

2022-24 performance share plan scorecard and outcome

2022-24 performance shares were granted under the executive directors' incentive plan (EDIP). The scorecard for this cycle consists of relative total shareholder return (rTSR) (20% weighting), return on average capital employed (ROACE★) (20% weighting), adjusted EBIDA per share CAGR★ (20% weighting) and strategic progress (40% weighting).

2022-24 performance share plan scorecard (audited)

rTSR 0%	+	ROACE 20%	+	Adjusted EBIDA per share CAGR 20%	+	Strategic progress 26.5%	=	Formulaic score 66.5% out of 100%
------------	---	--------------	---	---	---	--------------------------------	---	--------------------------------------

Categories	Measures	Threshold performance	Maximum performance	Weight	Outcome
rTSR (20% weight)	rTSR	Fourth 	First 	20%	0%
		Actual: Sixth			
Financials (40% weight)	ROACE (average 2022-24)	13.7% 	14.7% 	20%	20%
		Actual: 20.9%			
	Adjusted EBIDA per share CAGR	7.7% 	9.7% 	20%	20%
		Actual: 11.1%			
Strategic progress (40% weight)	Deliver value through resilient hydrocarbon business	Qualitative and quantitative assessment by the committee, see pages 100-101 .		40%	26.5%
	Demonstrate track record, scale and value in low carbon energy				
	Accelerate growth in convenience and mobility				
Formulaic outcome (out of 100%)					66.5%

Formulaic vesting 66.5% out of 100%	Underpin: Committee review of absolute shareholder returns, long-term safety and environmental performance, low carbon and climate change considerations. No adjustment	Final vesting after committee judgement 66.5% out of 100%
---	---	---

Relative TSR

During the performance period, bp's rTSR performance placed it sixth out of eight in the comparator group which resulted in nil vesting.

Financials

Performance for ROACE and adjusted EBIDA per share CAGR were both strong, at 20.9% and 11.1% respectively over the period, and resulted in maximum vesting of these measures.

As part of the review of outcomes, the committee considers the impact of the external environment with respect to ROACE outcomes, and in respect of adjusted EBIDA per share CAGR the committee reviews share buyback activity outside of plan during the performance period. It determined that, in line with past practice, no further adjustments should be made to either of these elements for the 2022-24 cycle.

Directors' remuneration report continued

Strategic progress

Overview of strategic progress (2022-24)

Performance of this measure has been challenging to assess as it spans a three-year period that has seen significant change. Our strategy has continued to evolve and update and the criteria we set back at the start of the performance period (2022) to judge progress do not fully reflect current expectations. Alongside assessment against three key pillars (established in 2022), the committee have also taken a broader review of the shareholder experience over the performance period. Further, there has been consideration of mid-cycle changes we have experienced during the performance period, such as bp's updated transition strategy in February 2023 and the key strategic initiatives during 2024 which have laid our foundation for growth. In summary:

- **Resilient hydrocarbons:** Performed well across the board, with strong production delivery, plant reliability★ and unit costs. This was offset by operational challenges during the period which primarily impacted refining availability★. Ultimately, financial performance was strong against this pillar.
- **Low carbon energy:** Progress was mixed with a number of key initiatives completed as management adapted to our evolving strategy and tough market conditions.
- **Convenience and mobility:** bp performed well across our suite of volume measures, but a very challenging market meant financial delivery was lower than expected.

Overall performance: During the period, bp has achieved a number of strategic milestones – particularly in the last year of the performance period – and is well positioned to drive future growth.

1. Deliver value through a resilient hydrocarbon business KPIs (as set in 2022)

Unit production cost ● On track

Unit production costs remain on track against 2025 target of \$6.00/boe, with an average of \$6.01/boe over the three-year period.

2022	2023	2024	2025 target
\$6.1/boe	\$5.8/boe	\$6.2/boe	\$6.0/boe

Plant reliability ● On track

Average delivery over performance on track to meet the 2025 target of 96.0%. Focus remains on production management and delivering higher reliability targets.

2022	2023	2024	2025 target
96.0%	95.0%	95.2%	96.0%

Refining availability ○ Improvement required

For 2024, performance was affected by the plant-wide power outage at Whiting. Excluding this event would have meant we were on track to reach target.

2022	2023	2024	2025 target
94.5%	96.1%	94.3%	96.0%

Overview

- Continued high grading of portfolio to drive higher margins. Completed joint venture conversions in Angola and Iraq, extended Indonesia production-sharing contract, completed 10 major projects and increased bpx production by 33%.
- Production on track with 2024 progress broadly on plan. 2022 and 2023 production were +2% vs. plan.
- The hydrocarbon business performed well against adjusted EBITDA and free cash flow measures – with actual performance ahead of expectations for both measures.

2. Demonstrate track record, scale and value in low carbon energy KPIs (as set in 2022)

Developed renewables to FID★ ○ Improvement required

To the end of 2024, bp has delivered 8.2GW to FID (bp net). The main contributions have come from Lightsource bp and the 100% bp solar pipeline (Cygnus). The solar sector has been significantly impacted by increased interest rates, inflation and supply issues. Offshore wind has been materially impacted by supply chain inflation across all sub-sectors including turbines and vessels.

While good progress has been made, 2025 targets were challenging and performance under this measure is tracking behind expectations.

2022	2023	2024	2025 target
5.8GW	6.2GW	8.2GW	20GW

Renewables pipeline★ ● Strong progress

Over the three-year period, there has been substantial growth in our renewables pipeline. This has largely been driven by Lightsource bp and success in our bids within offshore wind.

In hydrogen, projects portfolio has been prioritised based on returns and feasibility, with the business achieving four recent FIDs.

2022	2023	2024
37.2GW	58.3GW	60.6GW

Overview

- The low carbon energy pillar has materially transformed since the setting of targets in 2022. From a period of volume-driven origination, bp has moved into a stage of consolidation, portfolio reset and focus across all businesses within a more constrained capital frame.
- Low carbon energy delivered lower adjusted EBITDA than expected over the period. This was attributable to the challenging solar market in the US in 2023 and rapid ramp-up in hydrogen and offshore wind.

3. Accelerate growth in convenience and mobility KPIs (as set in 2022)

Convenience margin growth ★ ● On track

In 2023, the acquisition of TravelCenters of America was completed. This is expected to substantially grow bp's global convenience gross margin ★ in coming years and bring growth opportunities – as seen by strong performance in 2024 (17% vs. 2025 target of 10%).

2022	2023 ^a	2024	2025 target ^a
9%	9%	17%	10%

Strategic convenience sites ★ ● Ahead

We remain on track to meet our 2025 target of 3,000 sites. This has been supported by the full ownership of *Thorntons* in 2021 and acquisition of TravelCenters of America.

2022	2023	2024	2025 target
2,400	2,850	2,950	3,000

Castrol performance (revenue) ● On track

Castrol has continued to demonstrate year-on-year earnings and volume growth, as well as completing a number of strategic initiatives, including a new strategic partnership with Audi in Formula 1 and diversifying into battery-swapping ecosystems.

2022	2023	2024	2025 target ^b
\$6.9bn	\$7.0bn	\$6.9bn	n/a

Overview

- Performance across the convenience and mobility pillar has been strong versus the targets we set at the beginning of 2022. However, market conditions have been challenging which has impacted financial delivery, leading to mixed performance.
- During the period, financial performance was impacted by cost inflation, challenging market environments and prolonged impact of COVID-19 on businesses such as *Castrol*.

^a 2023 excludes the acquisition of TravelCenters of America. The 2025 target represents the wider aim of achieving ~10% CAGR by 2030 (as set in 2023).

^b The Castrol performance KPI was retired during the performance period and performance has therefore been considered 'in the round' including reference to earnings and volume growth.

Overall assessment

In progressing our strategic agenda, we have not only reviewed performance against the three strategic pillars of our previous strategy but also key strategic highlights, many of which culminated in the last year of the performance period, including:

Low carbon energy

- Completed transactions for 100% ownership of bp Bunge Bioenergia and Lightsources bp.
- New joint ventures including JERA Nex bp with JERA Co., Inc.

Resilient hydrocarbons

- Sanctioning 10 higher value major projects – including Kaskida and Tangguh UCC.
- Agreeing new access to resources in regions we know well, like the Middle East and India, where we are now technical services providers for the country's largest offshore oil and gas field.
- Gas is now flowing at our Greater Tortue Ahmeyim (GTA) project off the coast of

West Africa. Once fully commissioned, it is set to produce 2.4 million tonnes of LNG annually.

Convenience and mobility

- In 2024, *Castrol* grew underlying earnings by 14% and has demonstrated six consecutive quarters of year-on-year underlying earnings growth.

Financial

- Delivery of structural cost reductions of around \$0.8 billion in 2024. This more than offsets significant increases from inflation, foreign exchange and costs associated with growing the business. Overall, we reduced our underlying operating expenditure by

\$300 million towards our target of \$4-5 billion of structural cost reductions by end-2027.

Resulting score

Accounting for delivery (volume and value), bp's evolving strategic context and the above strategic milestones, the committee determined performance against this measure should result in 66% of maximum vesting (2021-23: 75% of maximum).

Strategic progress remains a key component of our long-term scorecard for outstanding awards and the committee will continue to apply judgement within the context of broader strategic delivery.

Other vesting considerations

Along with the results from the scorecard measures, the committee considers an 'underpin' to the formulaic outcome in order to determine the final vesting percentage. The underpin broadens our performance assessment, allowing us to consider vesting outcomes with overall alignment to absolute shareholder returns, environmental and safety factors and progress in matters relating to low carbon and climate change. Where relevant, we take input from the safety and sustainability committee and the audit committee to deepen and enhance our perspective.

Having considered the above, the committee concluded that the vesting outcome was suitably reflective of the company's underlying performance and the experience of shareholders overall. The committee agreed it was not necessary to apply discretion to the formulaic outcome and approved vesting of 66.5% for the 2022-24 EDIP award. This decision yields the outcome shown in the table below for the CEO. The scorecard detail is shown on [page 99](#).

2022-24 performance share plan outcome (audited)

	Shares awarded	Unvested shares following application of performance factor	Value of unvested shares following application of performance factor	Impact of share price change ^a
Murray Auchincloss	937,500	704,790	£2,749,950	£-317,649
Kate Thomson ^b	89,300	147,391	£575,090	£15,815

^a These values reflect the impact of the change in share price since grant related to the number of shares which are no longer subject to performance conditions, including dividend equivalents accrued at 14 February 2025. The face values of these awards were calculated using a market price of ordinary shares at close on the dates of award, as follows: £4.35 on 26 May 2022 and £3.79 on 17 June 2022 respectively. The average share price during Q4 2024 was £3.90. The amount reported as 2024 income in the single figure is therefore £2.750 million for Murray and £0.575 million for Kate.

^b Kate Thomson's award was made under the below board performance share plan where grants are made at 50% of maximum, rather than at 100% of maximum as for the EDIP. For 2022-24, performance share awards below board had a different scorecard to executive directors, which resulted in an outcome of 73% of maximum.

Directors' remuneration report continued

Policy implementation for 2025

The current remuneration policy was approved by shareholders at the 2023 annual general meeting on 27 April 2023. The full policy is displayed on the company's website at [bp.com/remuneration](https://www.bp.com/remuneration). The table below shows how the remuneration policy will be implemented in 2025, alongside a summary of key features.

Element	Policy feature	2025 implementation
Salary	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. When setting salaries, the committee considers practice in other energy majors as well as European and US companies of a similar size, geographic spread and business dynamic to bp. Percentage increases for executive directors will not exceed that for the wider workforce, 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.	- Murray Auchincloss's salary will increase by 4%, in line with the wider workforce, to £1,508,000 following the 2025 AGM. - Kate Thomson's salary will increase by 8% to £864,000 following the 2025 AGM. This is to reflect her development in role and leadership for the Finance function since appointment in February 2024. - The budgeted increase to our UK salaried staff effective from 1 April 2025, our annual salary review date, will be 4%.
Pensions and benefits	Executive directors normally participate in the company retirement plans that operate in their home country. New appointees from within the bp group retain previously accrued benefits related to service prior to appointment as executive director. For their service as a director, cash allowance in lieu of pension will be up to 20% of base salary. 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.	- Murray and Kate's cash allowance in lieu of pension is 20% of base pay (in line with the wider workforce). - Prior to their appointment as executive directors, Murray received a US deferred pension and Kate received a UK deferred pension. No further pension is accrued under either plan. - Benefits will remain unchanged for 2025 and include car-related provisions, security assistance, insurance and medical cover.
Annual bonus	Bonus is measured against an annual scorecard. The committee holds discretion to choose the specific measures and the relative weightings adopted in the annual scorecard, to reflect the annual plan as agreed with the board. Numeric scales are set for each measure, to score outcomes relative to targets. A scorecard outcome of 1.0 reflects the target outcome and 2.0 is the maximum outcome. Target bonus is 112.5% of salary, and maximum bonus is 225% of salary. Half the bonus is paid in cash, and half is deferred into bp shares for three years up until the 'minimum shareholding requirement' is met. At this point, 67% is paid in cash and 33% is paid in bp shares. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares. Awards are subject to operationally robust and effective malus and clawback provisions as described below.	- For 2025, our scorecard will be assessed against the following categories: safety and sustainability (30%) and financials and operations (70%). - We intend to make the following changes to performance measures for 2025: - Introduce a structural cost reduction measure that is aligned with our forward-looking commitments. This replaces the earnings measures in the scorecard. - Replace the measure focused on transition growth★ engines with increased weighting on modified free cash flow★ and bp-operated reliability★ and availability★. - See page 104 for further details on measures for the 2025 annual bonus. - The framework on fatalities, which helps guide decisions on adjustments to the bonus outcome in relation to fatalities, will continue to be applied. Further detail has been provided on page 98.

Element	Policy feature	2025 implementation
Performance shares	Performance shares are granted with a three-year performance period, measured against a scorecard. The committee holds discretion to choose the specific measures and the relative weightings adopted in the scorecard, to ensure they are focused on the near-term priorities for delivering the bp strategy in the interests of shareholders. Annual grants are 500% of salary for the CEO, and 450% of salary for any other executive director. Awards will vest in proportion to the outcomes measured through the performance scorecard, subject to any adjustment by the committee, and will be subject to a three-year post-vesting holding period. Awards are subject to operationally robust and effective malus and clawback provisions as described below.	- For our 2025-27 cycle, the scorecard categories will remain unchanged from the 2024-26 cycle and will be assessed against the following: rTSR (25%), financials (40%), environmental, social and governance (15%) and strategic progress (20%). - The only change being made to the chosen performance measures for the 2025-27 cycle is the introduction of an adjusted free cash flow CAGR★ measure. This replaces adjusted EBIDA CAGR per share★. All other measures are to remain the same. - See page 104 for further details on measures for the 2025-27 EDIP. - The award will continue to be subject to an underpin that takes into consideration in-year safety outcomes and long-term trends in safety outcomes over the performance period. - The 2025-27 awards will be granted based on the average closing share price of each calendar day in the 90-day period ending on the date of bp's 2025 AGM.
Shareholding requirement	CEO to build a shareholding of at least five times salary, and other executive directors four and a half times salary, within five years of appointment. Executive directors are required to maintain that level for at least two years post-employment.	- Murray's shareholding has reached 6.1 times salary, above his minimum shareholding requirement of 5 times of salary. - Kate's shareholding has reached 2.6 times salary. Over the next four years, to 2029, Kate will work towards reaching her minimum shareholding requirement of 4.5 times of salary.
Malus and clawback	Operationally robust and effective malus and clawback provisions apply to our incentive awards. Malus provisions may be applied where there is: a material safety or environmental failure; an incorrect award outcome due to miscalculation or incorrect information; a restatement due to financial reporting failure or misstatement of audited results; material misconduct; or other exceptional circumstances that the committee considers similar in nature. Clawback provisions may apply where there is: an incorrect outcome due to miscalculation or incorrect information; a restatement due to financial reporting failure or misstatement of audited results; or material misconduct.	
Committee flexibility	The committee has discretion to adjust performance measures and weightings, and to revise the peer group for the rTSR measure. This discretion allows appropriate realignment, throughout the policy term, for changes in the annual plan and for the anticipated evolution of the low carbon business environment. The committee also holds discretion in determining the outcomes for annual bonus and performance shares, allowing them to take broad views on alignment with shareholder experience, environmental, societal and other relevant considerations e.g. portfolio changes.	

Directors' remuneration report continued

Measures for the 2025 annual bonus

Provided below is a summary of the performance measures we have chosen for the 2025 annual bonus plan scorecard. The targets are commercially sensitive and will be disclosed in the 2025 directors' remuneration report.

We are replacing our earnings (adjusted EBITDA*) measure with structural cost reductions* to better align with the financial priorities set out in the Capital Markets Update announcement in February 2025. This measure will be assessed against a 2023 baseline and is positioned to capture sustainable cost reductions that can be maintained beyond 2027.

In line with our reset strategy, the measure on transition growth* engines has been removed from the scorecard for 2025. In the interest of simplification, the committee determined that the scorecard should be kept to five measures. The weighting of modified free cash flow* and bp-operated reliability* and availability* will be increased – from 25% to 30% and 10% to 15% respectively. This change mirrors our focus on cash generation and driving strong operations for 2025.

Importantly, the framework on fatalities will continue to apply to the 2025 annual bonus and will be considered at year-end if a fatality occurs during the year. See **page 98** for further detail on its application in 2024.

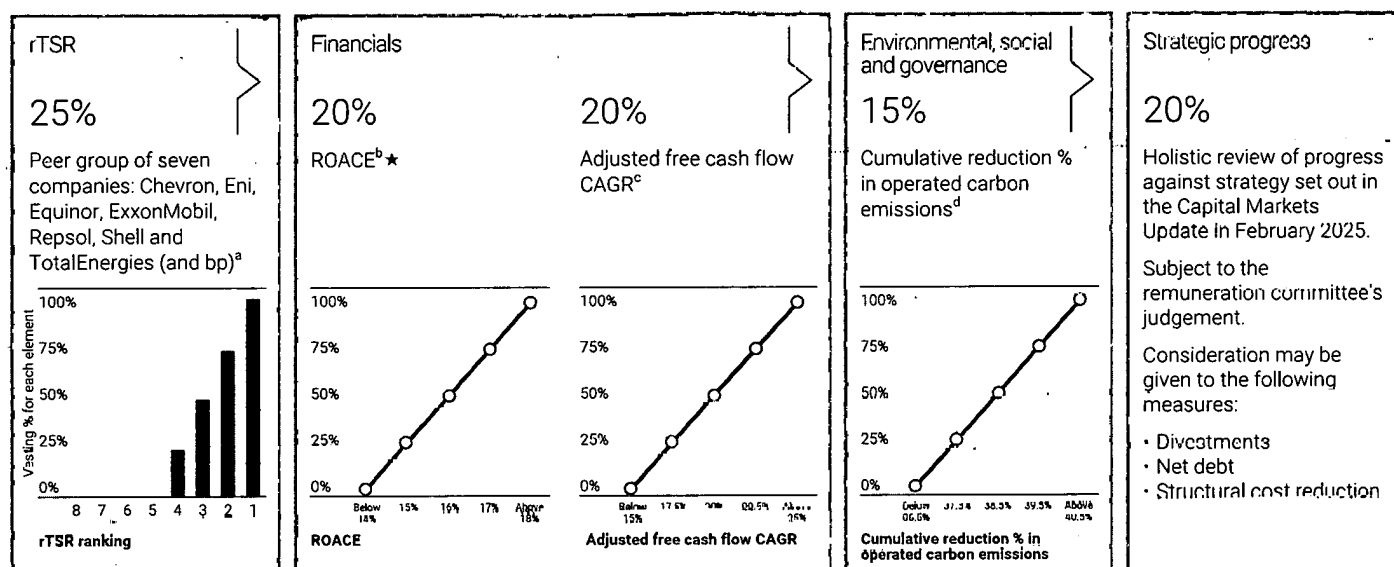
Safety and sustainability		Financials and operations	
30%		70%	
Measures include	Weighting	Measures include	Weighting
Tier 1 and tier 2 process safety events* (measured separately)	15%	Modified free cash flow	30%
Operated carbon emissions	15%	Structural cost reduction	25%
		bp-operated reliability and availability	15%

Measures for the 2025-27 performance shares (EDIP)

Provided below is a summary of the measures we have chosen for the 2025-27 performance share plan. The four categories remain unchanged from the prior year and there has been no change to respective weightings.

Under our financials category, we are proposing to introduce an adjusted free cash flow CAGR measure (20% weight) and to modify the ROACE measure to align with our strategic commitments. The committee reflected on the dual focus of free cash flow in the short and long-term incentive scorecards and determined it was appropriate given our strategic focus on cash generation – with adjusted free cash flow being a primary target in bp's reset strategy. The two cash measures; modified free cash flow and adjusted free cash flow CAGR are different, with the former covering a holistic view of in-year cash generation (including working capital and proceeds) and the latter representing underlying free cash flow growth, removing more volatile items, in line with our external targets. The ROACE measure now fully aligns with our external targets with measurement at the end of 2027.

For strategic progress, the measure will remain subject to the committee's judgement at the end of the three-year period. The judgement of performance will take into account progress against the financial targets set under our reset strategy – including reference to measures such as divestments, net debt* and structural cost reductions. This will be alongside our holistic review of progress against our strategy, to ensure that outcomes are aligned with the shareholder experience.



- Underpin will take into account safety outcomes prior to determining final vesting percentage.
- Remuneration committee discretion will reflect shareholder experience, environment, societal and other inputs.
- Robust malus and clawback may apply in certain circumstances.

a Nil vesting for fifth place or lower.

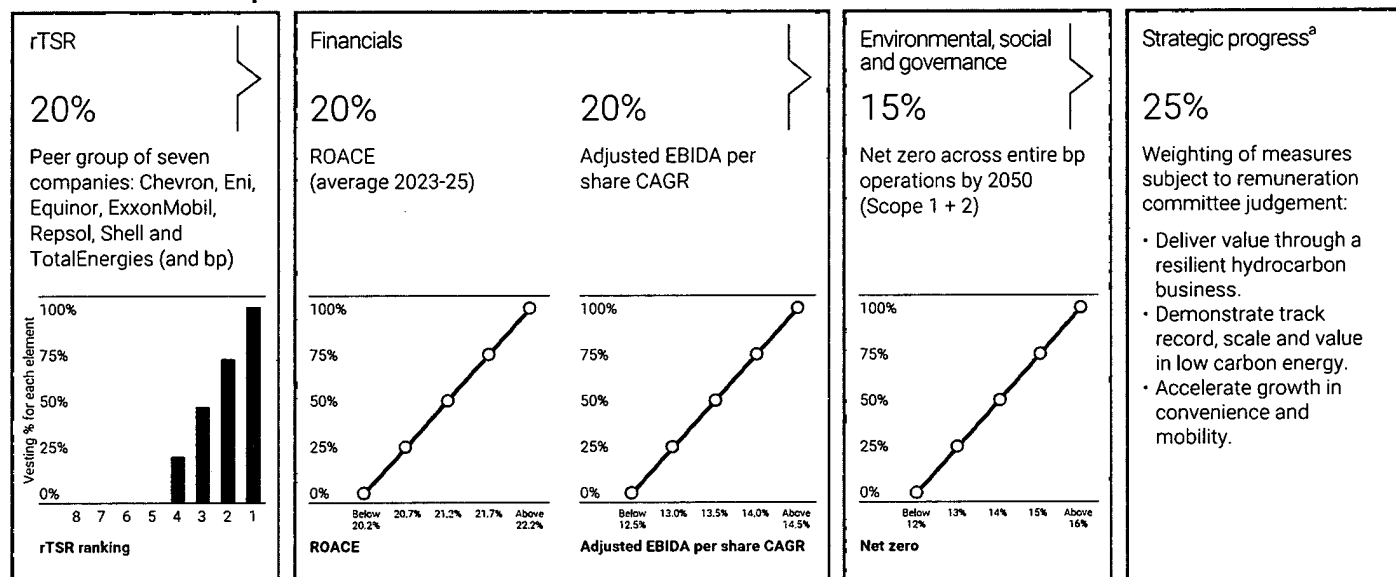
b Based on ROACE at the end of the three-year period. Targets will be adjusted for the environment.

c Annualised growth rate of adjusted free cash flow vs. 2024 baseline. Targets will be adjusted for the environment.

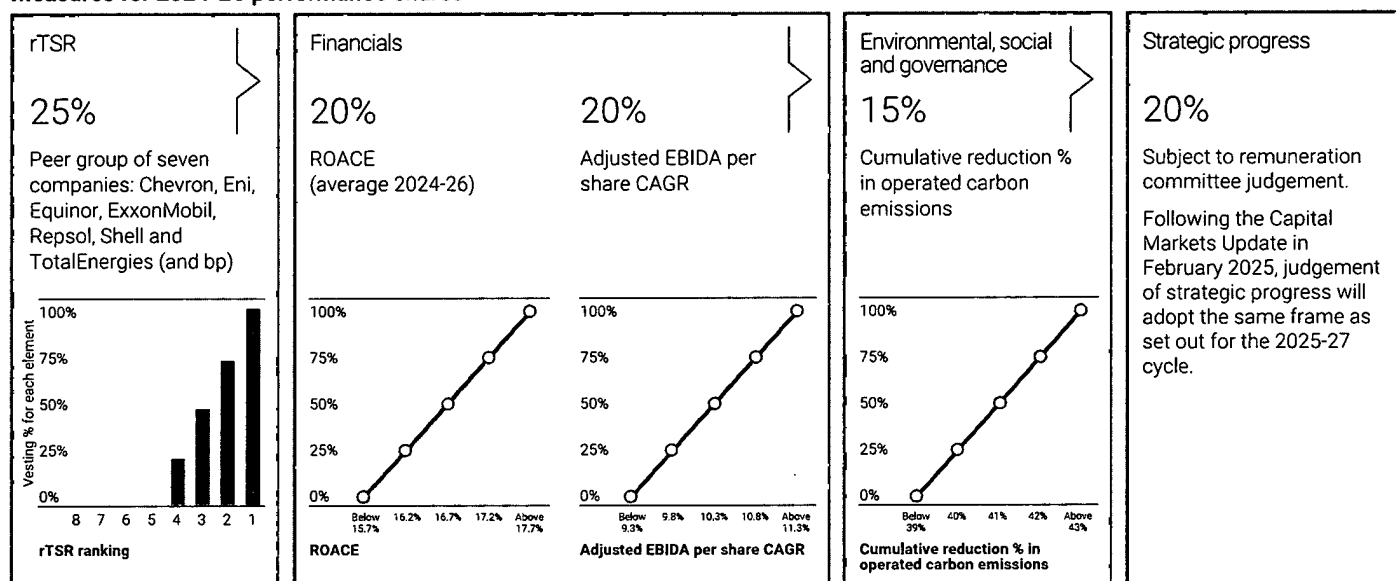
d Scope 1 and 2 GHG emission reductions vs. 2019 baseline from operated carbon emissions including portfolio change.

Provided below is an overview of the performance measures and weightings of each of our in-flight awards.

Measures for 2023-25 performance shares



Measures for 2024-26 performance shares



^a Performance against the three pillars will be reviewed and scored in the context of the strategic changes announced in 2023 and the Capital Markets Update in February 2025.

★ See glossary on page 351

Directors' remuneration report continued

Stewardship and executive director interests

We believe that our executive directors should build and maintain a material interest in the company. Our policy therefore requires the CEO and CFO to build a personal shareholding of five times and four and a half times, respectively, their salary within five years of their appointment. They are expected to maintain this level of personal shareholdings for two years post-employment.

Directors' shareholdings and aggregated interests (audited)

The table below details the personal shareholdings of each executive director. These figures include all beneficial and non-beneficial ownership of shares of bp (or calculated equivalents) that have been disclosed to the company. Murray Auchincloss has met the minimum shareholding requirement (MSR) under the policy. Kate Thomson is expected to satisfy the policy requirement that applies five years from her date of appointment, 2 February 2024. The committee has reviewed and confirmed this position and will continue to monitor compliance with this policy.

	Directors' ordinary shares or equivalents at 14 Feb 2025	Aggregated interests at 14 Feb 2025, all plans				Current shareholding for MSR ^b	Value of current shareholding ^c , £	Multiple of salary achieved
		Unvested awards not subject to performance conditions		Unvested awards subject to performance conditions				
		Shares ^a	Options	Shares	Options			
Murray Auchincloss ^d	1,319,688	1,387,250	152,301	2,200,575	—	1,888,476	8,838,068	6.1
Kate Thomson	230,357	350,322	500,000	808,846	—	437,799	2,048,899	2.6

a Includes deferred and restricted shares, and performance shares prior to application of the performance factor.

b Includes ordinary shares or equivalents and unvested awards not subject to performance conditions on a net-of-tax basis, excluding dividends.

c Based on ordinary share price at 14 February 2025 of £4.68.

d Includes interests of a person closely associated with Murray Auchincloss.

Executive directors have additional interests in performance and deferred bonus shares. These interests are shown in aggregate in the table above, and interests awarded during 2024 in the tables below. For performance shares, the figures reflect maximum possible vesting levels (excluding the addition of reinvested dividends) even though the actual number of shares that vest will depend on the extent to which performance conditions are satisfied.

Performance and deferred shares (audited)

	Award	Number of shares granted	Grant date	Face value of the award ^a , £	Vesting date
Murray Auchincloss	2024-26 EDIP Performance ^b	1,482,617	7 May 2024	7,472,390	May 2027
Kate Thomson		736,196	7 May 2024	3,710,428	May 2027
Murray Auchincloss	2024 EDIP Deferred ^c	124,128	7 May 2024	625,605	May 2027

a The face value of awards granted during 2024 have been calculated using a market price of ordinary shares at close on the date of award, as follows: £5.04 on 7 May 2024. In calculating the number of ordinary shares over which these awards were made, the committee applied the average price of ordinary shares over the 90 calendar days up to and including the annual general meeting that was held on 25 April 2024 (£4.89).

b Performance conditions are measured 15% on cumulative reduction % in operated carbon emissions, 25% on TSR relative to Chevron, ExxonMobil, Shell, TotalEnergies, Eni, Equinor and Repsol over three years, 20% ROACE averaged over the performance period, 20% adjusted EBIDA per share CAGR measured vs. year ended June 2020 and 20% strategic progress assessed over the performance period. Minimum vesting under this award (below threshold performance) is 0%. At threshold performance, vesting would be 6.25% of maximum. Since 2010, vesting of the performance shares under EDIP has been subject to a safety underpin. If the committee assesses that there has been a material deterioration in safety performance, or there have been major incidents, either of which reveal underlying weaknesses in safety management, then it may conclude that shares should vest only in part, or not at all. In reaching its conclusion, the committee obtains advice from the S&SC.

The performance period is 1 January 2024 to 31 December 2026.

The 2025 performance share awards under EDIP are expected to be made following the conclusion of the 2025 annual general meeting.

c There is no identified minimum vesting threshold level. The 2024 bonus year deferred share awards under EDIP are expected to be made following the conclusion of the 2025 annual general meeting.

Directors and leadership team

No directors or other leadership team members own more than 1% of the shares in issue. At 14 February 2025, our directors and leadership team members collectively held interests of 6,288,180 ordinary shares or their calculated equivalents, 4,339,104 restricted share units (with or without conditions) or their calculated equivalents, 7,399,346 performance shares or their calculated equivalents and 6,174,714 options over ordinary shares or their calculated equivalents, under bp group share option schemes.

Chair and non-executive director outcomes and interests

Fee structure

The table below shows the fee structure for the chair and non-executive directors (NEDs). The chair is not eligible for committee chairship and membership fees. The senior independent director (SID) is eligible for committee chairship and membership fees, and their fee includes the board member fee. Committee chairs do not receive a membership fee for the committee they chair.

Under the 2023 policy, fee levels are reviewed annually alongside wider workforce salaries and any changes are put into effect from 1 April. Taking all factors into consideration, for 2025 the board agreed to implement a 4% increase to the base fee for NEDs and for the SID, aligned with the salary increase budget for the UK wider workforce. Determination of the fees payable to the chair falls to the remuneration committee, which agreed to align the percentage increase of the chair's fee with the other NEDs. Following board and remuneration committee approval, the remuneration arrangements for the chair and NEDs will be adjusted with effect from 1 April 2025.

£ thousand per annum	2025/26 fees	2024/25 fees
Chair	888	854
Senior independent director	181.5	174.5
Board member	130.5	125.5
Audit, remuneration and safety and sustainability committees chairship	35	35
Committee membership	20	20

2024 remuneration (audited)

The table below shows the fees paid and applicable benefits. Benefits include travel and other expenses relating to the attendance at board and other meetings. Under the terms of his engagement with the company, Helge Lund has the use of a fully maintained office for company business, a car and driver, and security advice in London. Benefits values have been grossed up using a tax rate of 45%, where relevant, as an estimation of tax due.

£ thousand	Fees		Benefits		Total	
	2024	2023	2024	2023	2024	2023
Dame Amanda Blanc	198	159	1	2	198	161
Pamela Daley	164	159	17	67	181	226
Helge Lund (chair)	845	809	38	66	882	875
Melody Meyer ^a	182	184	9	29	191	213
Tushar Morzaria	189	174	1	3	190	177
Hina Nagarajan ^b	157	116	17	32	174	148
Satish Pai ^b	144	116	5	39	149	155
Paula Rosput Reynolds ^b	72	220	6	20	78	240
Karen Richardson ^c	169	178	16	18	185	196
Sir John Sawers ^b	57	174	12	7	68	181
Dr Johannes Teyssen ^a	160	149	5	15	165	164

a Fee includes £10,000 p.a. for being a member of the bp geopolitical advisory council. The fee for this role ceased effective 1 April 2024.

b Hina Nagarajan and Satish Pai were appointed on 1 March 2023. Paula Rosput Reynolds and Sir John Sawers retired on 25 April 2024.

c Fee includes £25,000 p.a. for chairing the bp digital advisory council.

Chair and non-executive directors' interests (audited)

The figures below include all the interests of the chair and each NED of the company in shares of bp (or calculated equivalents) that have been disclosed to bp. Our 2023 policy encourages NEDs to establish a holding in bp shares of the equivalent value of one year's base fee during their tenure.

	Ordinary shares or equivalents ^a				Value of current shareholding ^b	% of guideline achieved
	At 1 Jan 2024	At 31 Dec 2024	Changes to 14 Feb 2025	At 14 Feb 2025		
Dame Amanda Blanc	23,500	23,500	—	23,500	£109,980	88%
Pamela Daley	40,332	40,332	—	40,332	\$235,270	147%
Helge Lund (chair)	600,000	600,000	—	600,000	£2,808,000	329%
Melody Meyer	20,646	38,646	—	38,646	\$225,435	141%
Tushar Morzaria	71,972	71,972	—	71,972	£336,829	268%
Hina Nagarajan	10,000	25,944	—	25,944	£121,418	97%
Satish Pai	12,000	33,000	—	33,000	\$192,500	120%
Paula Rosput Reynolds ^c	78,378	—	—	—	—	—
Karen Richardson	29,316	35,316	—	35,316	\$206,010	128%
Sir John Sawers ^c	24,242	—	—	—	—	—
Dr Johannes Teyssen	35,000	35,000	—	35,000	£163,800	131%

a Includes interests of persons closely associated.

b Based on ordinary share and ADS prices at 14 February 2025 of £4.68 and \$35.00. Where a US\$ value is provided these shares are held as ADSs.

c Paula Rosput Reynolds and Sir John Sawers retired on 25 April 2024.

Directors' remuneration report continued

Past directors

Payments for loss of office (audited)

No payments were made during the financial year for loss of office, except as already disclosed in the 2023 directors' remuneration report.

Payments to past directors (audited)

No payments were made during the financial year to past directors, except as already disclosed in the 2023 directors' remuneration report.

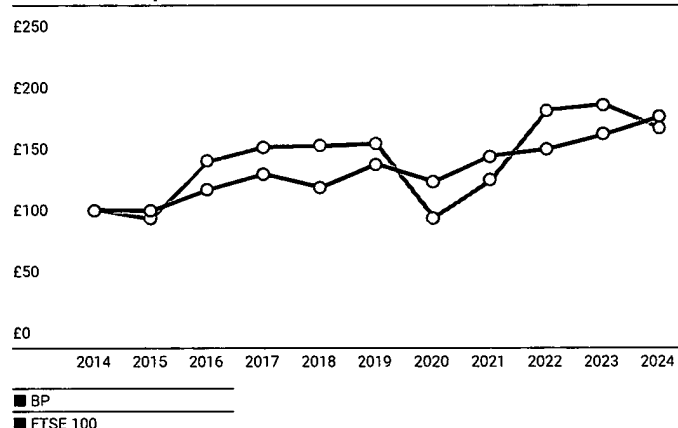
Post-employment benefits (audited)

Bob Dudley and Brian Gilvary were provided with tax return preparation support amounting to £1,779 and £11,455 respectively.

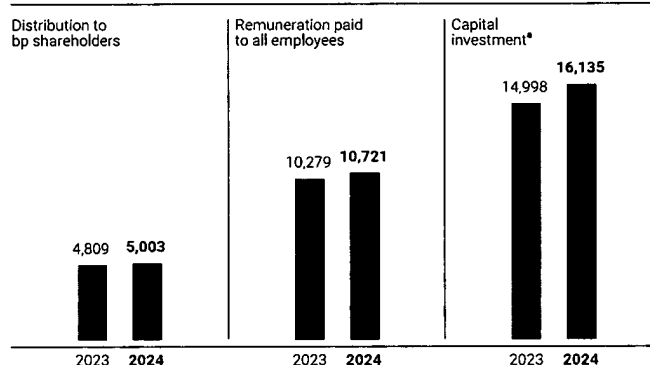
We made no other payments within the scope of the disclosure requirements to any past director of bp during 2024 (we have no de minimis threshold for such disclosures).

Other disclosures

Historical TSR performance



Relative importance of spend on pay (\$ million)



a Organic capital expenditure.

The graph above shows the growth in value of hypothetical £100 investments in BP p.l.c. ordinary shares, and in the FTSE 100 index (of which bp is a constituent), over 10 years from 31 December 2014 to 31 December 2024.

History of chief executive officer remuneration

Year	Chief executive officer	Total remuneration, thousand	Annual bonus % of maximum	Performance shares % of maximum
2015	Bob Dudley	\$19,376	100	74.3
2016	Bob Dudley	\$11,904	61	40
2017	Bob Dudley	\$15,108	71.5	70
2018	Bob Dudley	\$15,253	40.5	80
2019	Bob Dudley	\$13,234	67.5	71.2
2020 ^a	Bob Dudley	\$188	0	32.5
	Bernard Looney	£1,735	0	32.5
2021	Bernard Looney	£4,457	80.5	30
2022	Bernard Looney	£10,331	75.5	54
2023 ^{a,b}	Bernard Looney	£1,175	n/a	n/a
	Murray Auchincloss	£5,391	79.5	75
2024 ^c	Murray Auchincloss	£5,356	22.5	66.5

a 2020 and 2023 figures show remuneration for the periods of qualifying service as CEO during the respective years.

b As reported in the 2023 directors' remuneration report, Bernard Looney stepped down as CEO and from the board of directors with immediate effect on 12 September 2023 and was succeeded by Murray Auchincloss as interim CEO on the same date. In respect of 2023, Bernard Looney did not receive any variable pay awards and his single figure shown in the table above excludes the impact of malus and clawback. For Murray Auchincloss, the 2023 figure has been updated based on the actual share price used for vesting of £4.52.

c Share price has been based on the average share price over Q4 of the 2024 FY of £3.90.

