

**Annual bonus**

For 2025, the committee assessed performance against a bonus scorecard of measures across three categories: safety and sustainability, operations and financials. These measures were aligned with our strategy and investor proposition as set out at the beginning of the year.

**2025 annual bonus scorecard and outcome**

**Annual bonus scorecard**

Categories	Measures	Threshold (0)	Target (1)	Maximum (2)	Weighting Outcomes	
Safety and sustainability (30%)	Tier 1 process safety events★	9	6	4	7.5%	0.11
		Actual: 5				
	Tier 2 process safety events★	39	30	27	7.5%	0.15
		Actual: 22				
	Operated carbon emissions (MtCO <sub>2</sub> e)	38.9	35.5	32.1	15%	0.22
		Actual: 33.9 <sup>a</sup>				
Operations (15%)	bp-operated reliability★ and availability★	95.1%	95.9%	96.7%	15%	0.21
		Actual: 96.2%				
Financials (55%)	Modified free cash flow★ (\$bn)	6.5	8.5	10.5	30%	0.60
		Actual: 12.4				
	Structural cost reductions★ (\$bn)	0.6	1.4	3	25%	0.34
		Actual: 2				

**Formulaic outcome**

**1.63 out of 2.00**

Formulaic scorecard outcome  
**1.63 out of 2.00**

+

Application of framework on fatalities  
**4 point reduction**  
(see page 101)

+

Overriding committee judgement  
**No adjustment**

=

**1.59 out of 2.00**

<sup>a</sup> The actual operated carbon emissions outcomes used for bonus calculation purposes (33.9MtCO<sub>2</sub>e) is based on the agreed portfolio scope at beginning of the plan year and differs from the figure reported elsewhere in the bp Annual Report and Form 20-F 2025 (34.3MtCO<sub>2</sub>e) due to portfolio changes.

# Directors' remuneration report continued

## Summary of performance

**Safety performance**, as measured by tier 1 and 2 process safety events★, was strong with the mechanical outcome achieving between target and maximum performance. The total number of events is less than prior year, with 27 tier 1 and tier 2 events in 2025 (38 in 2024). This year-on-year improvement underpins the importance of our process safety improvement plans and the delivery of the actions they outline.

**Operated carbon emissions performance** is measured against the anticipated emissions based on the business plan and activity set identified at the beginning of the year. For 2025, operated carbon emissions of 33.9MtCO<sub>2</sub>e (footnote a) resulted in an outcome between target and maximum. This holds underlying operated emissions broadly flat compared to the 2024 result, after accounting for previously identified portfolio growth and full year impact of project start-ups.

The most significant contributions to emissions performance of 1.6MtCO<sub>2</sub>e below 2025 plan came from improved management of abnormal plant conditions in the Asia Pacific region; continuation of previously implemented efficiencies across refining sites; and flaring reductions and operational stability in the Azerbaijan, Georgia and Türkiye region.

Emission reduction projects totalling 0.27MtCO<sub>2</sub>e implemented by our business in 2025 included: Archaea Energy renewable natural gas switching to low carbon power; bpx energy's central distribution project, which enabled decommissioning of legacy natural gas-driven equipment; focus on flare system and practices improvements at Tangguh, and synchronization of power and power management strategy implementation in Trinidad and Tobago.

**Reliability and availability** is a combined measure of bp-operated refining availability★ and bp-operated plant reliability★ with a performance outcome of 96.2% – between target and maximum. Refining availability and plant reliability both strengthened year-on-year, with refining availability of 96.3% (94.3% in 2024) and plant reliability of 96.1% (95.2% in 2024).

Financial performance, as measured by **modified free cash flow★** and **structural cost reduction★**, was strong. bp generated modified free cash flow of \$12.4 billion, which resulted in the maximum outcome. Similarly, steady progress was made against our structural cost reduction measure, delivering \$2.0 billion of reductions which was between target and maximum.

## Overall outcome

The formulaic score for the 2025 annual bonus was 1.63 out of 2 (81.5% of maximum).

The committee considered bp's framework on fatalities when reflecting on the formulaic outcome. Sadly, there were four workforce fatalities during the year. Full details on the application of the framework have been provided on [page 101](#).

Having considered the above, alongside a holistic review of performance, the committee determined that the formulaic score should be reduced by 4 points to 1.59 out of 2 (79.5% of maximum).

## Approach to deferral

In relation to the policy on deferral requirements, the committee reviewed the executive directors' shareholdings during the year to assess if the minimum shareholding requirement had been met.

As at 18 December 2025, the date Murray Auchincloss stepped down from the board, his shareholding represented 5.87x salary. This is above the minimum shareholding requirement for the CEO of 5x salary and his pro-rated 2025 award will therefore be subject to a deferral rate of 33%. While Kate Thomson has made strong progress towards her minimum shareholding requirement since her appointment in 2024, her shareholding represented 2.94x salary (as at 13 February 2026). This is below the minimum shareholding requirement for the CFO of 4.5x salary and her 2025 award will therefore be subject to a deferral rate of 50%.

As Carol Howle was only appointed interim CEO on 18 December 2025, the committee agreed that her 2025 award would be calculated based on her salary and award opportunity level prior to appointment. Her bonus award in respect of group performance will therefore not be subject to any deferral requirements.

a The actual operated carbon emissions outcomes used for bonus calculation purposes (33.9MtCO<sub>2</sub>e) is based on the agreed portfolio scope at beginning of the plan year and differs from the figure reported elsewhere in the *bp Annual Report and Form 20-F 2025* (34.3MtCO<sub>2</sub>e) due to portfolio changes.

## bp's framework on fatalities

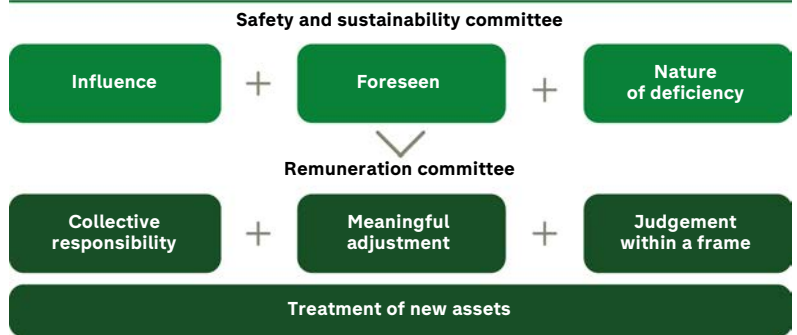
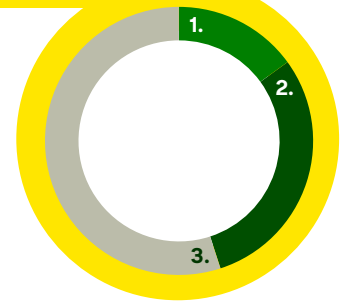
We are working towards our goal of eliminating workplace fatalities. In 2024 we implemented a new framework on fatalities. This framework, developed in consultation with shareholders and the safety and sustainability committee (S&SC), links safety performance directly to the bonus scorecard.

