



BP p.l.c.

Terms of reference

Remuneration committee

These terms of reference should be read in conjunction with the terms of reference applicable to all committees of the board of BP p.l.c.

### Purpose

Determine a directors' remuneration policy and set chair, executive director, bp leadership team and, as appropriate, other executive remuneration.

Review workforce remuneration and monitor related policies, satisfying itself that incentives and rewards are aligned with bp's purpose, strategy, values, behaviours<sup>1</sup> and culture.

### Membership

A minimum of three independent non-executive directors.

### 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. The committee chair may not be the chair of the board.

### Meetings

At least four times a year.

Attendance by invitation.

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<sup>1</sup> Values and behaviours as described within the broader bp culture framework.

## Responsibilities

### Remuneration

1. Recommend to the board the remuneration principles for the executive directors. Determine and propose to the board a directors' remuneration policy for approval by shareholders (the 'Policy').
2. Set and approve the terms of appointment, fees and any benefits for the chair of the board in accordance with the Policy as applicable.
3. Set and approve the terms of appointment, remuneration, benefits and termination of employment of each executive director, member of the bp leadership team and the company secretary in accordance with the Policy as applicable.
4. Set and approve the terms of remuneration for the chief internal auditor (following recommendations from the chair of the audit committee) and the head of ethics and compliance (following recommendations from the chair of the people, culture and governance committee).
5. Chair of the committee to provide oversight for the remuneration of other individuals as agreed with management from time to time.
6. Have regard to workforce remuneration principles and related policies when setting the Policy. Receive regular implementation reports from management and review for alignment and proportionality. Monitor the alignment of incentives, remuneration and related policies with, and evaluate for their support of, bp's purpose, strategy, values, behaviours<sup>1</sup>, culture and long-term sustainable success.
7. Review the ongoing appropriateness and relevance of the Policy having regard to remuneration trends externally and employment conditions across bp.
8. Liaise with the board and other committees as necessary on the design and implementation of the Policy.
9. Review and satisfy itself that executive director, bp leadership team and other executive remuneration is aligned with bp's purpose, strategy, values, behaviours<sup>1</sup> and culture while promoting long-term shareholding by executive directors, the bp leadership team and other executives.
10. Apply judgement and discretion (including override, where appropriate) when determining performance and remuneration outcomes, taking account of group and individual performance, and wider considerations.
11. Review and approve the committee's malus and clawback policy. Exercise the right to recover and/or withhold sums or share awards under the committee's malus and clawback policy.
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, the bp leadership team and other executives are fair to the individual and the group, that failure is not rewarded and that the duty to mitigate loss is fully recognized.
14. Review and approve the principles and design of all share incentive plans that require shareholder approval.
15. Receive regular updates on workforce views and other engagement initiatives related to remuneration, using both existing processes and methods as determined by the board. Take workforce views into account, as appropriate, when making executive remuneration decisions and outcomes.
16. Receive insights and data on pay ratios, potential pay gaps and workforce remuneration and take these into account as appropriate when making executive remuneration decisions and outcomes.
17. Review such risks as it may determine which fall within its scope from time to time consistent with its purpose.
18. Maintain effective engagement with shareholders on remuneration matters.

## Reporting

19. Report to the board after each meeting on the nature and content of its discussion.
20. Make whatever recommendations to the board it deems appropriate on any area within its remit.
21. Submit for approval by the board a directors' annual remuneration report, which sets out a description of its work, remuneration practices and implementation of the Policy, for inclusion in the annual report and recommend its approval by shareholders at the annual general meeting.
22. 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.
23. Review and satisfy itself that provisions regarding disclosure of information as set out in applicable laws and regulations are fulfilled.