Chief executive officer to employee pay ratio

Year	Method	25th percentile: pay ratio, total pay and benefits, (salary)	50th percentile: pay ratio, total pay and benefits, (salary)	75th percentile: pay ratio, total pay and benefits, (salary)
2019 ^a	Option A	543:1	188:1	82:1
2020 ^a	Option A	99:1	40:1	19:1
2021	Option A	208:1	87:1	35:1
2022	Option A	421:1	172:1	69:1
2023 ^b	Option A	268:1	103:1	45:1
2024 ^c	Option A	196:1	74:1	37:1
		£27,343	£72,678	£143,202
		(£25,304)	(£54,106)	(£92,900)

a Bob Dudley's pay has been converted from US dollars as per the ratios reported in the bp Annual Report and Form 20-F 2020.

b For 2023, the total single figure used to derive the CEO pay ratio is a combination of the two individuals in position of CEO during the year. In respect of the former CEO, the calculation has been based on the total single figure excluding the impact of malus and clawback in order to provide a comparison with prior years. Appropriate pro-rating of fixed and variable pay has been applied.

c Share price for the CEO share plan vesting has been based on the average share price over Q4 of the 2024 FY of £3.90.

This is our sixth year reporting the CEO pay ratio following the requirements introduced in 2018. As per the past five years, we have selected Option A as our reporting basis, being the most accurate approach available, and we confirm that no broadly applicable components of pay have been omitted. Where necessary, full-time equivalent pay has been calculated by simple engrossment of part-year values. Employee values relate to pay and benefits for the year ended 31 December 2024.

Changes in the pay ratio over time reflect the fact that CEO remuneration is more heavily weighted to variable pay, resulting in larger year-on-year swings than wider workforce pay. This is evidenced by the variability of the CEO pay ratio over the past six years. This volatility in the pay ratio reporting from year to year is expected, and illustrates one of the challenges in commenting on whether the pay differentials are appropriate. In 2024, the 50th percentile pay ratio decreased from 103:1 to 74:1. This was largely driven by the outcomes of the CEO's variable awards, with the lowest bonus outcome in the past 10 years (excluding nil bonus for 2020) and the performance share award being granted at a lower multiple of salary when he was in position as CFO.

The committee believes in performance-based remuneration. For all employees eligible to participate in the annual cash bonus plan, there is an individual uplift available each year which allows managers to nominate individuals based on their personal contributions during the year. For senior leaders, a significant portion of the remuneration package continues to be linked to performance-based reward. It is therefore the view of the committee that the remuneration frameworks we have in place for executive directors and the wider workforce are fit-for-purpose and deliver pay outcomes appropriate to the circumstances of the year, with differentials that reflect the relative contributions made at different levels of the organization.

The committee is satisfied that the median pay ratio reported this year is consistent with bp's pay policies for employees and does not constitute a reason to modify our pay programmes.

Percentage change comparisons: directors' remuneration versus employees

In the table below, values in column 'a' represent the percentage change in salary and fees; values in column 'b' represent the percentage change in taxable benefits; and values in column 'c' represent the percentage change in bonus outcomes for performance periods in respect of each financial year. For the purposes of comparison, the employee percentages shown below represent the relative change between the median full-time equivalent pay for every employee employed at BP p.l.c. at any point during the relevant financial year, and the equivalent median value for the preceding financial year. Where increases are infinite relative to the preceding year, we have shown them as 100% for illustration, where a director was appointed or retired part-way through the year we have annualized pay except for one-time items, and where comparison to the prior year is not possible we have used dashes.

Percentage change for:	2024 vs. 2023			2023 vs. 2022			2022 vs. 2021			2021 vs. 2020			2020 vs. 2019		
	a	b	c	a	b	c	a	b	c	a	b	c	a	b	c
Employees	4%	0%	-65%	6%	1%	4%	2%	1%	45%	7%	-9%	100%	0%	0%	-100%
Murray Auchincloss	43%	-61%	-60%	30%	283%	31%	7%	530%	3%	5%	5%	100%	—	—	—
Kate Thomson	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dame Amanda Blanc	24%	-72%	n/a	38%	100%	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Pamela Daley	3%	-75%	n/a	2%	2%	n/a	7%	43%	n/a	4%	1385%	n/a	-15%	-92%	n/a
Helge Lund (chair)	4%	-43%	n/a	3%	78%	n/a	0%	97%	n/a	0%	-24%	n/a	0%	-74%	n/a
Melody Meyer	-1%	-68%	n/a	2%	-14%	n/a	13%	139%	n/a	-4%	283%	n/a	9%	-77%	n/a
Tushar Morzaria	9%	-73%	n/a	2%	-46%	n/a	25%	100%	n/a	5%	0%	n/a	—	—	n/a
Hina Nagarajan	13%	-46%	n/a	—	—	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Satish Pai	3%	-88%	n/a	—	—	n/a	—	—	n/a	—	—	n/a	—	—	n/a
Paula Rosput Reynolds	3%	-70%	n/a	2%	-14%	n/a	16%	145%	n/a	—	228%	n/a	2%	-92%	n/a
Karen Richardson	-5%	-12%	n/a	11%	-20%	n/a	30%	96%	n/a	—	—	n/a	—	—	n/a
Sir John Sawers	3%	63%	n/a	2%	105%	n/a	17%	1%	n/a	—	1588%	n/a	—	-83%	n/a
Johannes Teyssen	7%	-68%	n/a	3%	12%	n/a	21%	65%	n/a	—	—	n/a	—	—	n/a

Directors' remuneration report continued

Independence and advice

The board considers all committee members to be independent with no personal financial interest, other than as shareholders, in the committee's decisions. Further detail on the activities of the committee in 2024 is set out in the remuneration committee report on **page 88**.

During 2024 Ben Mathews, who was employed by the company and reported to the chair of the board, acted as secretary to the remuneration committee.

The committee also received advice on various matters relating to the remuneration of executive directors and senior management from Kerry Dryburgh, EVP people, culture & communications and Ashok Pillai, SVP reward.

PricewaterhouseCoopers LLP (PwC) continued to provide independent advice to the committee in 2024. PwC advice included, for example, support with remuneration benchmarking and updates on market practice. PwC is a member of the Remuneration Consulting Group and, as such, operates under the code of conduct in relation to executive remuneration in the UK. The committee is satisfied that the advice received is objective and independent. The committee is comfortable that the PwC engagement partner and team who provide remuneration advice to the committee do not have connections with the company or its directors that may impair their independence.

Total fees or other charges (based on an hourly rate) for the provision of remuneration advice to the committee in 2024 (save in respect of legal advice) were £88,751 to PwC. Freshfields LLP (Freshfields) provided legal advice on specific compliance matters to the committee. PwC and Freshfields provide other advice in their respective areas to the group.

Considerations related to the UK Corporate Governance Code

When setting the 2023 policy, the committee concluded that a scorecard-based approach to setting targets and measuring outcomes helps it to engage transparently with shareholders and the wider workforce on remuneration. Thus, bp continues to operate a simple, clear structure of market-aligned salary with annual and three-year performance-based incentives. Risks are managed through careful setting of performance measures and targets and the committee retains the exercise of its discretion in assessing outcomes. These are complemented with robust malus and clawback measures. Remuneration outcomes are predictable, as shown in the implementation charts of the 2023 policy, and proportional by virtue of the challenging performance levels required to achieve target pay outcomes. Through material weighting in measures related to safety, sustainability and strategy, as shown on **page 104**, remuneration aligns closely with bp's culture, as expressed through our purpose and ambition.

Shareholder engagement

Throughout 2024 the committee engaged frequently on remuneration policy and approach with bp's largest shareholders, as well as their representative bodies. This dialogue will continue throughout 2025. The table below shows the recent votes on the directors' remuneration report and policy.

Year	% vote 'for'	% vote 'against'	Votes withheld
2024 – Directors' remuneration report	95.88%	4.12%	37,229,024
2023 – Directors' remuneration policy	94.23%	5.77%	36,921,641

Service contracts and letters of appointment

The service contracts of executive directors do not have a fixed term. Service contracts for each executive director are available for shareholders to view upon request at the company's registered office. Each executive director's service contract contains a 12-month notice period. Consistent with the best interests of the group, the committee will seek to minimize termination payments.

	Date of contract	Effective date
Murray Auchincloss	17 Jan 2024	17 Jan 2024
Kate Thomson	2 Feb 2024	2 Feb 2024

The non-executive directors (NEDs) have letters of appointment, which are available for shareholders to view upon request at the company's registered office. All directors are subject to annual re-election by shareholders at the annual general meeting. Normally, NEDs will be encouraged to serve for up to nine years from their appointment in line with the provisions of the 2018 Code, subject to annual re-election.

External appointments

The board supports executive directors taking up appointments outside the company to broaden their knowledge and experience. Each executive director is permitted to retain any fee from their external appointments. Such external appointments are subject to agreement by the chair and reported to the board. Any external appointment must not conflict with a director's duties and commitments to bp. Details of appointments as NEDs of publicly listed companies during 2024 are shown below.

	Appointee company	Additional position held at appointee company	Total fees, £
Murray Auchincloss ^a	Aker BP ASA ^b	Director	0
Kate Thomson	Aker BP ASA ^b	Director	0

^a Murray resigned from this position during 2024.

^b Held as a result of the company's shareholding in Aker BP ASA.

This directors' remuneration report was approved by the board and signed on its behalf by Ben J.S. Mathews, company secretary, on 6 March 2025.

Other disclosures

Appointment and succession plans

The chair, senior independent director (SID) and other independent non-executive directors (NEDs) each have letters of appointment with BP p.l.c. and do not serve, nor are they employed, in any executive capacity by bp. In line with the UK Corporate Governance Code (Code), bp proposes all directors for annual re-election by shareholders at the Annual General Meeting (AGM), where letters of appointment for each NED are available for inspection. Details on the skills and experience of each director seeking election or re-election, as well as their individual contributions to the long-term success of the company, are set out in the Notice of AGM. In accordance with the Code, NEDs would not be expected to serve beyond nine years unless there are exceptional circumstances. On behalf of the board, the people, culture and governance committee reviews the formal appointment process and succession plans for the board. Appointments and succession plans are both based on merit and assessed against objective criteria with the promotion of diversity, equity and inclusion as central considerations. This includes diversity of gender, social and ethnic backgrounds as well as cognitive and personal strengths. In reviewing appointments and succession plans, due consideration is given to ensure the smooth transition of board members with specific responsibilities (e.g. committee chair roles) by allowing sufficient time for a detailed handover. This is balanced by the need to have new board members join at regular intervals such that over time there is a controlled approach to board members reaching the end of their tenure. All new directors receive a formal induction, tailored to their individual needs, skills and experience, taking account of any committees they join. These inductions include one-to-one meetings with members of the board and leadership team together with select members of senior management. Feedback is sought from directors undertaking their induction programmes to ensure they are continually updated and improved.

Further detail on board succession and tenure can be found in the people, culture and governance committee report on [page 87](#) and board at a glance disclosure on [page 71](#), respectively.

Time commitments

The expectation regarding time commitment for NEDs to effectively discharge their duties is set out in the directors' letters of appointment. The time commitment varies with the demands of bp business and other events. The NEDs' external time commitments – whether through executive, non-executive, advisory or other roles – are regularly reviewed by the company secretary to ensure that directors are able to allocate appropriate time to bp. A register of directors' time commitments and conflicts is maintained and is also reviewed annually by the people, culture and governance committee. The review process takes into account outside appointments and other external commitments and considers the complexity of the organization, the nature of the role, the sector (especially regulated and/or potentially competing sectors) and any leadership roles (e.g. a chair position). NEDs are also required to consult with the company secretary and chair before accepting any other role that may impact their ability to commit appropriate time to bp. The process for the approval of any new external appointment, significant or otherwise, for an existing director assesses the impact of that appointment on the director's time in order to ensure the director has sufficient capacity for their role with bp. As part of that same review process, a review of independence and potential conflicts of interest is undertaken, taking account of institutional investor and proxy advisor guidance and market best practice. Any external proposed commitments that could exceed the mandates set out in such guidance are given particular consideration. The board was satisfied that significant appointments undertaken during 2024 did not impact the directors' ability to prepare for and attend meetings, engage with stakeholders and participate in learning and development opportunities. The board has concluded that, notwithstanding external appointments held, each director is able to dedicate sufficient time to fulfil their bp duties. In compliance with the Code, none of the executive directors who served during 2024 held more than one non-executive directorship in a FTSE 100 company or other significant appointment throughout their tenure on the board. For more information on the external commitments of bp's directors, see [pages 72-73](#).

For information on board meetings held during 2024 and director attendance at board meetings, see [page 71](#).

Independence and conflicts of interest

All directors have a statutory duty to exercise independent judgement. Independence of NEDs is crucial in bringing constructive challenge to the chief executive officer (CEO) and the leadership team at board meetings, while providing support and guidance to promote meaningful discussion and, ultimately, informed and effective decision-making. In accordance with the criteria set out in the Code, the chair was considered independent at the time he was appointed. NEDs are required to provide sufficient information to allow the board to evaluate their independence prior to and following their appointment. In addition, each director has a statutory duty to disclose actual or potential conflicts of interest. Formal procedures are in place for new potential conflicts to be reported and recorded during the year. As a consequence of regular reviews in 2024, the board is satisfied that there were no matters giving rise to conflicts of interest which could not be authorized by the board. It has therefore concluded that all bp NEDs are independent.

Reporting in line with UK Listing Rule 6.6.6R(9)

As at 31 December 2024, 55% of the board comprises women, our senior independent director (SID) and chief financial officer (CFO) are women and three directors identify as from an ethnic minority background. Data for the below tables is collected on an annual basis through a standardized process under which each member of the board and executive management is asked to self-declare, or elect not to declare, their ethnic background and gender identity or sex. The information is correct as at 31 December 2024. For the purposes of this table, executive management includes bp's leadership team and the company secretary.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and chair)	Number in executive management	Percentage of executive management
Gender identity or sex					
Men	5	45%	2	6	55%
Women	6	55%	2	5	45%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–
Ethnic background					
White British or other white (including minority-white groups)	8	73%	100%	9	82%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	3	27%	–	1	9%
Black/African/Caribbean/Black British	–	–	–	1	9%
Other ethnic group	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Directors' statements

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. The directors are required by the Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and the parent company and the financial performance and cash flows of the group and parent company for that period. Under that law they are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and applicable law and have elected to prepare the parent company financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice), including FRS 101 'Reduced Disclosure Framework'. In preparing the consolidated financial statements the directors have also elected to comply with IFRS as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union (EU).

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosure when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.
- State that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 and the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Each of the current directors, whose names and functions are listed on **pages 72-73**, confirms that to the best of their knowledge:

- The consolidated financial statements, prepared on the basis of IFRS as issued by the IASB, IFRS as adopted by the United Kingdom and EU and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.
- The parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the company.
- The management report, which is incorporated in the strategic report and directors' report, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face.

Helge Lund
Chair
6 March 2025

UK Corporate Governance Code compliance

Throughout 2024 bp applied the principles of the UK Corporate Governance Code 2018 (Code) and has complied with all the provisions. The information set out in the directors' report, including the committee reports on **pages 80-110**, is intended to provide an explanation of how bp applied the principles and complied with the provisions of the Code during the year. The Code can be found on the Financial Reporting Council website: [frc.org.uk](https://www.frc.org.uk).

Risk management and internal control

Under the Code, the board is responsible for the company's risk management and internal control systems. In discharging this responsibility the board, through its governance principles, requires the chief executive officer to operate the company with a comprehensive system of controls and internal audit and to identify and manage the risks, including emerging risks, that are material to bp. In turn, the board, through its monitoring processes, satisfies itself that these material risks are identified and understood by management and that systems of risk management and internal control are in place to mitigate them. These systems are reviewed periodically by the board, have been in place for the year under review and up to the date of this report and are consistent with the requirements of Principle O of the Code.

The board has processes in place to:

- Assess the principal and emerging risks facing the company.
- Monitor the company's system of internal control (which includes the ongoing process for identifying, evaluating and managing the principal and emerging risks).
- Review the effectiveness of that system annually.

Acquired businesses which have not transitioned into bp's system of internal control and non-operated joint ventures and associates ★ have not been dealt with as part of this process.

A description of the principal risks facing the company, including those that could potentially threaten its business model, future performance, solvency or liquidity, is set out in risk factors on **pages 65-67**. During 2024 the board undertook a robust assessment of the principal and emerging risks facing the company. The principal means by which these risks are managed or mitigated are set out on **pages 61-64**.

In assessing the risks faced by the company and monitoring the system of internal control, the board and the audit and safety and sustainability committees requested, received and reviewed reports from executive management, including management of the business segments, corporate activities and any functions, at their regular meetings. A report by each of these committees, including its activities during the year, is set out on **pages 80-85**.

During 2024 the committees, as relevant, also met with management, the SVP internal audit and other monitoring and assurance functions (including group ethics & compliance, safety and operational risk, group control, group legal and group risk) and the external auditor. Responses by management to incidents that occurred were considered by the relevant committee or the board, as appropriate.

At a meeting in March 2025, the audit committee considered reports from the group risk function on the system of internal control and the function's categorization of significant failings or weaknesses. The audit committee also considered a report from internal audit on their assessment of bp's systems of internal control and risk management, based on audit work conducted during 2024. In considering these reports and assessments, the audit committee noted that bp's systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The board then considered the review undertaken by the audit committee and the proposed disclosures outlining the company's risk management and internal control systems prior to publication of the annual report and accounts.

A statement regarding the company's internal controls over financial reporting is set out on **page 336**.

Longer-term viability

In accordance with provision 31 of the Code, the directors have assessed bp's prospects both at an operating and strategic level with some business planning processes extending out beyond the next ten years. However, the directors believe that a viability assessment period of three years remains appropriate given the nature of our business and exposure to short-term commodity pricing. This assessment is based on management's reasonable expectations of the position and performance of the company over this period, its internal detailed budgets and planning timeframes and the targets and aims that it has set out.

Our risk management system, described in how we manage risk starting on **page 61**, outlines our risk identification, assessment and management approach for all risks, including our principal risks, described starting on **page 65**.

Taking into account the company's current position and its principal risks, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The directors' assessment included a review of the potential financial impact of, and the financial headroom that could be available in the event of, the most severe but plausible scenarios that could threaten the viability of the company. The assessment took into consideration the robust financial position of the group and the potential mitigations that management reasonably believes would be available to the company over this period. Mitigations considered include use of cash, access to debt facilities and credit lines, raising of capital, reductions in capital expenditure, divestments and dividend reductions.

The scenarios that have been modelled are based on the most severe but plausible outcomes and associated costs are based on actual experience where possible. The scenarios link to one or more of our principal risks described on **pages 65-67** and have been considered individually and as a cluster of events. They include:

- A significant process safety incident when operating facilities, drilling wells or transporting hydrocarbons. Process safety, personal safety and environmental risks, see **page 67**.
- A sustained significant decline in oil prices over three years. Prices and markets, see **page 65**.
- A significant cyber security incident. Digital infrastructure, cyber security and data protection, see **page 66**.
- A loss of a significant market or producing asset for six months. Prices and markets, see **page 65**.

As an example of a cluster of events, bp models a risk scenario involving a significant process safety incident (when operating facilities, drilling wells or transporting hydrocarbons) during a low-price environment (i.e. where there is a sustained significant decline in oil prices over a three-year period).

The directors also considered the impact on viability from an extended pandemic scenario, as well as the potential risks associated with climate change and the transition to a lower carbon economy. They consider that the most likely impacts of these risks are broadly captured and modelled through the sustained low oil price and loss of a producing asset scenarios.

In assessing the prospects of the company, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Fair, balanced and understandable

The board considers the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Going concern

In accordance with provision 30 of the Code, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Forecast liquidity has been assessed under a number of stressed scenarios to support this assertion. Reverse stress tests performed indicated that the group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. For further information on financial risk factors, including liquidity risk, see Financial statements – **Note 29**.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

Consolidated financial statements of the bp group

Independent auditor's reports (PCAOB ID 1147)	116	Group statement of changes in equity	142
Group income statement	140	Group balance sheet	143
Group statement of comprehensive income	141	Group cash flow statement	144

Notes on financial statements

1. Significant accounting policies	145	22. Trade and other payables	185
2. Non-current assets held for sale	163	23. Provisions	186
3. Business combinations	164	24. Pensions and other post-employment benefits	187
4. Disposals and impairment	164	25. Cash and cash equivalents	193
5. Segmental analysis	167	26. Finance debt	193
6. Sales and other operating revenues	171	27. Capital disclosures and net debt	194
7. Income statement analysis	171	28. Leases	195
8. Exploration for and evaluation of oil and natural gas resources	172	29. Financial instruments and financial risk factors	195
9. Taxation	172	30. Derivative financial instruments	201
10. Dividends	175	31. Called-up share capital	210
11. Earnings per share	175	32. Capital and reserves	212
12. Property, plant and equipment	177	33. Contingent liabilities and legal proceedings	217
13. Capital commitments	178	34. Remuneration of senior management and non-executive directors	220
14. Goodwill	178	35. Employee costs and numbers	221
15. Intangible assets	180	36. Auditor's remuneration	221
16. Investments in joint ventures	180	37. Subsidiaries, joint arrangements and associates	222
17. Investments in associates	182	38. Events after the reporting period	222
18. Other investments	184		
19. Inventories	184		
20. Trade and other receivables	184		
21. Valuation and qualifying accounts	185		

Supplementary information on oil and natural gas (unaudited)

Oil and natural gas exploration and production activities	224	Standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves	245
Movements in estimated net proved reserves	230	Operational and statistical information	248

Parent company financial statements of BP p.l.c.

Company income statement	251	6. Taxation	264
Company statement of comprehensive income	251	7. Called-up share capital	264
Company balance sheet	252	8. Capital and reserves	265
Company statement of changes in equity	253	9. Financial guarantees and other contingencies	265
Notes on financial statements	254	10. Auditor's remuneration	266
1. Significant accounting policies	254	11. Directors' remuneration	266
2. Investments	259	12. Employee costs and numbers	267
3. Receivables	259	13. Events after the reporting period	267
4. Pensions	260	14. Related undertakings	268
5. Payables	263		

Consolidated financial statements of the bp group

Independent auditor's report to the members of BP p.l.c.

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of BP p.l.c. (the 'parent company' or 'bp') and its subsidiaries (the 'group' or 'bp') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BP p.l.c which comprise the:

- group and parent company income statements
- group and parent company statements of comprehensive income
- group and parent company statements of changes in equity
- group and parent company balance sheets
- group cash flow statement
- group related Notes 1 to 38 to the financial statements, including a summary of material accounting policy information and
- parent company related Notes 1 to 14 to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB and as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom accounting standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom generally accepted accounting practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in Note 36 to the financial statements.

We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company, with the exception of Deloitte UAE providing an additional service of rolling forward a BP p.l.c.'s subsidiary's financial statements. The service was administrative in nature and there were no calculations or judgements applied when carrying out this exercise. In our opinion, based on no fees being charged for the services and the size of the component, the impact of providing the services was immaterial and inconsequential, however this is a breach, albeit insignificant, of the Ethical Standard. Following investigation, we have concluded in agreement with the Audit Committee that given the size of the services provided and their potential impact, as well as the safeguards in place, our objectivity and impartiality has not been impaired, and we believe that a reasonable and informed third party with knowledge of all relevant facts and circumstances would conclude that we are capable of exercising objective and impartial judgement on all matters related to the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • potential impact of climate change and the energy transition • impairment of upstream oil and gas property, plant and equipment (PP&E) assets • decommissioning provisions • valuation of commodity financial derivatives, where fraud risks may arise in revenue recognition, and • management override of controls. In the current year, we re-considered whether the accounting for complex transactions remains a key audit matter. While the group continues to enter into such transactions, these transactions have significantly reduced in magnitude compared with the prior year. Consequently, accounting for these transactions was not included as a key audit matter, as they do not have a material impact on the group's financial statements. We designed and performed audit procedures relative to the risk levels determined through the application of our consistent framework for evaluating complex transactions. These procedures were adjusted, as necessary, based on the nature, scale, and complexity of the transactions assessed during the year. All other key audit matters are consistent with those we identified in the prior year and the developments in fact patterns of these previously identified key audit matters are explained in the respective sections below.
Materiality	The materiality that we used for the group financial statements was \$800 million (2023 \$1,000 million) which was determined based on cash flow from operations and underlying replacement cost profit before interest and tax. We adopted a different basis to determine materiality used to audit the group financial statements this year due to the impact of changing macroeconomic conditions, one-off transactions and strategic decisions on the group's profit before tax. In the prior year we determined materiality based on profit before tax and underlying replacement cost profit before interest and tax.
Scoping	Our scope covered 178 consolidation units (cons units). Of these, 153 were subject to audits of specified account balances and 25 were subject to specified audit procedures by the component audit teams or group audit team. These covered 69% of revenue, 73% of PP&E and 72% of profit before tax. The remaining 765 cons units were subject to other procedures, including performing analytical reviews, making inquiries of management, and evaluating and testing management's group-wide controls.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financing facilities including the nature of the facilities and repayment terms;
- assessing whether the impact of potential margin calls in respect of derivative exchange contracts used to risk manage the physical portfolio has been appropriately considered given price volatility;
- assessing management's identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment;
- testing the clerical accuracy of the going concern model;
- assessing the historical accuracy of forecasts prepared by management;
- performing our independent sensitivity analysis; and
- assessing the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Throughout the course of our audit, we identify risks of material misstatement ("risks"). We consider both the likelihood of a risk and the potential magnitude of a misstatement in making the assessment. Certain risks are classified as 'significant' or 'higher' depending on their severity. The category of the risk determines the level of evidence we seek in providing assurance that the associated financial statement item is not materially misstated.

The matters described below were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Potential impact of climate change and the energy transition (impacting PP&E, goodwill, intangible assets and provisions) – Notes 1, 4, 12, 14, 15 and 33 to the financial statements

Key audit matter description	Climate change impacts bp's business in a number of ways as set out in the strategic report on pages 1-68 of the Annual Report and Note 1 of the financial statements on page 145. It represents a strategic challenge and a key focus of management. The related risks that we have assessed for our audit are as follows: • Forecast assumptions used in assessing the value-in-use of oil and gas PP&E assets within bp's balance sheet for impairment testing, particularly oil and gas price assumptions and their interrelationship with forecast emissions costs, may not appropriately reflect changes in supply and demand due to climate change and the energy transition (see 'Impairment of upstream oil and gas PP&E assets' below). • The timing of expected future decommissioning expenditures in respect of oil and gas assets may need to be brought forward with a resulting increase in the present value of the associated liabilities due to the impact of climate change. In addition, there is an exposure to decommissioning obligations that may revert back to bp in respect of assets transferred to third parties through historical divestments. The risk of exposure is increased due to the impacts of climate change which have heightened long term financial resilience concerns for many industry participants. Furthermore, provisions for decommissioning refining assets, not generally recognised on the basis that the potential obligations cannot be measured given their indeterminate settlement dates, might need to be recognised if reductions in demand due to climate change curtail their operational lives (see 'Decommissioning provisions' below). • The recoverability of certain of the group's \$4.4 billion total exploration and appraisal (E&A) assets capitalised as at 31 December 2024 (2023 \$4.3 billion) is potentially exposed to climate change and the global energy transition risk factors (see Note 15). This is because a greater number of E&A projects may not proceed as a consequence of the energy transition or lower forecast future oil and gas prices. The determination of whether and when E&A costs should be written off, impaired, or retained on the balance sheet as E&A assets, remains complex and continues to require significant management judgement. • The useful economic lives of the group's refining assets may be shortened as society moves towards 'net zero' emissions targets and bp seeks to achieve its net zero ambition, such that the depreciation charge is materially understated. Of the total refining assets carried in the balance sheet, all but an immaterial residual value relating primarily to land and buildings will be fully depreciated by 2050. As disclosed in Note 1 to the accounts on page 146, management has concluded that demand for refined products is expected to remain sufficient for the existing refineries to continue operating for the duration of their remaining useful lives and hence no changes to the useful economic lives of its refinery assets were required. • The carrying value of bp's refining assets within PP&E may no longer be recoverable, due to changes in supply and demand which arise among other things as a consequence of climate change and the energy transition. Management identified impairment indicators in respect of the Gelsenkirchen refinery in Germany during the year and, as a result, an impairment test was performed to assess the recoverability of the Gelsenkirchen refinery carrying value. As disclosed in Note 4 to the accounts on page 166 management has recorded an impairment charge of \$0.8 billion (2023 \$1.3 billion) in respect of the Gelsenkirchen refinery, primarily driven by changes in economic assumptions. At 31 December 2024 management identified an impairment indicator for all of its other refineries due to a reduction in the local market margins. The impairment tests performed by management to assess the recoverability of the carrying value of these refineries did not result in any additional impairment charges being recognised. • The total goodwill balance as at 31 December 2024 is \$14.9 billion (2023 \$12.5 billion), of which \$7.2 billion relates to upstream oil and gas assets (2023 \$7.0 billion). The carrying value of goodwill may no longer be recoverable as a consequence of climate change and therefore may need to be impaired. For oil production & operations ('OP&O') and gas & low carbon energy ('G&LCE'), goodwill is allocated to hydrocarbon CGUs in aggregate at the respective segment level. Goodwill related to low carbon energy investments is held separately within the G&LCE segment. The most significant assumption in the hydrocarbon related goodwill impairment tests affected by climate change relates to future oil and gas prices (see 'Impairment of upstream oil and gas PP&E assets' below). Given the significant level of headroom in the goodwill impairment tests, management identified no other assumption that could lead to a material misstatement of goodwill due to the energy transition and other climate change factors. Disclosures in relation to sensitivities for goodwill are included within Note 14 on page 179. The customers & products (C&P) segment has a goodwill balance of \$5.5 billion (2023 \$5.4 billion), of which the most significant element is \$2.6 billion relating to the Castrol business (2023 \$2.7 billion). Notwithstanding the expected global transition to electric vehicles which may reduce demand for lubricants, due to the substantial headroom in the most recent impairment test (as described in Note 14), management has assessed as remote the likelihood that the recoverable amount of goodwill is less than its carrying value. • Climate change-related litigation brought against bp, as disclosed in Note 33 to the financial statements, may lead to an outflow of funds requiring provision. Subsequent to the year end, on 26 February 2025 the group announced a strategy reset, with a consequent impact on the group's key targets and metrics for 2025 and beyond. This post balance sheet event has been considered by management in the context of forecasts and assumptions as they relate to the 2024 financial statements and the matters noted above. The above considerations were a significant focus of management during the period which led to this being a matter that we communicated to the audit committee, and which had a significant effect on the overall audit strategy. We therefore identified this as a key audit matter. This matter was also discussed by the Audit Committee on page 84.
--	---

How the scope of our audit responded to the key audit matter	Overall response We held discussions with management, with our Climate Change specialists and within the group engagement team to identify the areas where we felt climate change could have a potential impact on the financial statements. We also continued to utilise a climate change steering committee comprising a group of senior partners and specialists with specific climate change and technical audit and accounting expertise within Deloitte to provide an independent challenge to our key decisions and conclusions with respect to this area. Audit procedures The audit response related to two of the audit risks identified is set out under the key audit matters for 'Impairment of upstream oil and gas PP&E assets' on pages 121-123 and 'Decommissioning provisions' on pages 124-125. Other procedures are as follows: In respect of the recoverability of E&A assets capitalised as at 31 December 2024: • We tested the relevant controls within the group's E&A write-off and impairment assessment processes. • We challenged and evaluated management's key E&A judgements with regards to the impairment criteria of IFRS 6. Where impairment indicators were identified, we corroborated key judgements with internal and external evidence for assets that remained on the balance sheet. This included analysing evidence of future E&A plans, budgets and capital allocation decisions, assessing management's key accounting judgement papers, reading meeting minutes and assessing licence documentation and evidence of active dialogue with partners and regulators including negotiations to renew licences or modify key terms. We challenged management's assertion that no changes are required to the assessed useful economic lives of refining assets as a consequence of climate change factors. In doing this, we obtained third party reports assessing future refined petroleum product demand for those countries which are included in our group full audit scope for the C&P segment. In particular, we considered the forecasts as set out in the IEA World Energy Outlook 2024 which shows that demand for refined petroleum products is expected to remain sufficient for at least the current remaining useful economic lives of the refineries such that current depreciation rates are appropriate, including under the Announced Pledges Scenario which is associated with a temperature rise of 1.7 °C in 2100 (with a 50% probability). We considered the impact of potential changes in supply and demand on the group's refining portfolio and assessed internal and external market studies of future supply and demand. In relation to the refinery impairment tests performed by management, our audit procedures included: evaluating the valuation methodology and testing the integrity and mechanical accuracy of the impairment models; assessing the appropriateness of key assumptions and inputs to the impairment models, notably forecast local refining marker margins, discount rate and energy input costs, challenging and evaluating management's assumptions by reference to third party data where available and involvement of our valuation specialists; and evaluating management's ability to forecast future cash flows and margins by comparing actual results with historical forecasts and tested management's internal controls over the impairment test and related inputs. We performed procedures to satisfy ourselves that, other than future oil and gas price assumptions, there were no other assumptions in management's oil and gas goodwill impairment tests in respect of which reasonably possible changes due to the energy transition and other climate change factors could cause goodwill to be materially misstated. We assessed the impact of climate change on C&P segment activities and we have not noted any factors to indicate impairment of goodwill due to climate change. With regard to climate change litigation, we designed procedures specifically to respond to the risks that provisions could be understated or that contingent liability disclosures may be omitted or be inaccurate including: • holding discussions with the group general counsel and other senior bp lawyers regarding climate change matters; • conducting a search for climate change litigation and claims brought against the group; • making written inquiries of, and holding discussions with, external legal counsel advising bp in relation to climate change litigation; and • assessing the contingent liability disclosures in the annual report on pages 217-219. With regard to the consideration of the impact of the post balance sheet strategic announcement by the group, we performed procedures to assess the reasonableness and completeness of management's analysis as to the impact on forecasts and assumptions underpinning the judgements identified above. We read the other information included in the Annual Report and considered (a) whether there was any material inconsistency between the other information and the financial statements; and (b) whether there was any material inconsistency between the other information and our understanding of the business based on audit evidence obtained and conclusions reached in the audit.
---	---

Key observations	Key observations in relation to oil and gas price assumptions used in oil and gas PP&E asset impairment tests, and the impact of climate change on decommissioning provisions are set out in the relevant key audit matter below. We concluded that the key E&A assessments had been appropriately determined and the judgements management had made were appropriately supported. We did not identify any additional impairments or write-offs from the work we performed. We are satisfied: • with the results of our procedures relating to the carrying value of refining assets and that the impairments recorded are reasonable; • with the results of our procedures relating to the assessment of the useful economic lives of refining assets and therefore depreciation charges, based on the market studies we read; • with the sensitivity analysis disclosures around the energy transition and other climate change factors performed in respect of the goodwill balances, and that the group's goodwill balances are not materially misstated; • with management's assertion that no provision should currently be made in respect of climate change litigation. Based on the audit evidence obtained both from internal and external legal counsel, we concluded that management's disclosure of the contingent liabilities in respect of these matters is appropriate; • that management's assessment of the impact of the group's post balance sheet strategy update on the forecasts and assumptions as they relate to the judgements are reasonable and complete; and • that management's other disclosures in the Annual Report relating to climate change are consistent with the financial statements and our understanding of the business. Whilst many of bp's oil and gas properties and refining assets are long term in nature, by 2050, the remaining carrying value of assets currently being depreciated will be immaterial, this date being the target set by the majority of governments with 'net zero' emissions targets and also by bp, with its sustainability aims of 'net zero operations' and 'net zero sales'. At current rates of depreciation, depletion and amortisation ('DD&A'), the average remaining depreciable life of the upstream oil and gas PP&E (within the OP&O and G&LCE segments) is five years and the refining assets (within the C&P segment) is eleven years.
-------------------------	--

5.2 Impairment of upstream oil and gas property, plant and equipment (PP&E) assets – Notes 1, 4 and 12 to the financial statements

Key audit matter description	The group balance sheet as at 31 December 2024 includes PP&E of \$100 billion (2023 \$105 billion), of which \$56 billion (2023 \$62 billion) is oil and gas properties. Management's best estimate oil and gas price assumptions for value-in-use impairment tests were revised in 2024 as set out in Note 1 on page 152, although the revisions were not significant. Management has also determined bp's 'best estimate' discount rate assumptions, as set out in Note 1 on page 152. bp's post-tax discount rate used for impairment testing for oil and gas assets in 2024 remained unchanged from prior year at 8% (2023: 8%). Pre-tax discount rates applied in impairment tests were revised in some regions to reflect changes in local tax rates and country risk premiums, however the impact of these revisions was insignificant. Reserves estimates for all oil and gas fields were also reviewed and updated where necessary at year-end. Management judged that in aggregate, the year-end oil and gas price assumption revisions, changes to pre-tax discount rates for certain regions due to country risk premium or tax rate changes, and changes to other input assumptions including reserves reductions on several key fields, all combined to constitute an impairment trigger for all oil and gas cash generating units (CGUs). As a result of testing performed during 2024, \$2.0 billion (2023 \$3.6 billion) of oil and gas CGU net impairment charges were recognised, principally due to certain discount rate revisions, an increase in certain capital expenditure forecasts and operating expenditure forecasts and certain reserves write downs. We identified three key management estimates in management's determination of the level of impairment charge and/or impairment reversal. These are: Oil and gas prices – bp's oil and gas price assumptions have a significant impact on many CGU impairment assessments performed across the OP&O and G&LCE segments and are inherently uncertain. The estimation of future prices is subject to increased uncertainty given climate change, the global energy transition, macro-economic factors and disruption in global supply due to ongoing geo-political conflicts. There is a risk that management do not forecast reasonable 'best estimate' oil and gas price forecasts when assessing CGUs for impairment charge and/or impairment reversal, leading to material misstatements. These price assumptions are highly judgmental and are pervasive inputs to bp's oil and gas CGU valuation. There is also a risk that management's oil and gas price related disclosures are not reasonable. bp's oil and gas price assumptions for value-in use impairment assessments are aligned with bp's investment appraisal assumptions, except that potential future emissions costs that could be borne by bp are included in investment appraisals as bp costs without assuming incremental revenue. As described in Note 1 on page 146, emissions costs forecasts interrelate with bp's oil and gas prices, because bp's price assumptions for value-in-use estimates represent 'net producer prices', i.e., net of any further emissions costs that may be enacted in the future. Management's judgement is that the potential impact of such further emissions costs being borne by producers including bp is not expected to have a material impact on bp's oil and gas CGU carrying values as costs would effectively be borne by oil and gas end users via overall higher commodity prices. There is a risk that management's judgement is not reasonable. Discount rates – Given the long timeframes involved, certain CGU impairment assessments are sensitive to the discount rate applied. Discount rates should reflect the return required by the market and the risks inherent in the cash flows being discounted. There is a risk that management does not assume reasonable discount rates, adjusted as applicable for country risks and relevant tax rates, leading to material misstatements. Determining a reasonable discount rate is highly judgmental and, consistent with price assumptions above, the discount rate assumption is also a pervasive input across bp's oil and gas CGU valuations, before adjustments for asset specific risks and tax rates. Reserves and resources estimates – A key input to certain CGU impairment assessments is the oil and gas production forecast, which is based on underlying reserves estimates and field specific development assumptions. Certain CGU production forecasts include specific risk adjusted resource volumes, in addition to proven and/or probable reserves estimates, that are inherently less certain than reserves; and assumptions related to these volumes can be particularly judgemental. There is a risk that material misstatements could arise from unreasonable production forecasts for individually material CGUs and/or from the aggregation of systematic flaws in bp's reserves and resources estimation policies across the OP&O and G&LCE segments. We identified certain individual CGUs with a total carrying value of \$9 billion (2023 \$18 billion) which we determined would be most at risk of material impairment charges as a result of a reasonably possible change in the oil and gas price assumptions. These CGUs have been subjected to \$9 billion worth of previous impairments and as such, are also at risk of material impairment reversal resulting from potential oil and gas price assumption changes. We identified that a subset of these CGUs was also individually materially sensitive to the discount rate assumption. Accordingly, we identified these as significant audit risks. We also identified CGUs with a further \$2 billion (2023 \$2 billion) of combined carrying value which were less sensitive. We identified these as a higher audit risk as they would be potentially at risk, in aggregate, to a material impairment by a reasonably possible change in some or all of the key assumptions. No impairment reversals are available for these CGUs. Further information regarding these sensitivities is given in Note 1 on page 153. Impairment charge and/or impairment reversal assessments of upstream oil and gas PP&E assets remain a key audit matter because recoverable values are reliant on forecast assumptions such as oil and gas prices, discount rates and reserves estimates, which are inherently judgmental and complex for management to estimate and challenging to audit. Additionally, the magnitude of the potential misstatement risk remains material to the group. This matter was discussed by the Audit Committee on page 85.
------------------------------	---