Full details of our framework on fatalities can be found in the 2023 directors' remuneration report.

[bp.com/investors](https://bp.com/investors)

### Framework on fatalities

- 1. Operations (15%)
- 2. Safety and sustainability (30%)
- 3. Financial (55%)



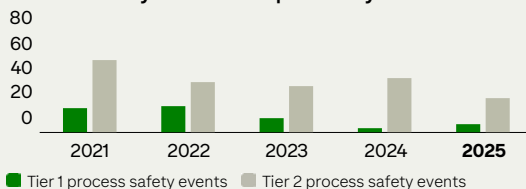
### What happened during the year?

At bp, safety remains our top priority and we are deeply committed to ensuring that our operations are carried out safely every single day.

#### Safety performance in 2025

During 2025, we recorded five tier 1 events, a slight increase compared with the prior year. Tier 1 events represent our more serious incidents and it remains essential that we stay focused on reducing these incidents. Encouragingly, the number of tier 2 events fell significantly, with 22 events compared to 35 in 2024.

#### Process safety events over past five years



However, there were sadly four workforce fatalities during the year – three at our recently acquired TravelCenters of America facilities and one at *Thorntons*.

### How was the framework applied?

The committee made reference to the framework in determining the impact of fatalities on the 2025 bonus outcome.

#### Fatality at *Thorntons*

In April 2025, a contractor had a fatal incident while repairing one of our facilities. Since then, a thorough investigation has been undertaken to understand the underlying causes and to ensure that appropriate measures are put in place to prevent similar occurrences in the future.

The committee has reflected on this event, receiving input from the S&SC, and the reward impact is summarized below.

#### Fatalities at TravelCenters of America

When bp acquires a new asset, it determines whether an initial transition period (typically 1 to 3 years) is required to allow for full embedding of bp OMS systems. During this period, assets are not consolidated into bp group safety systems and are managed using local performance tracking and scorecards. This is consistent with the approach taken under the fatality framework for the ACB.

For TravelCenters of America, it was agreed that this acquisition should be treated as an excluded new asset for three performance years (i.e. to the end of 2025) – reflecting the scale and complexity of the business, with ~20,000 employees and an inherently different risk profile to bp's core operations.

The fatalities have, however, been considered at a local level and detail of the reward impact is set out below.

Further details of these fatalities are set out on [page 55](#).

### What was the outcome?

In line with the framework, the committee reflected on the fatality at *Thorntons*. While the S&SC confirmed that the incident was unforeseeable and not indicative of a systemic issue, we believe that any loss of life is unacceptable and have decided to reduce the outcome by 4 points for all participants. Regarding the fatalities in TravelCenters of America, a more material reduction has been made to the local bonus plan. The S&SC has also advised that corrective action has been undertaken to prevent similar occurrences in the future.

The committee is mindful of the need to ensure that the fatality framework continues to support our determination to eliminate workforce fatalities. During 2026, the committee will reflect on this and make any necessary changes to the framework.

### 4 point reduction

resulting in a final bonus score of **1.59 out of 2** for all participants of the group ACB.

## Directors' remuneration report continued

### 2023-25 performance share plan scorecard and outcome

2023-25 performance shares were granted under the executive directors' incentive plan (EDIP). The scorecard for this cycle consists of sustainable emissions reductions (15% weighting), 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 (25% weighting).

#### 2023-25 performance share plan scorecard (audited)

### Share plan scorecard

Categories	Measures	Threshold	Maximum	Weighting	Outcomes
Net zero (15%)	Net zero across entire bp operations by 2050 (Scope 1 + 2)	12%	16%	15%	3.3%
		Actual: 12.9%			
rTSR (20%)	rTSR	Fourth	First	20%	0%
		Actual: Fifth			
Financials (40%)	ROACE (average 2023-25)	20.2%	22.2%	20%	0%
		Actual: 15.4%			
Financials (40%)	Adjusted EBIDA per share CAGR	12.5%	14.5%	20%	0%
		Actual: 9.8%			
Strategic progress (25%)	Deliver value through resilient hydrocarbon business	Qualitative and quantitative assessment by the committee, see <a href="#">pages 103-105</a> .		25%	20%
	Demonstrate track record, scale and value in low carbon energy				
	Accelerate growth in convenience and mobility				
<b>Assessed outcome</b>				<b>23.3% out of 100%</b>	

Assessed outcome  
**23.3% 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  
**23.3% out of 100%**

## Sustainability performance

To the end of 2025, actions or interventions that have led to ongoing reductions in Scope 1 and 2 emissions have totalled 12.9% relative to the baseline year of 2019. The main contributions during the performance period have come from centralization and electrification of bpx energy processing infrastructure, refineries switching to low carbon power, and a focus on flare system and practices improvements across production sites.

### Relative TSR

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

### Financials

Performance of ROACE and adjusted EBIDA per share CAGR, at 15.4% and 9.8% respectively, were below the targets set at the start of the performance period and achieved nil vesting.

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 2023-25 cycle.

## Strategic progress

### Overview of strategic progress (2023-25)

Assessing performance against this measure has been challenging as it spans a three-year period that has been marked by significant strategic change.

The criteria, including financial KPIs, set at the start of the performance period (2023) were intended to measure delivery against the three strategic pillars at that time: resilient hydrocarbons, low carbon energy and convenience and mobility. However, as our strategy has continued to evolve, these original objectives no longer fully reflect the strategic performance achieved over the period.

The committee has therefore assessed performance against the original criteria, including the financial KPIs, whilst also considering the broader strategic milestones delivered during the period. In particular, progress against the reset strategy outlined as part of the Capital Markets Update in February 2025 has been taken into account. In summary:

#### Pillar 1: Resilient hydrocarbons

Delivered strong operational and financial performance over the period with 2025 refining availability★ and plant reliability★ both exceeding 96%, delivering unit production costs in line with target and production above our plan. We brought 17 major projects★ across oil, gas and refining online and had significant exploration success, including Bumerangue in Brazil.

