

## **Call for bonuses to include link with BP safety performance**

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Shareholders are calling for Lord Browne and other BP directors to have their bonuses more closely tied to the company's safety and environmental performance in the wake of problems such as the Texas City refinery fire.

Peter Sutherland, the chairman, has been asked by local authority pension funds to address the issue of how senior executives' pay is related to such non-financial issues.

"In our view health and safety and environmental criteria should have a more prominent role in the executive remuneration performance indicators of energy companies such as BP," said corporate governance body Pirc, which has been advising the local authority funds.

It was awaiting "with interest" a response from the oil group whose safety management record was hammered in a report published on Tuesday by former US secretary of state James Baker.

The Baker panel of experts, reviewing operations at five US refineries in the aftermath of the Texas City fire, said responsibility for a "corporate blindspot" on safety systems went up to board level.

BP pointed out last night that annual bonuses for executives were already linked to health and safety and environmental issues. Texas City and other problems in the US were partially responsible for Lord Browne's 2005 annual bonus being cut to £1.75m, from £2.28m for the year before.

But a BP spokesman said the matter was not closed: "We continue to discuss with shareholders how we do this."

Pirc said the company's remuneration committee needed to exercise a large amount of judgment on the matter and that investors would like more information about this.

The Local Authority Pension Fund Forum, which is advised by Pirc and controls £70bn of pension fund assets, raised the issue with the BP chairman in a meeting last year. The way that non-financial elements are included in executive pay is something in which many investors are becoming increasingly interested, not just in connection with oil companies.

William Claxton-Smith, head of corporate governance at Insight, the investment arm of HBOS, said of all companies: "We don't think the direct linkage to non-financial targets is as great as it could be".