How the scope of our audit responded to the key audit matter	We tested relevant internal controls over the estimation of oil and gas prices, discount rates, and reserve and resources estimates, as well as relevant internal controls over the performance of the impairment charge and/or impairment reversal assessments where we identified audit risks. In addition, we conducted the following substantive procedures. Oil and gas prices • We independently developed a reasonable range of forecasts based on external data obtained, against which we compared management's oil and gas price assumptions in order to challenge whether they are reasonable. • In developing this range, we obtained a variety of reputable and reliable third party forecasts, peer information and other relevant market data. • In challenging and evaluating management's price assumptions, we considered the extent to which they and each of the forecast pricing scenarios obtained from third parties reflect the impact of lower oil and gas demand due to climate change and the energy transition. • The 2015 Conference of the Parties (CoP) 21 Paris Agreement goals of 'holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels' was reaffirmed at CoP 29 in Baku during November 2024. We specifically analysed third party forecasts stated, or interpreted by us, as being consistent with scenarios achieving the Paris 'well below 2°C goal' and/or '1.5°C ambition' and evaluated whether they presented contradictory audit evidence. • We challenged and evaluated management's judgement, described in Note 1 on page 146, that the potential impact of further emission costs being borne by producers including bp is not expected to have a material impact on bp's oil and gas CGU carrying values. We obtained evidence supporting that oil and gas price forecasts included in our reasonable range are forecast on a 'net producer prices' basis, (i.e., net of potential future emissions costs that are assumed to be borne by oil and gas end users), consistent with the basis of bp's value-in-use price assumptions. • We assessed management's disclosures in Note 1, including the sensitivity of forecast revenue cash inflows to lower oil and gas prices and how climate change and the energy transition, potential future emissions costs and/or reduced demand scenarios may impact bp to a greater extent than currently anticipated in bp's value-in-use estimates for oil and gas CGUs. Discount rates • We independently evaluated bp's discount rates used in impairment tests with input from our valuation specialists, against relevant third party market and peer data. • When performing procedures over specific assets, we assessed whether specific country risks and tax adjustments were reasonably reflected in bp's discount rates. • We challenged and evaluated management's disclosures in Note 1, including in relation to the sensitivity of discount rate assumptions. Reserves and resources estimates With the assistance of our oil and gas reserves specialists we: • assessed bp's reserves and resources estimation methods and policies for reasonableness; • assessed how these policies had been applied to a sample of bp's reserves and resources estimates which included those that we judged to represent the greatest risk of material misstatement; • read and evaluated a sample of reports provided by management's external reserves experts and assessed the scope of work and findings of these third parties; • assessed the competence, capability and objectivity of bp's internal and external reserve experts, through understanding their relevant professional qualifications and experience; • assessed whether management's production forecasts are consistent overall with bp's strategy; • compared the production forecasts used in the impairment tests with management's approved reserves and resources estimates; and • performed a retrospective assessment in order to assess management's ability to accurately estimate reserves and resources and to check for indications of estimation bias over time.
---	---

Key observations	Oil and gas prices For the purpose of PP&E impairment tests, management is required under IAS 36 to apply its current 'best estimate' of future oil and gas prices. We determined that bp's 'best estimate' assumptions are reasonable when compared against a range of third party forecasts and peer information that we identified as being appropriate for this purpose. In forming this view, we included each forecaster's 'base case', 'central case' or 'most likely' estimate. We further observed that, as well as publishing a 'base case', 'central case' or 'most likely' estimate, certain third party price forecasters including the IEA published other price forecasts including some that were stated as, or were interpreted by us as being, Paris 'well below 2°C goal' or Paris '1.5°C ambition' scenarios. We observed that none of those third party forecasters described their 'Paris consistent' scenarios as their 'base case', 'central case' or 'most likely' estimate. Management notes on page 145 that they consider their 'best estimate' prices to be in line with a range of transition paths consistent with the Paris climate goal of limiting global warming to well below 2°C as well as the ambition to limit global warming to no greater than 1.5°C. We observed that for bp's Brent price assumptions, whilst these were within the lower half of our range of 'best estimate' forecasts described above, they were within the higher half of our range of Paris 'well below 2°C goal' and '1.5°C ambition' scenarios. For Henry Hub gas, management's updated gas price assumptions sit towards the top of our range until 2040 and then towards the middle until 2050. The positioning of bp's revised oil and gas forecasts within the range is broadly consistent with bp's positioning in the prior period range. We also noted other reputable third party sources that set out or implied even higher prices under both Paris 'well below 2°C goal' and '1.5°C ambition' scenarios, highlighting the large inherent uncertainty regarding 'Paris consistent' pathways and the very wide range of potential price forecasts. Accordingly, we consider management's statement as set out above to be reasonable. By inquiry and analysis, we confirmed that the third party oil and gas price forecasts used to develop our independent range are on a net producer price basis. Accordingly, we are satisfied management's judgement is reasonable that the potential impact of further emission costs being borne by bp is not expected to have a material impact on the group's oil and gas CGU carrying values. We reviewed the disclosures included in Note 1 to the accounts in respect of oil and gas price assumptions, including the sensitivity analysis presented therein. We observed that management's downside sensitivity, in which oil and gas prices are lower than the 'best estimate' in all future periods, is close to the bottom end of our range of third party Paris 'well below 2°C goal' and Paris '1.5°C ambition' scenarios for both Brent oil and Henry Hub gas. Discount rates bp's post-tax nominal 8% discount rate used for impairment testing for oil and gas assets, was within the independent range calculated by our valuation specialists. We were also satisfied with the calculation of country risk premia. Accordingly, we are satisfied with the discount rates used in the impairment charge and impairment reversal testing. Reserves and resources We assessed the production forecasts used in the oil and gas CGU valuations that we tested to be reasonable and appropriately risked where applicable, for the purposes of management's impairment tests. We observed that in aggregate, management's production forecasts, as utilised in year-end oil and gas CGU impairment testing, are aligned with bp's best estimate of the future production of their existing oil and gas portfolio.
------------------	--

5.3 Decommissioning provisions – Note 1 and 23 to the financial statements

Key audit matter description	A decommissioning provision of \$11.8 billion is recorded in the financial statements as at 31 December 2024 (2023 \$12.4 billion). The estimation of decommissioning provisions is a highly judgemental area as it involves a number of key estimates related to the cost and timing of decommissioning, in particular inflation and discount rate assumptions. Management estimates that the average rate of forecast inflation applicable to the substantial majority of bp's decommissioning cost estimates is 1.5%, which is 0.5% lower than its estimated long term general inflation rate of 2%. The extent to which average future decommissioning cost inflation will differ from the general inflation rate depends on industry demand and supply of rigs and other relevant services at the time future decommissioning occurs, which in turn will be influenced by future oil and gas demand, and increasingly by structural changes in the industry supply chain driven by the energy transition, which are uncertain. The estimated undiscounted cost of the obligations and the timing of future payments are set out in Note 1 on page 159. Economic factors, future activities and the legislative environments that bp operates in are used to inform cost estimates, whereas the timing of decommissioning activities is dependent on cessation of production (CoP) dates, which are sensitive to changes in bp's price forecasts as price estimates determine economic cut off of oil and gas reserve estimates. bp increased the discount rate used in calculating its decommissioning provisions from 4.0% as at 31 December 2023 to 4.5% as at 31 December 2024. The increase was primarily driven by increased US treasury bond rates. Additionally, bp is exposed to decommissioning obligations that could revert back to the group in respect of historical divestments to third parties. Judgement is required to assess the potential risk of reversion and if applicable, the estimated exposure, for each historically divested asset. The risk of reversion could be elevated by the potential impact of the energy transition, in particular the potential for lower oil and gas prices in the longer term which could result in financial resilience concerns for some industry participants. Provisions for decommissioning refining assets, not generally recognised on the basis that the potential obligations cannot be measured given their indeterminate settlement dates, might need to be recognised if reductions in demand due to climate change curtail their operational lives. As disclosed in Note 1 on page 159 management concluded that, although obligations may arise if refineries cease manufacturing operations, they would only be recognised at the point when sufficient information became available to determine potential settlement dates. Accordingly, other than where a decision has been made to cease refining operations, no triggers for assessing the need to record a decommissioning provision have been identified. This matter was discussed by the Audit Committee on page 85.
How the scope of our audit responded to the key audit matter	Long-term inflation rate • We tested the relevant control related to the determination of the decommissioning specific inflation rate assumption. • We tested how management derived the decommissioning specific inflation rate assumption of 1.5%, and the evidence on which it is based, by gaining an understanding of the process used by management, testing management's calculations of the assumption, and evaluating the evidence relevant to management's assumption, both supporting and contradictory. • As the 1.5% decommissioning specific inflation rate assumption is determined by making an adjustment to management's 2.0% general long term inflation rate assumption, we evaluated the general long term inflation rate assumption used of 2.0%, comparing it against latest external market data. • We made inquiries and evaluated the competence, capability and objectivity of management's decommissioning experts who derived the decommissioning specific inflation rate. • We inspected analyst forecasts and reports in respect of the future decommissioning market and related costs for evidence of supporting and contradictory evidence, with particular focus on the future rig market. • We particularly considered the expectation that demand for oil and gas products and related activities will decrease, primarily in response to climate change and energy transition effects pivoting future energy industry investment and development activity towards renewable sources. We challenged and evaluated management's assessment of the impact this will have on the decommissioning market and the related inflation assumption. • We analysed historical trends of rig market rates against oil prices and historical inflation to evaluate management's assumption that the decommissioning inflation assumption does not inflate at the same rate as general inflation.

	Cost and timing estimates - We tested the relevant controls over the year end decommissioning cost and timing assumptions used within management's decommissioning provision estimate. - We assessed the completeness and accuracy of the assets subject to decommissioning, including understanding the process to establish whether a legal or constructive obligation existed. - We evaluated the reasonableness of changes in key cost assumptions including rig rates, vessel rates, well plug and abandonment duration and non-productive time assumptions, with reference to internal and appropriate third party data. - We assessed changes in assumptions for the estimated date of decommissioning and evaluated whether CoP dates used for decommissioning estimation are aligned with CoP assumptions in other areas, including PP&E impairment testing and oil and gas reserve estimation. - We assessed the accuracy of bp's disclosure of the estimated undiscounted cost of its obligations and the timing of future decommissioning payments. Discount rates - We tested the relevant controls related to the determination of the discount rate assumption. - We assessed the reasonableness of management's methodology for determining the discount rate and recalculated the discount rate with reference to independent third party data, most notably US treasury bond yields. Reversion risk - We obtained an understanding of bp's decommissioning reversion risk assessment process and tested relevant internal controls including those controls over the completeness and accuracy of the previously divested asset data. - We challenged and evaluated management's key judgements related to the decommissioning reversion risk and conclusions as to whether any additional provision should be recognised, or specific contingent liability disclosure made. We assessed the relevant internal and external evidence used in forming this judgement, including the financial health of the counterparty or counterparties in the ownership chain for the divested assets and the existence of any other pertinent factors which could indicate a higher probability of decommissioning obligations reverting to bp. Potential decommissioning of refinery assets - We challenged and evaluated management's analysis which supported the judgement that no decommissioning provisions should be recognised in respect of refineries where there is ongoing activity and management has no current intention to cease these activities. - We have reviewed analysis undertaken by management, as well as third-party studies, of forecast demand for refined products in regions served by bp's refineries. Furthermore, we read external profitability benchmarking to assess the conclusion that the group's remaining refineries would likely remain operational for longer than many of their regional competitors, in the event of refining capacity reductions. - We also met with refinery management to understand the potential plans under consideration for refineries in the future and obtained evidence that management is developing plans for the existing refinery sites remaining in the portfolio which would be compatible with net zero emissions, for instance through the production of alternative low carbon and sustainable fuels.
Key observations	We concluded that the assumed inflation rate of 1.5% remains reasonable as a long-term inflation rate for decommissioning liabilities. With respect to the extent to which average future decommissioning cost inflation will differ from the general inflation rate, which is influenced by the demand and supply of rigs and other relevant services at the time future decommissioning occurs, we concluded that market forecasts support the assertion that demand for rigs will not increase in the long term as a result of the impact of the energy transition and therefore that inflation of rig costs will be limited. We concluded that the cost and timing assumptions used in the decommissioning provision calculation were reasonable and the assumptions are appropriately supported by industry data. The disclosure included on page 159 with respect to the estimated undiscounted cost of bp's decommissioning obligations and the timing of future decommissioning payments are consistent with these conclusions. Based on our audit procedures, we consider bp's 4.5% discount rate to be reasonable. No material additional decommissioning provisions have been made in respect of historical divestments where bp are exposed to decommissioning reversion risk as a result of the potential future bankruptcy of the current asset owner. Based on our review and challenge of management's assessment, we consider this judgement to be reasonable. We also consider the contingent liability disclosure to be reasonable. In respect of the group's refining assets, taking into consideration both the IEA demand forecasts and management's strategic plans for the group's refineries, including developing production of low carbon and sustainable fuels, we are satisfied that it is not currently possible for management to determine closure dates for the remaining operational refineries or estimate reliably a settlement date for any decommissioning obligations prior to a decision being made to cease refining operations. Accordingly, we have not identified any triggers that would require a decommissioning provision to be recorded.

5.4 Valuation of commodity financial derivatives, where fraud risks may arise in revenue recognition – Notes 1, 29 and 30 to the financial statements

Key audit matter description	bp's supply, trading and shipping (ST&S) function is responsible for globally trading and risk managing the group's owned as well as third party production. To discharge this responsibility, ST&S regularly executes commodity contracts, physically settled or otherwise, which are accounted for as a derivative and fair valued under IFRS 9. These contracts, therefore, result in unrealised gains/losses that are recognised on account of fair value movements in the associated derivative assets and liabilities. Determining the fair value of derivative assets and liabilities can be complex and subjective, particularly where the valuation is dependent on significant inputs which are not observable and are classified as level 3 in the fair value hierarchy set out in IFRS 13. This degree of subjectivity also makes such fair value estimates liable to potential fraud by management incorporating bias in the inputs used in determining fair values. Given the significant judgements, sensitivity to management assumptions, and the absolute value associated with these positions, we have identified a significant risk in respect of certain financial instruments where the valuation is dependent on significant unobservable inputs. Fair value measurements associated with unrealised commodity contracts are also impacted by the macroeconomic sentiment and outlook. In 2024, commodity markets continued to experience periods of volatility due to continuing uncertainty resulting from the planned energy transition, macro-economic factors such as inflation and interest rates, and disruptions in global supply due to geopolitical conflicts. In response to the volatility observed, we focused our audit efforts on the valuation of commodity derivatives and designed procedures to test for management bias. As at 31 December 2024, the group's total level 3 derivative financial assets were \$16.0 billion (2023 \$9.2 billion) and level 3 derivative financial liabilities were \$14.4 billion (2023 \$7.1 billion). This matter was discussed by the Audit Committee on page 85.
How the scope of our audit responded to the key audit matter	In response to the above, we analysed the population of these instruments to assess the level of unobservability of the inputs used in their valuation and then further disaggregated the population into different risk populations which in turn drove the nature, timing and extent of our audit procedures. To address the complexities associated with auditing the valuation of instruments dependent on significant unobservable inputs, we included valuation specialists with significant quantitative and modelling expertise to assist in performing our audit procedures. Our valuation audit work included the following control and substantive procedures: • We tested the group's valuation relevant controls including: – the model certification control, which is designed to review a model's theoretical soundness and the appropriateness of its valuation methodology; and – the independent price verification control, which is designed to review the appropriateness of valuation inputs that are not observable and are significant to the financial instrument's valuation. • We performed valuation testing procedures at interim and year-end balance sheet dates, including: – evaluating management's valuation methodologies against standard valuation practice and analysing whether a consistent framework is applied across the business period over period; – engaging our valuation specialists to challenge models, develop fair value estimates and evaluate consistency in management's modelling and input assumptions throughout the year; – comparing management's input assumptions against the expected assumptions of other market participants and observable market data; – independently validating price points on pricing curves; and – analysing whether there was any indication of management bias through evaluating the distribution of valuation differences where relevant.
Key observations	Based on the evaluation of the results of the procedures noted above, we concluded that management's valuations relating to commodity derivatives were appropriate and we did not identify evidence of management bias in the valuation estimates or accounting entries that we tested.

5.5 Management override of controls (potentially impacting all financial statement accounts)

Key audit matter description	We conducted an assessment of the fraud risks arising from management override of controls by considering potential areas where the group's financial statements could be manipulated. In performing this assessment, we considered pressures or incentives to achieve certain measures due to the remuneration arrangements of people in Financial Reporting Oversight Roles (FRORs), including management and senior executives, as well as other incentives which could exist in light of bp's share buyback commitments communicated to its shareholders. Our considerations included the potential for: • inappropriate accounting estimates and judgements • the posting of fictitious or fraudulent journal entries or • inappropriate accounting for significant transactions that are outside the normal course of business for the entity. Management has enhanced its control environment in 2024 to address deficiencies identified during prior period audits. During the year, certain deficiencies had yet to be remediated but we have identified mitigating controls to address the risk associated with the deficiencies. These included analytical reviews, controls over closing balances, period-end analytical review controls and certain automated business controls. This area had a significant bearing again this year on the allocation of audit resources and has been discussed with the audit committee throughout the year. Accordingly, we identified this as a key audit matter.
How the scope of our audit responded to the key audit matter	We tested the mitigating controls to respond to the risk of fraudulent journal entries. In addition, we: • made inquiries of individuals with different levels of responsibility involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; • identified and tested relevant entity-level controls, in particular those related to the bp Code of Conduct, whistleblowing (bp OpenTalk) and controls monitoring financial reporting processes and financial results; • made inquiries of management and others within bp as appropriate, who deal with allegations, if any, of fraud raised by employees or other parties; • used our data analytics tools to select journal entries and other adjustments made at the end of a reporting period, or otherwise having characteristics associated with common fraud schemes, for testing; and • tested journal entries and other adjustments recorded in the general ledger throughout the period, with a particular focus on adjustments that occur late in the financial close process. We assessed accounting estimates for bias. A number of the most significant estimates are covered by the other key audit matters set out above. This assessment included: • evaluating whether the judgements and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of bp's management that may represent a risk of material misstatement due to fraud; and • performing a retrospective analysis of management judgements and assumptions related to significant accounting estimates reflected in the financial statements of the prior year. We considered whether there were any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual due to their nature, timing or size. The risks and responses to the revenue recognition risk within the supply, trading and shipping function are set out on page 126.
Key observations	We were able to rely on the mitigating controls tested. Our testing of journal entries and other adjustments, selected through the use of our data analytics tools, did not identify any inappropriate items. We did not identify evidence of overall bias or any significant transactions that are outside the normal course of business for which the business rationale (or the lack thereof) of the transaction suggested that it may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

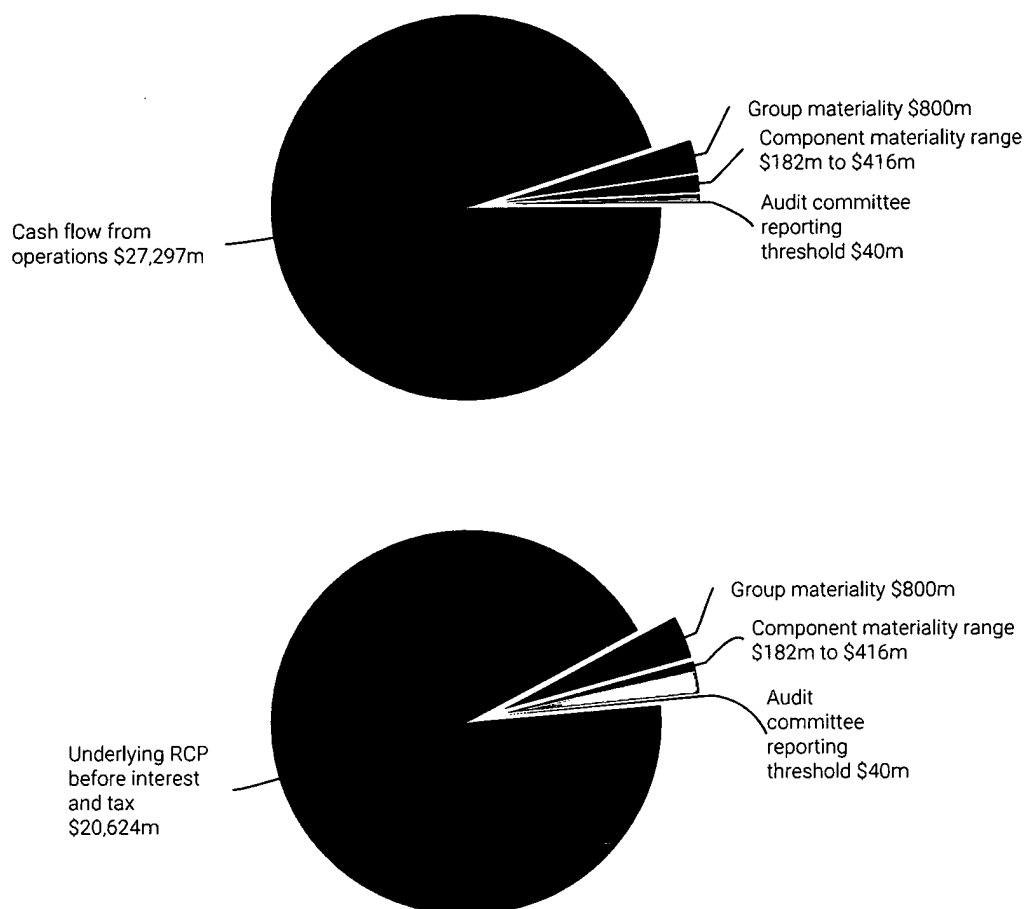
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	In 2024 we set materiality for both the group and parent company at \$800 million. In 2023, we used a materiality of \$1,000 million for both the group and parent company. The decrease in materiality is due to the downturn in the group's performance compared with prior year.	
Basis for determining materiality	Changing macroeconomic conditions, one-off transactions and strategic decisions had a significant impact on the group's profit before tax in 2024. We therefore determined that it is appropriate to use the benchmarks of most relevance to investors, being cash flow from operations and underlying replacement cost profit before interest and tax. Materiality was determined to be \$800 million, which is 2.9% of cash flow from operations (2023 3.1%) and 3.9% of underlying replacement cost profit before tax (2023 3.7%). In 2023, we determined materiality to be \$1,000 million, which represented 4.2% of profit before tax and 3.7% of underlying replacement cost profit before tax.	We determined materiality for our audit of the standalone parent using 0.6% (2023 0.8%) of net assets.
Rationale for the benchmark applied	We conducted an assessment of which line items are the most important to investors and analysts by reading analyst reports and bp's communications to shareholders and lenders, as well as the communications of peer companies. Based on our review of analysts' reports, all analysts identified one or more cashflow metrics as a key operating metric, particularly net cash flow from operations. Also, based on our assessment of the latest results announcement Q&As, the focus of the investors has been on cash flow generation and the strength of the balance sheet, particularly from a net debt perspective given the current underlying performance of the group. We therefore focused on cash flow from operations in our determination of materiality for the current year. We further note that the alternative performance measure underlying replacement cost profit before interest and tax is one of the key metrics communicated by management in bp's results announcements and therefore is considered to be an appropriate benchmark.	The materiality determined for the standalone parent company is based on net assets as the company is non-trading and operates primarily as a holding company. We believe the net asset position is the most appropriate benchmark to use.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	Group and parent company performance materiality was set at 65% of materiality for the 2024 audit (2023 65% of materiality).	
Basis and rationale for determining performance materiality	Consistent with the prior year, performance materiality of 65% reflects the overall quality of the control environment, the magnitude of misstatements identified in the current and prior years, as well as the fact that management is generally willing to correct any such misstatements.	

6.3 Error reporting threshold

We agreed with the audit committee that we would report to the committee all audit differences in excess of \$40 million (2023 \$50 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

As a result of the highly disaggregated nature of the group, with operations in over 60 countries through approximately 940 cons units, a significant portion of our audit planning effort was so that the scope of our work was appropriate in addressing the identified risks of material misstatement.

The factors that we considered when assessing the scope of the bp audit, and the level of work to be performed included the following:

- The determination of significance of an account balance and risks of material misstatement related to it, history of unusual or complex transactions, identification of significant audit issues or the potential for, or a history of, material misstatements.
- The effectiveness of the control environment and monitoring activities, including entity-level controls.
- The findings, observations and audit differences that we noted as a result of our 2023 audit engagement.

Our audit approach was generally to place reliance on management's controls over financial reporting.

This page does not form part of bp's Annual Report on Form 20-F as filed with the SEC.

For the current year, components have either been subject to audits of one or more classes of transactions, account balances or disclosures, or specific further audit procedures.

As a result, to be able to obtain sufficient, appropriate audit evidence for the purposes of our audit of the financial statements, the group engagement team and component teams performed audits of specified account balances in 153 reporting cons units covering UK, US, Australia, Azerbaijan, Germany, Trinidad and Tobago, Mauritania & Senegal, Indonesia, Egypt, India and Abu Dhabi.

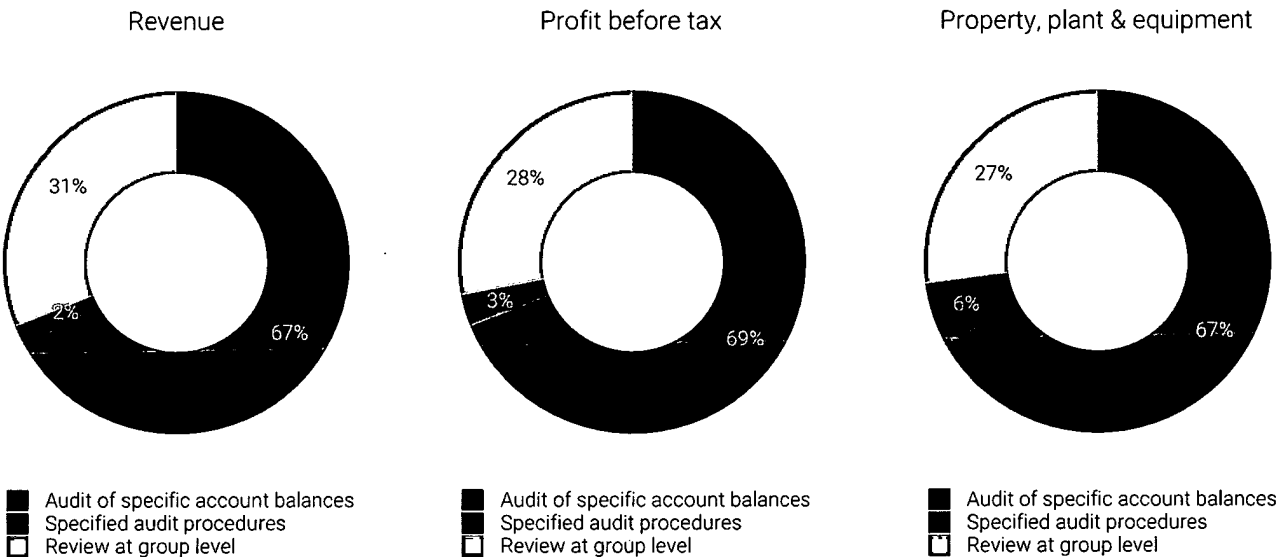
In 2023, we performed full scope audits for 138 reporting cons units which were selected based on their size or risk characteristics. Our full-scope audits were in the UK, US, Australia, Azerbaijan and Germany. In addition, component teams performed audit procedures on specified account balances in 24 cons units also covering Trinidad and Tobago, Mauritania & Senegal, Indonesia, Egypt, India and Abu Dhabi.

The group engagement team performed audit procedures on specified account balances to component materiality, with certain additional specific procedures performed by component teams, covering an additional 25 cons units (2023 27).

The remaining cons units are not significant individually and include many small, low risk components and balances. On average, they each represent 0.04% of revenue (2023 0.04%), 0.04% of property, plant and equipment (2023 0.03%) and 0.04% of profit before tax (2023 0.04%).

In our assessment of the residual balances not covered by the above procedures, we have considered the risk that there could be undetected and uncorrected misstatements that are material in the aggregate within the large number of geographically dispersed businesses, in particular within the C&P segment. This assessment included use of our analytic tools to interrogate data, preparation of trend analysis and comparison of business performance to market benchmark prices. We also tested management's group-wide controls across a range of locations and segments. We concluded that through this additional risk assessment, we have reduced the audit risk of such misstatements arising to a sufficiently low level.

Our audit coverage of 'Property, plant and equipment', 'Revenue' and 'Profit before tax' is materially the same as in the prior year.



7.2 Our consideration of the control environment

Our audit approach was generally to place reliance on management’s relevant controls over all business cycles affecting in scope financial statement line items. We tested a sample of these controls through a combination of tests of inquiry, observation, inspection and re-performance.

In limited situations where we were not able to take a controls reliance approach due to controls being deficient and there not being sufficient mitigating or alternative controls we could rely on instead, we adopted a non-controls reliance approach. All control deficiencies which we considered to be significant were communicated to the audit committee. All other deficiencies were communicated to management. For all deficiencies identified we considered the impact and updated our audit plan accordingly.

The group’s financial systems environment is complex, with 101 separate IT systems scoped as being relevant to the audit for the following key locations (UK, US, Germany, Azerbaijan and Australia) as well as other minor locations. These systems are all directly or indirectly relevant to the entity’s financial reporting process.

We planned to rely on the General IT Controls (‘GITCs’) associated with these systems, and having tested controls over access security, change management, data centre operations and network operations, were able to do so.

7.3 Working with other auditors

The group audit team is responsible for the scope and direction of the audit process and providing direct oversight, review, and coordination of our component audit teams. We interacted regularly with the component Deloitte teams during each stage of the audit and reviewed key working papers. We maintained continuous and open dialogue with our component teams in addition to holding formal meetings quarterly to ensure that we were fully aware of their progress and results of their procedures.

Consistent with prior year, the senior statutory auditor and other group audit partners and staff conducted visits to meet with the component teams responsible for the audits of specified account balances during the year. These visits included attending planning meetings, discussing the audit approach including the risk assessments and any issues arising from the component team’s work, meetings with local management, and reviewing key audit working papers on higher and significant-risk areas to drive a consistent and high-quality audit. In addition, a global audit planning meeting was held in London for three days in July led by the senior statutory auditor and involving the group audit team, partners and staff from all full scope component teams, audit teams responsible for testing at key Global Business Services (GBS) locations and senior management from bp.

This page does not form part of bp’s Annual Report on Form 20-F as filed with the SEC.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- our meetings throughout the year with the Group Head of Ethics and Compliance and reviews of bp's internal ethics and compliance reporting summaries, including those concerning investigations;
- enquiries of management, internal audit, and the audit committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- review of the terms of reference of the Fraud Governance Board set up by management to support the creation and delivery of the Group Fraud Risk Strategy, periodically monitor the threat outlook and review the risk appetite;
- review of the Fraud Governance Board's meeting minutes and its fraud risk assessment;
- the group's remuneration policies, key drivers for remuneration and bonus levels; and
- discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with companies in the same sectors as bp operates, and this experience was relevant to the discussion about where fraud risks may arise. The discussions also involved fraud specialists who advised the engagement team of fraud schemes that had arisen in similar sectors and industries, and they participated in the initial fraud risk assessment discussions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Corporate Governance Code, US Securities Exchange Act 1934 and relevant SEC regulations, as well as laws and regulations prevailing in each country in which we identified a full-scope component.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licences and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of non-compliance with laws and regulations. We did identify two key audit matters relating to fraud risks, as described above, being the valuation of commodity financial derivatives, and management override of controls. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- obtaining confirmations from external legal counsel concerning open litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the IRS.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 113
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 113
- the directors' statement on fair, balanced and understandable set out on page 113
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 112
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 112 and
- the section describing the work of the audit committee set out on pages 82-85.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

The board appointed Deloitte as the company's auditor with effect from 29 March 2018 to fill the vacancy arising from the resignation of the previous auditor. On 25 April 2024, shareholders resolved at the annual general meeting to reappoint Deloitte as auditor from the conclusion of the meeting until the conclusion of the annual general meeting to be held in 2025 and authorized the directors to set the audit fees.

The first accounting period we audited was the 12 month period ended 31 December 2018. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 31 December 2018 to 31 December 2024.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Judith Tacon FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 March 2025

Report of Independent Registered Public Accounting Firm

To the shareholders and board of directors of BP p.l.c.

Opinion on the financial statements

We have audited the accompanying consolidated group balance sheets of BP p.l.c. and subsidiaries (together 'bp' or 'the group') as at 31 December 2024 and 2023, the related consolidated group income statements, group statements of comprehensive income, group statements of changes in equity and group cash flow statements, for each of the three years in the period ended 31 December 2024, and the related notes (collectively referred to as the 'financial statements'). In our opinion, the financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2024, in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), bp's internal control over financial reporting as of 31 December 2024, based on criteria established in the UK Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business reporting relating to internal control over financial reporting and our report dated 6 March 2025 expressed an unqualified opinion on bp's internal control over financial reporting.

Basis for opinion

These financial statements are the responsibility of bp's management. Our responsibility is to express an opinion on bp's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to bp in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

1. Impairment of upstream oil and gas property, plant and equipment (PP&E) assets – Notes 1, 4 and 12 to the financial statements

Critical Audit Matter Description

The group balance sheet as at 31 December 2024 includes PP&E, of which \$56 billion is oil and gas properties.

Management's best estimate oil and gas price assumptions for value-in-use impairment tests were revised in 2024 as set out in Note 1 on page 152, although the revisions were not significant.

Management have also determined bp's 'best estimate' discount rate assumptions, as set out in Note 1 on page 152. Bp's post-tax discount rate used for impairment testing for oil and gas assets in 2024 remained unchanged from prior year at 8%. Pre-tax discount rates applied in impairment tests were revised in some regions to reflect changes in local tax rates and country risk premiums. Reserves estimates for all oil and gas fields were also reviewed and updated where necessary at year-end.

Management judged that in aggregate, the year-end oil and gas price assumption revisions, changes to pre-tax discount rates for certain regions due to country risk premium or tax rate changes and changes to other input assumptions including reserves reductions on several key fields, all combined to constitute an impairment trigger for all oil and gas cash generating units (CGUs). As a result of testing performed during 2024, \$2.0 billion of oil and gas CGU net impairment charges were recognised, principally due to certain discount rate revisions, an increase in certain capital expenditure forecasts and operating expenditure forecasts and certain reserves write downs.

We identified three key management estimates in management's determination of the level of impairment charge and/or impairment reversal. These are:

Oil and gas prices – bp's oil and gas price assumptions have a significant impact on many CGU impairment assessments performed across the OP&O and G&LCE segments and are inherently uncertain. The estimation of future prices is subject to increased uncertainty given climate change, the global energy transition, macro-economic factors and disruption in global supply due to ongoing geo-political conflicts. There is a risk that management do not forecast reasonable 'best estimate' oil and gas price forecasts when assessing CGUs for impairment charge and/or impairment reversal, leading to material misstatements. These price assumptions are highly judgmental and are pervasive inputs to bp's oil and gas CGU valuation. There is also a risk that management's oil and gas price related disclosures are not reasonable.

Discount rates – Given the long timeframes involved, certain CGU impairment assessments are sensitive to the discount rate applied. Discount rates should reflect the return required by the market and the risks inherent in the cash flows being discounted. There is a risk that management does not assume reasonable discount rates, adjusted as applicable for country risks and relevant tax rates, leading to material misstatements. Determining a reasonable discount rate is highly judgmental and, consistent with price assumptions above, the discount rate assumption is also a pervasive input across bp's oil and gas CGU valuations, before adjustments for asset specific risks and tax rates.

Reserves and resources estimates – A key input to certain CGU impairment assessments is the oil and gas production forecast, which is based on underlying reserves estimates and field specific development assumptions. Certain CGU production forecasts include specific risk adjusted resource volumes, in addition to proven and/or probable reserves estimates, that are inherently less certain than reserves; and assumptions related to these volumes can be particularly judgmental. There is a risk that material misstatements could arise from unreasonable production forecasts for individually material CGUs and/or from the aggregation of systematic flaws in bp's reserves and resources estimation policies across the OP&O and G&LCE segments.

We identified certain individual CGUs which we determined would be most at risk of material impairment charges as a result of a reasonably possible change in the oil and gas price assumptions. This population includes previously impaired assets which are also at risk of material impairment reversal resulting from potential oil and gas price assumption changes. We identified that a subset of these CGUs was also individually materially sensitive to the discount rate assumption.

We also identified CGUs which were less sensitive as they would be potentially at risk, in aggregate, to a material impairment by a reasonably possible change in some or all of the key assumptions.

Impairment charge and/or impairment reversal assessments of upstream oil and gas PP&E assets remain a critical audit matter because recoverable values are reliant on forecast assumptions such as oil and gas prices, discount rates and reserves estimates, which are inherently judgemental, complex for management to estimate and challenging to audit. Additionally, the magnitude of the potential misstatement risk remains material to the group.

How the Critical Audit Matter was addressed in the Audit

We tested relevant internal controls over the estimation of oil and gas prices, discount rates, and reserve and resources estimates, as well as relevant internal controls over the performance of the impairment charge and/or impairment reversal assessments where we identified audit risks. In addition, we conducted the following substantive procedures.

Oil and gas prices

- We independently developed a reasonable range of forecasts based on external data obtained, against which we compared management's oil and gas price assumptions in order to challenge whether they are reasonable.
- In developing this range, we obtained a variety of reputable and reliable third party forecasts, peer information and other relevant market data.
- In challenging and evaluating management's price assumptions, we considered the extent to which they and each of the forecast pricing scenarios obtained from third parties reflect the impact of lower oil and gas demand due to climate change and the energy transition.
- The 2015 Conference of the Parties (CoP) 21 Paris Agreement goals of 'holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels' was reaffirmed at CoP 29 in Baku during November 2024. We specifically analysed third party forecasts stated, or interpreted by us, as being consistent with scenarios achieving the Paris 'well below 2°C goal' and/or '1.5°C ambition' and evaluated whether they presented contradictory audit evidence.
- We assessed management's disclosures in Note 1, including the sensitivity of forecast revenue cash inflows to lower oil and gas prices and how climate change and the energy transition, potential future emissions costs and/or reduced demand scenarios may impact bp to a greater extent than currently anticipated in bp's value-in-use estimates for oil and gas CGUs.

Discount rates

- We independently evaluated bp's discount rates used in impairment tests with input from our valuation specialists, against relevant third party market and peer data.
- When performing procedures over specific assets, we assessed whether specific country risks and tax adjustments were reasonably reflected in bp's discount rates.
- We challenged and evaluated management's disclosures in Note 1, including in relation to the sensitivity of discount rate assumptions.

Reserves and resources estimates

With the assistance of our oil and gas reserves specialists we:

- assessed bp's reserves and resources estimation methods and policies for reasonableness;
- assessed how these policies had been applied to a sample of bp's reserves and resources estimates;
- read and evaluated a sample of reports provided by management's external reserves experts and assessed the scope of work and findings of these third parties;
- assessed the competence, capabilities and objectivity of bp's internal and external reserve experts, through understanding their relevant professional qualifications and experience;
- assessed whether management's production forecasts are consistent overall with bp's strategy;
- compared the production forecasts used in the impairment tests with management's approved reserves and resources estimates; and
- performed a retrospective assessment in order to assess management's ability to accurately estimate reserves and resources and to check for indications of estimation bias over time.