#### Pillar 2: Low carbon energy

Since setting targets in 2023, bp's low carbon energy business has undergone significant transformation, leading to the retirement of the original objectives. The business has delivered a robust set of results within the context of the reset strategy and shifting priorities focused on value.

#### Pillar 3: Convenience and mobility

Strong operational growth, with 21% convenience gross margin CAGR 2023-25 (inclusive) including the acquisition of TravelCenters of America in 2023. With some of the measures being retired under the reset strategy, financial performance has remained strong with modified free cash flow for 2025 above the plan we set in 2023, underpinned by significant year-on-year growth in operating cash flow★.

### Overall performance:

Considering delivery against both the original pillars and progress against our reset strategy to date, an outcome of **80% of maximum** was deemed appropriate for 2023-25.

# Directors' remuneration report continued

Key ● On track ● Strong progress ● Improvement required

## 1. Deliver value through a resilient hydrocarbon business KPIs (KPIs as set in 2023)

### Unit production cost ●

Average unit production cost over the period was \$6.08/boe with 2025 delivered at \$6.28/boe, in line with our 2025 target, representing strong progress on this target while making value-based portfolio choices.

### Plant reliability ●

2025 plant reliability of 96.1% was a record high, reflecting our focus on operational delivery and supporting our production exceeding plans.

### Refining availability ●

Refining availability was high in 2025 with all four quarters above 96% and a full year average of 96.3%, reflecting strong progress on this KPI, with 2024 impacted by the plant-wide power outage at Whiting.

2023	2024	2025	2025 target	2023	2024	2025	2025 target	2023	2024	2025	2025 target
\$5.8/boe	\$6.2/boe	\$6.3/boe	\$6.0/boe	95.0%	95.2%	96.1%	96.0%	96.1%	94.3%	96.3%	96.0%

#### Overview

- Continued to high-grade our portfolio and drive higher margins.
- Delivered 17 major projects (15 in oil and gas, two in refining) including seven in 2025 of which five were ahead of schedule.
- Continued to high-grade our portfolio, including growing bpx energy production by 43% and being selected to help governments develop their resources.
- Exceptional exploration year with 12 discoveries in 2025, including in the Gulf of America, Namibia and Brazil.
- The hydrocarbon business performed well against financial measures.

## 2. Demonstrate track record, scale and value in low carbon energy KPIs (KPIs as set in 2023)

### Developed renewables to FID★ ●

Growth has been driven by Lightsource bp. Tracking below target as the solar sector has been significantly impacted by higher interest rates, inflation and supply chain constraints. As a result, the portfolio has been high-graded based on value, managed pace of development and decapitalization.

No outcome for 2025 following bp's reset strategy and subsequent retirement of our strategic pillars and associated targets.

### Renewables pipeline★ ●

Growth has been driven by Lightsource bp as well as successful offshore wind bids, which now sit within the JERA Nex bp joint venture. The hydrogen and CCS portfolio has been prioritized based on deliverability, value and returns – with four sanctioned projects in development.

Similar to developed renewables to FID, no outcome is shown for 2025 following bp's reset strategy and subsequent retirement of measures.

2023	2024	2025	2025 target	2023	2024	2025	2025 target
6.2GW	8.2GW	n/a	20GW	58.3GW	60.6GW	n/a	n/a

#### Overview

- The low carbon energy business underwent a significant portfolio reset and rationalization – driving down costs and improving capital efficiency to support the group's modified free cash flow delivery.
- JERA and bp completed the formation of JERA Nex bp in August 2025, establishing a top-tier global offshore wind joint venture. The sale of bp's onshore wind business to LS Power completed in December 2025.
- Adjusted EBITDA over the period was lower than expected, reflecting a challenging US solar market and increased ramp up and origination spend in hydrogen, CCS and offshore wind to progress previous growth targets. 2025 reflects effective delivery of portfolio high-grading and the decapitalization strategy.

## 3. Accelerate growth in convenience and mobility KPIs (KPIs as set in 2023)

### Convenience margin growth★ ●

The acquisition of TravelCenters of America completed in 2023 underpinning 21% convenience gross margin CAGR over the period.

### Strategic convenience sites★ ●

As the target was retired at the start of 2025, in line with our reset strategy, the measure was not tracked during 2025. However, performance was close to target at end of 2024.

### Castrol performance (revenue) ●

Castrol had a strong 2025, and now has 10 quarters of consecutive year-on-year earnings growth. Castrol continued strategic growth initiatives, including expansion of its thermal management portfolio beyond cooling fluids into integrated full-service solutions.

2023	2024	2025	2025 target	2023	2024	2025	2025 target	2023	2024	2025	2025 target <sup>a</sup>
60%	17%	(5)%	10%	2,850	2,950	n/a	3,000	\$7.0bn	\$6.9bn	\$7.1bn	n/a

#### Overview

- Despite the 2025 strategy reset focussing on downstream, the convenience and mobility business made strong progress against the objectives set back in 2023 – providing the platform to grow the business.
- Convenience and mobility delivered adjusted EBITDA below plan, reflecting the more challenging market backdrop and refocused capital frame. However, modified free cash flow was ahead of target.

a 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

As set out in the 2024 directors' remuneration report, the committee has assessed performance against the original three strategic pillars within the context of bp's reset strategy:

In February 2025, bp introduced a fundamentally reset strategy as part of its Capital Markets Update (CMU). The strategy focuses on strengthening performance by growing free cash flow, returns and building long-term shareholder value, supported by four primary targets to be delivered by the end of 2027.

For all the primary targets, performance is currently on track or ahead of plan with strong underlying financial performance during 2025.

### Growing free cash flow ●

#### CMU target: >20% CAGR (2024-27)

Adjusted free cash flow★ was increased by c.55% in 2025, based on CMU price assumptions, which is ahead of plan.

### Reducing net debt ●

#### CMU target: \$14-\$18bn (end of 2027)

Net debt★ at the end of 2025 was \$22.2 billion, which is \$800 million lower than at the end of 2024.

During 2025, \$1.2 billion of perpetual hybrid bonds were redeemed and bp made \$1.2 billion of pre-tax payments against our Gulf of America settlement liability.

### Structural cost reductions★ ●

#### CMU target: \$4-\$5bn (end of 2027)

Since the start of the programme, bp has delivered \$2.8 billion of the cost reduction target. Having reflected on the outcome of the strategic review to divest *Castrol*, the CMU target was increased (to \$5.5-\$6.5 billion).

