will primarily be compared against UK best practice.
Operation and opportunity	The quantum and structure of the non-executive chairman's remuneration is reviewed annually by the remuneration committee, which makes a recommendation to the board.
Benefits and expenses	
Approach	The chairman is provided with support and reasonable travelling expenses.
Operation and opportunity	The chairman is provided with an office and full-time secretarial and administrative support in London and a contribution to an office and secretarial support in his home country as appropriate. A car and the use of a driver is provided in London, together with security assistance. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties is reimbursed.
Non-executive directors	
Fees	
Approach	Remuneration is in the form of cash fees, payable monthly. Remuneration practice is consistent with recognized best practice standards for non-executive directors' remuneration and, as a UK-listed company, the level and structure of non-executive directors' remuneration will primarily be compared against UK best practice. Additional fees may be payable to reflect additional board responsibilities, for example, committee chairmanship and membership and for the role of senior independent director.
Operation and opportunity	The level and structure of non-executive directors' remuneration is reviewed by the chairman, the CEO and the company secretary who make a recommendation to the board. Non-executive directors do not vote on their own remuneration. Remuneration for non-executive directors is reviewed annually.
Intercontinental allowance	
Approach	Non-executive directors may receive an allowance to reflect the global nature of the company's business. This allowance would be payable for the purpose of attending board or committee meetings or site visits.
Operation and opportunity	This allowance would be paid in cash following each event of intercontinental travel.
Benefits and expenses	
Approach	Non-executive directors are provided with administrative support and reasonable travelling expenses. Professional fees are reimbursed in the form of cash, payable following the provision of advice and assistance.
Operation and opportunity	Non-executive directors are reimbursed for all reasonable travelling and subsistence expenses (including any relevant tax) incurred in carrying out their duties. Professional fees incurred by non-executive directors based outside the UK in connection with advice and assistance on UK tax compliance matters are reimbursed.
Shareholding guidelines	
Approach	Non-executive directors are encouraged to establish a holding in BP shares of the equivalent value of one year's base fee.
Letters of appointment for chairman and non-executive directors	
Approach	The chairman and non-executive directors each have letters of appointment. There is no term limit on a director's service, as BP proposes all directors for annual re-election by shareholders in line with best governance practice. There are no obligations arising from the non-executive directors' letters of appointment for remuneration or payments for loss of office, except for the chairman whose appointment may be terminated in the following ways: • by either party giving three months' written notice, or • by the company for cause (as set out in the letter of appointment) and without compensation. The company may lawfully terminate the appointment by making a lump sum payment in lieu of notice equal to three months' fees. Copies of the executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the registered office of the company.

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

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