2. Decommissioning provisions – Notes 1 and 23 to the financial statements

Critical Audit Matter Description

A decommissioning provision of \$11.8 billion is recorded in the financial statements as at 31 December 2024. The estimation of decommissioning provisions is a highly judgemental area as it involves a number of key estimates related to the cost and timing of decommissioning, in particular inflation and discount rate assumptions.

Management estimates that the average rate of forecast inflation applicable to the substantial majority of bp's decommissioning cost estimates is 1.5%, which is 0.5% lower than its estimated long term general inflation rate of 2%.

The estimated undiscounted cost of the obligations and the timing of future payments are set out in Note 1 on page 159. Economic factors, future activities and the legislative environments that bp operates in are used to inform cost estimates, whereas the timing of decommissioning activities is dependent on cessation of production (CoP) dates, which are sensitive to changes in bp's price forecasts as price estimates determine economic cut off of oil and gas reserve estimates.

bp increased the discount rate used in calculating its decommissioning provisions from 4.0% as at 31 December 2023 to 4.5% as at 31 December 2024. The increase was primarily driven by increased US treasury bond rates.

How the Critical Audit Matter was addressed in the Audit

Long term Inflation rate

- We tested the relevant control related to the determination of the decommissioning specific inflation rate assumption.
- We tested how management derived the decommissioning specific inflation rate assumption of 1.5%, and the evidence on which it is based, by gaining an understanding of the process used by management, testing management's calculations of the assumption, and evaluating the evidence relevant to management's assumption, both supporting and contradictory.
- As the 1.5% decommissioning specific inflation rate assumption is determined by making an adjustment to management's 2.0% general long term inflation rate assumption, we evaluated the general long term inflation rate assumption used of 2.0%, comparing it against latest external market data.
- We made inquiries and evaluated the competence, capabilities and objectivity, of management's decommissioning experts who derived the decommissioning specific inflation rate.
- We inspected analyst forecasts and reports in respect of the future decommissioning market and related costs for evidence of supporting and contradictory evidence, with particular focus on the future rig market.
- We particularly considered the expectation that demand for oil and gas products and related activities will decrease, primarily in response to climate change and energy transition effects pivoting future energy industry investment and development activity towards renewable sources. We challenged and evaluated management's assessment of the impact this will have on the decommissioning market and related inflation assumption.
- We analysed historical trends of rig market rates against oil prices and historical inflation to evaluate management's assumption that the decommissioning inflation assumption does not inflate at the same rate as general inflation.

Cost and timing estimates

- We tested the relevant controls over the year end decommissioning cost and timing assumptions used within management's decommissioning provision estimate.
- We assessed the completeness and accuracy of the assets subject to decommissioning, including understanding the process to establish whether a legal or constructive obligation existed.
- We evaluated the reasonableness of changes in key cost assumptions, including rig rates, vessel rates, well plug and abandonment duration, and non-productive time assumptions, with reference to internal and appropriate third-party data.
- We assessed changes in assumptions for the estimated date of decommissioning and evaluated whether CoP dates used for decommissioning estimation are aligned with CoP assumptions in other areas, including PP&E impairment testing and oil and gas reserve estimation.
- We assessed the accuracy of bp's disclosure of the estimated undiscounted cost of its obligations and the timing of future decommissioning payments.

Discount rates

- We tested the relevant controls related to the determination of the discount rate assumption.
- We assessed the reasonableness of management's methodology for determining the discount rate and recalculated the discount rate with reference to independent third party data, most notably US treasury bond yields.

3. Valuation of commodity financial derivatives - Notes 1, 29 and 30 to the financial statements

Critical Audit Matter Description

bp's supply, trading and shipping (ST&S) function is responsible for globally trading and risk managing the group's owned as well as third party production. To discharge this responsibility, ST&S regularly executes commodity contracts, physically settled or otherwise, which are accounted for as a derivative and fair valued under IFRS 9. These contracts, therefore, result in unrealised gains/losses that are recognised on account of fair value movements in the associated derivative assets and liabilities.

Determining the fair value of derivative assets and liabilities can be complex and subjective, particularly where the valuation is dependent on significant inputs which are not observable and are classified as level 3 in the fair value hierarchy set out in IFRS 13. This degree of subjectivity also makes such fair value estimates liable to potential fraud by management incorporating bias in the inputs used in determining fair values. Given the significant judgements, sensitivity to management assumptions, and the absolute value associated with these positions, we have identified a risk in respect of certain financial instruments where the valuation is dependent on significant unobservable inputs.

Fair value measurements associated with unrealised commodity contracts are also impacted by the macroeconomic sentiment and outlook. In 2024, commodity markets continued to experience periods of volatility due to continuing uncertainty resulting from the planned energy transition, macro-economic factors such as inflation and interest rates, and disruptions in global supply due to geopolitical conflicts. In response to the volatility observed, we focused our audit efforts on the valuation of commodity derivatives and designed procedures to test for management bias.

As at 31 December 2024, the group's total level 3 derivative financial assets were \$16.0 billion and level 3 derivative financial liabilities were \$14.4 billion.

How the Critical Audit Matter was addressed in the Audit

To address the complexities associated with auditing the valuation of instruments dependent on significant unobservable inputs, we included valuation specialists with significant quantitative and modelling expertise to assist in performing our audit procedures. Our valuation audit work included the following control and substantive procedures:

- We tested the group's valuation relevant controls including:
 - the model certification control, which is designed to review a model's theoretical soundness and the appropriateness of its valuation methodology; and
 - the independent price verification control, which is designed to review the appropriateness of valuation inputs that are not observable and are significant to the financial instrument's valuation.
- We performed valuation testing procedures including:
 - evaluating management's valuation methodologies against standard valuation practice and analysing whether a consistent framework is applied across the business period over period;
 - engaging our valuation specialists to challenge models, develop fair value estimates and evaluate consistency in management's modelling and input assumptions throughout the year;
 - comparing management's input assumptions against the expected assumptions of other market participants and observable market data;
 - independently validating price points on pricing curves to consensus data; and
 - analysing whether there was any indication of management bias through evaluating the distribution of valuation differences where relevant.

4. Impairment of E&A assets and refinery PP&E as a consequence, among other things, of climate change and the energy transition – Notes 1, 4, 8 and 15 to the financial statements

Critical Audit Matter Description

Intangible Assets

The recoverability of certain of the group's \$4.4 billion total exploration and appraisal (E&A) assets capitalised as at 31 December 2024 is potentially exposed to climate change and the global energy transition risk factors (see Note 15). This is because a greater number of E&A projects may not proceed as a consequence of the energy transition, or lower forecast future oil and gas prices. The determination of whether and when E&A costs should be written off, impaired, or retained on the balance sheet as E&A assets, remains complex and continues to require significant management judgement.

PP&E

The carrying value of bp's refining assets within PP&E may no longer be recoverable, due to changes in supply and demand which arise among other things as a consequence of climate change and the energy transition. Management identified impairment indicators in respect of the Gelsenkirchen refinery in Germany during the year and, as a result, an impairment test was performed to assess the recoverability of the Gelsenkirchen refinery carrying value. As disclosed in Note 4 to the accounts on page 166, management has recorded an impairment charge of \$0.8 billion in respect of the Gelsenkirchen refinery, primarily driven by changes in economic assumptions. At 31 December 2024 management identified an impairment indicator for all of its other refineries due to a reduction in the local market margins. The impairment tests performed by management to assess the recoverability of the carrying value of these refineries did not result in any additional impairment charges being recognised.

How the Critical Audit Matter Was Addressed in the Audit

Intangible Assets

In respect of the recoverability of E&A assets capitalised as at 31 December 2024:

- We tested the relevant controls within the group's E&A write-off and impairment assessment processes; and
- We challenged and evaluated management's key E&A judgements with regards to the impairment criteria of IFRS 6. Where impairment indicators were identified we corroborated key judgements with internal and external evidence for assets that remained on the balance sheet. This included analysing evidence of future E&A plans, budgets and capital allocation decisions, assessing management's key accounting judgement papers, reading meeting minutes and assessing licence documentation and evidence of active dialogue with partners and regulators including negotiations to renew licences or modify key terms.

PP&E

We considered the impact of potential changes in supply and demand on the group's refining portfolio and assessed internal and external market studies of future supply and demand. In relation to refinery impairment tests performed by management, our audit procedures included:

- Evaluating the valuation methodology and testing the integrity and mechanical accuracy of the impairment models;
- Assessing the appropriateness of key assumptions and inputs to the impairment models, notably forecast refining margins, discount rate and energy input costs, challenging and evaluating management's assumptions by reference to third party data where available and involvement of our valuation specialists; and
- Evaluating management's ability to forecast future cash flows and margins by comparing actual results with historical forecasts and tested management's internal controls over the impairment test and related inputs.

/s/ Deloitte LLP

London
United Kingdom
6 March 2025

We have served as bp's auditor since 2018.

Report of Independent Registered Public Accounting Firm

To the shareholders and board of directors of BP p.l.c.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of BP p.l.c. and its subsidiaries (the group) as of 31 December 2024, based on the criteria established in the UK Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting relating to internal control over financial reporting (UK FRC Guidance). In our opinion, the group maintained, in all material respects, effective internal control over financial reporting as of 31 December 2024, based on the criteria established in the UK FRC Guidance.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as at and for the year ended 31 December 2024, of the group and our report dated 6 March 2025 expressed an unqualified opinion on those financial statements.

As described in management's report on internal control over financial reporting, management excluded from its assessment the internal control over financial reporting at bp bioenergy (formerly called Bunge Bioenergia) and Lightsource bp which were acquired on 1 October 2024, and 24 October 2024, respectively. bp bioenergy financial statement line items comprise 2.1% and 0.9% of net and total assets respectively, 0.3% of sales and other operating revenues, and (4.5)% of profit (loss) for the year of the consolidated financial statement amounts as of and for the year ended 31 December 2024. Lightsource bp's financial statement line items comprise 6.3% and 2.4% of net and total assets respectively, 0.1% of sales and other operating revenues, and (5.7)% of profit (loss) for the year of the consolidated financial statement amounts as of and for the year ended 31 December 2024. Accordingly, our audit did not include the internal control over financial reporting at bp bioenergy and Lightsource bp.

Basis for opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

London, United Kingdom
6 March 2025

Group income statement

For the year ended 31 December		\$ million		
	Note	2024	2023	2022
Sales and other operating revenues	6	189,185	210,130	241,392
Earnings from joint ventures – after interest and tax	16	909	67	1,128
Earnings from associates – after interest and tax	17	1,084	831	1,402
Interest and other income	7	2,773	1,635	1,103
Gains on sale of businesses and fixed assets	4	678	369	3,866
Total revenues and other income		194,629	213,032	248,891
Purchases	19	113,941	119,307	141,043
Production and manufacturing expenses		26,584	25,044	28,610
Production and similar taxes	5	1,799	1,779	2,325
Depreciation, depletion and amortization	5	16,622	15,928	14,318
Net impairment and losses on sale of businesses and fixed assets	4	6,995	5,857	30,522
Exploration expense	8	974	997	585
Distribution and administration expenses		16,417	16,772	13,449
Profit (loss) before interest and taxation		11,297	27,348	18,039
Finance costs	7	4,683	3,840	2,703
Net finance (income) expense relating to pensions and other post-employment benefits	24	(168)	(241)	(69)
Profit (loss) before taxation		6,782	23,749	15,405
Taxation	9	5,553	7,869	16,762
Profit (loss) for the year		1,229	15,880	(1,357)
Attributable to				
bp shareholders		381	15,239	(2,487)
Non-controlling interests		848	641	1,130
		1,229	15,880	(1,357)
Earnings per share				
Profit (loss) for the year attributable to bp shareholders				
Per ordinary share (cents)				
Basic	11	2.38	87.78	(13.10)
Diluted	11	2.32	85.85	(13.10)
Per ADS (dollars)				
Basic	11	0.14	5.27	(0.79)
Diluted	11	0.14	5.15	(0.79)

Group statement of comprehensive income

For the year ended 31 December	\$ million			
	Note	2024	2023	2022
Profit (loss) for the year		1,229	15,880	(1,357)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences ^a		(1,292)	585	(3,786)
Exchange (gains) losses on translation of foreign operations reclassified to gain or loss on sale of businesses and fixed assets ^a		1,004	(2)	10,759
Cash flow hedges marked to market	30	155	1,065	(825)
Cash flow hedges reclassified to the income statement	30	(686)	(428)	1,502
Costs of hedging marked to market	30	(2)	(67)	61
Costs of hedging reclassified to the income statement	30	(2)	(11)	25
Share of items relating to equity-accounted entities, net of tax	16, 17	(12)	(192)	402
Income tax relating to items that may be reclassified	9	48	(10)	(334)
		(787)	940	7,804
Items that will not be reclassified to profit or loss				
Remeasurements of the net pension and other post-employment benefit liability or asset	24	(360)	(2,262)	340
Remeasurements of equity investments		(47)	51	—
Cash flow hedges that will subsequently be transferred to the balance sheet	30	(1)	15	(4)
Income tax relating to items that will not be reclassified ^a	9	734	745	68
		326	(1,451)	404
Other comprehensive income		(461)	(511)	8,208
Total comprehensive income		768	15,369	6,851
Attributable to				
bp shareholders		7	14,702	5,782
Non-controlling interests		761	667	1,069
		768	15,369	6,851

^a See Note 32 for further information.

Group statement of changes in equity^a

	\$ million								
	Share capital and capital reserves	Treasury shares	Foreign currency translation reserve	Fair value reserves	Profit and loss account	bp shareholders' equity	Non-controlling interests		Total equity
							Hybrid bonds	Other interest	
At 1 January 2024	48,013	(11,323)	(1,920)	174	35,339	70,283	13,566	1,644	85,493
Profit for the year	—	—	—	—	381	381	641	207	1,229
Other comprehensive income	—	—	(276)	(452)	354	(374)	—	(87)	(461)
Total comprehensive income	—	—	(276)	(452)	735	7	641	120	768
Dividends ^b	—	—	—	—	(5,018)	(5,018)	—	(375)	(5,393)
Cash flow hedges transferred to the balance sheet, net of tax	—	—	—	(10)	—	(10)	—	—	(10)
Repurchase of ordinary share capital	—	—	—	—	(7,302)	(7,302)	—	—	(7,302)
Share-based payments, net of tax	216	2,293	—	—	(1,426)	1,083	—	—	1,083
Issue of perpetual hybrid bonds	—	—	—	—	(22)	(22)	4,352	—	4,330
Redemption of perpetual hybrid bonds, net of tax	—	—	—	—	9	9	(1,300)	—	(1,291)
Payments on perpetual hybrid bonds	—	—	—	—	—	—	(610)	—	(610)
Transactions involving non-controlling interests, net of tax	—	—	—	—	216	216	—	1,034	1,250
At 31 December 2024	48,229	(9,030)	(2,196)	(288)	22,531	59,246	16,649	2,423	78,318
At 1 January 2023	47,873	(12,153)	(2,643)	(256)	34,732	67,553	13,390	2,047	82,990
Profit for the year	—	—	—	—	15,239	15,239	586	55	15,880
Other comprehensive income	—	—	728	431	(1,696)	(537)	—	26	(511)
Total comprehensive income	—	—	728	431	13,543	14,702	586	81	15,369
Dividends ^b	—	—	—	—	(4,831)	(4,831)	—	(403)	(5,234)
Cash flow hedges transferred to the balance sheet, net of tax	—	—	—	(1)	—	(1)	—	—	(1)
Repurchase of ordinary share capital	—	—	—	—	(8,167)	(8,167)	—	—	(8,167)
Share-based payments, net of tax	140	830	—	—	(301)	669	—	—	669
Share of equity-accounted entities' changes in equity, net of tax	—	—	—	—	1	1	—	—	1
Issue of perpetual hybrid bonds	—	—	—	—	(1)	(1)	176	—	175
Payments on perpetual hybrid bonds	—	—	(5)	—	—	(5)	(586)	—	(591)
Transactions involving non-controlling interests, net of tax	—	—	—	—	363	363	—	(81)	282
At 31 December 2023	48,013	(11,323)	(1,920)	174	35,339	70,283	13,566	1,644	85,493
At 1 January 2022	46,871	(12,624)	(9,572)	(1,027)	51,815	75,463	13,041	1,935	90,439
Profit for the year	—	—	—	—	(2,487)	(2,487)	519	611	(1,357)
Other comprehensive income	—	—	6,914	770	585	8,269	—	(61)	8,208
Total comprehensive income	—	—	6,914	770	(1,902)	5,782	519	550	6,851
Dividends ^b	—	—	—	—	(4,365)	(4,365)	—	(294)	(4,659)
Cash flow hedges transferred to the balance sheet, net of tax	—	—	—	1	—	1	—	—	1
Issue of ordinary share capital	820	—	—	—	—	820	—	—	820
Repurchase of ordinary share capital	—	—	—	—	(10,493)	(10,493)	—	—	(10,493)
Share-based payments, net of tax	182	471	—	—	194	847	—	—	847
Issue of perpetual hybrid bonds	—	—	—	—	(4)	(4)	374	—	370
Payments on perpetual hybrid bonds	—	—	15	—	—	15	(544)	—	(529)
Transactions involving non-controlling interests, net of tax	—	—	—	—	(513)	(513)	—	(144)	(657)
At 31 December 2022	47,873	(12,153)	(2,643)	(256)	34,732	67,553	13,390	2,047	82,990

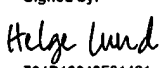
^a See Note 32 for further information.

^b See Note 10 for further information.

Group balance sheet

At 31 December		\$ million	
	Note	2024	2023
Non-current assets			
Property, plant and equipment	12	100,238	104,719
Goodwill	14	14,888	12,472
Intangible assets	15	9,646	9,991
Investments in joint ventures	16	12,291	12,435
Investments in associates	17	7,741	7,814
Other investments	18	1,292	2,189
Fixed assets		146,096	149,620
Loans		1,961	1,942
Trade and other receivables	20	1,815	1,767
Derivative financial instruments	30	16,114	9,980
Prepayments		548	623
Deferred tax assets	9	5,403	4,268
Defined benefit pension plan surpluses	24	7,457	7,948
		179,394	176,148
Current assets			
Loans		223	240
Inventories	19	23,232	22,819
Trade and other receivables	20	27,127	31,123
Derivative financial instruments	30	5,112	12,583
Prepayments		2,594	2,520
Current tax receivable		1,096	837
Other investments	18	165	843
Cash and cash equivalents	25	39,204	33,030
		98,753	103,995
Assets classified as held for sale	2	4,081	151
		102,834	104,146
Total assets		282,228	280,294
Current liabilities			
Trade and other payables	22	58,411	61,155
Derivative financial instruments	30	4,347	5,250
Accruals		6,071	6,527
Lease liabilities	28	2,660	2,650
Finance debt	26	4,474	3,284
Current tax payable		1,573	2,732
Provisions	23	3,600	4,418
		81,136	86,016
Liabilities directly associated with assets classified as held for sale	2	1,105	62
		82,241	86,078
Non-current liabilities			
Other payables	22	9,409	10,076
Derivative financial instruments	30	18,532	10,402
Accruals		1,326	1,310
Lease liabilities	28	9,340	8,471
Finance debt	26	55,073	48,670
Deferred tax liabilities	9	8,428	9,617
Provisions	23	14,688	14,721
Defined benefit pension plan and other post-employment benefit plan deficits	24	4,873	5,456
		121,669	108,723
Total liabilities		203,910	194,801
Net assets		78,318	85,493
Equity			
bp shareholders' equity	32	59,246	70,283
Non-controlling interests	32	19,072	15,210
Total equity	32	78,318	85,493

Helge Lund Chair
Murray Auchincloss Chief executive officer
6 March 2025

Signed by:

784D13043F31421...

DocuSigned by:

3F9B8E3AE9614A3...

Group cash flow statement

For the year ended 31 December		\$ million		
	Note	2024	2023	2022
Operating activities				
Profit (loss) before taxation		6,782	23,749	15,405
Adjustments to reconcile profit before taxation to net cash provided by operating activities				
Exploration expenditure written off	8	767	746	385
Depreciation, depletion and amortization	5	16,622	15,928	14,318
Impairment and (gain) loss on sale of businesses and fixed assets	4	6,317	5,488	26,656
Earnings from joint ventures and associates		(1,993)	(898)	(2,530)
Dividends received from joint ventures and associates		2,023	2,092	1,700
Remeasurement of joint ventures	3	(917)	—	—
Interest receivable		(1,512)	(1,265)	(444)
Interest received		1,450	1,119	414
Finance costs	7	4,683	3,840	2,703
Interest paid		(2,811)	(2,950)	(2,208)
Net finance expense relating to pensions and other post-employment benefits	24	(168)	(241)	(69)
Share-based payments		1,174	616	795
Net operating charge for pensions and other post-employment benefits, less contributions and benefit payments for unfunded plans	24	(182)	(193)	(257)
Net charge for provisions, less payments		(152)	(2,481)	440
(Increase) decrease in inventories		808	5,634	(5,492)
(Increase) decrease in other current and non-current assets		3,355	4,620	(18,584)
Increase (decrease) in other current and non-current liabilities		(188)	(13,592)	17,806
Income taxes paid		(8,761)	(10,173)	(10,106)
Net cash provided by operating activities		27,297	32,039	40,932
Investing activities				
Expenditure on property, plant and equipment, intangible and other assets		(15,297)	(14,285)	(12,069)
Acquisitions, net of cash acquired	3	53	(799)	(3,530)
Investment in joint ventures		(850)	(1,039)	(600)
Investment in associates		(143)	(130)	(131)
Total cash capital expenditure		(16,237)	(16,253)	(16,330)
Proceeds from disposals of fixed assets	4	328	133	709
Proceeds from disposals of businesses, net of cash disposed	4	2,578	1,193	1,841
Proceeds from loan repayments		81	55	67
Net cash used in investing activities		(13,250)	(14,872)	(13,713)
Financing activities				
Repurchase of shares		(7,127)	(7,918)	(9,996)
Lease liability payments		(2,833)	(2,560)	(1,961)
Proceeds from long-term financing		10,656	7,568	2,013
Repayments of long-term financing		(2,970)	(3,902)	(11,697)
Net increase (decrease) in short-term debt		(2,966)	(861)	(1,392)
Issue of perpetual hybrid bonds		4,330	175	370
Redemption of perpetual hybrid bonds	32	(1,288)	—	—
Payments relating to perpetual hybrid bonds		(1,053)	(1,008)	(708)
Payments relating to transactions involving non-controlling interests (other)		(21)	(187)	(9)
Receipts relating to transactions involving non-controlling interests (other)		1,353	546	11
Dividends paid				
bp shareholders	10	(5,003)	(4,809)	(4,358)
Non-controlling interests		(375)	(403)	(294)
Net cash provided by (used in) financing activities		(7,297)	(13,359)	(28,021)
Currency translation differences relating to cash and cash equivalents		(511)	27	(684)
Increase (decrease) in cash and cash equivalents		6,239	3,835	(1,486)
Cash and cash equivalents at beginning of year		33,030	29,195	30,681
Cash and cash equivalents at end of year^a		39,269	33,030	29,195

a 2024 includes cash and cash equivalents classified as assets held for sale in the group balance sheet. See Note 2 for further information.

Notes on financial statements

1. Material accounting policy information, significant judgements, estimates and assumptions

Authorization of financial statements and statement of compliance with International Financial Reporting Standards

The consolidated financial statements of BP p.l.c and its subsidiaries (collectively referred to as bp or the group) were approved and signed by the chief executive officer and chairman on 6 March 2025 having been duly authorized to do so by the board of directors. BP p.l.c. is a public limited company incorporated and domiciled in England and Wales. The consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and in accordance with the provisions of the UK Companies Act 2006 as applicable to companies reporting under international accounting standards. IFRS as adopted by the UK does not differ from IFRS as adopted by the EU. IFRS as adopted by the UK and EU differs in certain respects from IFRS as issued by the IASB. The differences have no impact on the group's consolidated financial statements for the years presented. The material accounting policy information and accounting judgements, estimates and assumptions of the group are set out below.

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRSs and IFRS Interpretations Committee (IFRIC) interpretations issued and effective for the year ended 31 December 2024. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest million dollars (\$ million), except where otherwise indicated.

Material accounting policy information: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the consolidated financial statements is the need for bp management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the group are set out in boxed text below, and should be read in conjunction with the information provided in the Notes on financial statements.

The areas requiring the most significant judgement and estimation in the preparation of the consolidated financial statements are: accounting for the investments in Rosneft and Aker BP; exploration and appraisal intangible assets; the recoverability of asset carrying values, including the estimation of reserves; supplier financing arrangements; derivative financial instruments; provisions and contingencies; pensions and other post-employment benefits; and taxation. Judgements and estimates, not all of which are significant, made in assessing the impact of the current economic and geopolitical environment, and climate change and the transition to a lower carbon economy on the consolidated financial statements are also set out in boxed text below. Where an estimate has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year this is specifically noted within the boxed text.

Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy

Climate change and the transition to a lower carbon economy were considered in preparing the consolidated financial statements. These may have significant impacts on the currently reported amounts of the group's assets and liabilities discussed below and on similar assets and liabilities that may be recognized in the future. The group's assumptions for investment appraisal (see page 20) form part of an investment decision-making framework for currently unsanctioned future capital expenditure on property, plant and equipment, and intangibles including exploration and appraisal assets, that is designed to support the effective and resilient implementation of bp's strategy. The price assumptions used for investment appraisal include oil and gas price assumptions, which are producer prices and are therefore net of any future carbon prices that the purchaser may be required to pay, and an assumption of a single carbon emissions cost imposed on the producer in respect of operational greenhouse gas (GHG) emissions (carbon dioxide and methane) in order to incentivize engineering solutions to mitigate GHG emissions on projects. The group's oil and gas price assumptions for value-in-use impairment testing are aligned with those investment appraisal assumptions. The assumptions for future carbon emissions costs in value-in-use impairment testing differ from the investment appraisal assumptions and are described below.

Management has also not identified any off-balance sheet commodity purchase obligations to be onerous contracts as result of the transition to a lower carbon economy at 31 December 2024.

Impairment of property, plant and equipment and goodwill

The energy transition is likely to impact the future prices of commodities such as oil and natural gas which in turn may affect the recoverable amount of property, plant and equipment and goodwill in the oil and gas industry. Management's best estimate of oil and natural gas price assumptions for value-in-use impairment testing were revised during 2024. The revised price assumptions have been rebased in real 2023 terms and are materially consistent with the disclosed prices in real 2022 terms. The near term Brent oil assumption was held constant at \$70 per barrel to reflect near-term supply constraints before declining after 2030 to \$50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at \$4.00 per mmBtu reflecting an assumption that declining domestic demand in the US is offset by higher LNG exports. The revised assumptions for Brent oil and Henry Hub gas sit within the range of external scenarios considered by management and are in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

As noted above, the group's investment appraisal process includes a carbon emissions price series for the investment economics which is applied to bp's anticipated share of bp's forecast of the investment assets' scope 1 and 2 GHG emissions where they exceed defined thresholds, and is assumed to apply whether or not bp is the asset operator. However, for value-in-use impairment testing on bp's existing cash generating units (CGUs), consistent with all other relevant cash flows estimated, bp is required to reflect management's best estimate of any expected applicable carbon emission costs payable by bp, including where bp is not the operator, in the future for each jurisdiction in which the group has interests. This requires management's best estimate of how future changes to relevant carbon emission cost policies and/or legislation are likely to affect the future cash flows of the group's applicable CGUs, whether currently enacted or not. Future potential carbon pricing and/or costs of carbon emissions allowances are included in the value-in-use calculations to the extent management has sufficient information to make such an estimate. Currently this results in limited application of carbon price assumptions in value-in-use impairment tests given that carbon pricing legislation in most impacted jurisdictions where the group has interests is not in place and there is not sufficient information available as to the relevant policy makers' future intentions regarding carbon pricing to support an estimate. A key input into the determination of impairment is the assumption, aligned with bp's aim to reach net zero greenhouse gas emissions by 2050 or sooner, that the current recognized portfolio of oil and gas properties and refining assets will have an immaterial carrying value by 2050.

Where we consider that the outcome of a value-in-use impairment test could be significantly affected by a carbon price in place in any jurisdiction, this is incorporated into the value-in-use impairment testing cash flows. The most significant instances where a carbon price has been incorporated in the 2024 value-in-use impairment tests is for the UK North Sea and the Gelsenkirchen refinery. The assumptions for UK North Sea were £59/tCO₂e in 2025 gradually increasing to £231/tCO₂e in 2050. The assumption applied for the Gelsenkirchen refinery was an average of approximately \$97/tCO₂e.

However, as bp's forecast future prices are producer prices, the group considers it reasonable to assume that if, in addition to the costs already in place, further scope 1 and 2 emission costs were partially to be borne directly by oil and gas producers including bp in future and the prevalence of such costs were to become widespread, the gross oil and gas prices realized by producers would be correspondingly higher over the long term, resulting in no expected overall materially negative impacts on the group's net cash flows. See significant judgements and estimates: recoverability of asset carrying values for further information including sensitivity analysis in relation to reasonably possible changes in the price assumptions and carbon costs.

Production assumptions within upstream property, plant and equipment and goodwill value-in-use impairment tests reflect management's current best estimate of future production of the existing upstream portfolio. See significant judgements and estimates: recoverability of asset carrying values and Note 14 for sensitivity analyses in relation to reasonably possible changes in production for upstream oil and gas properties and goodwill respectively.

For the customers & products segment, though the energy transition may impact demand for certain refined products in the future, management anticipates sufficiently robust demand for the remainder of each refinery's useful life.

Management will continue to review price assumptions as the energy transition progresses and this may result in impairment charges or reversals in the future.

Exploration and appraisal intangible assets

The energy transition may affect the future development or viability of exploration prospects. The recoverability of the group's exploration and appraisal intangible assets was considered during 2024. No significant write-offs were identified. These assets will continue to be assessed as the energy transition progresses. See significant judgement: exploration and appraisal intangible assets and Note 8 for further information.

Property, plant and equipment – depreciation and expected useful lives

The energy transition may curtail the expected useful lives of oil and gas industry assets thereby accelerating depreciation charges. However, a significant majority of bp's existing upstream oil and natural gas properties are likely to have immaterial carrying values within the next 12 years and, as outlined in bp's strategy, oil and natural gas production will remain an important part of bp's business activities over that period. The significant majority of refining assets, recognized on the group's balance sheet at 31 December 2024 that are subject to depreciation, will be depreciated within the next 12 years; demand for refined products is expected to remain sufficient to support the remaining useful lives of existing assets. Therefore, management does not expect the useful lives of bp's reported property, plant and equipment to change and do not consider this to be a significant accounting judgement or estimate. Significant capital expenditure is still required for ongoing projects as well as renewal and/or replacement of aged assets and therefore the useful lives of future capital expenditure may be different. See material accounting policy: property, plant and equipment for more information.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Provisions: decommissioning

The energy transition may bring forward the decommissioning of oil and gas industry assets thereby increasing the present value of associated decommissioning provisions. The majority of bp's existing upstream oil and gas properties are expected to start decommissioning within the next two decades. Currently, the expected timing of decommissioning expenditures for the upstream oil and gas assets in the group's portfolio has not materially been brought forward. Management does not expect a reasonably possible change of two years in the expected timing of all decommissioning to have a material effect on the upstream decommissioning provisions, assuming cost assumptions remain unchanged.

Decommissioning cost estimates are based on the known regulatory and external environment. These cost estimates may change in the future, including as a result of the transition to a lower carbon economy. For refineries, decommissioning provisions are generally not recognized as the associated obligations have indeterminate settlement dates, typically driven by the cessation of manufacturing. Management does not expect manufacturing to cease at refineries within a determinate period of time, as existing property, plant and equipment is expected to be renewed or replaced. Management will continue to review facts and circumstances, including where cessation of manufacturing decisions have been made, to assess if decommissioning provisions need to be recognized. Decommissioning provisions relating to refineries at 31 December 2024 are not material. See significant judgements and estimates: provisions for further information.

Judgements and estimates made in assessing the impact of the geopolitical and economic environment

In preparing the consolidated financial statements, the following areas involving judgement and estimates were identified as most relevant with regards to the impact of the current geopolitical and economic environment.

Oil and gas price assumptions

Oil and gas price assumptions applied in value-in-use impairment testing have been updated for inflation and have been rebased in real 2023 terms. See significant judgements and estimates: recoverability of asset carrying values for further information.

Discount rate assumptions

The discount rates used for impairment testing and provisions were reassessed during the year in light of changing economic and geopolitical outlooks. The nominal discount rate applied to provisions was increased during the year to reflect higher US Treasury yields. The principal impact of this rate increase was a \$0.9 billion decrease in the decommissioning provision with an associated decrease in the carrying amount of property, plant and equipment of \$0.7 billion and a pre-tax credit to the income statement of \$0.2 billion. The post-tax impairment discount rate applicable to assets other than renewable power assets remained consistent with 2023 as did the risk premium applied to the majority of countries classified as higher-risk. See significant judgements and estimates: recoverability of asset carrying values and provisions for further information.

Pensions and other post-employment benefits

The volatility in the financial markets during 2024 impacted the assumptions used for determining the fair value of plan assets and the present value of defined benefit obligations in the group's defined benefit pension plans. See significant estimate: pensions and other post-employment benefits and Note 24 for further information.

Basis of consolidation

The group financial statements consolidate the financial statements of BP p.l.c. and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Intra-group balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to bp shareholders. Included within non-controlling interests are perpetual subordinated hybrid securities issued by subsidiaries and for which the group has the unconditional right to avoid transferring cash or another financial asset to the holders. Profit or loss attributable to bp shareholders is adjusted to reflect the coupon/interest related to these hybrid securities whether or not such distribution has been deferred.

Interests in other entities

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The amount recognized for any non-controlling interest is measured at the present ownership's proportionate share in the recognized amounts of the acquiree's identifiable net assets. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising on business combinations prior to 1 January 2003 is stated at the previous carrying amount under UK generally accepted accounting practice, less subsequent impairments.

Goodwill may arise upon investments in joint ventures and associates, being the surplus of the cost of investment over the group's share of the net fair value of the identifiable assets and liabilities. Any such goodwill is recorded within the corresponding investment in joint ventures and associates.

Goodwill may also arise upon acquisition of interests in joint operations that meet the definition of a business. The amount of goodwill separately recognized is the excess of the consideration transferred over the group's share of the net fair value of the identifiable assets and liabilities.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Interests in joint arrangements

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting as described below.

Certain of the group's activities, particularly in the oil production & operations and gas & low carbon energy segments, are conducted through joint operations. bp recognizes, on a line-by-line basis in the consolidated financial statements, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the group's revenue from the sale of its share of the output and any liabilities and expenses that the group has incurred in relation to the joint operation.

For joint arrangements in a separate entity, judgement may be required as to whether the arrangement should be classified as a joint venture or if the legal form, contractual arrangements or other facts and circumstances indicate that the group has rights to the assets and obligations for the liabilities of the arrangement, rather than rights to the net assets, and therefore should be classified as a joint operation. No such judgement made by the group is considered significant.

Interests in associates

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting as described below.

Significant judgement: investment in Aker BP

Judgement is required in assessing the level of control or influence over another entity in which the group holds an interest. For bp, the judgement that the group has significant influence over Aker BP, a Norwegian oil and gas company, is significant.

As a consequence of this judgement, bp uses the equity method of accounting for its investment and bp's share of Aker BP's oil and natural gas reserves is included in the group's estimated net proved reserves of equity-accounted entities. If significant influence was not present, the investment would be accounted for as an investment in an equity instrument measured at fair value as described under 'Financial assets' below and no share of Aker BP's oil and natural gas reserves would be reported.

Significant influence is defined in IFRS as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those decisions. Significant influence is presumed when an entity owns 20% or more of the voting power of the investee. Significant influence is presumed not to be present when an entity owns less than 20% of the voting power of the investee.

bp owned 15.9% of the voting shares at 31 December 2024. bp's senior vice president North Sea, Doris Reiter, was appointed a member of the Aker BP board during 2024. bp's other nominated director, group chief financial officer, Kate Thomson, has been a member of the Aker BP board since formation of that company in 2016. She is also a member of the Aker BP board's Audit and Risk Committee. bp also holds the voting rights at general meetings of shareholders conferred by its stake in Aker BP. bp's management considers, therefore, that the group continues to have significant influence at 31 December 2024.

Significant judgements and estimate: investment in Rosneft

Since the first quarter 2022, bp accounts for its interest in Rosneft and its other businesses with Rosneft within Russia, as financial assets measured at fair value within 'Other investments'. bp is not able to sell its Rosneft shares on the Moscow Stock Exchange and is unable to ascribe probabilities to possible outcomes of any exit process. It is considered by management that any measure of fair value, other than nil, would be subject to such high measurement uncertainty, considering the sanctions and restrictions implemented by Russia on Russian assets held by foreign investors, that no estimate would provide useful information even if it were accompanied by a description of the estimate made in producing it and an explanation of the uncertainties that affect the estimate. Accordingly, it is not currently possible to estimate any carrying value other than zero when determining the measurement of the interest in Rosneft and the other businesses with Rosneft within Russia as at 31 December 2024. Events or outcomes within the next financial year, that are different to those outlined above, could materially change the fair value of the investment.

Russia has imposed restrictions on the payments of dividends to certain foreign shareholders, including those based in the UK, requiring such dividends to be paid in roubles into restricted bank accounts and a requirement for approval of the Russian government for transfers from any such bank accounts out of Russia. Given the restrictions applicable to such accounts, management has made the significant judgement that the criteria for recognizing any dividend income from Rosneft and its other businesses with Rosneft within Russia, for the years to 31 December 2022, 31 December 2023 and 31 December 2024 have not been met.

The equity method of accounting

Under the equity method, an investment is carried on the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the entity, less distributions received and less any impairment in value of the investment. Loans advanced to equity-accounted entities that have the characteristics of equity financing are also included in the investment on the group balance sheet. The group income statement reflects the group's share of the results after tax of the equity-accounted entity, adjusted to account for depreciation, amortization and any impairment of the equity-accounted entity's assets based on their fair values at the date of acquisition. The group statement of comprehensive income includes the group's share of the equity-accounted entity's other comprehensive income. The group's share of amounts recognized directly in equity by an equity-accounted entity is recognized in the group's statement of changes in equity.

Financial statements of equity-accounted entities are typically prepared for the same reporting year as the group. Where material differences arise in the accounting policies used by the equity-accounted entity and those used by bp, adjustments are made to those financial statements to bring the accounting policies used into line with those of the group. Unrealized gains on transactions, apart from those that meet the definition of a derivative, between the group and its equity-accounted entities are eliminated to the extent of the group's interest in the equity-accounted entity. This includes unrealized gains arising on contribution of a business on formation of an equity-accounted entity.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Segmental reporting

The group's operating segments are established on the basis of those components of the group that are evaluated regularly by the chief executive officer, bp's chief operating decision maker, in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the group's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker. For bp, this measure of profit or loss is replacement cost profit before interest and tax which reflects the replacement cost of inventories sold in the period and is arrived at by excluding inventory holding gains and losses from profit before interest and tax. Replacement cost profit for the group is not a recognized measure under IFRS.

For further information see Note 5.

Foreign currency translation

In individual subsidiaries, joint ventures and associates, transactions in foreign currencies are initially recorded in the functional currency of those entities at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange rate on the balance sheet date. Any resulting exchange differences are included in the income statement, unless hedge accounting is applied. Non-monetary items, other than those measured at fair value, are not retranslated subsequent to initial recognition.