### Generating higher returns ●

#### CMU target: >16% ROACE★ (end of 2027)

ROACE was around 14%, based on CMU price assumptions, an increase from around 12% in 2024.

## Conclusion

Taking into account delivery against the targets set under the original pillars, alongside bp's evolving strategic context and the progress made on our reset strategy to date, the committee concluded that performance on this measure supports vesting of the strategic progress measure at 80% of maximum. Strategic progress remains a key measure for outstanding awards and the committee will continue to apply judgement in 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 through the performance period. The committee agreed it was not necessary to apply discretion to the formulaic outcome and therefore approved vesting of 23.3% for the 2023-25 EDIP award. This decision yields the outcome shown in the table below for the former CEO. The scorecard detail is shown on [page 102](#).

The committee was satisfied that the remuneration policy had operated as intended and therefore no further changes were required. No malus and clawback provisions were applied in respect of the annual bonus or EDIP awards in the previous financial year.

### 2023-25 performance share plan outcome (audited)

	Shares awarded	Unvested shares following application of performance factor	Value of unvested shares following application of performance factor <sup>a</sup>	Impact of share price change <sup>a</sup>
Carol Howle <sup>b</sup>	137,610	166,594	£733,014	(£56,642)
Murray Auchincloss	717,958	194,018	£853,679	(£93,129)
Kate Thomson <sup>b</sup>	72,650	87,951	£386,984	(£29,903)

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 13 February 2026. The face values of these awards were calculated using a market price of ordinary shares at close on the dates of award, as follows: £4.88 on 2 May 2023 and £4.74 on 7 June 2023 respectively. The average share price during Q4 2025 was £4.40. The amount reported as 2025 income in the single figure is therefore £0.854 million for Murray, £0.733 million for Carol and £0.387 million for Kate.

b Carol Howle's and Kate Thomson's awards were 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 2023-25, performance share awards below board had a different scorecard to executive directors, which resulted in an outcome of 52.8% of maximum.

# Directors' remuneration report continued

## Policy implementation for 2026

The table below shows how the remuneration policy, being submitted to shareholders for approval at the 2026 annual general meeting on 23 April 2026, will be implemented. As outlined in the chair's statement, the 2023 policy has been broadly rolled forward for 2026. Full details of the policy being submitted for shareholder approval can be found on [pages 118-125](#).

Policy feature	2026 implementation
<b>Salary</b>	
<p>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.</p> <p>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).</p> <p>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.</p>	<ul style="list-style-type: none"><li>• The budgeted increase to our UK salaried staff effective from 1 April 2026, our annual salary review date, will be 3.5%.</li><li>• For 2026, the executive director's salaries will be: Meg O'Neill: £1,600,000 (from appointment) Carol Howle: £1,508,000 (from appointment) Kate Thomson: £894,000 (3.5% increase, effective 2026 AGM)</li></ul>
<b>Pensions and benefits</b>	
<p>Executive directors normally participate in the company retirement plans that operate in their home country.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"><li>• Executive directors' cash allowance in lieu of pension is 20% of base pay (in line with the wider workforce).</li><li>• Prior to their appointment as executive directors, Carol and Kate received a UK deferred pension. No further pension is accrued under either plan.</li><li>• Benefits will remain unchanged for 2026 and include car-related provisions, security assistance, assistance with tax preparation, insurance and medical cover.</li></ul>
<b>Annual bonus</b>	
<p>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.</p> <p>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.</p> <p>Target bonus is 112.5% of salary, and maximum bonus is 225% of salary.</p> <p>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.</p> <p>Awards are subject to operationally robust and effective malus and clawback provisions as described below.</p>	<ul style="list-style-type: none"><li>• For 2026, our scorecard will be assessed against the following categories: safety (15%), operations (20%) and financials (65%).</li><li>• See <a href="#">page 109</a> for further details on measures for the 2026 annual bonus.</li><li>• 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 <a href="#">page 101</a>.</li></ul>

Policy feature	2026 implementation
<b>Performance shares</b>	
<p>Performance shares are granted with a three-year performance period, measured against a scorecard.</p> <p>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.</p> <p>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.</p> <p>Awards are subject to operationally robust and effective malus and clawback provisions as described below.</p>	<ul style="list-style-type: none"> <li>• For our 2026-28 cycle, the scorecard categories will be rTSR (30%), financials (50%) and environmental, social and governance (20%).</li> <li>• See <b>page 109</b> for further details on measures for the 2026-28 EDIP.</li> <li>• The award will be subject to an underpin that takes into consideration overall safety performance and ongoing progress towards a strong and resilient balance sheet over the performance period.</li> <li>• The 2026-28 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 2026 AGM.</li> </ul>
<b>Shareholding requirement</b>	
<p>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.</p> <p>Executive directors are required to maintain that level for at least two years after they cease to be a director.</p>	
<b>Malus and clawback</b>	
<p>Operationally robust and effective malus and clawback provisions apply to our incentive awards.</p> <p>The following events can trigger either malus or clawback: a material safety or environmental failure; material reputational damage; 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 fraud.</p> <p>In addition, malus may be triggered by the following events: material downturn in performance of the group or any part of it and conduct leading to significant losses; or other exceptional circumstances that the committee considers similar in nature.</p> <p>The period during which malus and/or clawback may be applied is generally three years from vesting or, if longer, until the expiry of any retention or holding period applicable to an award, which is considered a sufficient period for any issues that might give rise to malus or clawback to be identified.</p>	
<b>Committee flexibility</b>	
<p>The committee has discretion to adjust performance measures and weightings, and to revise the peer group for the rTSR measure.</p> <p>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.</p> <p>The committee also holds discretion in determining the outcomes for annual bonus and performance shares, allowing it to take broad views on alignment with shareholder experience, environmental, societal and other relevant considerations e.g. portfolio changes.</p>	

## Directors' remuneration report continued

### Incoming CEO's arrangements

As announced on 17 December 2025, Meg O'Neill will join bp as CEO on 1 April 2026. Her salary has been set at £1,600,000 and she will not be eligible to receive a salary increase until the conclusion of the wider annual pay review process in April 2027. She is eligible for a cash allowance in lieu of pension which will be 20% of salary in line with the wider workforce and her other benefits will be in line with policy.

Regarding her incentive awards, Meg's opportunity levels will align with the maximums outlined in the table above. For 2026, both her annual bonus and performance share award will be pro-rated to reflect the portion of the year she serves as an executive director. The awards will be subject to the deferral requirements, holding periods and malus and clawback provisions outlined under our policy.

