

## BP staff performance rewards to be based on risk mitigation

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Safety and operational risk management will be the primary focus for BP performance rewards this quarter, mitigating risk and ensuring safety across the company.

The repercussions of April's explosion and oil spill in the Gulf of Mexico are still being addressed by BP; dealing with loss of human life, environmental destruction and reputational dishonour for the company who 'thought we had the appropriate mitigations in place.' The financial investment BP has made in fighting the spill and compensating victims is huge, with current spending around \$11.2bn (£7bn) and hundreds of other lawsuits still yet to be faced.

Last week, BP's new chief executive Bob Dudley announced new employee bonus regimes for the fourth quarter of 2010. Dudley emphasised that previously rewarded employee objectives such as production volume and plant uptime will not be considered in the bonuses for this quarter and that long term goals of safety, compliance and operational risk management are BP's first priority. Dudley announced in a company email that "*the sole criterion for performance reward for our operating businesses in the fourth quarter of 2010 will be performance in safety, compliance, silent running and operational risk management and exhibiting and reinforcing the right behaviours consistent with these goals.*"

Identification, assessment, recording and reporting of risks is essential for the ongoing maintenance of BP and for ensuring that future disasters do not occur. Paul Stokes, Methodware's Managing Director reiterates this. "*BP, like other companies, has learned that low-probability events have potentially catastrophic outcomes. Re-directing focus to risk management within the company will enable management teams to concentrate on the salient aspects of their risk profile.*"

BP sees this as a step towards achieving their ultimate goal, which is to promote long term safety and avoid risks such as that in the Gulf of Mexico. As Dudley said, "*The key to achieving (that) goal is the rigorous identification and management of every risk we face...We are now reviewing the appropriate measures to embed into our reward systems for the longer term.*"