In the consolidated financial statements, the assets and liabilities of non-US dollar functional currency subsidiaries, joint ventures, associates, and related goodwill, are translated into US dollars at the spot exchange rate on the balance sheet date. The results and cash flows of non-US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars using average rates of exchange. In the consolidated financial statements, exchange adjustments arising when the opening net assets and the profits for the year retained by non-US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars are recognized in a separate component of equity and reported in other comprehensive income. Exchange gains and losses arising on long-term intra-group foreign currency borrowings used to finance the group's non-US dollar investments are also reported in other comprehensive income if the borrowings form part of the net investment in the subsidiary, joint venture or associate. On disposal or for certain partial disposals of a non-US dollar functional currency subsidiary, joint venture or associate, the related accumulated exchange gains and losses recognized in equity are reclassified from equity to the income statement.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Significant non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible assets are not depreciated or amortized, and equity accounting of associates and joint ventures is ceased once classified as held for sale.

Intangible assets

Intangible assets, other than goodwill, include expenditure on the exploration for and evaluation of oil and natural gas resources, biogas rights agreements, digital assets, patents, licences and trademarks and are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

Intangible assets are carried initially at cost unless acquired as part of a business combination. Any such asset is measured at fair value at the date of the business combination and is recognized separately from goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets with a finite life, other than capitalized exploration and appraisal costs as described below, are amortized on a straight-line basis over their expected useful lives. For patents, licences and trademarks, expected useful life is the shorter of the duration of the legal agreement and economic useful life, and can range from three to fifteen years. The expected useful life of biogas rights agreements is the shorter of the duration of the legal agreement and economic useful life and can be up to 50 years. Digital asset costs generally have a useful life of three to five years.

The expected useful lives of assets and the amortization method are reviewed on an annual basis and, if necessary, changes in useful lives or the amortization method are accounted for prospectively.

Oil and natural gas exploration and appraisal expenditure

Oil and natural gas exploration and appraisal expenditure is accounted for using the principles of the successful efforts method of accounting as described below.

Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalized within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or planned or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations, and sufficient progress is being made on establishing development plans and timing. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Lower value licences are pooled and amortized on a straight-line basis over the estimated period of exploration. Upon internal approval for development and recognition of proved or sanctioned probable reserves of oil and natural gas, the relevant expenditure is transferred to property, plant and equipment.

Exploration and appraisal expenditure

Geological and geophysical exploration costs are recognized as an expense as incurred. Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. If it is determined that development will not occur, that is, the efforts are not successful, then the costs are expensed.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. Upon internal approval for development and recognition of proved or sanctioned probable reserves, the relevant expenditure is transferred to property, plant and equipment. If development is not approved and no further activity is expected to occur, then the costs are expensed.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g. an offshore platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalized on the balance sheet as long as such work is under way or firmly planned.

Significant judgement: exploration and appraisal intangible assets

Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory-type stratigraphic test wells on the balance sheet. This includes costs relating to exploration licences or leasehold property acquisitions. It is not unusual to have such costs remaining suspended on the balance sheet for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

The carrying amount of capitalized costs are included in Note 8.

Property, plant and equipment

Property, plant and equipment owned by the group is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if applicable, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly attributable general or specific finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the group, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production.

Oil and natural gas properties, including certain related pipelines, are depreciated using a unit-of-production method. The cost of producing wells is amortized over proved developed reserves. Licence acquisition, common facilities and future decommissioning costs are amortized over total proved reserves. The unit-of-production rate for the depreciation of common facilities takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped reserves expected to be processed through these common facilities. Information on the carrying amounts of the group's oil and natural gas properties, together with the amounts recognized in the income statement as depreciation, depletion and amortization is contained in Note 12 and Note 5 respectively.

Estimates of oil and natural gas reserves determined in accordance with US Securities and Exchange Commission (SEC) regulations, including the application of prices using 12-month historical price data in assessing the commerciality of technical volumes, are typically used to calculate depreciation, depletion and amortization charges for the group's oil and gas properties. Therefore, where this approach is adopted, charges are not dependent on management forecasts of future oil and gas prices.

The impact of changes in estimated proved reserves is dealt with prospectively by amortizing the remaining carrying value of the asset over the expected future production.

The estimation of oil and natural gas reserves and bp's process to manage reserves bookings is described in Supplementary information on oil and natural gas on page 223, which is unaudited. Details on bp's proved reserves and production compliance and governance processes are provided on page 322. The 2024 movements in proved reserves are reflected in the tables showing movements in oil and natural gas reserves by region in Supplementary information on oil and natural gas (unaudited) on page 223.

Other property, plant and equipment is depreciated on a straight-line basis over its expected useful life. The typical useful lives of the group's other property, plant and equipment on initial recognition are as follows:

Land improvements	15 to 25 years
Buildings	20 to 50 years
Refineries	20 to 30 years
Pipelines	10 to 50 years
Service stations	15 years
Office equipment	3 to 10 years
Fixtures and fittings	5 to 15 years

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

The expected useful lives and depreciation method of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognized.

Impairment of property, plant and equipment, intangible assets, goodwill, and equity-accounted entities

The group assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the group's business plans, plans to dispose rather than retain assets, changes in the group's assumptions about discount rates, commodity prices, low plant utilization, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the group makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil and natural gas production, power generation, refinery throughputs, sales volumes for various types of refined products (e.g. gasoline and lubricants), revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are included in estimates of future cash flows, where applicable, based on the regulatory environment in each jurisdiction in which the group operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, natural gas prices, power prices, refining margins, refined product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group to the extent that they are not already reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the group and not applicable to entities in general. Fair value may be determined by reference to agreed or expected sales proceeds, recent market transactions for similar assets or using discounted cash flow analyses. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset or CGU is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment reversals are recognized in profit or loss. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's or CGU's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the group of CGUs to which the goodwill relates should be assessed. In assessing whether goodwill has been impaired, the carrying amount of the group of CGUs to which goodwill has been allocated is compared with its recoverable amount. Where the recoverable amount of the group of CGUs is less than the carrying amount (including goodwill), an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

The group assesses investments in equity-accounted entities for impairment whenever there is objective evidence that the investment is impaired, after recognizing its share of any losses of the equity-accounted entity itself. If any such objective evidence of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal and value in use. If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

Significant judgements and estimates: recoverability of asset carrying values

Determination as to whether, and by how much, an asset, CGU, or group of CGUs containing goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, carbon pricing (where applicable), production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas, power and refined products. Judgement is required when determining the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment testing purposes. For example, individual oil and gas properties may form separate CGUs whilst certain oil and gas properties with shared infrastructure may be grouped together to form a single CGU. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing. See Note 14 for details on how these groupings have been determined in relation to the impairment testing of goodwill.

As described above, the recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. Fair value less costs of disposal may be determined based on expected sales proceeds or similar recent market transaction data.

Details of impairment charges and reversals recognized in the income statement are provided in Note 4 and details on the carrying amounts of assets are shown in Note 12, Note 14 and Note 15.

The estimates for assumptions made in impairment tests in 2024 relating to discount rates and oil and gas properties are discussed below. Changes in the economic environment including as a result of the energy transition or other facts and circumstances may necessitate revisions to these assumptions and could result in a material change to the carrying values of the group's assets within the next financial year.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Discount rates

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Value-in-use calculations are typically discounted using a pre-tax discount rate based upon the cost of funding the group derived from an established model, adjusted to a pre-tax basis and incorporating a market participant capital structure and country risk premiums. Fair value less costs of disposal discounted cash flow calculations use a post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year and, in 2024, the post-tax discount rate was 8% (2023 8%) other than for renewable power assets. Where the CGU is located in a country that was judged to be higher risk, an additional premium of 1% to 3% was reflected in the post-tax discount rate (2023 1% to 4%). The judgement of classifying a country as higher risk and the applicable premium takes into account various economic and geopolitical factors. The pre-tax discount rate, other than for renewable power assets, typically ranged from 9% to 20% (2023 9% to 20%) depending on the risk premium and applicable tax rate in the geographic location of the CGU. For renewable power assets, which were tested primarily on a fair-value basis in 2024 (including those in equity accounted entities) tests were performed using a post-tax cost of equity-based discount rate range of 8.75% to 9.5%. In 2023, tests were performed on a value-in-use basis using a post-tax WACC-based discount rate of 6.5%.

Oil and natural gas properties

For oil and natural gas properties in the oil production & operations and gas & low carbon energy segments, expected future cash flows are estimated using management's best estimate of future oil and natural gas prices, production and reserves and certain resources volumes. Forecast cash flows include the impact of all approved emission reduction projects. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

In 2024, the group identified oil and gas properties in these segments with carrying amounts totalling \$17,853 million (2023 \$18,374 million) where the headroom, based on the most recent impairment test performed in the year on those assets, was less than or equal to 20% of the carrying value. A change in the discount rate, reserves, resources or the oil and gas price assumptions in the next financial year may result in a recoverable amount of one or more of these assets above or below the current carrying amount and therefore there is a risk of impairment reversals or charges in that period. Management considers that reasonably possible changes in the discount rate or forecast revenue, arising from a change in oil and natural gas prices and/or production could result in a material change in their carrying amounts within the next financial year, see Sensitivity analyses, below.

The recoverability of intangible exploration and appraisal expenditure is covered under Oil and natural gas exploration, appraisal and development expenditure above.

Oil and natural gas prices

The price assumptions used for value-in-use impairment testing are based on those used for investment appraisal. bp's carbon emissions cost assumptions and their interrelationship with oil and gas prices are described in 'Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy' on page 145. The investment appraisal price assumptions are recommended by the senior vice president economic & energy insights after considering a range of external price sets, and supply and demand profiles associated with various energy transition scenarios. They are reviewed and approved by management. As a result of the current uncertainty over the pace of transition to lower-carbon supply and demand and the social, political and environmental actions that will be taken to meet the goals of the Paris climate change agreement, the scenarios considered include those where those goals are met as well as those where they are not met.

During the year, bp's price assumptions applied in value-in-use impairment testing were revised. The revised price assumptions have been rebased in real 2023 terms and are materially consistent with the disclosed prices in real 2022 terms. The near term Brent oil assumption was held constant at \$70 per barrel to reflect near term supply constraints before declining after 2030 to \$50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at \$4.00 per mmBtu reflecting an assumption that declining domestic demand in the US is offset by higher LNG exports. These price assumptions are derived from the central case investment appraisal assumptions (see page 20). A summary of the group's revised price assumptions for Brent oil and Henry Hub gas, applied in 2024 and 2023, in real 2023 terms, is provided below. The assumptions represent management's best estimate of future prices at the balance sheet date, which sit within the range of external scenarios considered as appropriate for the purpose. They are considered by bp to be in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. However, they do not correspond to any specific Paris-consistent scenario. Inflation rate of 2% - 2.5% (2023 2%) is applied to determine the price assumptions in nominal terms.

The majority of bp's reserves and resources that support the carrying value of the group's existing oil and gas properties are expected to be produced over the next 12 years.

The recoverability of deferred tax assets is also affected by the group's oil and natural gas price assumptions as these could impact the estimate of future taxable profits. See Note 9 for further information.

2024 price assumptions	2025	2030	2040	2050	
Brent oil (\$/bbl)	70	70	63	50	
Henry Hub gas (\$/mmBtu)	4.00	4.00	4.00	4.00	
2023 price assumptions	2024	2025	2030	2040	2050
Brent oil (\$/bbl)	71	71	71	59	46
Henry Hub gas (\$/mmBtu)	4.06	4.05	4.05	4.05	4.05

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Global oil production increased by 1.4% in 2024 with this growth predominantly coming from non-OPEC countries as OPEC+ continued its output reductions. Global oil demand growth slowed, increasing by 0.9% in 2024 as we leave the post-Covid recovery period and Chinese demand fell short of forecasts. Brent dropped by nearly \$2 per barrel in 2024 in response to lacklustre demand growth and increasing supply. While geopolitical risk (e.g., tariffs, sanctions) may support prices in the short-term, bp's long-term assumption for oil prices is lower than the 2024 average as oil demand is likely to fall such that the price levels needed to encourage sufficient investment to meet global oil demand will also be lower.

US Henry Hub spot prices averaged \$2.2/mmBtu in 2024 from \$2.5/mmBtu in 2023. Prices fell further in order to reduce output and stimulate demand in the power sector. Milder than normal winter weather during winter 2023/2024 left US gas storage levels over 20% above historic average levels at the end of winter 2023/2024, causing prices to fall below \$2/mmBtu. Meanwhile, after growing by 4 Bcf/d in 2023, low prices caused natural gas production to fall by 0.4 Bcf/d in 2024, helping to bring the market back into balance. The level of US gas prices in 2024 was below bp's long term price assumption based on the judgment of the price level required to incentivize new production.

Oil and natural gas reserves

In addition to oil and natural gas prices, significant technical and commercial assessments are required to determine the group's estimated oil and natural gas reserves. Reserves estimates are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact on the determination of the group's estimates of its oil and natural gas reserves. bp bases its reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

Reserves assumptions for value-in-use tests reflect the reserves and resources that management currently intend to develop. The recoverable amount of oil and gas properties is determined using a combination of inputs including reserves, resources and production volumes. Risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved or probable.

Sensitivity analyses

Management considers discount rates, oil and natural gas prices and production to be the key sources of estimation uncertainty in determining the recoverable amount of upstream oil and gas assets. The sensitivity analyses below, in addition to covering the key sources of estimation uncertainty, also indicate how the energy transition, potential future carbon emissions costs for operational GHG emissions and/or reduced demand for oil and gas may further impact forecast revenue cash inflows to a greater extent than currently anticipated in the group's value-in-use estimates for oil and gas CGUs, if carbon emissions costs were to be implemented as a deduction against revenue cash flows. The analyses therefore represent a net revenue sensitivity.

A change in net revenue from upstream oil and gas properties can arise either due to changes in oil and natural gas prices, carbon emissions costs/carbon prices, changes in oil and natural gas production, or a combination of these.

Management tested the impact of changes in net revenue cash flows in value-in-use impairment testing under the following sensitivity analyses: an increase in net revenues of 8% in all years up to 2040, and 25% in all remaining years to 2050; and a decrease in net revenues of 20% in all years up to 2030, 35% in all subsequent years to 2040 and 50% in all remaining years to 2050.

Net revenue reductions of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of bp's currently held upstream oil and gas properties in the range of \$19-20 billion which is approximately 30% of the associated net book value of property, plant and equipment as at 31 December 2024. If this net revenue reduction was due to reductions in prices in isolation, it reflects an indicative decrease in the carrying amount of using price assumptions for Brent oil trending broadly towards the bottom of the range of prices associated with the World Business Council for Sustainable Development (WBCSD) 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels. This 'family' of scenarios is also used in bp's TCFD scenario analysis (see page 42).

Net revenue increases of this magnitude in isolation could indicatively lead to an increase in the carrying amount of bp's currently held upstream oil and gas properties in the range of \$1-2 billion which is approximately 2-3% of the associated net book value of property, plant and equipment as at 31 December 2024. This potential increase in the carrying amount would arise due to reversals of previously recognized impairments and represents approximately one fifth of the total impairment reversal capacity available at 31 December 2024. If this net revenue increase was due to increases in prices in isolation, it reflects an indicative increase in the carrying amount of using price assumptions for Brent oil trending broadly towards the top end until 2040, and then towards the mean average at 2050, of the range of prices associated with the WBCSD 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels. This 'family' of scenarios is also used in bp's TCFD scenario analysis.

These sensitivity analyses do not, however, represent management's best estimate of any impairment charges or reversals that might be recognized as they do not fully incorporate consequential changes that may arise, such as changes in costs and business plans and phasing of development. For example, costs across the industry are more likely to decrease as oil and natural gas prices fall. The analyses also assume the impact of increases in carbon price on operational GHG emissions are fully absorbed as a decrease in net revenue (and vice versa) rather than reflecting how carbon prices or other carbon emissions costs may ultimately be incorporated by the market. The above sensitivity analyses therefore do not reflect a linear relationship between net revenue and value that can be extrapolated. The interdependency of these inputs and factors plus the diverse characteristics of the group's upstream oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to the price assumptions or production volumes.

Management also tested the impact of a one percentage point change in the discount rate used for value-in-use impairment testing of upstream oil and gas properties. This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year. If the discount rate was one percentage point higher across all tests performed, the net impairment loss recognized in 2024 would have been approximately \$0.2 billion higher. If the discount rate was one percentage point lower, the net impairment loss recognized would have been approximately \$0.5 billion lower.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Management considers refining margins to be the key source of estimation uncertainty in determining the recoverable amount of refinery assets. The sensitivity analysis below, in addition to covering the key sources of estimation uncertainty, also indicates how the energy transition and/or reduced demand for refined products may further impact forecast cash inflows to a greater extent than currently anticipated in the group's value-in-use estimates for refinery CGUs.

Management tested the impact of a \$1/barrel decrease in each refinery's future margin assumption in all years of the value-in-use estimate. A reduction of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of bp's currently held refining property, plant and equipment in the range of \$1-2 billion.

This sensitivity analysis does not, however, represent management's best estimate of any impairment charges that might be recognized as it does not fully incorporate consequential changes that may arise, such as changes in costs and business plans and crude or product slates. The above sensitivity analysis therefore does not reflect a linear relationship between margins and value that can be extrapolated. The interdependency of these inputs and factors plus the varying configurations of the group's refineries limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to the margin assumptions.

Goodwill

Irrespective of whether there is any indication of impairment, bp is required to test annually for impairment of goodwill acquired in business combinations. The group carries goodwill of \$14.9 billion on its balance sheet (2023 \$12.5 billion), principally relating to the Atlantic Richfield, Burmah Castrol, Devon Energy, Reliance and Lightsource bp transactions. Of this, \$7.2 billion relates to goodwill in the oil production & operations segment and to hydrocarbon CGUs within the gas & low carbon energy segment (2023 \$7.0 billion), for which oil and gas price and production assumptions are key sources of estimation uncertainty. Sensitivities and additional information relating to impairment testing of goodwill in these segments are provided in Note 14.

Inventories

Inventories, other than inventories held for short-term trading purposes, are stated at the lower of cost and net realizable value. Cost is typically determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Inventories held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the income statement.

Supplies are valued at the lower of cost on a weighted-average basis and net realizable value.

Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if bp has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

Agreements that convey the right to control the use of an intangible asset including rights to explore for or use hydrocarbons are not accounted for as leases. See material accounting policy information: intangible assets.

A lease liability is recognized on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. For the majority of the leases in the group, there is not sufficient information available to readily determine the rate implicit in the lease, and therefore the incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the group's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that bp is reasonably certain to exercise, or periods covered by a termination option that bp is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments. Repayments of principal are presented as financing cash flows and payments of interest are presented as operating cash flows.

Payments that vary based on factors other than an index or a rate such as usage, sales volumes or revenues are not included in the present value calculation and are recognized in the income statement and presented as operating cash flows. The lease liability is recognized on an amortized cost basis with interest expense recognized in the income statement over the lease term, except for where capitalized as exploration, appraisal or development expenditure.

The right-of-use asset is recognized on the balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The right-of-use asset is depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognized in the income statement except for where capitalized as exploration, appraisal or development expenditure. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment, intangible assets and goodwill.

Agreements may include both lease and non-lease components. Payments for lease and non-lease components are allocated on a relative stand-alone selling price basis except for leases of retail service stations where the group has elected not to separate non-lease payments from the calculation of the lease liability and right-of-use asset.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognized, and a lease expense is recognized in the income statement on a straight-line basis.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

If a significant event or change in circumstances, within the control of bp, arises that affects the reasonably certain lease term or there are changes to the lease payments, the present value of the lease liability is remeasured using the revised term and payments, with the right-of-use asset adjusted by an equivalent amount.

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognized in the income statement. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

The group recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the group has the primary responsibility for making the lease payments. This may be the case if for example bp, as operator of the joint operation, is the sole signatory to the lease agreement. In such cases, bp's working interest share of the right-of-use asset is recognized if it is jointly controlled by the group and the other joint operators, and a receivable is recognized for the share of the asset transferred to the other joint operators. If bp is a non-operator, a payable to the operator is recognized if they have the primary responsibility for making the lease payments and bp has joint control over the right-of-use asset, otherwise no balances are recognized.

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The group derecognizes financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party and either substantially all of the risks and rewards of the asset have been transferred, or substantially all the risks and rewards of the asset have neither been retained nor transferred but control of the asset has been transferred. This includes the derecognition of receivables for which discounting arrangements are entered into.

The group classifies its financial asset debt instruments as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest income is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through other comprehensive income

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Investments in equity instruments

Investments in equity instruments are subsequently measured at fair value through profit or loss unless an election is made on an instrument-by-instrument basis to recognize fair value gains and losses in other comprehensive income.

Derivatives designated as hedging instruments in an effective hedge

Derivatives designated as hedging instruments in an effective hedge are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

Cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments and are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and generally have a maturity of three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortized cost or, in the case of certain money market funds, fair value through profit or loss.

Impairment of financial assets measured at amortized cost

The group assesses on a forward-looking basis the expected credit losses associated with financial assets measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the group is exposed to credit risk. As lifetime expected credit losses are recognized for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the group. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the group expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the income statement.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the group has no reasonable expectation of recovering amounts due.

Equity instruments

Instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. Instruments that cannot be settled in the group's own equity instruments and that include no contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity that are potentially unfavourable are classified as equity. Equity instruments issued by the group are recognized at the proceeds received, net of directly attributable issue costs.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Financial liabilities

Financial liabilities are recognized when the group becomes party to the contractual provisions of the instrument. The group derecognizes financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Derivatives designated as hedging instruments in an effective hedge

Derivatives designated as hedging instruments in an effective hedge are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized in interest and other income and finance costs respectively.

This category of financial liabilities includes trade and other payables and finance debt.

Significant judgement: supplier financing arrangements

The group's trade payables include some supplier financing arrangements that utilize letter of credit facilities, promissory notes and reverse factoring. Judgement is required to assess the payables subject to these arrangements to determine whether they should continue to be classified as trade payables and give rise to operating cash flows or finance debt and financing cash flows. The criteria used in making this assessment include the payment terms for the amount due relative to terms commonly seen in the markets in which bp operates and whether the arrangements significantly change the nature of the liability. Liabilities subject to these arrangements with payment terms of up to approximately 60 days are generally considered to be trade payables and give rise to operating cash flows. See Note 29 - Liquidity risk for further information.

Financial guarantees

The group issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain associates, joint ventures or third-party entities fail to make payments when due in accordance with the original or modified terms of a debt instrument such as a loan. The liability for a financial guarantee contract is initially measured at fair value and subsequently measured at the higher of the contract's estimated expected credit loss and the amount initially recognized less, where appropriate, cumulative amortization.

Derivative financial instruments and hedging activities

The group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices, as well as for trading purposes. These derivative financial instruments are recognized initially at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Contracts to buy or sell a non-financial item (for example, oil, oil products, gas or power) that can be settled net in cash, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the group's expected purchase, sale or usage requirements, are accounted for as financial instruments. Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognized in the income statement.

If, at inception of a contract, the valuation cannot be supported by observable market data, any gain or loss determined by the valuation methodology is not recognized in the income statement but is deferred on the balance sheet and is commonly known as a 'day-one gain or loss'. This deferred gain or loss is recognized in the income statement over the life of the contract until substantially all the remaining contractual cash flows can be valued using observable market data at which point any remaining deferred gain or loss is recognized in the income statement. Changes in valuation subsequent to the initial valuation at inception of a contract are recognized immediately in the income statement.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging exposure to changes in the fair value of a recognized asset or liability.
- Cash flow hedges when hedging exposure to variability in cash flows that is attributable to either a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Hedge relationships are formally designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the existence at inception of an economic relationship and subsequent measurement of the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk, the hedge ratio and sources of hedge ineffectiveness. Hedges meeting the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in fair value of a hedging derivative is recognized in profit or loss. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss, where it offsets. The group applies fair value hedge accounting when hedging interest rate risk and certain currency risks on fixed rate finance debt.

Fair value hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the risk management objective changes or when the hedging instrument is sold, terminated or exercised. The accumulated adjustment to the carrying amount of a hedged item at such time is then amortized prospectively to profit or loss as finance interest expense over the hedged item's remaining period to maturity.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Cash flow hedges

The effective portion of the gain or loss on a cash flow hedging instrument is reported in other comprehensive income, while the ineffective portion is recognized in profit or loss. Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss.

Where the hedged item is a highly probable forecast transaction that results in the recognition of a non-financial asset or liability, such as a forecast foreign currency transaction for the purchase of property, plant and equipment, the amounts recognized within other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. Where the hedged item is an equity investment, the amounts recognized in other comprehensive income remain in the separate component of equity until the hedged cash flows affect profit or loss or when accounting under the equity method is discontinued. Where the hedged item is recognized directly in profit or loss, the amounts recognized in other comprehensive income are reclassified to production and manufacturing expenses or sales and other operating revenues as appropriate.

Cash flow hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the designated hedged forecast transaction or part thereof is no longer considered to be highly probable to occur, or when the hedging instrument is sold, terminated or exercised without replacement or rollover. When cash flow hedge accounting is discontinued amounts previously recognized within other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to profit or loss or transferred to the initial carrying amount of a non-financial asset or liability as above. If the forecast transaction is no longer expected to occur, amounts previously recognized within other comprehensive income will be immediately reclassified to profit or loss.

Costs of hedging

The foreign currency basis spread of cross-currency interest rate swaps are excluded from hedge designations and accounted for as costs of hedging. Changes in fair value of the foreign currency basis spread are recognized in other comprehensive income to the extent that they relate to the hedged item.

For time-period related hedged items, the amount recognized in other comprehensive income is amortized to profit or loss on a straight line basis over the term of the hedging relationship.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or bp's assumptions about pricing by market participants.

Significant estimate and judgement: derivative financial instruments

In some cases the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the group's longer-term derivative contracts. The majority of these contracts are valued using models with inputs that include price curves for each of the different products that are built up from available active market pricing data (including volatility and correlation) and modelled using the maximum available external information. Additionally, where limited data exists for certain products, prices are determined using historical and long-term pricing relationships. The use of alternative assumptions or valuation methodologies may result in significantly different values for these derivatives. A reasonably possible change in the price assumptions used in the models relating to index price would not have a material impact on net assets and the Group income statement primarily as a result of offsetting movements between derivative assets and liabilities.

In some cases, judgement is required to determine whether contracts to buy or sell commodities meet the definition of a derivative or to determine appropriate presentation and classification of transactions in certain cases. In particular, contracts to buy and sell LNG are not considered to meet the definition as they are not considered capable of being net settled due to a lack of liquidity in the LNG market and the inability or lack of history of net settlement and are accounted for on an accruals basis, rather than as a derivative. Under IFRS, bp fair values the derivative financial instruments used to risk-manage the LNG contracts themselves, resulting in a measurement mismatch.

For more information, including the carrying amounts of level 3 derivatives, see Note 30.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the group currently has a legally enforceable right to set off the recognized amounts; and the group intends to either settle on a net basis or realize the asset and settle the liability simultaneously. A right of set off is the group's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

Provisions and contingencies

Provisions are recognized when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within finance costs. Provisions are discounted using a nominal discount rate of 4.5% (2023 4%).

Provisions are split between amounts expected to be settled within 12 months of the balance sheet date (current) and amounts expected to be settled later (non-current).

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Decommissioning

Liabilities for decommissioning costs are recognized when the group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognized on construction or installation. Similarly, where an obligation exists for a well, this liability is recognized when it is drilled. An obligation for decommissioning may also crystallize during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using a nominal discount rate.

An amount equivalent to the decommissioning provision is recognized as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or property, plant and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilization of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Environmental expenditures and liabilities

Environmental expenditures that are required in order for the group to obtain future economic benefits from its assets are capitalized as part of those assets. Expenditures that relate to an existing condition caused by past operations that do not contribute to future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

Emissions

Liabilities for emissions are recognized when the cumulative volumes of gases emitted by the group at the end of the reporting period exceed the allowances granted free of charge held for own use or a set baseline for emissions. The provision is measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. It is based on the excess of actual emissions over the free allowances held or set baseline in tonnes (or other appropriate quantity) and is valued at the actual cost of any allowances that have been purchased and held for own use on a first-in-first-out (FIFO) basis, and, if insufficient allowances are held, for the remaining requirement on the basis of the spot market price of allowances at the balance sheet date. The majority of these provisions are typically settled within 12 months of the balance sheet date however certain schemes may have longer compliance periods. The cost of allowances purchased to cover a shortfall is recognized separately on the balance sheet as an intangible asset unless the emission allowances acquired or generated by the group are risk-managed by the trading and shipping function, then they are recognized on the balance sheet as inventory.

Restructuring provisions

Restructuring provisions are recognized where a detailed formal plan exists, and a valid expectation of risk of redundancy has been made to those affected but where the specific outcomes remain uncertain. Where formal redundancy offers have been made, the obligations for those amounts are reported as payables and, if not, as provisions if unpaid at the year-end.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Significant judgements and estimates: provisions

The group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing bp relate to the plugging and abandonment of wells and the removal and disposal of oil and natural gas platforms and pipelines around the world. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognized. Any changes in the expected future costs are reflected in both the provision and, where still recognized, the asset.

If oil and natural gas production facilities and pipelines are sold to third parties, judgement is required to assess whether the new owner will be unable to meet their decommissioning obligations, whether bp would then be responsible for decommissioning, and if so the extent of that responsibility. This typically requires assessment of the local legal requirements and the financial standing of the owner. If the standing deteriorates significantly, for example, bankruptcy of the owner, a provision may be required. The group has \$0.7 billion of decommissioning provisions recognized as at 31 December 2024 (2023 \$0.6 billion) for assets previously sold to third parties where the sale transferred the decommissioning obligation to the new owner. See Note 33 for further information.

Decommissioning provisions associated with refineries are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. Obligations may arise if refineries cease manufacturing operations and any such obligations would be recognized in the period when sufficient information becomes available to determine potential settlement dates. See Note 33 for further information.

The group performs periodic reviews of its refineries for any changes in facts and circumstances including those relating to the energy transition, that might require the recognition of a decommissioning provision. Portfolio strength and flexibility are such that the point of cessation of manufacturing at the group's operating refineries is not yet expected within a determinate time period, as existing property plant and equipment is expected to be renewed or replaced.

The provision for environmental liabilities is estimated based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from current estimates because of changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually. The interest rate used in discounting the cash flows is reviewed quarterly. The nominal interest rate used to determine the balance sheet obligations at the end of 2024 was 4.5% (2023 4%), which was based on long-dated US government bonds interpolated to reflect the expected weighted average time to decommissioning. The weighted average period over which decommissioning and environmental costs are generally expected to be incurred is estimated to be approximately 17 years (2023 17 years) and 7 years (2023 6 years) respectively. Costs at future prices are typically determined by applying an inflation rate of 1.5% (2023 1.5%) to decommissioning costs and 2% (2023 2%) for all other provisions. A lower rate is typically applied to decommissioning as certain costs are expected to remain fixed at current or past prices.

The estimated phasing of undiscounted cash flows in real terms for upstream decommissioning is approximately \$5.5 billion (2023 \$5.5 billion) within the next 10 years, \$6.2 billion (2023 \$5.8 billion) in 10 to 20 years and the remainder of approximately \$6.7 billion (2023 \$6.6 billion) after 20 years. The timing and amount of decommissioning cash flows are inherently uncertain and therefore the phasing is management's current best estimate but may not be what will ultimately occur.

Further information about the group's provisions is provided in Note 23. Changes in assumptions in relation to the group's provisions could result in a material change in their carrying amounts within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the group's provision balances by approximately \$1.5 billion (2023 \$1.6 billion). The pre-tax impact on the group income statement would be a credit of approximately \$0.4 billion (2023 \$0.4 billion). This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year.

The discounting impact on the group's decommissioning provisions for oil and gas properties in the oil productions & operations and gas & low carbon energy segments of a two-year change in the timing of expected future decommissioning expenditures is approximately \$0.3 billion (2023 \$0.6 billion). Management currently does not consider a change of greater than two years to be reasonably possible in the next financial year and therefore the timing of upstream decommissioning expenditure is not a key source of estimation uncertainty.

If all expected future decommissioning expenditures were 10% higher, then these decommissioning provisions would increase by approximately \$1.2 billion (2023 \$1.1 billion) and a pre-tax charge of approximately \$0.4 billion (2023 \$0.2 billion) would be recognized. A one percentage point increase in the inflation rate applied to upstream decommissioning costs to determine the nominal cash flows could increase the decommissioning provision by approximately \$1.7 billion (2023 \$1.9 billion) with a pre-tax charge of approximately \$0.5 billion (2023 \$0.5 billion).

As described in Note 33, the group is subject to claims and actions for which no provisions have been recognized. The facts and circumstances relating to particular cases are evaluated regularly in determining whether a provision relating to a specific litigation should be recognized or revised. Accordingly, significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the group. Deferred bonus arrangements that have a vesting date more than 12 months after the balance sheet date are valued on an actuarial basis using the projected unit credit method and amortized on a straight-line basis over the service period until the award vests. The material accounting policy information for pensions and other post-employment benefits are described below.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Pensions and other post-employment benefits

The cost of providing benefits under the group's defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period to determine current service cost and to the current and prior periods to determine the present value of the defined benefit obligation. Past service costs, resulting from either a plan amendment or a curtailment (a reduction in future obligations as a result of a material reduction in the plan membership), are recognized immediately when the company becomes committed to a change.

Net interest expense relating to pensions and other post-employment benefits, which is recognized in the income statement, represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year.

Remeasurements of the defined benefit liability and asset, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest described above) are recognized within other comprehensive income in the period in which they occur and are not subsequently reclassified to profit and loss.

The defined benefit pension plan surplus or deficit recognized on the balance sheet for each plan comprises the difference between the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Defined benefit pension plan surpluses are only recognized to the extent they are recoverable, either by way of a refund from the plan or reductions in future contributions to the plan.

Contributions to defined contribution plans are recognized in the income statement in the period in which they become payable.

Significant estimate: pensions and other post-employment benefits

Accounting for defined benefit pensions and other post-employment benefits involves making significant estimates when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties.

Pensions and other post-employment benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded on the group's balance sheet and pension and other post-employment benefit expense for the following year.

The assumptions that are the most significant to the amounts reported are the discount rate, inflation rate and mortality levels. Assumptions about these variables are based on the environment in each country. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in material changes to the carrying amounts of the group's pension and other post-employment benefit obligations within the next financial year. Any differences between these assumptions and the actual outcome will also affect future net income and net assets.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation used are provided in Note 24.

Income taxes

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of goodwill.
- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the group's proposed tax treatment, income taxes are recognized consistent with the group's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

The computation of the group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine whether provisions for income taxes are required and, if so, estimation is required of the amounts that could be payable.

In addition, the group has carry-forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. Management judgement is exercised in assessing whether this is the case and estimates are required to be made of the amount of future taxable profits that will be available. Such judgements are inherently impacted by estimates affecting future taxable profits such as oil and natural gas prices and decommissioning expenditure, see 'Significant judgements and estimates: recoverability of asset carrying values and provisions'.

In July 2023, the UK government enacted legislation to implement the Pillar Two Model rules. The legislation is effective for bp from 1 January 2024 and includes an income inclusion rule and a domestic minimum tax, which together are designed to ensure a minimum effective tax rate of 15% in each country in which the group operates. Similar legislation is being enacted by other governments around the world. In line with the amendments to IAS 12, the exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

In October 2024, the UK government announced changes (effective from 1 November 2024) to the Energy Profits Levy including a 3% increase in the rate taking the headline rate of tax on North Sea profits to 78%, an extension to the period of application of the Levy to 31 March 2030 and the removal of the Levy's main investment allowance. The changes to the rate and to the investment allowance were substantively enacted in 2024 and have been applied in accounting for current tax and deferred tax in the year, resulting in an additional non-cash deferred tax charge of approximately \$0.1 billion. The extension of the Levy to 31 March 2030 was substantively enacted after 31 December 2024 and will result in a non-cash deferred tax charge of around \$0.5 billion in the year ended 31 December 2025.

Significant judgement and estimate: taxation

The value of deferred tax assets and liabilities is an area involving inherent uncertainty and estimation and balances are therefore subject to risk of material change as a result of underlying assumptions and judgements used, in particular the forecast of future profitability used to determine the recoverability of deferred tax, for example future oil and gas prices, see 'Significant judgement and estimates - Recoverability of asset carrying values'. It is impracticable to disclose the extent of the possible effects of profitability assumptions on the group's deferred tax assets. It is reasonably possible that to the extent that actual outcomes differ from management's estimates, material income tax charges or credits, and material changes in current and deferred tax assets or liabilities, may arise within the next financial year and in future periods.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example, a production tax). The attributes of the tax, including whether it is calculated on profits or another measure such as production or revenues, the extent of deductibility of costs and the interaction with existing income taxes, are considered in determining the classification of the tax. Accounting for deferred tax is applied to income taxes as described above but is not applied to other types of taxes; rather such taxes are recognized in the income statement in accordance with the applicable accounting policy such as Provisions and contingencies.

This judgement is considered significant only in relation to the group's taxes payable under the fiscal terms of bp's onshore concession in Abu Dhabi. These are principally reported as income taxes rather than as production taxes.

For more information see Note 9 and Note 33.

Customs duties and sales taxes

Customs duties and sales taxes that are passed on or charged to customers are excluded from revenues and expenses. Assets and liabilities are recognized net of the amount of customs duties or sales tax except:

- Customs duties or sales taxes incurred on the purchase of goods and services which are not recoverable from the taxation authority are recognized as part of the cost of acquisition of the asset.
- Receivables and payables are stated with the amount of customs duty or sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

Own equity instruments – treasury shares

The group's holdings in its own equity instruments are shown as deductions from shareholders' equity. Treasury shares represent bp shares repurchased and available for specific and limited purposes. For accounting purposes, shares held in Employee Share Ownership Plans (ESOPs) to meet the future requirements of the employee share-based payment plans are treated in the same manner as treasury shares and are, therefore, included in the consolidated financial statements as treasury shares. The cost of treasury shares subsequently sold or reissued is calculated on a weighted-average basis. Consideration, if any, received for the sale of such shares is also recognized in equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of equity shares. Shares repurchased under the share buy-back programme which are immediately cancelled are not shown as treasury shares. Instead, the nominal amount is transferred to the capital redemption reserve and any difference to the purchase price is shown as a deduction from the profit and loss account reserve in the group statement of changes in equity.

1. Material accounting policy information, significant judgements, estimates and assumptions – continued

Revenue and other income

Revenue from contracts with customers is recognized when or as the group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil, natural gas, natural gas liquids, LNG, petroleum and chemical products, and other items usually coincides with title passing to the customer and the customer taking physical possession. The group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

When, or as, a performance obligation is satisfied, the group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the group expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Contracts for the sale of commodities are typically priced by reference to quoted prices. Revenue from term commodity contracts is recognized based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers.

Sales and purchase of commodities accounted for under IFRS 15 are presented on a gross basis in Revenue from contracts with customers and Purchases respectively. Physically settled derivatives which represent trading or optimization activities are presented net alongside financially settled derivative contracts in Other operating revenues within Sales and other operating income. Certain physically settled sale and purchase derivative contracts which are not part of trading and optimization activities are presented gross within Other operating revenues and Purchases respectively. Changes in the fair value of derivative assets and liabilities prior to physical delivery are also classified as other operating revenues.

Physical exchanges with counterparties in the same line of business in order to facilitate sales to customers are reported net, as are sales and purchases made with a common counterparty, as part of an arrangement similar to a physical exchange.

Where the group acts as agent on behalf of a third party to procure or market energy commodities, any associated fee income is recognized but no purchase or sale is recorded.

Sales and other transactions through which the group loses control of solar projects developed under Lightsource bp's develop-to-sell business model are accounted for as revenues from contracts with customers.

Interest income is recognized as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

Contract asset and contract liability balances are included within amounts presented for trade receivables and other payables respectively.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognized in the income statement in the period in which they are incurred.