### Relocation support

Meg will be relocating from Australia where her previous employer was headquartered and she will receive relocation assistance to support her move. This includes – among other elements – immigration support, temporary accommodation for up to six months and shipping. The cost of the relocation assistance is subject to clawback if Meg was to resign within two years of appointment to the role. Limited repatriation support will be provided at the end of Meg's tenure.

### Buy-out awards

On appointment, Meg will be granted cash and share-based awards to replace remuneration foregone when leaving her previous employer. In line with the policy, the committee took into account the nature, timing and value of the awards being forfeited when determining the structure and size of the buy-out awards offered. The committee is satisfied that the buy-out awards are consistent with the policy and reflect like-for-like replacement, noting the complexities in Meg's foregone awards such as a mix of standard performance awards, non-performance awards, and pre-grant performance awards, each with overlapping five-year vesting periods. The buy-out awards will take three forms:

- Cash awards: To replace the 2025 annual bonus, 2026 annual bonus (pro-rated to 31 March 2026), and share awards where the full vesting period would have elapsed or would substantially have elapsed prior to Meg joining. The value of the annual bonus and performance shares will be based on her previous employer's actual performance where possible. For foregone performance and restricted shares due to vest in the first half of 2026, the value will be based on the 30-day average share price of her previous employer up to the vesting date. Full details of the value of this cash award will be disclosed in the 2026 directors' remuneration report.
- Restricted share awards: To replace the forfeited restricted share awards (outstanding and to be granted in respect of 2025 pre-grant performance). This buy-out award will also cover performance share awards due to vest in 2027 and 2028 where in-flight performance has been valued at 50% of maximum. The awards will be aligned with the vesting schedules of Meg's foregone awards and have an expected value of £8.3 million.
- Performance share awards: To replace the forfeited performance share awards due to vest in 2029, 2030 and 2031 following their respective five-year periods. These awards will be subject to bp's relative TSR performance, with the start of the performance period being 1 April 2026. The awards will be aligned with the vesting schedules of her foregone awards and have an expected value of £1.8 million.

Buy-out awards	Estimated value <sup>a</sup>	Vesting date
<b>Cash awards</b>		
Replacement cash award	£1.7m <sup>b</sup>	Paid upon joining <sup>c</sup>
<b>Restricted share awards</b>		
Tranche 1	£0.5m	April 2027
Tranche 2	£1.0m	May 2027
Tranche 3	£0.4m	March 2028
Tranche 4	£1.5m	April 2028
Tranche 5	£0.9m	March 2029
Tranche 6	£0.8m	April 2029
Tranche 7	£1.8m	March 2030
Tranche 8	£1.4m	March 2031
<b>Performance share awards (expected value, subject to TSR performance)</b>		
Tranche 1	£0.4m	April 2029
Tranche 2	£0.7m	March 2030
Tranche 3	£0.7m	March 2031

<sup>a</sup> Estimated value is based on an illustrative share price of £12.50 for Woodside Energy and exchange rate of 1:0.5 (AUD:GBP). Performance share awards have been shown at target (i.e. 50% of max).

<sup>b</sup> Estimated value of the 2026 annual bonus (pro-rated to 31 March 2026) not included as value is currently unknown.

<sup>c</sup> Or, if later, following the date the award from the previous employer would have been paid.

Where awards are being replaced with shares, this will be calculated using the 90-day average of bp's and Woodside Energy's share prices, and foreign exchange rate, prior to 1 April 2026.

A significant proportion of the buy-outs will be delivered in shares (over 85%), aligning Meg with shareholders from appointment and representing a value equivalent to 6.3x of salary over a 5-year period. In line with the policy, Meg will be expected to retain shares vesting from share awards (including buy-outs) until her shareholding requirement of 5x salary has been met.

### Measures for the 2026 annual bonus

For 2026, the scorecard has been simplified and performance will now be assessed against four measures across three categories: safety (15%), operations (20%) and financials (65%). This change reflects our continued focus on delivering sustained financial performance, supported by strong safety and operational outcomes.

As part of this simplification, the emissions measure has been removed from the short-term scorecard. To maintain appropriate balance, the weighting of emissions within the long-term incentive award has been increased from 15% to 20% (see below). Our ambition to reach net zero by 2050 remains unchanged, but we believe that progress towards this long-term objective is more appropriately evaluated through our performance share award rather than the annual bonus.

Across the remaining categories, the underlying measures remain unchanged from prior year. For safety, however, we will revert to assessing performance on a combined tier 1 and tier 2 basis. In recent years, the number of tier 1 process safety events has continued to decline, which is a positive trajectory to report. However, the number of events has made it increasingly difficult to set robust and meaningful standalone targets for tier 1 performance and it is no longer practicable to assess performance independently.

Importantly, the framework on fatalities will continue to apply to the 2026 annual bonus and will be considered at year-end if a fatality occurs during the year. The targets are commercially sensitive and will be disclosed in the 2026 directors' remuneration report.

Safety 15%		Operations 20%		Financials 65%	
Measures include	Weighting	Measures include	Weighting	Measures include	Weighting
Tier 1 and tier 2 process safety events★	15 %	bp-operated reliability and availability★	20 %	Modified free cash flow <sup>a</sup> ★	35 %
				Structural cost reduction★	30 %

