



BP p.l.c

Terms of reference

Remuneration committee

## Purpose

Determine a directors' remuneration policy and set chair, executive director and leadership team remuneration. Review workforce remuneration and monitor related policies, satisfying itself that incentives and rewards are aligned with bp's culture.

## Membership

A minimum of three independent non-executive directors. The chair of the board may also serve on the committee as an additional member if the incumbent was considered independent on appointment as chair.

## Quorum

Two members.

## Chair

As appointed by the board but should have at least one year of experience as a member of a remuneration committee. In the absence of the committee chair, the remaining members present shall elect one of themselves to chair the meeting. The committee chair may not be the chair of the board.

## Meetings

At least four times a year.

Attendance by invitation.

## Responsibilities

### Remuneration

1. Recommend the remuneration principles for the executive directors to the board. Determine and propose to the board a directors' remuneration policy for adoption by shareholders (the 'policy').
2. Set and approve the terms of engagement, remuneration, benefits and termination of employment of each executive director, the leadership team and the company secretary in accordance with the policy as applicable.
3. Consider workforce remuneration principles and related policies and take these into account when setting the policy. Receive regular implementation reports from management and review for alignment and proportionality. Monitor the alignment of incentives and remuneration with the expected values, behaviours and culture.
4. Set and approve the terms of remuneration for the chief internal auditor following recommendations from the audit committee.
5. Set and approve the terms of engagement and remuneration for the chair of the board.
6. Review and approve the principles and design of all share incentive plans that require shareholder approval.
7. Evaluate all employee remuneration policies for their support of bp's strategy and long-term sustainable success.
8. Review and satisfy itself that executive director and leadership team remuneration is aligned with bp's purpose, strategy and values while promoting long-term shareholding by executive directors.
9. Apply judgement and discretion (including override where appropriate) when determining performance and remuneration outcomes, taking account of group and individual performance, and wider considerations.
10. Exercise the right to recover and/or withhold sums or share awards under bp's approved malus and clawback policy.
11. Review the ongoing appropriateness and relevance of the policy having regard to remuneration trends externally and employment conditions across bp.
12. Engage independent remuneration consultants and commission or purchase any reports, surveys or information which it deems necessary, at the expense of bp.
13. Review and satisfy itself that contractual terms on termination, and any payments made to executive directors and the leadership team are fair to the individual and the group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

14. Receive regular updates on workforce views and engagement initiatives related to remuneration, using both existing engagement processes and methods as determined by the board. Take workforce views into account, as appropriate, when making executive director remuneration decisions and outcomes.

15. Receive insights from data sources such as CEO-to-employee pay ratio, gender pay gap and workforce remuneration outcomes and take these into account as appropriate when making executive director remuneration decisions and outcomes.

16. Review such risks as it may determine which fall within its scope from time to time consistent with its purpose.

17. Maintain effective engagement with shareholders on remuneration matters.

### **Reporting**

18. Report to the board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

19. Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

20. Provide a description of its work and a remuneration report on the policy and remuneration practices, to communicate how the policy has been and will be implemented in the annual report and put it to shareholders for approval at the AGM.

21. Where consultants have been appointed, identify such consultants in the annual report alongside a statement about any other connection they have with bp for individual directors.

22. Review and satisfy itself that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the code of corporate governance are fulfilled.