Updates to material accounting policy information

Impact of new International Financial Reporting Standards

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: disclosures' relating to supplier finance have been adopted for the consolidated financial statements for 2024, the additional required disclosures are provided in the Liquidity risk section of Note 29.

There are no new or other amended standards or interpretations adopted from 1 January 2024 onwards, that have a significant impact on the consolidated financial statements for 2024.

Not yet adopted

Amendments to IFRS 9 'Financial Instruments' relating to the settlement of liabilities through electronic payment systems are effective for annual periods beginning on or after 1 January 2026 subject to endorsement by the UK Endorsement Board. The potential impact on cash and banking operations and amounts reported in cash and cash equivalents on adoption of the amendments is currently being assessed.

IFRS 18 'Presentation and Disclosure in Financial Statements' will supersede IAS 1 'Presentation of Financial Statements' and is effective for annual periods beginning on or after 1 January 2027 subject to endorsement by the UK Endorsement Board. IFRS 18 (and consequential amendments made to IAS 7 'Statement of Cash Flows', IAS 8 'Accounting Policies: Changes in Accounting Estimates and Errors', IAS 33 'Earnings per share' and IFRS 7 'Financial Instruments: Disclosures') introduces several new requirements that are expected to impact the presentation and disclosure of the Group's consolidated financial statements. These new requirements include:

- Requirements to classify all income and expenses included in the statement of profit or loss into one of five categories and to present two new mandatory subtotals.
- Requirement to use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities in the statement of cash flows.
- Specific classification requirements for interest paid/received and dividends received in the statement of cash flows such that interest and dividend receipts are included as investing cash flows and interest paid as financing cash flows.
- Required disclosures about certain non-GAAP measures ('management defined performance measures') in a single note to the financial statements
- Enhanced guidance on the aggregation of information across all the primary financial statements and the notes.

The group's evaluation of the effect of adopting IFRS 18 is ongoing but it is currently anticipated that IFRS 18 will have a significant impact on the presentation of the Group's financial statements and related disclosures.

2. Non-current assets held for sale

The carrying amount of assets classified as held for sale at 31 December 2024 is \$4,081 million (2023 \$151 million), with associated liabilities of \$1,105 million (2023 \$62 million).

gas & low carbon energy

On 16 September 2024, bp announced that it plans to sell its US onshore wind energy business, bp Wind Energy. bp Wind Energy has interests in ten operating onshore wind energy assets across seven US states. As a result of progression of the disposal process during the fourth quarter of 2024, completion of a disposal in 2025 is now considered to be highly probable. The carrying amount of assets classified as held for sale at 31 December 2024 is \$569 million, with associated liabilities of \$41 million.

On 24 October, bp completed the acquisition of the remaining 50.03% of Lightsource bp. The acquisition included certain assets for which sales processes were in progress at the acquisition date. Completion of the sale of these assets within one year of the acquisition date is considered to be highly probable. The carrying amount of assets classified as held for sale at 31 December 2024 is \$1,702 million, with associated liabilities of \$1,050 million.

On 9 December 2024, bp and JERA Co., Inc. agreed to combine their offshore wind businesses to form a new standalone, equally-owned joint venture – JERA Nex bp. The parties have agreed to work to complete formation of JERA Nex bp, subject to regulatory and other approvals, by end of the third quarter of 2025. bp will contribute its development projects in the UK, Japan, Germany and US into the new joint venture. The related assets and liabilities of those projects have, therefore, been classified as held for sale. The carrying amount of assets classified as held for sale at 31 December 2024 is \$1,793 million, with associated liabilities of \$14 million.

Transactions that have been classified as held for sale during 2024, but were completed by 31 December 2024, are described below.

gas & low carbon energy

On 14 February 2024, bp and ADNOC announced that they had agreed to form a new joint venture (JV) in Egypt. On 16 December bp and XRG (ADNOC's international energy investment company) announced they had completed formation of Arcius Energy (51% bp, 49% XRG, ADNOC's international energy investment company). As part of the agreement, bp contributed its interests in three development concessions, as well as exploration agreements, in Egypt to the new JV. XRG made a proportionate cash contribution.

oil production & operations

On 4 October 2024, bp completed the sale of receivables relating to a prior divestment receiving proceeds of \$890 million.

customers & products

At 31 December 2023 assets of \$151 million and associated liabilities of \$62 million were classified as held for sale relating to the sale of bp's Türkiye ground fuels business to Petrol Ofisi. This included the group's interest in three joint venture terminals in Türkiye. The sale completed on 31 October 2024 and resulted in a loss on disposal of \$1,132 million including recycling of cumulative foreign exchange losses from reserves of \$942 million.

The total assets and liabilities held for sale at 31 December 2024 and 2023, which are in the gas & low carbon energy and customers & products segments, are set out in the table below.

	\$ million	
	2024	2023
Property, plant and equipment	1,981	49
Intangible assets	333	3
Investments in joint ventures	1,182	—
Loans	—	1
Cash	65	—
Trade and other receivables	520	98
Assets classified as held for sale	4,081	151
Trade and other payables	(264)	(1)
Lease liabilities	(58)	(40)
Finance debt	(720)	—
Provisions	(63)	(10)
Defined benefit pension plan and other post-employment benefit plan deficits	—	(11)
Liabilities directly associated with assets classified as held for sale	(1,105)	(62)

4. Disposals and impairment – continued

Disposals

Disposal proceeds and principal gains and losses on disposals by segment are described below.

	\$ million		
	2024	2023	2022
Proceeds from disposals of fixed assets	328	133	709
Proceeds from disposals of businesses, net of cash disposed	2,578	1,193	1,841
	2,906	1,326	2,550
By business			
gas & low carbon energy	840	536	22
oil production & operations	1,699	333	1,935
customers & products	291	436	592
other businesses & corporate	76	21	1
	2,906	1,326	2,550

Proceeds from disposals of businesses in 2024 includes \$594 million relating to the formation of a new joint venture, Arcius Energy, in Egypt, as well as \$1,331 million relating to Alaska and \$252 million relating to Canada, both prior period disposals. At 31 December 2024, deferred consideration relating to disposals amounted to \$112 million receivable within one year (2023 \$141 million and 2022 \$191 million) and \$244 million receivable after one year (2023 \$217 million and 2022 \$194 million). The amounts of deferred consideration are reported within Trade and other receivables in Other receivables in the group balance sheet. In addition, contingent consideration receivable relating to disposals amounted to \$190 million at 31 December 2024 (2023 \$1,694 million and 2022 \$1,896 million). The contingent consideration at 31 December 2024 primarily relates to the prior period disposal of certain assets in the North Sea. These amounts of contingent consideration are reported within Other investments on the group balance sheet - see Note 18 for further information.

Gains and losses on sale of businesses and fixed assets, and closures

oil production & operations

In 2023 gains principally related to prior period disposals in the US and Canada.

In 2022 gains principally related to a gain of \$1,932 million arising from the contribution of bp's Angolan business to Azule Energy, a gain of \$904 million related to the deemed disposal of 12% of the group's interest in Aker BP, an associate of bp, following completion of Aker BP's acquisition of Lundin Energy, and \$349 million in relation to the disposal of the group's interest in the Rumaila field in Iraq to Basra Energy Company, an associate of bp.

2022 losses included \$479 million of accumulated exchange losses previously charged to equity and taken to the income statement as a result of the decision to exit bp's other businesses with Rosneft within Russia.

customers & products

In 2024 losses principally related to a loss of \$1,132 million arising from the divestment of our Türkiye ground fuels business.

In 2022 gains principally related to a gain of \$268 million arising from the divestment of our Swiss retail assets.

other businesses and corporate

In 2022 the losses on disposal of businesses and fixed assets was \$11,082 million in respect of the decision to exit our holding in Rosneft which resulted in the reclassification to the income statement of \$10,372 million of accumulated exchange losses, a cash flow hedge reserve of \$651 million relating to the original acquisition of Rosneft shares and bp's cumulative share of Rosneft's other comprehensive income of \$59 million which were all previously charged to equity.

Summarized financial information relating to the sale of businesses is shown in the table below.

The principal transactions categorized as a business disposal in 2024 were the divestment of our Türkiye ground fuels business, the new joint venture transaction with ADNOC in Egypt and a transaction relating to the prior period disposal in Alaska.

The principal transactions categorized as a business disposal in 2023 were the sale of the upstream business in Algeria to Eni and the disposal of the bp-Husky Toledo refinery to Cenovus Energy.

The principal transactions categorized as a business disposal in 2022 were the formation of Azule Energy, the formation of Basra Energy Company and the sale of our 50% interest in the Sunrise oil sands project in Canada.

4. Disposals and impairment – continued

	\$ million		
	2024	2023	2022
Non-current assets	1,775	1,145	3,681
Current assets	1,985	557	2,972
Non-current liabilities	(548)	(60)	(1,869)
Current liabilities	(424)	(454)	(1,074)
Total carrying amount of net assets disposed	2,788	1,188	3,710
Recycling of foreign exchange on disposal	943	—	(26)
Costs on disposal	123	57	488
	3,854	1,245	4,172
Gains (losses) on sale of businesses	(888)	158	6,219
Total consideration	2,966	1,403	10,391
Non-cash consideration	(1,003)	(51)	(8,999)
Consideration received (receivable)	615	(159)	449
Proceeds from the sale of businesses, net of cash disposed^a	2,578	1,193	1,841

a Proceeds are stated net of cash and cash equivalents disposed of \$500 million (2023 \$33 million and 2022 \$318 million).

Impairments

Impairment losses and impairment reversals in each segment are described below. For information on significant estimates and judgements made in relation to impairments see Impairment of property, plant and equipment, intangibles, goodwill and equity-accounted entities within Note 1. See also Note 12, and Note 15 for further information on impairments by asset category.

gas & low carbon energy

The 2024 impairment loss of \$2,793 million includes amounts in Mauritania & Senegal (\$1,495 million), which principally arose as a result of increased forecast future expenditure, and a number of other individually immaterial impairments across the segment principally as a result of portfolio management. The recoverable amounts of these cash generating units (CGUs) were based on value in use or fair value less costs of disposal calculations, as appropriate. The recoverable amount of all CGUs for which impairment charges were recognized in 2024 is \$3,423 million.

The 2023 impairment loss of \$2,213 million primarily relates to losses incurred in respect of certain assets in Mauritania & Senegal (\$1,434 million) and principally arose as a result of increased forecast future expenditure. A further \$565 million relates to producing assets in Trinidad and arose as a result of changes to the group's oil and gas price and discount rate assumptions and activity phasing. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2023 in total, based on their value in use, is \$4,811 million.

The 2022 impairment loss of \$745 million primarily relates to losses incurred in respect of certain assets in Mauritania & Senegal (\$729 million) and principally arose as a result of increased forecast future expenditure. The 2022 impairment reversal of \$1,333 million primarily relates to the Trinidad CGU (\$1,331 million) and principally arose as a result of changes to the group's oil and gas price assumptions. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2022 in total, based on their value in use, is \$9,609 million.

oil production & operations

Impairment losses and reversals in all years relate primarily to producing assets and, in 2022, equity accounted investments.

The 2024 impairment loss of \$1,155 million primarily arose as a result of changes to reserves and tax assumptions in the North Sea (\$1,035 million). The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2024 in total, based on their value in use, is \$8,705 million.

The 2023 impairment loss of \$1,840 million primarily arose as a result of changes to the group's oil and gas price and discount rate assumptions, activity phasing and disposal decisions in relation to certain assets in North Sea (\$852 million) and in bpx energy (\$802 million). The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2023 in total, based on their value in use, is \$14,072 million.

The 2022 impairment loss of \$4,480 million primarily relates to impairment of the Pan American Energy Group S.L. joint venture as a result of expected portfolio changes (\$2,900 million) and the decision to exit bp's other businesses with Rosneft within Russia (\$1,043 million). The 2022 impairment reversal of \$893 million principally relates to changes in price and reserves assumptions in the North Sea (\$643 million). The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2022 in total, based on their value in use, is \$7,831 million.

customers & products

The 2024 impairment loss of \$1,661 million primarily arises from the ongoing review of the Gelsenkirchen refinery in Germany (\$807 million) and a number of other individually immaterial impairments across the segment, principally as a result of changes to economic assumptions. The recoverable amount of the CGUs were based on value-in-use calculations. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2024 in total, based on their value-in-use, is \$1,659 million.

The 2023 impairment loss of \$1,614 million primarily relates to strategy implementation and changes to economic assumptions in the products business including an impairment of the Gelsenkirchen refinery in Germany (\$1,336 million). The recoverable amounts of the CGUs were based on value-in-use calculations. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2023 in total, based on their value in use, is \$327 million.

The 2022 impairment loss of \$1,874 million primarily relates to changes in economic assumptions in the products business including an impairment of the Gelsenkirchen refinery in Germany (\$1,366 million), and announced portfolio changes. The recoverable amounts of the CGUs were based on value-in-use calculations. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2022 in total, based on their value in use, is \$1,648 million.

4. Disposals and impairment – continued

other businesses and corporate

The 2022 impairment loss of \$13,536 million arises primarily a result of bp's decision to exit its shareholding in Rosneft (\$13,479 million, including \$528 million which relates to estimated earnings in the first two months of the year prior to the loss of significant influence). The recoverable amount of the CGU which comprises Rosneft is estimated to be \$nil.

5. Segmental analysis

The group's organizational structure reflects the various activities in which bp is engaged as well as how performance and resource allocation is evaluated by the chief operating decision maker. At 31 December 2024, bp has three reportable segments: Gas & low carbon energy, Oil production & operations, and Customers & products. Each are managed separately, with decisions taken for the segment as a whole, and represent a single operating segment that does not result from aggregating two or more segments.

Gas & low carbon energy comprises regions with upstream businesses that predominantly produce natural gas, gas marketing and trading activities and the group's solar, wind and hydrogen businesses.

Oil production & operations comprises regions with upstream activities that predominantly produce crude oil.

Customers & products comprises the group's customer-focused businesses, which includes convenience and retail fuels, EV charging, as well as Castrol, aviation and B2B and midstream. It also includes our products businesses, refining & oil trading, as well as our bioenergy^a businesses.

Other businesses and corporate also comprises the group's shipping and treasury functions, and corporate activities worldwide.

The accounting policies of the operating segments are the same as the group's accounting policies described in Note 1. However, IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For bp, this measure of profit or loss is replacement cost profit or loss before interest and tax which reflects the replacement cost of supplies by excluding from profit or loss before interest and tax inventory holding gains and losses^b. Replacement cost profit or loss before interest and tax for the group is not a recognized measure under IFRS.

Sales between segments are made at prices that approximate market prices, taking into account the volumes involved. Segment revenues and segment results include transactions between business segments. These transactions and any unrealized profits and losses are eliminated on consolidation, unless unrealized losses provide evidence of an impairment of the asset transferred. Sales to external customers by region are based on the location of the group subsidiary which made the sale. The UK region includes the UK-based international activities of customers & products.

All surpluses and deficits recognized on the group balance sheet in respect of pension and other post-employment benefit plans are allocated to Other businesses and corporate. However, the periodic expense relating to these plans is allocated to the operating segments based upon the business in which the employees work.

Certain financial information is provided separately for the US as this is an individually material country for bp, and for the UK as this is bp's country of domicile.

^a In February 2025 bp announced its intention to move its biogas business to the gas & low carbon energy segment.

^b Inventory holding gains and losses represent:

- the difference between the cost of sales calculated using the replacement cost of inventory and the cost of sales calculated on the first-in first-out (FIFO) method after adjusting for any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting of inventories other than for trading inventories, the cost of inventory charged to the income statement is based on its historical cost of purchase or manufacture, rather than its replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed as inventory holding gains and losses represent the difference between the charge to the income statement for inventory on a FIFO basis (after adjusting for any related movements in net realizable value provisions) and the charge that would have arisen based on the replacement cost of inventory. For this purpose, the replacement cost of inventory is calculated using data from each operation's production and manufacturing system, either on a monthly basis, or separately for each transaction where the system allows this approach.
- an adjustment relating to certain trading inventories that are not price risk managed which relate to a minimum inventory volume that is required to be held to maintain underlying business activities. This adjustment represents the movement in fair value of the inventories due to prices, on a grade-by-grade basis, during the period. This is calculated from each operation's inventory management system on a monthly basis using the discrete monthly movement in market prices for these inventories.

The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions that are price risk-managed.

5. Segmental analysis – continued

						\$ million
						2024
By business	gas & low carbon energy	oil production & operations	customers & products	other businesses & corporate	Consolidation adjustment and eliminations	Total group
Segment revenues						
Sales and other operating revenues	32,628	25,637	155,401	2,290	(26,771)	189,185
Less: sales and other operating revenues between segments	(1,585)	(23,237)	(317)	(1,632)	26,771	—
Third party sales and other operating revenues	31,043	2,400	155,084	658	—	189,185
Earnings from joint ventures and associates – after interest and tax	504	1,100	393	(4)	—	1,993
Segment results						
Replacement cost profit (loss) before interest and taxation	3,569	10,789	(1,560)	(988)	(25)	11,785
Inventory holding gains (losses) ^a	—	(9)	(479)	—	—	(488)
Profit (loss) before interest and taxation	3,569	10,780	(2,039)	(988)	(25)	11,297
Finance costs						(4,683)
Net finance income relating to pensions and other post-employment benefits						168
Profit before taxation						6,782
Other income statement items						
Depreciation, depletion and amortization						
US	95	4,421	2,142	89	—	6,747
Non-US	4,740	2,376	1,815	944	—	9,875
Charges for provisions, net of write-back of unused provisions, including change in discount rate	38	92	2,602	231	—	2,963
Segment assets						
Investments in joint ventures and associates	4,733	10,730	4,561	8	—	20,032
Additions to non-current assets ^b	11,029	7,296	7,769	1,045	—	27,139

a See explanation of inventory holding gains and losses on page 167.

b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

5. Segmental analysis – continued

	\$ million					
	2023					
By business	gas & low carbon energy	oil production & operations	customers & products	other businesses & corporate	Consolidation adjustment and eliminations	Total group
Segment revenues						
Sales and other operating revenues	50,297	24,904	160,215	2,657	(27,943)	210,130
Less: sales and other operating revenues between segments	(1,808)	(23,708)	(367)	(2,060)	27,943	—
Third party sales and other operating revenues	48,489	1,196	159,848	597	—	210,130
Earnings from joint ventures and associates – after interest and tax	(677)	1,164	427	(16)	—	898
Segment results						
Replacement cost profit (loss) before interest and taxation	14,080	11,191	4,230	(903)	(14)	28,584
Inventory holding gains (losses) ^a	1	—	(1,237)	—	—	(1,236)
Profit (loss) before interest and taxation	14,081	11,191	2,993	(903)	(14)	27,348
Finance costs						(3,840)
Net finance income relating to pensions and other post-employment benefits						241
Profit before taxation						23,749
Other income statement items						
Depreciation, depletion and amortization						
US	96	3,554	1,883	85	—	5,618
Non-US	5,584	2,138	1,665	923	—	10,310
Charges for provisions, net of write-back of unused provisions, including change in discount rate	139	35	2,007	152	—	2,333
Segment assets						
Investments in joint ventures and associates	4,173	10,721	5,327	28	—	20,249
Additions to non-current assets ^b	4,859	7,384	9,383	1,075	—	22,701

a See explanation of inventory holding gains and losses on page 167.

b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

5. Segmental analysis – continued

						\$ million
						2022
By business	gas & low carbon energy	oil production & operations	customers & products	other businesses & corporate	Consolidation adjustment and eliminations	Total group
Segment revenues						
Sales and other operating revenues	56,255	33,193	188,623	2,299	(38,978)	241,392
Less: sales and other operating revenues between segments	(5,913)	(30,294)	(1,418)	(1,353)	38,978	—
Third party sales and other operating revenues	50,342	2,899	187,205	946	—	241,392
Earnings from joint ventures and associates – after interest and tax	148	1,609	248	525	—	2,530
Segment results						
Replacement cost profit (loss) before interest and taxation	14,696	19,721	8,869	(26,737)	139	16,688
Inventory holding gains (losses) ^a	(8)	(7)	1,366	—	—	1,351
Profit (loss) before interest and taxation	14,688	19,714	10,235	(26,737)	139	18,039
Finance costs						(2,703)
Net finance income relating to pensions and other post-employment benefits						69
Profit before taxation						15,405
Other income statement items						
Depreciation, depletion and amortization						
US	75	3,141	1,328	80	—	4,624
Non-US	4,933	2,423	1,542	796	—	9,694
Charges for provisions, net of write-back of unused provisions, including change in discount rate	(234)	213	3,955	143	—	4,077
Segment assets						
Investments in joint ventures and associates	5,299	11,370	3,875	57	—	20,601
Additions to non-current assets ^b	4,439	15,098	9,541	1,047	—	30,125

a See explanation of inventory holding gains and losses on page 167.

b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

				\$ million
				2024
By geographical area	US	Non-US	Total	
Revenues				
Third party sales and other operating revenues ^a	58,804	130,381	189,185	
Other income statement items				
Production and similar taxes	149	1,650	1,799	
Non-current assets				
Non-current assets ^{b,c}	63,415	81,937	145,352	

a Non-US region includes UK \$24,577 million

b Non-US region includes UK \$25,354 million

c Includes property, plant and equipment; goodwill; intangible assets; investments in joint ventures; investments in associates; and non-current prepayments.

				\$ million
				2023
By geographical area	US	Non-US	Total	
Revenues				
Third party sales and other operating revenues ^a	60,577	149,553	210,130	
Other income statement items				
Production and similar taxes	136	1,643	1,779	
Non-current assets				
Non-current assets ^{b,c}	64,238	83,816	148,054	

a Non-US region includes UK \$39,975 million.

b Non-US region includes UK \$23,949 million.

c Includes property, plant and equipment; goodwill; intangible assets; investments in joint ventures; investments in associates; and non-current prepayments.

5. Segmental analysis – continued

	\$ million		
	2022		
By geographical area	US	Non-US	Total
Revenues			
Third party sales and other operating revenues ^a	71,118	170,274	241,392
Other income statement items			
Production and similar taxes	194	2,131	2,325
Non-current assets			
Non-current assets ^{b,c}	60,237	89,144	149,381

a Non-US region includes UK \$36,541 million.

b Non-US region includes UK \$24,813 million.

c Includes property, plant and equipment; goodwill; intangible assets; investments in joint ventures; investments in associates; and non-current prepayments.

6. Sales and other operating revenues

	\$ million		
	2024	2023	2022
Crude oil	2,219	2,413	6,309
Oil products	121,019	128,969	149,854
Natural gas, LNG and NGLs	24,464	29,541	41,770
Non-oil products and other revenues from contracts with customers	13,362	10,298	7,896
Revenue from contracts with customers	161,064	171,221	205,829
Other operating revenues ^a	28,121	38,909	35,563
Total sales and other operating revenues	189,185	210,130	241,392

a Principally relates to commodity derivative transactions including sales of bp own production in trading books.

An analysis of third-party sales and other operating revenues by segment and region is provided in Note 5.

The group's sales to customers of crude oil and oil products were substantially all made by the customers & products segment. The group's sales to customers of natural gas, LNG and NGLs were made by the gas & low carbon energy segment. A significant majority of the group's sales of non-oil products and other revenues from contracts with customers were made by the customers & products segment.

7. Income statement analysis

	\$ million		
	2024	2023	2022
Interest and other income			
Interest income from			
Financial assets measured at amortized cost	1,308	1,034	371
Financial assets measured at fair value through profit or loss	181	215	59
Other income ^a	1,284	386	673
	2,773	1,635	1,103
Currency exchange losses charged to the income statement ^b	541	74	160
Expenditure on research and development	301	298	274
Costs relating to the Gulf of America oil spill (pre-interest and tax) ^c	51	57	84
Finance costs			
Interest expense on lease liabilities	468	363	245
Interest expense on other liabilities measured at amortized cost ^d	3,483	3,115	2,070
Capitalized at 4.94% (2023 4.88% and 2022 3.56%) ^e	(382)	(514)	(464)
Finance debt risk management activities ^f	104	(35)	43
Unwinding of discount on provisions	617	504	369
Unwinding of discount on other payables measured at amortized cost	393	407	440
	4,683	3,840	2,703

a 2024 includes a \$427 million gain relating to the remeasurement of bp's previously held interests in bp Bunge Bioenergia and Lightsources bp and \$498 million relating to the remeasurement of certain US assets excluded from the Lightsources bp acquisition. See Note 3 for further information.

b Excludes exchange gains and losses arising on financial instruments measured at fair value through profit or loss.

c Included within production and manufacturing expenses.

d 2023 includes a loss of \$49 million and 2022 a gain of \$37 million associated with the buyback of finance debt.

e Tax relief on capitalized interest is approximately \$53 million (2023 \$130 million and 2022 \$108 million).

f Includes temporary valuation differences related to the group's interest rate and foreign currency exchange risk management associated with finance debt.

8. Exploration for and evaluation of oil and natural gas resources

The following financial information represents the amounts included within the group totals relating to activity associated with the exploration for and evaluation of oil and natural gas resources. All such activity is recorded within the gas & low carbon energy and oil production & operations segments.

For information on significant judgements made in relation to oil and natural gas accounting see Intangible assets in Note 1.

	\$ million		
	2024	2023	2022
Exploration and evaluation costs			
Exploration expenditure written off	767	746	385
Other exploration costs	207	251	200
Exploration expense for the year	974	997	585
Impairment losses	6	20	2
Intangible assets – exploration and appraisal expenditure ^a	4,438	4,328	4,213
Liabilities	76	109	88
Net assets	4,362	4,219	4,125
Cash used in operating activities	207	251	200
Cash used in investing activities	1,513	1,039	909

^a Amount capitalized at 31 December 2024, 2023 and 2022 relates to assets in various regions. This includes \$746 million in the North Africa region (2023 \$593 million, 2022 \$410 million), \$651 million in the Azerbaijan Georgia and Türkiye region (2023 \$631 million, 2022 \$539 million) and \$543 million in the Middle East region (2023 \$589 million, 2022 \$639 million).

9. Taxation

Tax on profit

	\$ million		
	2024	2023	2022
Current tax			
Charge for the year ^a	7,187	9,048	12,523
Adjustment in respect of prior years	234	(373)	145
	7,421	8,675	12,668
Deferred tax			
Origination and reversal of temporary differences in the current year ^b	(1,851)	(238)	4,768
Adjustment in respect of prior years ^c	(17)	(568)	(674)
	(1,868)	(806)	4,094
Tax charge on profit	5,553	7,869	16,762

^a 2024 includes a charge of \$4 million in respect of Pillar Two income taxes.

^b 2024 includes a charge of \$96 million in respect of the 3% increase in the UK Energy Profits Levy from 1 November 2024 (see Note 1 for further information). 2022 includes a charge of \$1,834 million in respect of the impact of the UK Energy Profits Levy on existing temporary differences unwinding over the period 1 January 2023 to 31 March 2028.

^c The adjustment in respect of prior years reflects the reassessment of the deferred tax balances for prior periods in light of changes in facts and circumstances during the year, including changes to price assumptions and profit forecasts. 2024 also includes a charge of \$213 million (2023 \$232 million credit) in respect of a revision to the deferred tax impact of the UK Energy Profits Levy.

In 2024, the total tax credit recognized within other comprehensive income was \$782 million (2023 \$735 million credit and 2022 \$266 million charge). In 2024 this primarily comprises a \$658 million credit in respect of the reduction in the deferred tax liability on defined benefit pension plan surpluses following the reduction in the rate of the authorized surplus payments tax charge in the UK from 35% to 25%. In 2023 this primarily comprises the deferred tax impact of the remeasurements of the net pension and other post-employment benefit liability or asset. In 2022 this primarily comprises a release of deferred withholding tax on other comprehensive income movements relating to Rosneft. See Note 32 for further information.

The total tax charge recognized directly in equity was \$167 million (2023 \$56 million charge and 2022 \$214 million credit). In 2024 this mainly relates to share-based payments and transactions involving non-controlling interests. In 2023 and 2022 this mainly relates to transactions involving non-controlling interests.

9. Taxation – continued

Reconciliation of the effective tax rate

The following table provides a reconciliation of the group weighted average statutory corporate income tax rate to the effective tax rate of the group on profit or loss before taxation. For 2022 the items presented in the reconciliation are affected by the impacts of Rosneft. In order to provide a more meaningful analysis of the effective tax rate for 2022, the table also presents a separate reconciliation for the group excluding the impacts of Rosneft, and for the impacts of Rosneft in isolation.

	\$ million				
	2024	2023	2022 excluding impact of Rosneft	2022 impact of Rosneft ^a	2022
Profit (loss) before taxation	6,782	23,749	40,925	(25,520)	15,405
Tax charge (credit) on profit or loss ^b	5,553	7,869	17,823	(1,061)	16,762
Effective tax rate	82%	33%	44%	4%	109%
					%
Tax rate computed at the weighted average statutory rate ^c	66	34	42	20	77
Increase (decrease) resulting from					
Tax reported in equity-accounted entities	(7)	(2)	(1)	—	(4)
Adjustments in respect of prior years	3	(4)	(1)	—	(3)
Deferred tax not recognized	5	2	(1)	—	(2)
Tax incentives for investment	(2)	—	—	—	(1)
Disposal impacts ^d	5	—	(3)	—	(8)
Foreign exchange	5	—	1	—	3
Items not deductible for tax purposes	5	2	2	—	5
Impact of bp's decision to exit its shareholding in Rosneft	—	—	—	(16)	27
Tax rate change effect of UK Energy Profits Levy ^e	1	—	4	—	12
Other ^f	1	1	1	—	3
Effective tax rate	82	33	44	4	109

a Includes the impact of bp's decision to exit its shareholding in Rosneft and its other businesses with Rosneft in Russia.

b The tax credit regarding the impact of Rosneft relates to the release of deferred withholding tax on unremitted earnings.

c Calculated based on the statutory corporate income tax rate applicable in the countries in which the group operates, weighted by the profits and losses before tax in the respective countries.

d 2022 primarily relates to the contribution of bp's Angolan business to Azule Energy.

e 2024 comprises the deferred tax impact of a 3% increase in the UK Energy Profits Levy (EPL) on existing temporary differences. 2022 includes the deferred tax impact of the introduction of the EPL.

f Includes the impact of adjustments arising in countries where income tax is paid on our behalf by our government partners for which there is no deferred tax effect. 2024 includes the impact of the non-taxable gain relating to the remeasurement of bp's pre-existing 49.97% interest in Lightsource bp and the remeasurement of certain US assets excluded from the Lightsource bp acquisition.

Deferred tax

	\$ million	
	2024	2023
Analysis of movements during the year in the net deferred tax liability		
At 1 January	5,349	6,618
Exchange adjustments	57	134
Charge (credit) for the year in the income statement	(1,868)	(806)
Charge (credit) for the year in other comprehensive income	(807)	(735)
Charge (credit) for the year in equity	167	56
Acquisitions and disposals	127	82
At 31 December	3,025	5,349

9. Taxation – continued

The following table provides an analysis of deferred tax in the income statement and the balance sheet by category of temporary difference:

	Income statement			Balance sheet	
	2024	2023	2022	2024	2023
Deferred tax liability					
Depreciation	(1,337)	(1,552)	1,863	16,333	17,392
Pension plan surpluses ^a	62	133	42	1,789	2,568
Derivative financial instruments	40	12	(21)	58	12
Other taxable temporary differences ^b	(352)	10	(992)	663	1,020
	(1,587)	(1,397)	892	18,843	20,992
Deferred tax asset					
Depreciation	(229)	(166)	(309)	(2,373)	(2,141)
Lease liabilities	(209)	(176)	(8)	(1,952)	(1,785)
Pension plan and other post-employment benefit plan deficits	28	(60)	47	(623)	(755)
Decommissioning, environmental and other provisions	425	563	770	(5,623)	(6,042)
Derivative financial instruments	(9)	(14)	(6)	(268)	(136)
Tax credits	(43)	(67)	1,578	(937)	(893)
Loss carry forward	194	296	1,536	(2,285)	(2,467)
Other deductible temporary differences ^c	(438)	215	(406)	(1,757)	(1,424)
	(281)	591	3,202	(15,818)	(15,643)
Net deferred tax charge (credit) and net deferred tax liability	(1,868)	(806)	4,094	3,025	5,349
Of which – deferred tax liabilities				8,428	9,617
– deferred tax assets				5,403	4,268

- a The 2024 balance sheet reflects a \$658 million reduction in the deferred tax liability on defined benefit pension plan surpluses following the reduction in the rate of the authorized surplus payments tax charge in the UK from 35% to 25%.
- b The 2022 income statement includes amounts relating to deferred withholding tax on unremitted earnings of Rosneft. The 2024 and 2023 balance sheet amounts do not include any temporary differences that are individually significant.
- c The 2024 and 2023 balance sheet amounts include amounts relating to share based payments and other items.

Of the \$5,403 million of deferred tax assets recognized on the group balance sheet at 31 December 2024 (2023 \$4,268 million), \$3,232 million (2023 \$2,336 million) relates to entities that have suffered a loss in either the current or preceding period. For 2024, this mainly includes \$1,680 million in Germany, \$744 million in Mauritania and \$609 million in Senegal (2023 mainly included \$1,003 million in Germany, \$672 million in Mauritania and \$500 million in Senegal). For 2024 these amounts are supported by forecasts consistent with bp's future oil and gas price assumptions (see Note 1 for further information) and for Germany, forecast profits associated with the customers & products businesses, that indicate sufficient future taxable profits will be available to utilize such assets within any applicable expiry period.

A summary of temporary differences, unused tax credits and unused tax losses for which deferred tax has not been recognized is shown in the table below.

At 31 December	\$ billion	
	2024	2023
Unused US state tax losses ^a	2.3	2.1
Unused tax losses – other jurisdictions ^b	7.3	5.6
Unused tax credits	33.3	31.3
of which – arising in the UK ^c	29.1	27.3
– arising in the US ^d	4.2	4.0
Deductible temporary differences ^e	23.4	20.7
Taxable temporary differences associated with investments in subsidiaries and equity-accounted entities	0.7	0.7

- a For 2024 the majority of the unused tax losses have no fixed expiry date.
- b 2024 and 2023 mainly relate to the UK, Brazil and Canada. The majority of the unused tax losses have no fixed expiry date.
- c The UK unused tax credits arise predominantly in overseas branches of UK entities based in jurisdictions with higher statutory corporate income tax rates than the UK. No deferred tax asset has been recognized on these tax credits as they are unlikely to have value in the future; UK taxes on these overseas branches are largely mitigated by double tax relief in respect of overseas tax. These tax credits have no fixed expiry date.
- d The US unused tax credits predominantly comprise foreign tax credits. No deferred tax asset has been recognized on these tax credits as they are unlikely to have value in the future. For 2024 these tax credits expire in the period 2025-2034.
- e 2024 and 2023 mainly comprise fixed asset temporary differences in overseas branches of UK entities. Substantially all of the temporary differences have no expiry date.

Impact of previously unrecognized deferred tax or write-down of deferred tax assets on tax charge	\$ million		
	2024	2023	2022
Current tax benefit relating to the utilization of previously unrecognized deferred tax assets	87	360	492
Deferred tax benefit arising from the reversal of a previous write-down of deferred tax assets	14	3	–
Deferred tax benefit relating to the recognition of previously unrecognized deferred tax assets	280	332	792
Deferred tax expense arising from the write-down of a previously recognized deferred tax asset	111	54	–

10. Dividends

The quarterly dividend which is expected to be paid on 28 March 2025 in respect of the fourth quarter 2024 is 8.000 cents per ordinary share (\$0.48 per American Depositary Share (ADS)). The corresponding amount in sterling will be announced on 17 March 2025.

	Pence per share			Cents per share			\$ million		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Dividends announced and paid in cash							1	1	1
Preference shares									
Ordinary shares									
March	5.6922	5.5507	4.1595	7.270	6.610	5.460	1,218	1,183	1,068
June	5.6825	5.3089	4.3556	7.270	6.610	5.460	1,204	1,152	1,061
September	6.0498	5.7320	5.1684	8.000	7.270	6.006	1,297	1,249	1,140
December	6.2959	5.7367	4.9402	8.000	7.270	6.006	1,283	1,224	1,088
	23.7204	22.3283	18.6237	30.540	27.760	22.932	5,003	4,809	4,358
Dividend announced, paid in March 2025				8.000			1,265		

The amount of unclaimed dividends recognized as a liability in other payables at 31 December 2024 is \$106 million (2023 \$91 million).

The board decided not to offer a scrip dividend alternative in respect of any dividends announced since the third quarter 2019, including the fourth quarter 2024 dividend expected to be paid on 28 March 2025.

The financial statements for the year ended 31 December 2024 do not reflect the dividend announced on 11 February 2025 and which is expected to be paid on 28 March 2025; this will be treated as an appropriation of profit in the year ending 31 December 2025.

11. Earnings per share

	Cents per share		
	2024	2023	2022
Per ordinary share			
Basic earnings per share	2.38	87.78	(13.10)
Diluted earnings per share	2.32	85.85	(13.10)

	Dollars per share		
	2024	2023	2022
Per American Depositary Share (ADS) ^a			
Basic earnings per share	0.14	5.27	(0.79)
Diluted earnings per share	0.14	5.15	(0.79)

a One ADS is equivalent to six ordinary shares.

Basic earnings per ordinary share amounts are calculated by dividing the profit for the year attributable to bp ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares outstanding includes certain shares that will be issuable in the future under employee share-based payment plans and excludes treasury shares, which includes shares held by the Employee Share Ownership Plan trusts (ESOPs).

For the diluted earnings per share calculation, the weighted average number of shares outstanding during the year is adjusted for the average number of shares that are potentially issuable in connection with employee share-based payment plans. If the inclusion of potentially issuable shares would decrease loss per share, the potentially issuable shares are excluded from the weighted average number of shares outstanding used to calculate diluted earnings per share.

	\$ million		
	2024	2023	2022
Profit (loss) attributable to bp shareholders	381	15,239	(2,487)
Less: dividend requirements on preference shares	1	1	1
Less: (gain) loss on redemption of perpetual hybrid bonds ^a	(10)	—	—
Profit (loss) for the year attributable to bp ordinary shareholders	390	15,238	(2,488)

	Shares thousand		
	2024	2023	2022
Basic weighted average number of ordinary shares ^b	16,385,535	17,360,288	18,987,936
Potential dilutive effect of ordinary shares issuable under employee share-based payment plans	431,129	389,790	—
Weighted average number of ordinary shares outstanding used to calculate diluted earnings per share	16,816,664	17,750,078	18,987,936

	Shares thousand		
	2024	2023	2022
Basic weighted average number of ordinary shares – ADS equivalent	2,730,922	2,893,381	3,164,656
Potential dilutive effect of ordinary shares (ADS equivalent) issuable under employee share-based payment plans	71,855	64,965	—
Weighted average number of ordinary shares (ADS equivalent) outstanding used to calculate diluted earnings per share	2,802,777	2,958,346	3,164,656

a See Note 32 - non-controlling interests for further information.

b Excludes treasury shares. See Note 31 for further information.

11. Earnings per share – continued

The number of ordinary shares outstanding at 31 December 2024, excluding treasury shares, and including certain shares that will be issuable in the future under employee share-based payment plans was 15,851,028,983 (2023 16,824,651,796). Between 31 December 2024 and 14 February 2025, the latest practicable date before the completion of these financial statements, there was a net decrease of 118,209,740 of ordinary shares primarily as a result of share buy backs. For additional information on share buy backs see Note 31.

Employee share-based payment plans

The group operates share and share option plans for directors and certain employees to obtain ordinary shares and ADSs in the company. Information on these plans for directors is shown in the Directors remuneration report on pages 88-110.

The following table shows the number of shares potentially issuable under equity-settled employee share option plans, including the number of options outstanding, the number of options exercisable at the end of each year, and the corresponding weighted average exercise prices. The dilutive effect of these plans at 31 December is also shown.