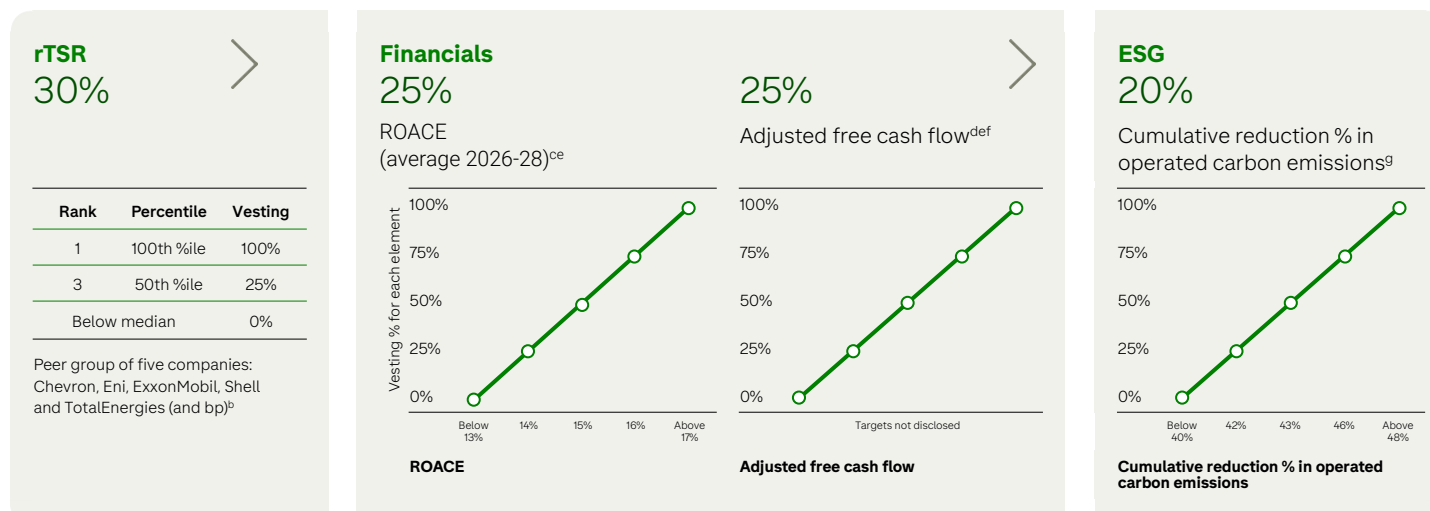
### Measures for the 2026-28 performance shares (EDIP)

Provided below is a summary of the measures we have chosen for the 2026-28 performance share plan. The number of measures has been reduced, with the scorecard now focused on shareholder returns, financial delivery and progress against our external emissions targets.

For relative TSR, the peer group has been reviewed to ensure alignment with the reset strategy. The committee has agreed to reduce the number of comparator companies, concentrating on the oil super majors who represent our closest and most strategically aligned peers. In light of the reduced peer group, the committee reviewed the approach to assessing relative TSR performance and agreed to adopt a percentile-based methodology for the 2026-28 cycle. This approach provides a more proportionate assessment of performance across the peer group and greater alignment with the shareholder experience.

Within the financials category, the underlying measures remain unchanged. For the 2025-27 cycle, targets were set in line with our external ambitions to the end of 2027, as outlined at the Capital Markets Day in February 2025. Looking ahead, ROACE★ will revert to being assessed on an average basis – consistent with past practice – while adjusted free cash flow★ will be assessed based on performance through to the end of 2028.

Lastly, the underpin has been broadened to include progress towards a strong and resilient balance sheet, reflecting our long-term priorities.



- Underpin will take into account overall safety performance as well as ongoing progress towards a strong and resilient balance sheet.
- Remuneration committee discretion will reflect shareholder experience, environment, societal and other inputs.
- Subject to usual malus and clawback provisions.

a Target set includes receipt of Castrol proceeds prior to finalization of year-end results.

b Straight-line vesting between median and maximum.

c Based on the average ROACE over 2026, 2027 and 2028.

d Based on adjusted free cash flow at the end of the three-year period.

e Adjustments may be required in certain circumstances. The external environment to be a considered judgement in final outcomes.

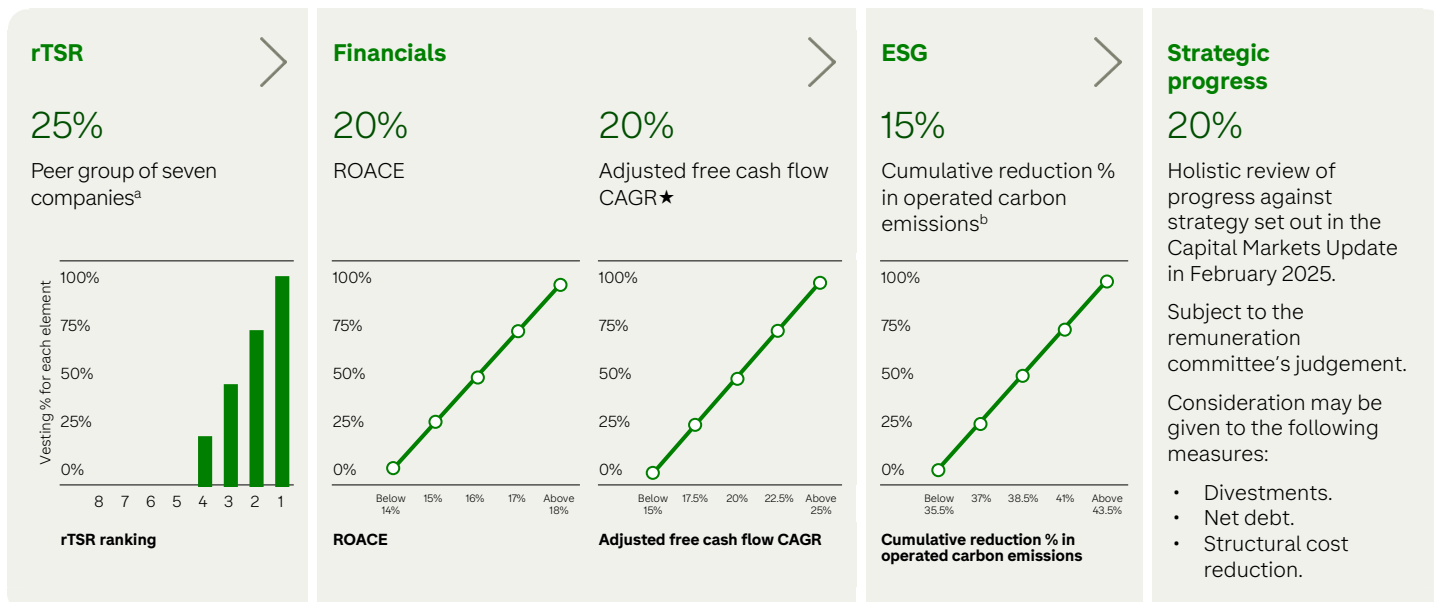
f Targets are considered to be commercially sensitive and will be disclosed in full at the end of the performance period.

g Scope 1 and 2 GHG emissions reductions vs. 2019 baseline from operated carbon emissions including portfolio change. Corporate activity unknown at the time that targets are set to be a considered judgement in final outcomes.