Share options	2024		2023	
	Number of options ^{a,b} thousand	Weighted average exercise price \$	Number of options ^{a,b} thousand	Weighted average exercise price \$
Outstanding	533,895	4.15	545,044	4.04
Exercisable	2,931	3.38	905	3.31
Dilutive effect	140,971	n/a	166,581	n/a

a Numbers of options shown are ordinary share equivalents (one ADS is equivalent to six ordinary shares).

b At 31 December 2024 the quoted market price of one bp ordinary share was £3.93 (2023 £4.66).

In addition, the group operates a number of equity-settled employee share plans under which share units are granted to the group's senior leaders and certain other employees. These plans typically have a three-year performance or restricted period during which the units accrue net notional dividends which are treated as having been reinvested. Leaving employment will normally preclude the conversion of units into shares, but special arrangements apply for participants that leave for qualifying reasons. The number of shares that are expected to vest each year under employee share plans are shown in the table below. The dilutive effect of the employee share plans at 31 December is also shown.

Share plans	2024	2023
	Number of shares ^a thousand	Number of shares ^a thousand
Vesting		
Within one year	271,216	226,190
1 to 2 years	134,342	257,511
2 to 3 years	102,525	114,500
3 to 4 years	956	1,176
Over 4 years	118	308
	509,157	599,685
Dilutive effect	269,796	284,908

a Numbers of shares shown are ordinary share equivalents (one ADS is equivalent to six ordinary shares).

There has been a net increase of 10,925,262 in the number of potential ordinary shares relating to employee share-based payment plans between 31 December 2024 and 14 February 2025.

12. Property, plant and equipment (PP&E)

	\$ million							
	Land and land improvements	Buildings	Oil and gas properties ^a	Plant, machinery and equipment	Fittings, fixtures and office equipment	Transportation	Oil depots, storage tanks and service stations	Total
Cost - owned PP&E								
At 1 January 2024	3,924	992	185,346	47,384	2,290	2,958	12,224	255,118
Exchange adjustments	(213)	(35)	—	(864)	(43)	(23)	(637)	(1,815)
Additions	352	222	7,899	3,039	138	144	1,042	12,836
Acquisitions	60	148	—	1,235	57	80	70	1,650
Transfers from intangible assets	—	—	391	—	—	—	—	391
Reclassified as assets held for sale	(25)	(41)	(3,210)	(747)	(1)	—	—	(4,024)
Deletions and disposals	(38)	(119)	(6,122)	(1,316)	(126)	(472)	(282)	(8,475)
At 31 December 2024	4,060	1,167	184,304	48,731	2,315	2,687	12,417	255,681
Depreciation - owned PP&E								
At 1 January 2024	838	553	123,442	25,671	1,684	2,292	6,363	160,843
Exchange adjustments	(52)	(9)	—	(536)	(24)	(9)	(388)	(1,018)
Charge for the year	58	43	10,626	1,553	157	91	731	13,259
Impairment losses	70	—	2,418	1,260	1	9	82	3,840
Impairment reversals	—	—	(420)	(4)	—	(3)	—	(427)
Reclassified as assets held for sale	(6)	(4)	(2,168)	(367)	(1)	—	—	(2,546)
Deletions and disposals	(32)	(63)	(5,807)	(648)	(101)	(447)	(227)	(7,325)
At 31 December 2024	876	520	128,091	26,929	1,716	1,933	6,561	166,626
Owned PP&E - net book amount at 31 December 2024	3,184	647	56,213	21,802	599	754	5,856	89,055
Right-of-use assets - net book amount at 31 December 2024 ^b	—	1,613	41	1,431	10	2,589	5,499	11,183
Total PP&E - net book amount at 31 December 2024	3,184	2,260	56,254	23,233	609	3,343	11,355	100,238
Cost - owned PP&E								
At 1 January 2023	3,513	950	179,028	44,662	2,202	3,076	10,089	243,520
Exchange adjustments	112	2	—	294	31	2	342	783
Additions	134	48	8,252	2,921	221	80	1,126	12,782
Acquisitions	206	—	—	27	12	48	1,060	1,353
Transfers from intangible assets	—	—	171	—	—	—	—	171
Reclassified as assets held for sale	(7)	—	—	(3)	(3)	(1)	(74)	(88)
Deletions and disposals	(34)	(8)	(2,105)	(517)	(173)	(247)	(319)	(3,403)
At 31 December 2023	3,924	992	185,346	47,384	2,290	2,958	12,224	255,118
Depreciation - owned PP&E								
At 1 January 2023	700	501	111,434	22,903	1,671	2,431	5,819	145,459
Exchange adjustments	14	3	—	200	18	2	206	443
Charge for the year	45	30	10,468	1,519	163	85	629	12,939
Impairment losses	108	22	3,628	1,467	—	10	58	5,293
Impairment reversals	—	—	(18)	—	—	(9)	—	(27)
Reclassified as assets held for sale	(1)	—	—	(2)	(1)	(1)	(74)	(79)
Deletions and disposals	(28)	(3)	(2,070)	(416)	(167)	(226)	(275)	(3,185)
At 31 December 2023	838	553	123,442	25,671	1,684	2,292	6,363	160,843
Owned PP&E - net book amount at 31 December 2023	3,086	439	61,904	21,713	606	666	5,861	94,275
Right-of-use assets - net book amount at 31 December 2023 ^b	—	1,243	53	916	4	2,463	5,765	10,444
Total PP&E - net book amount at 31 December 2023	3,086	1,682	61,957	22,629	610	3,129	11,626	104,719
Assets under construction included above								
At 31 December 2024								10,722
At 31 December 2023								13,390
Depreciation charge for the year on right-of-use assets								
2024	215	30	640	3	1,109	882	2,878	
2023	196	16	558	5	1,055	783	2,613	

^a For information on significant estimates and judgements made in relation to the estimation of oil and natural reserves see Property, plant and equipment within Note 1.

^b \$867 million (2023 \$661 million) of drilling rig right-of-use assets and \$2,455 million (2023 \$2,337 million) of shipping vessel right-of-use assets are included in Plant, machinery and equipment and Transportation respectively.

13. Capital commitments

Authorized future capital expenditure for property, plant and equipment (excluding right-of-use assets) by group companies for which contracts had been signed at 31 December 2024 amounted to \$13,642 million (2023 \$10,354 million, 2022 \$9,381 million). bp has contracted capital commitments amounting to \$3,392 million (2023 \$1,580 million, 2022 \$1,764 million) in relation to joint ventures and \$59 million (2023 \$105 million, 2022 \$18 million) in relation to associates.

14. Goodwill and impairment review of goodwill

	\$ million	
	2024	2023
Cost		
At 1 January	13,176	12,577
Exchange adjustments	(179)	184
Acquisitions and other additions	2,734	415
Reclassified as assets held for sale	(79)	—
Deletions and disposals	(122)	—
At 31 December	15,530	13,176
Impairment losses		
At 1 January	704	617
Exchange adjustments	(2)	2
Impairment losses for the year	—	85
Deletions and disposals	(60)	—
At 31 December	642	704
Net book amount at 31 December	14,888	12,472
Net book amount at 1 January	12,472	11,960

Impairment review of goodwill

	\$ million	
	2024	2023
Goodwill at 31 December		
gas & low carbon energy	4,460	2,095
oil production & operations	4,925	4,925
customers & products	5,503	5,431
other businesses & corporate	—	21
	14,888	12,472

Goodwill acquired through business combinations has been allocated to groups of cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. For oil production & operations goodwill is allocated to CGUs in aggregate at the segment level, for gas & low carbon energy, goodwill is allocated to the hydrocarbon CGUs ('gas businesses') within the segment and to Lightsource bp (LSbp). For customers and products, goodwill has been allocated to Castrol, US Fuels, European Fuels, Archaea and Other.

For information on significant estimates and judgements made in relation to impairments see Impairment of property, plant and equipment, intangible assets and goodwill in Note 1.

gas & low carbon energy and oil production & operations

	\$ million						\$ million	
	gas & low carbon energy						oil production & operations	
	2024			2023			2024	2023
	Gas	LSbp	Total	Gas	LSbp	Total		
Goodwill	2,228	2,232	4,460	2,095	—	2,095	4,925	4,925
Excess of recoverable amount over carrying amount	2,026	—	2,026	5,886	—	5,886	12,432	18,854

The table above shows the carrying amount of goodwill for the segments at the period end and the excess of the recoverable amount over the carrying amount (headroom) at the date of the most recent test. The recoverable amount for the gas businesses and the oil production & operations segment is based on a pre-tax value-in-use calculation. The decrease in headroom for both of these goodwill impairment tests is due to changes in a number of assumptions including prices and production as well as, for the oil productions & operations segment, certain tax assumptions and, for the gas businesses, divestments. The recoverable amount for the LSbp goodwill is based on fair value less costs of disposal.

No material impairment of the goodwill balances in either gas & low carbon energy or oil production & operations was recognized during 2024 or 2023.

14. Goodwill and impairment review of goodwill – continued

Gas businesses and oil production & operations

The value in use for relevant CGUs in both the gas businesses and oil production & operations is based on the cash flows expected to be generated by the projected production profiles up to the expected dates of cessation of production of each field, based on appropriately risked estimates of reserves and resources. Midstream and supply and trading activities and equity-accounted entities are generally not included in the impairment reviews of goodwill, as they do not represent part of the grouping of CGUs to which the goodwill balances relate and which are used to monitor the goodwill balances for internal management purposes. Where such activities form part of wider CGUs to which goodwill relates they are reflected in the test. As the production profile and related cash flows can be estimated from bp's past experience, management believes that the cash flows generated over the estimated life of field is the appropriate basis upon which to assess goodwill and individual assets for impairment in both the gas businesses and oil & production operations. The estimated date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, production costs, the contractual duration of the production concession and the selling price of the hydrocarbons produced. As each field has specific reservoir characteristics and economic circumstances, the cash flows of each field are computed using appropriate individual economic models and key assumptions agreed by bp management.

Estimated production volumes and cash flows up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure, are derived from the business segment plans. The production profiles used are consistent with the reserve and resource volumes approved as part of bp's centrally controlled process for the estimation of proved and probable reserves and total resources.

The average production for the purposes of goodwill impairment testing in the gas businesses over the next 15 years is 154 mmmboe per year (2023 185 mmmboe per year) and in the oil production and operations segment is 400 mmmboe per year (2023 402 mmmboe per year). Production assumptions used for the goodwill impairment tests in both the gas businesses and oil production & operations reflect management's best estimate of future production of the existing portfolio at the time of the calculation.

The weighted average pre-tax discount rate used in the review for the oil production & operations segment is 17%, and 11% for the gas businesses (2023 17% for the oil production & operations segment and 11% for the gas businesses).

The most recent reviews for impairment for the oil production & operations and the gas businesses were carried out in the fourth quarter. The key assumptions used in the value-in-use calculations are oil and natural gas prices, production volumes and the discount rate. The value-in-use calculations have been prepared for the purposes of determining whether the goodwill balances were impaired. Estimated future cash flows were prepared on the basis of certain assumptions prevailing at the time of the tests. The actual outcomes may differ from the assumptions made. For example, reserves and resources estimates and production forecasts are subject to revision as further technical information becomes available and economic conditions change. Due to economic developments, regulatory change and emissions reduction activity arising from climate concern and other factors, future commodity prices and other assumptions may differ from the forecasts used in the calculations.

Sensitivities to different variables have been estimated using certain simplifying assumptions. For example, lower oil and gas price or production sensitivities do not fully reflect the specific impacts for each contractual arrangement and will not capture all favourable impacts that may arise from cost deflation or savings. A detailed calculation at any given price or production profile may, therefore, produce a different result.

It is estimated that a 11% (2023 22%) reduction in revenue throughout each year of the remaining life of those assets, either as a result of adverse price or production conditions or a combination of each, would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets of the oil production and operations segment. For the gas businesses a 6% (2023 15%) reduction would have the same result.

It is estimated that no reasonably possible change in the discount rate of the oil production and operations segment would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets. For the gas businesses a 2% increase would have this result (2023 no reasonably possible change).

Lightsource bp

The Lightsource bp goodwill largely relates to the value attributed to the business's project development capability, including the workforce in place. Management considers the fair value of Lightsource bp at 31 December 2024 to be substantially the same as at the date of acquisition in the fourth quarter of 2024.

customers & products

												\$ million
	2024						2023					
	Castrol	US Fuels	European Fuels	Archaea	Other	Total	Castrol	US Fuels	European Fuels	Archaea	Other	Total
Goodwill	2,615	828	801	706	553	5,503	2,672	792	839	707	421	5,431

Cash flows for each group of CGUs are derived from the business segment plans, which cover a period of up to five years, except for Archaea where a business plan to 2035 is in place following the acquisition in 2022. To determine the value in use for each of the groups of cash-generating units, cash flows for a period of 10 years (11 years for Archaea), are discounted and aggregated with a terminal value. Pre-tax discount rates ranging from 10-12% are applied. It is estimated that no reasonably possible change in the key assumptions used in the US Fuels, European Fuels and Archaea goodwill impairment assessments would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets.

No material impairment of the goodwill balances in customers & products was recognized during 2024 or 2023.

Castrol

The key assumptions to which the calculation of value in use for the Castrol unit is most sensitive are operating unit margins, sales volumes, and discount rate. Operating margin and sales volumes assumptions used in the detailed impairment review of goodwill calculation are consistent with the assumptions used in the Castrol unit's business plan. A pre-tax discount rate of 9% (2023 9%) is applied in the test. No reasonably possible change in any of these key assumptions would cause the unit's recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets. Cash flows beyond the plan period are extrapolated using a nominal 3.4% (2023 3.4%) growth rate.

15. Intangible assets

	2024				2023			
	Exploration and appraisal expenditure ^a	Biogas rights agreements	Other intangibles	Total	Exploration and appraisal expenditure ^a	Biogas rights agreements	Other intangibles	Total
Cost								
At 1 January	13,075	2,989	7,117	23,181	12,571	3,398	6,817	22,786
Exchange adjustments	—	—	(171)	(171)	—	—	144	144
Acquisitions ^b	—	—	351	351	—	—	130	130
Remeasurements of acquisition accounting ^c	—	—	—	—	—	(394)	—	(394)
Additions	1,539	193	904	2,636	1,058	23	799	1,880
Transfers to property, plant and equipment	(391)	—	—	(391)	(171)	—	—	(171)
Reclassified as assets held for sale	(1)	—	(385)	(386)	—	—	(6)	(6)
Deletions and disposals	(1,169)	(192)	(266)	(1,627)	(383)	(38)	(767)	(1,188)
At 31 December	13,053	2,990	7,550	23,593	13,075	2,989	7,117	23,181
Amortization								
At 1 January	8,747	105	4,338	13,190	8,358	—	4,228	12,586
Exchange adjustments	—	—	(97)	(97)	—	—	79	79
Exploration expenditure written off	767	—	—	767	746	—	—	746
Charge for the year	—	114	717	831	—	106	642	748
Impairment losses	6	344	108	458	20	—	77	97
Impairment reversals	(2)	—	—	(2)	—	—	—	—
Reclassified as assets held for sale	—	—	(53)	(53)	—	—	(3)	(3)
Deletions and disposals	(903)	(6)	(238)	(1,147)	(377)	(1)	(685)	(1,063)
At 31 December	8,615	557	4,775	13,947	8,747	105	4,338	13,190
Net book amount at 31 December	4,438	2,433	2,775	9,646	4,328	2,884	2,779	9,991
Net book amount at 1 January	4,328	2,884	2,779	9,991	4,213	3,398	2,589	10,200

a For further information see Intangible assets within Note 1 and Note 8.

b 2024 primarily relates to the acquisition of GETEC ENERGIE GmbH.

c 2023 primarily relates to the acquisition of Archaea Energy Inc.

16. Investments in joint ventures

The following table provides aggregated summarized financial information for the group's joint ventures as it relates to the amounts recognized in the group income statement and on the group balance sheet.

	\$ million				
	Income statement			Balance sheet	
	Earnings from joint ventures - after interest and tax			Investments in joint ventures	
	2024	2023	2022	2024	2023
Azule Energy	504	700	540	5,109	5,066
Pan American Energy Group	—	—	538	—	—
Other joint ventures ^a	405	(633)	50	7,182	7,369
	909	67	1,128	12,291	12,435

a 2024 and 2023 includes Pan American Energy Group as no longer considered material to the group post 2022 impairment.

The joint venture that is material to the group at 31 December 2024 is Azule Energy, which was formed during 2022 and in which bp owns a 50% stake.

bp classifies its investment in Azule Energy Holdings Limited as a joint venture because, per the terms of the shareholders' agreements, bp has joint control over Azule Energy. Azule Energy Holdings Limited is based in Angola and its functional currency is USD.

Following the 2022 impairment of bp's investment in PAEG, this is no longer considered material to the group for 2023 and 2024 and is now included with Other joint ventures.

The following table provides summarized financial information relating to Azule Energy for 2024, 2023 and 2022 and Pan American Energy Group for 2022. This information is presented on a 100% basis and reflects adjustments made by bp to Azule Energy and Pan American Energy Group's own results in applying the equity method of accounting. bp adjusts Azule Energy Holdings Limited and Pan American Energy Group's results for the accounting required under IFRS relating to bp's purchase of its interests in Azule Energy Holdings Limited and Pan American Energy Group S.L.

16. Investments in joint ventures – continued

The operational and financial information is based on preliminary operational and financial results of Azule Energy Holdings Limited for 2024, 2023 and 2022 and Pan American Energy Group S.L. for 2022. Actual results may differ from these amounts - immaterial adjustments to the 2023 and 2022 numbers for Azule Energy Holdings Limited have been included in the 2024 and 2023 numbers respectively.

	\$ million			
	Gross amount			
	2024	2023	2022	
	Azule Energy	Azule Energy	Azule Energy	PAEG
Sales and other operating revenues	5,410	5,164	2,274	6,408
Profit (loss) before interest and taxation	1,896	2,146	1,460	1,560
Finance costs	512	400	218	376
Profit (loss) before taxation^a	1,384	1,746	1,242	1,184
Taxation	376	346	162	108
Profit (loss) for the year	1,008	1,400	1,080	1,076
Other comprehensive income	—	—	—	—
Total comprehensive income	1,008	1,400	1,080	1,076
Non-current assets	20,584	18,788		
Current assets ^b	3,384	3,928		
Total assets	23,968	22,716		
Current liabilities ^c	3,576	2,510		
Non-current liabilities ^d	10,174	10,074		
Total liabilities	13,750	12,584		
Net assets	10,218	10,132		
Less: non-controlling interests	—	—		
	10,218	10,132		

a Azule Energy includes depreciation and amortisation of \$2,844 million (2023 \$2,768 million and 2022 \$1,145 million), interest income of \$nil (2023 \$nil and 2022 \$11 million) and interest expense of \$513 million (2023 \$407 million and 2022 \$218 million). For 2022 PAEG includes depreciation and amortisation of \$1,039 million, interest income of \$29 million and interest expense of \$375 million.

b Azule Energy includes cash and cash equivalents of \$570 million (2023 \$603 million).

c Azule Energy includes current financial liabilities of \$3,417 million (2023 \$2,409 million).

d Azule Energy includes non-current financial liabilities of \$3,426 million (2023 \$4,735 million).

The group received dividends of \$463 million from Azule Energy Holdings Limited in 2024 (2023 \$708 million and 2022 \$500 million).

The group received dividends, net of withholding tax, of \$35 million from Pan American Energy Group S.L. in 2022.

The following table provides aggregated summarized financial information relating to the group's share of joint ventures.

	\$ million									
	bp share									
	2024			2023			2022			
	Azule Energy	Other	Total	Azule Energy	Other	Total	Azule Energy	PAEG	Other	Total
Sales and other operating revenues	2,705	12,164	14,869	2,582	13,705	16,287	1,137	3,204	9,770	14,111
Profit (loss) before interest and taxation	948	(74)	874	1,073	8	1,081	730	780	255	1,765
Finance costs	256	249	505	200	421	621	109	188	137	434
Profit (loss) before taxation	692	(323)	369	873	(413)	460	621	592	118	1,331
Taxation	188	(729)	(541)	173	219	392	81	54	67	202
Non-controlling interest	—	1	1	—	1	1	—	—	1	1
Profit (loss) for the year	504	405	909	700	(633)	67	540	538	50	1,128
Other comprehensive income	—	(3)	(3)	—	45	45	—	—	50	50
Total comprehensive income	504	402	906	700	(588)	112	540	538	100	1,178
Non-current assets	10,292	13,871	24,163	9,394	16,505	25,899				
Current assets	1,692	4,363	6,055	1,964	4,387	6,351				
Total assets	11,984	18,234	30,218	11,358	20,892	32,250				
Current liabilities	1,788	2,914	4,702	1,255	2,992	4,247				
Non-current liabilities	5,087	5,057	10,144	5,037	7,505	12,542				
Total liabilities	6,875	7,971	14,846	6,292	10,497	16,789				
Net assets	5,109	10,263	15,372	5,066	10,395	15,461				
Less: non-controlling interests	—	(11)	(11)	—	(15)	(15)				
	5,109	10,252	15,361	5,066	10,380	15,446				
Group investment in joint ventures										
Group share of net assets (as above)	5,109	10,252	15,361	5,066	10,380	15,446				
Cumulative impairment charge	—	(3,066)	(3,066)	—	(3,007)	(3,007)				
Loans made by group companies to joint ventures	—	(4)	(4)	—	(4)	(4)				
	5,109	7,182	12,291	5,066	7,369	12,435				

16. Investments in joint ventures – continued

Transactions between the group and its joint ventures are summarized below.

	\$ million					
	2024		2023		2022	
Sales to joint ventures	Sales	Amount receivable at 31 December	Sales	Amount receivable at 31 December	Sales	Amount receivable at 31 December
Product						
LNG, crude oil and oil products, natural gas	3,653	507	3,585	501	4,212	316
Purchases from joint ventures	Purchases	Amount payable at 31 December	Purchases	Amount payable at 31 December	Purchases	Amount payable at 31 December
Product						
LNG, crude oil and oil products, natural gas, refinery operating costs, plant processing fees	2,952	468	3,328	427	1,893	574

In the normal course of business, bp enters into various arm's length transactions with joint ventures including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts and agency agreements.

The terms of the outstanding balances receivable from joint ventures are typically 30 to 45 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the income statement in respect of bad or doubtful debts. Dividends receivable are not included in the table above.

The majority of sales to joint ventures in 2024 relate to heating oil, gasoline, diesel and lubricant product transactions with Mobene and Ocwen Energy. The majority of purchases from joint ventures in 2024 relate to crude oil and oil products transactions with Azule Energy.

bp's share of net impairment charges recognized by joint ventures in 2024 was \$477 million (2023 \$1,285 million and 2022 \$256 million) of which \$nil charge (2023 \$1,152 million and 2022 \$276 million) was in the gas and low carbon energy segment and \$477 million charge (2023 \$133 million charge and 2022 reversals of \$20 million) was in the oil production & operations segment. The 2023 charges in the gas and low carbon energy segment principally relate to the group's US offshore wind investments.

17. Investments in associates

The following table provides aggregated summarized financial information for the group's associates as it relates to the amounts recognized in the group income statement and on the group balance sheet. There were no individually material associates to the Group at 31 December 2024. On 27 February 2022, bp announced it would exit its shareholding in Rosneft and bp's two nominated Rosneft directors both stepped down from Rosneft's board. As a result, the significant judgement on significant influence over Rosneft was reassessed. Since the first quarter 2022, bp accounts for its interest in Rosneft and its other businesses with Rosneft within Russia, as financial assets measured at fair value within 'Other investments'. For further information see Note 1 *Significant judgements and estimate: investment in Rosneft*.

	\$ million				
	Income statement			Balance sheet	
	Earnings from associates - after interest and tax			Investments in associates	
	2024	2023	2022	2024	2023
Rosneft	—	—	528	—	—
Other associates	1,084	831	874	7,741	7,814
	1,084	831	1,402	7,741	7,814

The group recognized dividends, net of withholding tax, of \$nil from Rosneft in 2024 (2023 \$nil and 2022 \$nil).

17. Investments in associates – continued

Summarized financial information for the group's share of associates is shown below.

	\$ million bp share		
	2024	2023	2022
Sales and other operating revenues	12,859	11,396	14,841
Profit before interest and taxation	2,389	2,279	3,053
Finance costs	41	41	73
Profit (loss) before taxation	2,348	2,238	2,980
Taxation	1,264	1,407	1,498
Non-controlling interests	—	—	80
Profit (loss) for the year	1,084	831	1,402
Other comprehensive income	(9)	(237)	352
Total comprehensive income	1,075	594	1,754
Non-current assets	11,395	11,483	
Current assets	4,230	3,776	
Total assets	15,625	15,259	
Current liabilities	3,009	3,003	
Non-current liabilities	4,886	4,473	
Total liabilities	7,895	7,476	
Net assets	7,730	7,783	
Less: non-controlling interests	—	—	
	7,730	7,783	
Group investment in associates			
Group share of net assets (as above)	7,730	7,783	
Loans made by group companies to associates	11	31	
	7,741	7,814	

Transactions between the group and its associates are summarized below.

	\$ million					
Sales to associates	2024		2023		2022	
Product	Sales	Amount receivable at 31 December	Sales	Amount receivable at 31 December	Sales	Amount receivable at 31 December
LNG, crude oil and oil products, natural gas	844	148	1,009	368	1,042	417

	\$ million					
Purchases from associates	2024		2023		2022	
Product	Purchases	Amount payable at 31 December	Purchases	Amount payable at 31 December	Purchases	Amount payable at 31 December
Crude oil and oil products, natural gas, transportation tariff	7,034	2,223	5,473	2,607	6,199	2,086

In the normal course of business, bp enters into various arm's length transactions with associates including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts and agency agreements.

The terms of the outstanding balances receivable from associates are typically 30 to 45 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the income statement in respect of bad or doubtful debts. Dividends receivable are not included in the table above.

The majority of purchases from associates in 2024, 2023 and 2022 relate to crude oil and oil products transactions with Aker BP. Sales to associates are related to various entities.

bp has commitments amounting to \$7,921 million (2023 \$8,615 million), primarily in relation to contracts with its associates for the purchase of transportation capacity. For information on capital commitments in relation to associates see Note 13.

bp's share of impairment charges taken by associates in 2024 was \$14 million (2023 \$nil).

18. Other investments

	\$ million			
	2024		2023	
	Current	Non-current	Current	Non-current
Equity investments ^a	—	1,095	—	1,177
Contingent consideration	55	136	754	939
Other	110	61	89	73
	165	1,292	843	2,189

a The majority of equity investments are unlisted.

Unlisted equity investments are measured using observable recent market prices where available. The majority of investments are measured using models with inputs that may include recent share price data, discounted future cash flows and other available active market pricing data using the maximum available market information and bp's understanding of the associated company's performance and prospects. Contingent consideration relates to amounts arising on disposals which are financial assets classified as measured at fair value through profit or loss. The contingent consideration in 2023 principally relates to the disposal of our Alaskan business. On 4 October 2024, bp completed the sale of this contingent consideration.

19. Inventories

	\$ million	
	2024	2023
Crude oil	3,007	3,227
Natural gas	548	410
Emissions allowances	549	464
Refined petroleum and petrochemical products	6,627	7,413
	10,731	11,514
Trading inventories	8,977	9,850
Supplies	1,946	1,455
Biological assets	178	—
Solar projects	1,400	—
	23,232	22,819
Cost of inventories expensed in the income statement	113,941	119,307

The inventory valuation at 31 December 2024 is stated net of a provision of \$388 million (2023 \$497 million) to write down inventories to their net realizable value, of which \$199 million (2023 \$310 million) relates to hydrocarbon inventories. The net credit to the income statement in the year in respect of inventory net realizable value provisions was \$77 million (2023 \$87 million charge), of which \$104 million credit (2023 \$112 million charge) related to hydrocarbon inventories.

Trading inventories are valued using quoted benchmark prices adjusted as appropriate for location and quality differentials. They are predominantly categorized within level 2 of the fair value hierarchy.

20. Trade and other receivables

	\$ million			
	2024		2023	
	Current	Non-current	Current	Non-current
Financial assets				
Trade receivables	21,659	502	25,175	652
Amounts receivable from joint ventures and associates	655	—	843	26
Other receivables	3,524	808	3,936	722
	25,838	1,310	29,954	1,400
Non-financial assets				
Sales taxes and production taxes	1,165	356	1,028	355
Other receivables	124	149	141	12
	1,289	505	1,169	367
	27,127	1,815	31,123	1,767

In both 2024 and 2023 the group entered into non-recourse arrangements to discount certain receivables in support of supply and trading activities and the management of credit risk.

Trade and other receivables are predominantly non-interest bearing.

See Note 29 for further information.

21. Valuation and qualifying accounts

	\$ million					
	2024		2023		2022	
	Trade and other receivables	Fixed asset investments	Trade and other receivables	Fixed asset investments	Trade and other receivables	Fixed asset investments
At 1 January	1,424	3,183	636	3,050	584	169
Charged to costs and expenses	(90)	140	866	176	143	17,471
Charged to other accounts ^a	(7)	—	1	(1)	(8)	(27)
Deductions	(332)	(25)	(79)	(42)	(83)	(41)
Reclassifications	—	—	—	—	—	(14,522)
At 31 December	995	3,298	1,424	3,183	636	3,050

^a Principally exchange adjustments.

Valuation and qualifying accounts relating to trade and other receivables comprise expected credit loss allowances. The expected credit loss allowance comprises \$858 million (2023 \$1,301 million, 2022 \$513 million) relating to receivables that were credit-impaired at the end of the year and \$137 million (2023 \$123 million, 2022 \$123 million) relating to receivables that were not credit-impaired at the end of the year.

Valuation and qualifying accounts relating to fixed asset investments comprise impairment provisions for investments in equity-accounted entities. The amount charged to costs and expenses in 2022 principally relates to bp's investments in Rosneft and Pan American Energy Group S.L.. Amounts related to bp's investments in Rosneft and other businesses with Rosneft within Russia were reclassified in 2022 following bp's loss of significant influence.

Valuation and qualifying accounts are deducted in the balance sheet from the assets to which they apply. For further information on the group's credit risk management policies and how the group recognizes and measures expected losses see Note 29.

22. Trade and other payables

	\$ million			
	2024		2023	
	Current	Non-current	Current	Non-current
Financial liabilities				
Trade payables	38,636	—	42,406	—
Amounts payable to joint ventures and associates	2,690	1	3,034	—
Payables for capital expenditure and acquisitions	3,670	309	3,063	305
Payables related to the Gulf of America oil spill	1,126	6,830	1,130	7,602
Other payables	7,358	678	7,313	663
	53,480	7,818	56,946	8,570
Non-financial liabilities				
Sales taxes, customs duties, production taxes and social security	2,121	54	2,264	134
Other payables	2,810	1,537	1,945	1,372
	4,931	1,591	4,209	1,506
	58,411	9,409	61,155	10,076

Materially all of bp's trade payables have payment terms of less than 60 days and give rise to operating cash flows.

Trade and other payables, other than those relating to the Gulf of America oil spill, are predominantly interest free. See Note 29 (c) for further information.

Payables related to the Gulf of America oil spill include amounts payable under the 2016 consent decree and settlement agreement with the United States and five Gulf coast states, including amounts payable for natural resource damages, state claims and Clean Water Act penalties. On a discounted basis the amounts included in payables related to the Gulf of America oil spill for these elements of the agreements are \$3,450 million payable over 8 years, \$1,926 million payable over 9 years and \$2,549 million payable over 8 years respectively at 31 December 2024. Reported within net cash provided by operating activities in the group cash flow statement is a net cash outflow of \$1,192 million (2023 outflow of \$1,280 million, 2022 outflow of \$1,370 million) related to the Gulf of America oil spill, which includes payments made in relation to these agreements. For full details of these agreements, see bp Annual Report and Form 20-F 2015 - Legal Proceedings.

Payables related to the Gulf of America oil spill at 31 December 2024 also include amounts payable for settled economic loss and property damage claims which are payable over a period of up to three years.

23. Provisions

	\$ million					
	Decommissioning	Environmental	Litigation and claims	Emissions	Other ^c	Total
At 1 January 2024	12,372	1,614	727	3,025	1,401	19,139
Exchange adjustments	(53)	(9)	(9)	(58)	(67)	(196)
Acquisitions	—	—	29	—	11	40
New and increase in existing provisions ^a	942	254	125	1,931	1,445	4,697
Write-back of unused provisions ^a	—	(35)	(18)	(339)	(333)	(725)
Unwinding of discount ^b	499	61	20	—	37	617
Change in discount rate	(886)	(38)	(22)	—	(7)	(953)
Utilization	(52)	(287)	(151)	(2,229)	(479)	(3,198)
Reclassified to other payables	(591)	(21)	—	—	(6)	(618)
Reclassified as liabilities directly associated with assets held for sale	(40)	—	—	—	(5)	(45)
Deletions	(433)	(21)	—	—	(16)	(470)
At 31 December 2024	11,758	1,518	701	2,330	1,981	18,288
Of which – current	641	351	109	1,877	622	3,600
– non-current	11,117	1,167	592	453	1,359	14,688

a Recognized in the Group income statement, other than changes in decommissioning provisions related to owned assets.

b Recognized in the Group income statement

c Other includes provisions for onerous contracts and restructuring costs.

The decommissioning provision primarily comprises the future cost of decommissioning oil and natural gas wells, facilities and related pipelines. The environmental provision includes provisions for costs related to the control, abatement, clean-up or elimination of environmental pollution relating to soil, groundwater, surface water and sediment contamination. The litigation and claims category includes provisions for matters related to, for example, commercial disputes, product liability, and allegations of exposures of third parties to toxic substances. Emissions provisions primarily relate to obligations under the U.S. Environmental Protection Agency Renewable Fuel Standard Program and are driven by the amount of the obligations outstanding and current price of the related credits. The provision will principally be settled through allowances already held as inventory in the group balance sheet.

For information on significant estimates and judgements made in relation to provisions, see Provisions and contingencies within Note 1.

Gulf of America oil spill

The group has recognized certain assets, payables and provisions and incurs certain residual costs relating to the Gulf of America oil spill that occurred in 2010. For further information see Notes 7, 22, 29, 33. The litigation and claims provision presented in the table above includes the latest estimate for the remaining costs associated with the Gulf of America oil spill. The amounts payable may differ from the amount provided and the timing of payments is uncertain.

24. Pensions and other post-employment benefits

Most group companies have pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. Pension benefits may be provided through defined contribution plans (money purchase schemes) or defined benefit plans (final salary and other types of schemes with committed pension benefit payments). For defined contribution plans, retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. For defined benefit plans, retirement benefits are based on such factors as an employee's pensionable salary and length of service. Defined benefit plans may be funded or unfunded. The assets of funded plans are generally held in separately administered trusts.

For information on significant estimates and judgements made in relation to accounting for these plans see Pensions and other post-employment benefits in Note 1.

The defined benefit pension obligation in the UK consists primarily of a closed funded final salary pension plan under which retired employees draw the majority of their benefit as an annuity. This pension plan is governed by a corporate trustee whose board is composed of four member-nominated directors, four company-nominated directors, one independent director and one independent chair nominated by the company. The trustee board is required by law to act in the best interests of the plan participants and is responsible for setting certain policies, such as investment policies of the plan.

Employees in the UK are eligible for membership of defined contribution plans established with third-party providers.

In the US, all pension benefits now accrue under a cash balance formula. Benefits previously accrued under final salary formulas are legally protected. Retiring US employees typically take their pension benefit in the form of a lump sum payment upon retirement. The plan is funded and its assets are overseen by a fiduciary Investment Committee. At the end of 2024 the committee was composed of five bp employees appointed by the president of bp Corporation North America Inc. (the appointing officer). The Investment Committee is required by law to act in the best interests of the plan participants and is responsible for setting certain policies, such as the investment policies of the plan. US employees are also eligible to participate in a defined contribution (401k) plan in which employee contributions are matched with company contributions.

In the US, group companies also provide post-employment healthcare to eligible retired employees and their dependants (and, in certain legacy cases, life insurance coverage); the entitlement to these benefits is based on the date of hire, the employee remaining in service until a specified age and completion of a minimum period of service.

In the Eurozone, there are defined benefit pension plans in Germany, France, the Netherlands and other countries. In Germany and France, the majority of the pensions are unfunded. In Germany, the group's largest Eurozone plan, employees receive a pension and also have a choice to supplement their core pension through salary sacrifice. For employees who joined since 2002, the core pension benefit is a career average plan with retirement benefits based on such factors as an employee's pensionable salary and length of service. The returns on the notional contributions made by both the company and employees are based on the interest rate which is set out in German tax law. Retired German employees take their pension benefit typically in the form of an annuity. The German plans are governed by legal agreements between bp and the works council or between bp and the trade union.

The level of contributions to funded defined benefit plans is the amount needed to provide adequate funds to meet pension obligations as they fall due. During 2024 the aggregate level of contributions was \$69 million (2023 \$42 million and 2022 \$74 million). The aggregate level of contributions in 2025 is expected to be approximately \$150 million and includes contributions in all countries that we expect to be required to make contributions by law or under contractual agreements, as well as an allowance for discretionary funding.

For the primary UK defined benefit plan there is a funding agreement between the group and the trustee. On a three year cycle a schedule of contributions is agreed covering the next five years. The schedule of contributions is next scheduled to be updated after the 31 December 2026 formal actuarial valuation. No contractually committed funding was due at 31 December 2024.

The surplus relating to the primary UK defined benefit pension plan is recognized on the balance sheet on the basis that the company is entitled to a refund of any remaining assets once all members have left the plan.

Minimum pension funding in the US is determined by legislation and is supplemented by discretionary contributions. No contributions were made into the US pension plan in 2024 and no statutory funding requirement is expected in the next 12 months.

The surplus relating to the US pension fund is recognized on the balance sheet on the basis that economic benefit can be gained from the surplus through a reduction in future contributions.

There was no minimum funding requirement for the US plan, and no significant minimum funding requirements in other countries at 31 December 2024.

The obligation and cost of providing pensions and other post-employment benefits is assessed annually using the projected unit credit method. The date of the most recent actuarial review was 31 December 2024. The UK defined benefit plans are subject to a formal actuarial valuation every three years; valuations are required more frequently in many other countries. The most recent formal actuarial valuation of the primary UK defined benefit pension plan was as at 31 December 2023. A valuation of the US plan and largest Eurozone plans are carried out annually.

24. Pensions and other post-employment benefits – continued

The material financial assumptions used to estimate the benefit obligations of the various plans are set out below. The assumptions are reviewed by management at the end of each year and are used to evaluate the accrued benefit obligation at 31 December and pension expense for the following year.

	%								
Financial assumptions used to determine benefit obligation	UK			US			Eurozone		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Discount rate for plan liabilities	5.5	4.8	5.0	5.6	5.0	5.2	3.5	3.6	4.2
Rate of increase for pensions in payment	2.9	2.8	2.9	—	—	—	1.8	2.1	1.8
Rate of increase in deferred pensions	2.9	2.8	2.9	—	—	—	0.6	0.7	0.6
Inflation for plan liabilities	3.1	3.0	3.1	2.0	2.0	2.0	2.0	2.4	2.1

	%								
Financial assumptions used to determine benefit expense	UK			US			Eurozone		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Discount rate for plan service cost ^a	N/A	N/A	N/A	5.0	5.2	2.8	3.7	4.3	1.7
Discount rate for plan other finance expense	4.8	5.0	1.8	5.0	5.2	2.7	3.6	4.2	1.3
Inflation for plan service cost ^a	N/A	N/A	N/A	2.0	2.0	2.1	2.4	2.1	1.6

a UK discount rate and inflation rate assumptions are not relevant in determining the benefit expense for the closed UK plan. Rates for the remaining small worldwide plan administered/reported through the UK are 5.0% (2023 5.0% and 2022 2.5%) and 1.9% (2023 1.9% and 2022 2.2%) respectively.