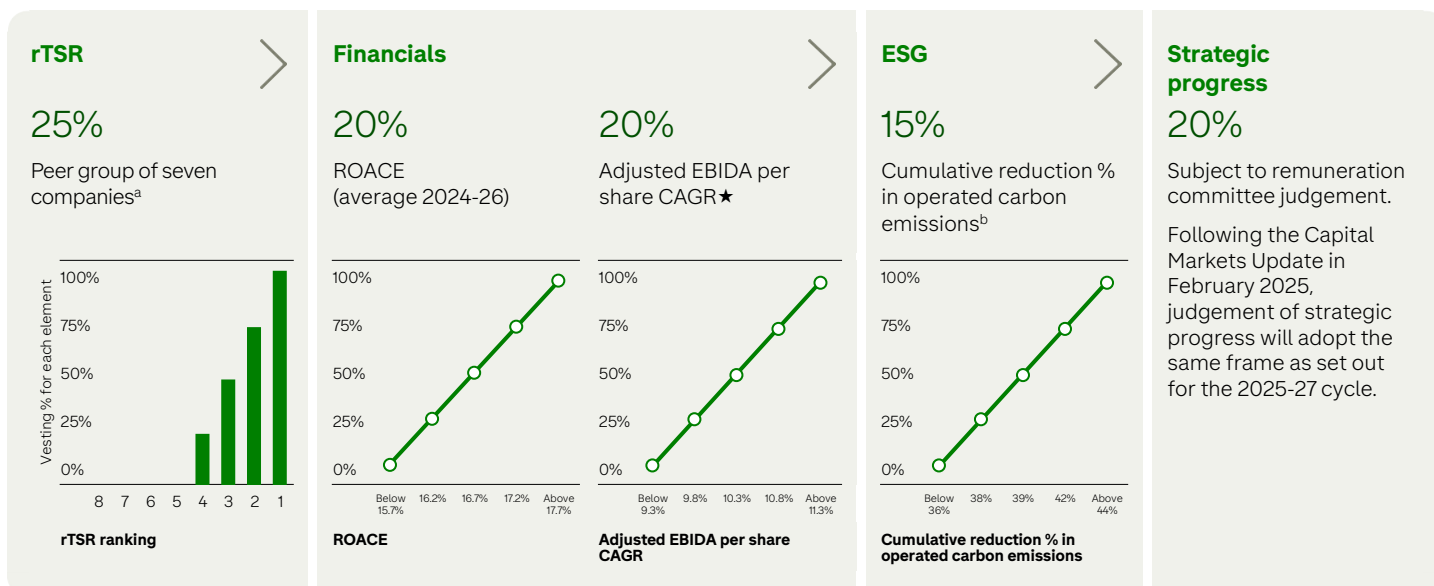
# Directors' remuneration report continued

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

## Measures for 2025-27 performance shares



## Measures for 2024-26 performance shares



<sup>a</sup> Peer group includes Chevron, Eni, Equinor, ExxonMobil, Repsol, Shell and TotalEnergies (and bp).

<sup>b</sup> The committee determined that the operated carbon emissions targets under the above EDIP awards should be adjusted in order to align with the strategy reset at the start of 2025 (2024-26 only) and subsequent recalibration of internal goals and principles around emissions (2024-26 and 2025-27). The effect of this change, which was made in conjunction with the safety and sustainability committee, is to widen the target range by reducing the threshold and increasing the maximum under both awards.

## Stewardship and executive director interests

We believe that our executive directors should build and maintain a meaningful 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)

	Directors' ordinary shares or equivalents at 13 February 2026	Aggregated interests at 13 February 2026, all plans				Current shareholding for MSR <sup>b,d</sup>	Value of current shareholding <sup>c,d</sup> £	Multiple of salary achieved <sup>d</sup>
		Unvested awards not subject to performance conditions		Unvested awards subject to performance conditions				
		Shares <sup>a</sup>	Options	Shares	Options			
Carol Howle	491,903	1,040,861	750,000	381,825	–	1,047,640	4,829,622	3.20
Murray Auchincloss <sup>d</sup>	1,816,006	1,094,742	152,301	3,273,590	–	2,104,355	8,847,761	5.87
Kate Thomson	432,482	219,236	500,000	1,659,711	–	550,831	2,539,331	2.94

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 13 February 2026 of £4.61 (close price).

d Murray Auchincloss stepped down on 18 December 2025. The shareholding disclosed reflects his individual holding and includes interests of a person closely associated with him as at that date. The shareholding for MSR purposes, the value of his shareholding and multiple of salary achieved are each presented as at 18 December 2025. In accordance with the plan rules, his unvested performance share awards will be pro-rated to 17 December 2026.

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 2025 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 <sup>a</sup> , £	Vesting date
Carol Howle <sup>b</sup>		–	–	–	–
Murray Auchincloss <sup>b</sup>	2025-27 EDIP Performance <sup>c</sup>	1,790,973	30 April 2025	6,268,406	April 2028
Kate Thomson		923,515	30 April 2025	3,232,303	April 2028
Carol Howle <sup>b</sup>		–	–	–	–
Murray Auchincloss <sup>b</sup>	2025 EDIP Deferred <sup>d</sup>	59,840	30 April 2025	209,440	April 2028
Kate Thomson		51,947	30 April 2025	181,815	April 2028

a The face value of awards granted during 2025 have been calculated using a market price of ordinary shares at close on the date of award, as follows: £3.50 on 30 April 2025. 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 held on 17 April 2025 (£4.21).

b Murray Auchincloss stepped down as CEO effective 18 December 2025 and Carol Howle was appointed as interim CEO on the same date. As Carol was a below board employee when her 2025-27 GSVP award was granted, detail of this award has not been disclosed as it is considered to be commercially sensitive.

c 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 measured to the end of 2027, 20% adjusted free cash flow CAGR vs. 2024 baseline 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 2025 to 31 December 2027.

The 2026 performance share awards under EDIP are expected to be made following the conclusion of the 2026 annual general meeting.

d There is no identified minimum vesting threshold level. The 2025 bonus year deferred share awards under EDIP are expected to be made following the conclusion of the 2026 annual general meeting.

### Directors and leadership team

No directors or other leadership team members own more than 1% of the shares in issue. At 13 February 2026, our directors and leadership team members collectively held interests of 5,127,004 ordinary shares or their calculated equivalents, 3,840,510 restricted share units (with or without conditions) or their calculated equivalents, 4,964,919 performance shares or their calculated equivalents and 4,027,241 options over ordinary shares or their calculated equivalents, under bp group share option schemes.

## Directors' remuneration report continued

### Chair and non-executive director 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 with any changes taking effect from 1 April. For the 2026-27 year, no changes are being made to the base fee for NEDs and for the SID. In accordance with the policy, the remuneration committee is responsible for determining the chair's fee. Following the appointment of Albert Manifold as chair on 1 September 2025, the committee approved his fees and benefits at that time. No further changes to the chair's fee are being made for 2026-27.