The discount rate assumptions are based on third-party AA corporate bond indices and for our largest plans in the UK, US and the Eurozone we use yields that reflect the maturity profile of the expected benefit payments. The inflation rate assumptions for our UK and US plans are based on the difference between the yields on index-linked and fixed-interest long-term government bonds. In other countries, including the Eurozone, we use this approach, or advice from the local actuary depending on the information available. The inflation assumptions are used to determine the rate of increase for pensions in payment and the rate of increase in deferred pensions where there is such an increase.

In addition to the financial assumptions, we regularly review the demographic and mortality assumptions. The mortality assumptions reflect best practice in the countries in which we provide pensions and have been chosen with regard to applicable published tables adjusted where appropriate to reflect the experience of the group and an extrapolation of past longevity improvements into the future. bp's most substantial pension liabilities are in the UK, the US and the Eurozone where our mortality assumptions are as follows:

	Years								
Mortality assumptions	UK			US			Eurozone		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Life expectancy at age 60 for a male currently aged 60	27.0	27.4	26.9	25.1	25.0	25.0	26.2	26.1	26.0
Life expectancy at age 60 for a male currently aged 40	28.9	29.2	28.5	26.8	26.7	26.6	28.6	28.6	28.5
Life expectancy at age 60 for a female currently aged 60	29.0	29.2	28.8	28.1	28.1	28.0	29.5	29.3	29.3
Life expectancy at age 60 for a female currently aged 40	30.5	30.6	30.6	29.6	29.6	29.5	31.7	31.6	31.4

Pension plan assets are generally held in trusts, the primary objective of which is to accumulate assets sufficient to meet the obligations of the plans. The assets of the trusts are invested in a manner consistent with fiduciary obligations and principles that reflect current practices in portfolio management.

A proportion of the assets are held in equities, which are expected to generate a higher level of return over the long term, with an acceptable level of risk. In order to provide reasonable assurance that no single security or type of security has an unwarranted impact on the total portfolio, the investment portfolios are highly diversified.

The trustee's long-term investment objective for the primary UK defined benefit plan as it matures is to invest in assets whose value changes in the same way as the plan liabilities, in order to reduce the level of funding risk. To move towards this objective, the UK plan uses a liability driven investment (LDI) approach for part of the portfolio, investing primarily in government bonds to achieve this matching effect for the most significant plan liability assumptions of interest rate and inflation rate. This is partly funded by short-term sale and repurchase agreements, whereby the plan borrows money using existing bonds as security and which will be bought back at a specified price at an agreed future date. The funds raised are used to invest in further bonds to increase the proportion of assets which match the plan liabilities. The borrowings are shown separately in the analysis of pension plan assets in the table below.

For the primary UK defined benefit plan there is an agreement with the trustee to at least maintain the proportion of assets with liability matching characteristics and review over time. There is a similar agreement in place for the primary US plan. During 2024, the asset allocation policies of the primary UK and US plans remained unchanged.

The current asset allocation policy for the major plans at 31 December 2024 was as follows:

	UK	US
Asset category	%	%
Total equity (including private equity)	8	19
Bonds/cash (including LDI)	85	81
Property/real estate	7	—

24. Pensions and other post-employment benefits – continued

The amounts invested under the LDI programme by the primary UK pension plan as at 31 December 2024 were \$4,970 million (2023 \$6,215 million) of government-issued nominal bonds and \$11,105 million (2023 \$13,177 million) of index-linked bonds.

Some of the group's pension plans in the Eurozone and other countries use derivative financial instruments as part of their asset mix to manage the level of risk. The fair value of these instruments is included in other assets in the table below.

The group's main pension plans do not invest directly in either securities or property/real estate of the company or of any subsidiary.

The fair values of the various categories of assets held by the defined benefit plans at 31 December are presented in the table below, including the effects of derivative financial instruments. Movements in the fair value of plan assets during the year are shown in detail in the table on page 190.

	\$ million				
	UK ^a	US ^b	Eurozone	Other	Total
Fair value of pension plan assets					
At 31 December 2024					
Listed equities – developed markets	963	113	341	230	1,647
– emerging markets	32	13	55	75	175
Private equity ^c	1,916	950	–	2	2,868
Government issued nominal bonds ^d	5,027	1,317	690	223	7,257
Government issued index-linked bonds ^d	11,105	–	78	7	11,190
Corporate bonds ^d	6,088	2,763	605	261	9,717
Property ^e	2,344	–	84	19	2,447
Cash	416	67	100	78	661
Other	1,039	36	54	14	1,143
Debt (repurchase agreements) used to fund liability driven investments	(5,664)	–	–	–	(5,664)
	23,266	5,259	2,007	909	31,441
At 31 December 2023					
Listed equities – developed markets	862	97	333	232	1,524
– emerging markets	28	12	51	66	157
Private equity ^c	2,022	1,014	–	2	3,038
Government issued nominal bonds ^d	6,285	1,457	746	285	8,773
Government issued index-linked bonds ^d	13,177	–	88	–	13,265
Corporate bonds ^d	6,144	2,802	605	166	9,717
Property ^e	2,437	–	92	17	2,546
Cash	453	59	82	85	679
Other ^f	1,123	33	55	391	1,602
Debt (repurchase agreements) used to fund liability driven investments	(6,485)	–	–	–	(6,485)
	26,046	5,474	2,052	1,244	34,816
At 31 December 2022					
Listed equities – developed markets	1,252	127	299	213	1,891
– emerging markets	117	17	48	71	253
Private equity ^c	2,715	1,126	–	2	3,843
Government issued nominal bonds ^d	4,039	1,370	682	263	6,354
Government issued index-linked bonds ^d	11,945	–	79	–	12,024
Corporate bonds ^d	6,317	2,569	563	146	9,595
Property ^e	2,297	–	89	18	2,404
Cash	567	175	61	116	919
Other ^f	1,088	33	56	357	1,534
Debt (repurchase agreements) used to fund liability driven investments	(5,290)	–	–	–	(5,290)
	25,047	5,417	1,877	1,186	33,527

a Bonds held by the UK pension plans are denominated in sterling or hedged back to sterling to minimize foreign currency exposure. Property held by the UK pension plans is in the United Kingdom.

b Bonds held by the US pension plans are denominated in US dollars or hedged back to USD to minimize foreign currency exposure.

c Private equity is valued at fair value based on the most recent transaction price or third-party net asset, revenue or earnings based valuations that generally result in the use of significant unobservable inputs.

d Bonds held by pension plans are predominantly valued using observable market data based inputs other than quoted market prices in active markets.

e Properties are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party professional valuers that generally result in the use of significant unobservable inputs.

f Other included insurance policies arising from annuity buy-in in Canada amounting to \$374 million in 2023 (2022 \$341 million). Completion of a buy-out in 2024 reduced these amounts to nil.

24. Pensions and other post-employment benefits – continued

	\$ million				
					2024
	UK	US	Eurozone	Other	Total
Analysis of the amount charged to profit or loss					
Current service cost ^a	48	160	62	23	293
Past service cost ^b	—	—	(1)	—	(1)
Settlement ^b	(1)	—	—	—	(1)
Operating charge (credit) relating to defined benefit plans	47	160	61	23	291
Payments to defined contribution plans	161	192	8	35	396
Total operating charge (credit)	208	352	69	58	687
Interest income on plan assets ^a	(1,218)	(267)	(70)	(49)	(1,604)
Interest on plan liabilities	909	283	184	60	1,436
Other finance (income) expense	(309)	16	114	11	(168)
Analysis of the amount recognized in other comprehensive income					
Actual asset return less interest income on plan assets	(2,388)	(239)	65	83	(2,479)
Change in financial assumptions underlying the present value of the plan liabilities	1,496	403	103	(48)	1,954
Change in demographic assumptions underlying the present value of the plan liabilities	194	(8)	1	2	189
Experience gains and losses arising on the plan liabilities	15	(34)	2	(7)	(24)
Remeasurements recognized in other comprehensive income	(683)	122	171	30	(360)
Movements in benefit obligation during the year					
Benefit obligation at 1 January	19,579	5,837	5,537	1,371	32,324
Exchange adjustments	(352)	—	(355)	(66)	(773)
Operating charge relating to defined benefit plans	47	160	61	23	291
Interest cost	909	283	184	60	1,436
Contributions by plan participants	7	—	2	7	16
Benefit payments (funded plans) ^c	(1,153)	(243)	(89)	(427)	(1,912)
Benefit payments (unfunded plans) ^c	(8)	(152)	(232)	(12)	(404)
Disposals	—	—	—	(2)	(2)
Remeasurements	(1,705)	(361)	(106)	53	(2,119)
Benefit obligation at 31 December^{a,d}	17,324	5,524	5,002	1,007	28,857
Movements in fair value of plan assets during the year					
Fair value of plan assets at 1 January	26,046	5,474	2,052	1,244	34,816
Exchange adjustments	(473)	—	(139)	(61)	(673)
Interest income on plan assets ^{a,e}	1,218	267	70	49	1,604
Contributions by plan participants	7	—	2	7	16
Contributions by employers (funded plans)	9	—	46	14	69
Benefit payments (funded plans) ^c	(1,153)	(243)	(89)	(427)	(1,912)
Remeasurements ^e	(2,388)	(239)	65	83	(2,479)
Fair value of plan assets at 31 December ^f	23,266	5,259	2,007	909	31,441
Surplus (deficit) at 31 December	5,942	(265)	(2,995)	(98)	2,584
Represented by					
Asset recognized	6,083	1,009	273	92	7,457
Liability recognized	(141)	(1,274)	(3,268)	(190)	(4,873)
	5,942	(265)	(2,995)	(98)	2,584
The surplus (deficit) may be analysed between funded and unfunded plans as follows					
Funded	6,083	1,009	261	48	7,401
Unfunded	(141)	(1,274)	(3,256)	(146)	(4,817)
	5,942	(265)	(2,995)	(98)	2,584
The defined benefit obligation may be analysed between funded and unfunded plans as follows					
Funded	(17,183)	(4,250)	(1,746)	(861)	(24,040)
Unfunded	(141)	(1,274)	(3,256)	(146)	(4,817)
	(17,324)	(5,524)	(5,002)	(1,007)	(28,857)

a The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-employment benefit plans are included in the benefit obligation. Following the closure of the primary UK pension plan, current service cost in the UK consists of \$38 million of costs of administering that plan and \$10 million of current service cost from the remaining small worldwide plans administered and reported through the UK.

b Past service costs predominantly reflect minor plan changes in France. Settlements represent changes in small worldwide plans administered and reported throughout the UK.

c The benefit payments amount shown above comprises \$1,907 million benefits and \$352 million settlements relating to the buy-out in Canada, plus \$57 million of plan expenses incurred in the administration of the benefit.

d The benefit obligation for the US is made up of \$4,428 million for pension liabilities and \$1,096 million for other post-employment benefit liabilities (which are unfunded and are primarily retiree medical liabilities). The benefit obligation for the Eurozone includes \$3,086 million for pension liabilities in Germany which is largely unfunded.

e The actual return on plan assets is made up of the sum of the interest income on plan assets and the remeasurement of plan assets as disclosed above.

f The fair value of plan assets includes borrowings related to the LDI programme as described on page 189.

24. Pensions and other post-employment benefits – continued

	\$ million				
	2023				
	UK	US	Eurozone	Other	Total
Analysis of the amount charged to profit or loss					
Current service cost ^a	44	156	47	21	268
Past service cost ^b	4	—	5	(2)	7
Settlement ^b	—	—	—	3	3
Operating charge (credit) relating to defined benefit plans	48	156	52	22	278
Payments to defined contribution plans	132	158	7	36	333
Total operating charge (credit)	180	314	59	58	611
Interest income on plan assets ^a	(1,259)	(274)	(78)	(56)	(1,667)
Interest on plan liabilities	869	297	194	66	1,426
Other finance (income) expense	(390)	23	116	10	(241)
Analysis of the amount recognized in other comprehensive income					
Actual asset return less interest income on plan assets	(677)	45	82	28	(522)
Change in financial assumptions underlying the present value of the plan liabilities	(649)	28	(508)	(24)	(1,153)
Change in demographic assumptions underlying the present value of the plan liabilities	(230)	(5)	8	—	(227)
Experience gains and losses arising on the plan liabilities	(320)	45	(84)	(1)	(360)
Remeasurements recognized in other comprehensive income	(1,876)	113	(502)	3	(2,262)
Movements in benefit obligation during the year					
Benefit obligation at 1 January	17,480	5,880	4,799	1,343	29,502
Exchange adjustments	1,056	—	215	30	1,301
Operating charge relating to defined benefit plans	48	156	52	22	278
Interest cost	869	297	194	66	1,426
Contributions by plan participants	6	—	2	5	13
Benefit payments (funded plans) ^c	(1,071)	(262)	(79)	(81)	(1,493)
Benefit payments (unfunded plans) ^c	(8)	(166)	(230)	(25)	(429)
Reclassified as assets held for sale	—	—	—	(14)	(14)
Remeasurements	1,199	(68)	584	25	1,740
Benefit obligation at 31 December^{a,d}	19,579	5,837	5,537	1,371	32,324
Movements in fair value of plan assets during the year					
Fair value of plan assets at 1 January	25,047	5,417	1,877	1,186	33,527
Exchange adjustments	1,462	—	81	39	1,582
Interest income on plan assets ^{a,e}	1,259	274	78	56	1,667
Contributions by plan participants	6	—	2	5	13
Contributions by employers (funded plans)	20	—	11	11	42
Benefit payments (funded plans) ^c	(1,071)	(262)	(79)	(81)	(1,493)
Remeasurements ^e	(677)	45	82	28	(522)
Fair value of plan assets at 31 December ^f	26,046	5,474	2,052	1,244	34,816
Surplus (deficit) at 31 December	6,467	(363)	(3,485)	(127)	2,492
Represented by					
Asset recognized	6,631	1,133	120	64	7,948
Liability recognized	(164)	(1,496)	(3,605)	(191)	(5,456)
	6,467	(363)	(3,485)	(127)	2,492
The surplus (deficit) may be analysed between funded and unfunded plans as follows					
Funded	6,631	1,133	104	29	7,897
Unfunded	(164)	(1,496)	(3,589)	(156)	(5,405)
	6,467	(363)	(3,485)	(127)	2,492
The defined benefit obligation may be analysed between funded and unfunded plans as follows					
Funded	(19,415)	(4,341)	(1,948)	(1,215)	(26,919)
Unfunded	(164)	(1,496)	(3,589)	(156)	(5,405)
	(19,579)	(5,837)	(5,537)	(1,371)	(32,324)

- a The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-employment benefit plans are included in the benefit obligation. Following the closure of the primary UK pension plan, current service cost in the UK consists of \$34 million of costs of administering that plan and \$10 million of current service cost from the remaining small worldwide plans administered and reported through the UK.
- b Past service costs predominantly represent largely offsetting income and costs due to the removal of some benefits for members in Turkish plans and their replacement with new arrangements administered and reported through the UK. There was also a \$5 million past service cost in France relating to statutory retirement age changes. Settlements represent charges for special termination benefits arising as a result of early retirements.
- c The benefit payments amount shown above comprises \$1,858 million benefits and \$10 million settlements, plus \$54 million of plan expenses incurred in the administration of the benefit.
- d The benefit obligation for the US is made up of \$4,527 million for pension liabilities and \$1,310 million for other post-employment benefit liabilities (which are unfunded and are primarily retiree medical liabilities). The benefit obligation for the Eurozone includes \$3,393 million for pension liabilities in Germany which is largely unfunded.
- e The actual return on plan assets is made up of the sum of the interest income on plan assets and the remeasurement of plan assets as disclosed above.
- f The fair value of plan assets includes borrowings related to the LDI programme as described on page 189.

24. Pensions and other post-employment benefits – continued

	\$ million				
	2022				
	UK	US	Eurozone	Other	Total
Analysis of the amount charged to profit or loss					
Current service cost ^a	41	219	87	25	372
Past service cost ^b	23	—	(1)	(21)	1
Settlement ^b	(8)	—	—	(4)	(12)
Operating charge (credit) relating to defined benefit plans	56	219	86	—	361
Payments to defined contribution plans	110	132	6	36	284
Total operating charge (credit)	166	351	92	36	645
Interest income on plan assets ^a	(694)	(189)	(34)	(44)	(961)
Interest on plan liabilities	529	217	85	61	892
Other finance (income) expense	(165)	28	51	17	(69)
Analysis of the amount recognized in other comprehensive income					
Actual asset return less interest income on plan assets	(12,955)	(1,581)	(507)	(151)	(15,194)
Change in financial assumptions underlying the present value of the plan liabilities	11,531	2,195	1,903	221	15,850
Change in demographic assumptions underlying the present value of the plan liabilities	47	—	(14)	(15)	18
Experience gains and losses arising on the plan liabilities	(146)	(15)	(159)	(14)	(334)
Remeasurements recognized in other comprehensive income	(1,523)	599	1,223	41	340

a The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-employment benefit plans are included in the benefit obligation. Following the closure of the primary UK pension plan, current service cost in the UK consists of \$30 million of costs of administering that plan and \$11 million of current service cost from the remaining small worldwide plans administered and reported through the UK.

b Past service costs predominantly represent largely offsetting income and costs due to the removal of some benefits for members in Turkish plans and their replacement with new arrangements administered and reported through the UK. Settlements reflect costs associated with buyouts in Canada and in certain other small worldwide plans administered and reported through the UK.

Sensitivity analysis

The discount rate, inflation and the mortality assumptions all have a significant effect on the amounts reported. A one-percentage point change, in isolation, in certain assumptions as at 31 December 2024 for the group's pensions and other post-employment benefit expense would have had the effects shown in the tables below. The effects shown for the expense in 2025 comprise the total of current service cost and net finance income or expense.

	\$ million					
	UK		US		One percentage point Eurozone	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate^a						
Effect on expense in 2025	(180)	162	(41)	46	(11)	7
Effect on obligation at 31 December 2024	(1,817)	2,219	(411)	578	(567)	691
Inflation rate^b						
Effect on expense in 2025	81	(77)	7	(6)	32	(26)
Effect on obligation at 31 December 2024	1,460	(1,390)	38	(32)	532	(460)

a The amounts presented reflect that the discount rate is used to determine the asset interest income as well as the interest cost on the obligation.

b The amounts presented reflect the total impact of an inflation rate change on the assumptions for rate of increase in salaries, pensions in payment and deferred pensions.

	\$ million		
	One year increase		
	UK	US	Eurozone
Longevity			
Effect on expense in 2025	32	3	9
Effect on obligation at 31 December 2024	582	54	196

Estimated future benefit payments and the weighted average duration of defined benefit obligations

The expected benefit payments, which reflect expected future service, as appropriate, but exclude plan expenses, and the weighted average duration of the defined benefit obligations at 31 December 2024 are as follows:

	\$ million				
	UK	US	Eurozone	Other	Total
Estimated future benefit payments					
2025	1,081	464	305	80	1,930
2026	1,107	452	295	76	1,930
2027	1,127	453	293	76	1,949
2028	1,140	443	289	77	1,949
2029	1,160	446	284	77	1,967
2030 - 2034	5,892	2,260	1,317	399	9,868
					Years
Weighted average duration	11.7	8.8	13.3	12.5	

25. Cash and cash equivalents

	\$ million	
	2024	2023
Cash	16,414	16,683
Triparty repos and term bank deposits	14,453	9,788
Other cash equivalents	8,337	6,559
	39,204	33,030

Cash and cash equivalents comprise cash in hand; current balances with banks and similar institutions; deposits and triparty repos of three months or less with banks and similar institutions; money market funds and treasury bills. The carrying amounts of cash, triparty repos, term bank deposits and treasury bills approximate their fair values. Substantially all of the other cash equivalents are categorized within level 1 of the fair value hierarchy.

Cash and cash equivalents at 31 December 2024 includes \$4,844 million (2023 \$5,282 million) that is restricted. The restricted cash balances include amounts required to cover initial margin on trading exchanges and certain cash balances which are subject to exchange controls.

The group holds \$5,774 million (2023 \$7,174 million) of cash and cash equivalents outside the UK and it is not expected that any significant tax will arise on repatriation.

26. Finance debt

	\$ million					
	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings	4,474	55,073	59,547	3,284	48,670	51,954

The main elements of current borrowings are the current portion of long-term borrowings that is due to be repaid in the next 12 months of \$3,793 million (2023 \$2,688 million) and issued commercial paper of \$500 million (2023 \$456 million). Finance debt does not include accrued interest of \$585 million (2023 \$495 million), which is reported within other payables.

The following table shows the weighted-average interest rates achieved through a combination of borrowings and derivative financial instruments entered into to manage interest rate and currency exposures.

	Fixed rate debt			Floating rate debt		Total
	Weighted average interest rate %	Weighted average time for which rate is fixed Years	Amount \$ million	Weighted average interest rate %	Amount \$ million	Amount \$ million
						2024
US dollar	4	8	41,145	5	17,847	58,992
Other currencies	6	3	396	6	159	555
			41,541		18,006	59,547
						2023
US dollar	4	13	33,511	8	18,134	51,645
Other currencies	6	7	205	10	104	309
			33,716		18,238	51,954

Fair values

The estimated fair value of finance debt is shown in the table below together with the carrying amount as reflected in the balance sheet.

Long-term borrowings in the table below include the portion of debt that matures in the 12 months from 31 December 2024, whereas in the group balance sheet the amount is reported within current finance debt.

The carrying amount of the group's short-term borrowings, comprising mainly of commercial paper, approximates their fair value. The fair values of the significant majority of the group's long-term borrowings are determined using quoted prices in active markets, and so fall within level 1 of the fair value hierarchy. Where quoted prices are not available, quoted prices for similar instruments in active markets are used and such measurements are therefore categorized in level 2 of the fair value hierarchy.

	\$ million			
	2024		2023	
	Fair value	Carrying amount	Fair value	Carrying amount
Short-term borrowings	681	681	596	596
Long-term borrowings	54,285	58,866	48,199	51,358
Total finance debt	54,966	59,547	48,795	51,954

27. Capital disclosures and net debt

The group defines capital as total equity plus net debt. Our financial framework seeks to support the pursuit of value growth for shareholders while maintaining a secure financial base.

The group monitors capital on the basis of gearing, that is, the ratio of net debt to the total of net debt plus total equity. Net debt is calculated as finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt for which hedge accounting is applied, less cash and cash equivalents. Net debt and gearing are non-IFRS measures. bp believes these measures provide useful information to investors. Net debt enables investors to see the economic effect of finance debt, related hedges and cash and cash equivalents in total. Gearing enables investors to see how significant net debt is relative to total equity. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. All components of equity are included in the denominator of the calculation.

At 31 December 2024, gearing was 22.7% (2023 19.7%).

	\$ million	
	2024	2023
At 31 December		
Finance debt	59,547	51,954
Less: fair value asset (liability) of hedges related to finance debt ^a	(2,654)	(1,988)
	62,201	53,942
Less: cash and cash equivalents	39,204	33,030
Net debt	22,997	20,912
Total equity	78,318	85,493
Gearing	22.7%	19.7%

a Derivative financial instruments entered into for the purpose of managing foreign currency exchange risk associated with net debt with a fair value liability position of \$166 million (2023 liability of \$73 million) are not included in the calculation of net debt shown above as hedge accounting was not applied for these instruments.

Certain subsidiaries in the group have externally imposed capital requirements and have been in compliance with these requirements throughout the year.

An analysis of changes in liabilities arising from financing activities is provided below.

	\$ million				
	Finance debt	Currency swaps ^a	Lease liabilities	Net partner payable for leases entered into on behalf of joint operations	Total liabilities arising from financing activities
At 1 January 2024	51,954	2,978	11,121	30	66,083
Exchange adjustments	(39)	—	(272)	(1)	(312)
Net financing cash flow	4,761	(27)	(2,833)	(14)	1,887
Fair value (gains) losses	(840)	1,162	—	—	322
New and remeasured leases/joint operations payables	—	—	3,441	24	3,465
Other movements ^b	3,711	—	543	(2)	4,252
At 31 December 2024	59,547	4,113	12,000	37	75,697
At 1 January 2023	46,944	5,312	8,549	42	60,847
Exchange adjustments	33	—	132	1	166
Net financing cash flow	3,040	(213)	(2,560)	(22)	245
Fair value (gains) losses	1,389	(2,065)	—	—	(676)
New and remeasured leases/joint operations payables	—	—	4,956	10	4,966
Other movements ^c	548	(56)	44	(1)	535
At 31 December 2023	51,954	2,978	11,121	30	66,083

a Currency swaps include cross currency interest rate swaps.

b Includes \$3,726 million of finance debt and \$585 million of lease liabilities acquired as part of the Lightsources bp and bp Bunge Bioenergia business combinations.

c Includes \$545 million of finance debt acquired as part of the TravelCenters of America business combination.

The finance debt and currency swap balances above do not include accrued interest, which is reported within other receivables and other payables on the balance sheet and for which the associated cash flows are presented as operating cash flows in the group cash flow statement. The currency swaps are reported on the balance sheet within the headings 'Derivative financial instruments' and are subsets of both derivatives held for trading and derivatives designated in fair value hedge relationships as detailed in Note 30. When hedge accounting is applied to these derivatives they are included in the calculation of net debt shown above.

In addition to the liabilities included in the table above the group has accrued \$922 million (2023 \$746 million) at the balance sheet date for shares repurchased between the end of the reporting period and 11 February 2025. \$7,127 million (2023 \$7,918 million) is included in financing activities in the group cash flow statement for the cash used to repurchase shares during the year.

28. Leases

The group leases a number of assets as part of its activities. This primarily includes drilling rigs in the oil production & operations and gas & low carbon energy segments and retail service stations, oil depots and storage tanks in the customer & products segment as well as office accommodation and vessel charters across the group. The weighted-average remaining lease term for the total lease portfolio is around 8 years (2023 7 years). Some leases have payments that vary with market interest or inflation rates. Certain leases contain residual value guarantees, which may be triggered in certain circumstances such as if market values have significantly declined at the conclusion of the lease.

The table below shows the timing of the undiscounted cash outflows for the lease liabilities included on the balance sheet.

	\$ million	
	2024	2023
Undiscounted lease liability cash flows due:		
Within 1 year	3,237	3,038
1 to 2 years	2,418	2,177
2 to 3 years	1,798	1,386
3 to 4 years	1,394	1,139
4 to 5 years	1,099	947
5 to 10 years	3,039	3,045
Over 10 years	1,283	1,348
	14,268	13,080
Impact of discounting	(2,268)	(1,959)
Lease liabilities at 31 December	12,000	11,121
Of which – current	2,660	2,650
– non-current	9,340	8,471

The group may enter into lease arrangements a number of years before taking control of the underlying asset due to construction lead times or to secure future operational requirements. The total undiscounted amount for future commitments for leases not yet commenced as at 31 December 2024 is \$5,311 million (2023 \$5,507 million). The majority of this future commitment relates to the floating LNG vessel to service the Greater Tortue Ahmeyim project from 2025.

	\$ million	
	2024	2023
Total cash outflow for amounts included in lease liabilities	3,283	2,904
Expense for variable payments not included in the lease liability ^a	45	27
Short-term lease expense ^a	499	657
Additions to right-of-use assets in the period	3,781	5,015

^a The cash outflows for amounts not included in lease liabilities approximate the income statement expenses disclosed above.

An analysis of right-of-use assets and depreciation is provided in Note 12. An analysis of lease interest expense is provided in Note 7.

29. Financial instruments and financial risk factors

The accounting classification of each category of financial instruments and their carrying amounts are set out below.

		\$ million			
	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Derivative hedging instruments	Total carrying amount
At 31 December 2024					
Financial assets					
Other investments	18	26	1,431	–	1,457
Loans		1,807	377	–	2,184
Trade and other receivables	20	27,148	–	–	27,148
Derivative financial instruments	30	–	21,226	–	21,226
Cash and cash equivalents	25	32,547	6,657	–	39,204
Financial liabilities					
Trade and other payables	22	(61,298)	–	–	(61,298)
Derivative financial instruments	30	–	(20,224)	(2,655)	(22,879)
Accruals		(7,397)	–	–	(7,397)
Lease liabilities	28	(12,000)	–	–	(12,000)
Finance debt	26	(59,547)	–	–	(59,547)
		(78,714)	9,467	(2,655)	(71,902)

29. Financial instruments and financial risk factors – continued

					\$ million
At 31 December 2023	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Derivative hedging instruments	Total carrying amount
Financial assets					
Other investments	18	26	3,006	—	3,032
Loans		1,725	457	—	2,182
Trade and other receivables	20	31,354	—	—	31,354
Derivative financial instruments	30	—	22,444	119	22,563
Cash and cash equivalents	25	27,804	5,226	—	33,030
Financial liabilities					
Trade and other payables	22	(65,516)	—	—	(65,516)
Derivative financial instruments	30	—	(13,545)	(2,107)	(15,652)
Accruals		(7,837)	—	—	(7,837)
Lease liabilities	28	(11,121)	—	—	(11,121)
Finance debt	26	(51,954)	—	—	(51,954)
		(75,519)	17,588	(1,988)	(59,919)

The fair value of finance debt is shown in Note 26. For all other financial instruments within the scope of IFRS 9, the carrying amount is either the fair value, or approximates the fair value.

Information on gains and losses on derivative financial assets and financial liabilities classified as measured at fair value through profit or loss is provided in the derivative gains and losses section of Note 30. Fair value gains and losses related to other assets and liabilities classified as measured at fair value through profit or loss totalled a net gain of \$1 million (2023 net loss of \$11 million and 2022 net loss of \$238 million). Dividend income of \$24 million (2023 \$18 million and 2022 \$14 million) from investments in equity instruments classified as measured at fair value through profit or loss is presented within other income.

Interest income and expenses arising on financial instruments are disclosed in Note 7.

Financial risk factors

The group is exposed to a number of different financial risks arising from ordinary business exposures as well as its use of financial instruments including market risks relating to commodity prices; foreign currency exchange rates and interest rates; credit risk; and liquidity risk.

The group financial risk committee (GFRC) advises the chief financial officer (CFO) who oversees the management of these risks. The GFRC is chaired by the CFO and consists of a group of senior managers including the EVP supply, trading and shipping and SVPs treasury, tax, accounting reporting control and planning & performance management. The purpose of the committee is to advise on financial risks and the appropriate financial risk governance framework for the group. The committee provides assurance to the CFO and the chief executive officer (CEO), and via the CEO to the board, that the group's financial risk-taking activity is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

The group's trading activities in the oil, natural gas, LNG and power markets are managed within the supply, trading and shipping business. Treasury holds foreign exchange and interest-rate products in the financial markets to hedge group exposures related to debt and hybrid bond issuance; the compliance, control and risk management processes for these activities are managed within the treasury business. All other foreign exchange and interest rate activities within financial markets are performed within the supply, trading and shipping business and are also underpinned by the compliance, control and risk management infrastructure common to the activities of bp's supply, trading and shipping business. All derivative activity is carried out by specialist teams that have the appropriate skills, experience and supervision. These teams are subject to close financial and management control.

The supply, trading and shipping business maintains formal governance processes that provide oversight of market risk, credit risk and operational risk associated with trading activity. A policy and risk committee approves value-at-risk delegations, reviews incidents and validates risk-related policies, methodologies and procedures. A commitments committee approves the trading of new products, instruments and strategies and material commitments.

In addition, the supply, trading and shipping business undertakes derivative activity for risk management purposes under a control framework as described more fully below.

(a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the group is exposed to include oil, natural gas and power prices that could adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The group has developed a control framework aimed at managing the volatility inherent in certain of its ordinary business exposures. In accordance with the control framework the group enters into various transactions using derivatives for risk management purposes.

The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk, each of which is discussed below.

(i) Commodity price risk

The group's supply, trading and shipping business is responsible for delivering value across the overall crude, oil products, gas, LNG and power supply chains. As such, it routinely enters into spot and term physical commodity contracts in addition to optimising physical storage, pipeline and transportation capacity. These activities expose the group to commodity price risk which is managed by entering into oil, natural gas and power swaps, options and futures.

The group measures market risk exposure arising from its risk managed trading positions using value-at-risk techniques based on Monte Carlo simulation models. These techniques make a statistical assessment of the market risk arising from possible future changes in market prices over a one-day holding period within a 95% confidence level. Risk managed trading activity is subject to value-at-risk and other limits for each trading activity and the aggregate of

29. Financial instruments and financial risk factors – continued

all trading activity. The calculation of potential changes in value within the risk managed period considers positions, historical price movements and the correlation of these price movements. Models are regularly reviewed against actual fair value movements to ensure integrity is maintained. The value-at-risk measure is supplemented by stress testing and scenario analysis through simulating the financial impact of certain physical, economic and geo-political scenarios. The value-at-risk measure in respect of the aggregated risk managed trading positions at 31 December 2024 was \$42 million (2023 \$26 million) whereas the average value-at-risk measure for the period was \$35 million (2023 \$49 million). This measure incorporates the effect of diversification reflecting the offsetting risks across the trading portfolio. Alternative measures are used to monitor exposures which are not risk managed and for which value-at-risk techniques are not appropriate.

(ii) Foreign currency exchange risk

Since bp has global operations, fluctuations in foreign currency exchange rates can have a significant effect on the group's reported results and future expenditure commitments. The effects of most exchange rate fluctuations are absorbed in business operating results through changing cost competitiveness, lags in market adjustment to movements in rates and translation differences accounted for on specific transactions. For this reason, the total effect of exchange rate fluctuations is not identifiable separately in the group's reported results. The main underlying economic currency of the group's cash flows is the US dollar. This is because bp's major product, oil, is priced internationally in US dollars. bp's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US dollar. The group co-ordinates the handling of foreign currency exchange risks centrally, by netting off naturally-occurring opposite exposures wherever possible and then managing any material residual foreign currency exchange risks.

Most of the group's borrowings are in US dollars or are hedged with respect to the US dollar. At 31 December 2024, the total foreign currency borrowings not swapped into US dollars amounted to \$555 million (2023 \$309 million). The group also has in issue perpetual subordinated hybrid bonds in euro, sterling and US dollars. Whilst the contractual terms of these instruments allow the group to defer coupon payments and the repayment of principal indefinitely, the group has chosen to manage the foreign currency exposure relating to the non-US dollar hybrid bonds to their respective first call periods.

The group manages the net residual foreign currency exposures by constantly reviewing the foreign currency economic value at risk and aims to manage such risk to keep the 12-month foreign currency value at risk below \$400 million. At no point over the past three years did the value at risk exceed the maximum risk limit. A continuous assessment is made in respect of the group's foreign currency exposures to capture hedging requirements.

During the year, hedge accounting was applied to foreign currency exposure to highly probable forecast capital expenditure commitments. The group fixes the US dollar cost of non-US dollar supplies by using currency forwards for the highly probable forecast capital expenditure. At 31 December 2024 the most significant open contracts in place were for USD equivalent amounts of \$92 million sterling (2023 \$296 million sterling).

Where the group enters into foreign currency exchange contracts for entrepreneurial trading purposes the activity is controlled using trading value-at-risk techniques as explained in (i) commodity price risk above.

(iii) Interest rate risk

bp is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt. While the group issues debt and hybrid bonds in a variety of currencies based on market opportunities, it uses derivatives to swap the economic exposure to a floating rate basis, mainly to US dollar floating, but in certain defined circumstances maintains a US dollar fixed rate exposure for a proportion of debt. The proportion of floating rate debt net of interest rate swaps at 31 December 2024 was 30% of total finance debt outstanding (2023 35%). The weighted average interest rate on finance debt at 31 December 2024 was 5% (2023 5%) and the weighted average maturity of fixed rate debt was eight years (2023 thirteen years).

The group's earnings are sensitive to changes in interest rates on the element of the group's finance debt that is contractually floating rate or has been swapped to floating rates. If the interest rates applicable to these floating rate instruments of \$18,006 million (2023 \$18,238 million) (see Note 26) were to have changed by one percentage point on 1 January 2025, it is estimated that the group's finance costs for 2025 would change by approximately \$180 million (2023 \$182 million).

(b) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the group and arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. Credit exposure also exists in relation to guarantees issued by group companies under which the outstanding exposure incremental to that recognized on the balance sheet at 31 December 2024 was \$655 million (2023 \$1,655 million) in respect of liabilities of joint ventures and associates and \$585 million (2023 \$598 million) in respect of liabilities of other third parties. An amount of \$146 million (2023 \$201 million) is recorded as a liability at 31 December 2024 in relation to these guarantees. For all guarantees, maturity dates vary, and the guarantees will terminate on payment and/or cancellation of the obligation. In general, a payment under the guarantee contract would be triggered by failure of the guaranteed party to fulfil its obligation covered by the guarantee.

29. Financial instruments and financial risk factors – continued

The group has a credit policy, approved by the CFO, that is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the group to credit risk is considered. Key requirements of the policy include segregation of credit approval authorities from any sales, marketing or trading teams authorized to incur credit risk; the establishment of credit systems and processes to ensure that all counterparty exposure is rated and that all counterparty exposure and limits can be monitored and reported; and the timely identification and reporting of any non-approved credit exposures and credit losses. While each segment is responsible for its own credit risk management and reporting consistent with group policy, treasury holds group-wide credit risk authority and oversight responsibility for exposure to banks and financial institutions.

For the purposes of financial reporting the group calculates expected loss allowances based on the maximum contractual period over which the group is exposed to credit risk. Lifetime expected credit losses are recognized for trade receivables and the credit risk associated with the significant majority of financial assets measured at amortized cost is considered to be low. Since the tenor of substantially all of the group's in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses. Expected loss allowances for financial guarantee contracts are typically lower than their initial fair value less, where appropriate, amortization. Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. This includes observable data concerning significant financial difficulty of the counterparty; a breach of contract; concession being granted to the counterparty for economic or contractual reasons relating to the counterparty's financial difficulty, that would not otherwise be considered; it becoming probable that the counterparty will enter bankruptcy or other financial re-organization or an active market for the financial asset disappearing because of financial difficulties. The group also applies a rebuttable presumption that an asset is credit-impaired when contractual payments are more than 30 days past due. Where the group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, for example where all legal avenues for collection of amounts due have been exhausted, the financial asset (or relevant portion) is written off.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). The group allocates a credit risk rating to exposures based on data that is determined to be predictive of the risk of loss, including but not limited to external ratings. Probabilities of default derived from historical, current and future-looking market data are assigned by credit risk rating with a loss given default based on historical experience and relevant market and academic research applied by exposure type. Experienced credit judgement is applied to ensure probabilities of default are reflective of the credit risk associated with the group's exposures. Credit enhancements that would reduce the group's credit losses in the event of default are reflected in the calculation when they are considered integral to the related asset.

The maximum credit exposure associated with financial assets is equal to the carrying amount. The group does not aim to remove credit risk entirely but expects to experience a certain level of credit losses. As at 31 December 2024, the group had in place credit enhancements designed to mitigate approximately \$9.2 billion (2023 \$12.0 billion) of credit risk of which approximately \$8.2 billion (2023 \$10.7 billion) related to assets in the scope of IFRS 9's impairment requirements. Credit enhancements include standby and documentary letters of credit, bank guarantees, insurance and liens which are typically taken out with financial institutions who have investment grade credit ratings, or are liens over assets held by the counterparty of the related receivables. Reports are regularly prepared and presented to the GFRC that cover the group's overall credit exposure and expected loss trends, exposure by segment, and overall quality of the portfolio.

Management information used to monitor credit risk, which reflects the impact of credit enhancements, indicates that the risk profile of financial assets which are subject to review for impairment under IFRS 9 is as set out in the table below.

As at 31 December	%	
	2024	2023
AAA to AA-	12 %	7 %
A+ to A-	50 %	59 %
BBB+ to BBB-	16 %	15 %
BB+ to BB-	10 %	7 %
B+ to B-	8 %	4 %
CCC+ and below	4 %	8 %

Movements in the impairment provision for trade and other receivables are shown in Note 21.