£ thousand per annum	2026/27 fees	2025/26 fees
Chair	1,000	888
Senior independent director	181.5	181.5
Board member	130.5	130.5
Audit, remuneration and safety and sustainability committees chairship	35	35
Committee membership	20	20

#### 2025 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, Albert Manifold 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	
	2025	2024	2025	2024	2025	2024
Dame Amanda Blanc	220	198	–	1	220	198
Pamela Daley <sup>a</sup>	87	164	5	17	93	181
Dave Hager <sup>b</sup>	78	–	37	–	114	–
Simon Henry <sup>c</sup>	44	–	1	–	44	–
Helge Lund <sup>d</sup>	658	845	28	38	686	882
Albert Manifold (chair) <sup>d</sup>	333	–	50	–	384	–
Melody Meyer	184	182	56	9	240	191
Tushar Morzaria	189	189	32	1	221	190
Hina Nagarajan	169	157	39	17	208	174
Satish Pai	149	144	5	5	154	149
Karen Richardson <sup>e</sup>	194	169	15	16	209	185
Dr Johannes Teysen	169	160	6	5	175	165
Ian Tyler <sup>f</sup>	135	–	34	–	169	–

a Pamela Daley stepped down as a non-executive director on 7 July 2025.

b Dave Hager was appointed as a non-executive director on 2 June 2025.

c Simon Henry was appointed as a non-executive director on 1 September 2025.

d Albert Manifold was appointed as a non-executive director and chair-elect on 1 September 2025, and assumed the role of chair on 1 October 2025, succeeding Helge Lund, who stepped down as chair on 30 September 2025.

e Fee includes £25,000 p.a. for chairing the bp digital advisory council and £20,000 p.a. for chairing innovation advisory council.

f Ian Tyler was appointed as a non-executive director on 1 April 2025.

**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 <sup>a</sup>				Value of current shareholding <sup>b</sup>	% of guideline achieved
	At 1 January 2025	At 31 December 2025	Changes to 13 February 2026	At 13 February 2026		
Dame Amanda Blanc	23,500	47,100	–	47,100	£217,131	166%
Pamela Daley <sup>c</sup>	40,332	n/a	n/a	n/a	n/a	n/a
Dave Hager <sup>d</sup>	n/a	45,000	–	45,000	\$282,450	164%
Simon Henry <sup>e</sup>	n/a	–	–	–	–	–%
Helge Lund <sup>f</sup>	600,000	n/a	n/a	n/a	n/a	n/a
Albert Manifold (chair) <sup>f</sup>	n/a	–	–	–	–	–%
Melody Meyer	38,646	38,646	–	38,646	\$242,568	141%
Tushar Morzaria	71,972	71,972	–	71,972	£331,791	254%
Hina Nagarajan	25,944	30,944	–	30,944	£142,652	109%
Satish Pai	33,000	33,000	–	33,000	\$207,130	120%
Karen Richardson	35,316	35,316	–	35,316	\$221,667	129%
Dr Johannes Teysen	35,000	35,000	–	35,000	£161,350	124%
Ian Tyler <sup>g</sup>	n/a	–	–	–	–	–%

a Includes interests of persons closely associated.

b Based on ordinary share and ADS prices at 13 February 2026 of £4.61 and \$37.66. Where a US\$ value is provided these shares are held as ADSs.

c Pamela Daley stepped down as a non-executive director on 7 July 2025.

d Dave Hager was appointed as a non-executive director on 2 June 2025.

e Simon Henry was appointed as a non-executive director on 1 September 2025.

f Albert Manifold was appointed as a non-executive director and chair-elect on 1 September 2025, and assumed the role of chair on 1 October 2025, succeeding Helge Lund, who stepped down as chair on 30 September 2025.

g Ian Tyler was appointed as a non-executive director on 1 April 2025.

**Payments to past directors and for loss of office****Departure terms for Murray Auchincloss (audited)**

As set out elsewhere in the report, Murray Auchincloss stepped down from the board by mutual agreement on 18 December 2025. Details of his departure terms have been set out below and are consistent with the company's shareholder-approved policy.

In line with his 12-month notice period, Murray will remain an employee on his existing terms until 17 December 2026. During this period, he will continue to receive his contractual salary and benefits.

In respect of his incentive awards, Murray will remain eligible to receive a pro-rata annual bonus in respect of his services during 2025, of which 33% will be deferred into bp shares in line with the policy. He will not be entitled to a bonus in respect of 2026. Outstanding deferred bonus awards will vest in line with normal timescales.

Murray's unvested performance share awards under the EDIP will be pro-rated up to 17 December 2026 but will continue to vest on their normal dates subject to the achievement of the relevant performance conditions. The resulting shares are subject to a 12-month holding period following vesting. Vested shares already in a holding period will be released 12 months following his cessation of employment, i.e. 17 December 2027, or on their original release date, if earlier. He will not be eligible for a 2026 EDIP grant.

He is entitled to receive ongoing tax filing support in respect of any trailing income from the company and a contribution towards his legal fees incurred in connection with stepping down to the total of £10,000 (plus VAT). He will continue to be covered by D&O insurance and will benefit from an indemnity in respect of third-party liabilities.

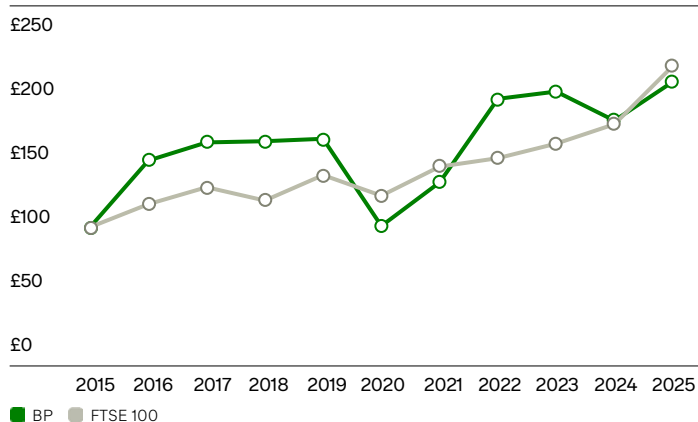
**Post-employment benefits (audited)**

We made no payments within the scope of the disclosure requirements to any past director of bp during 2025.

# Directors' remuneration report continued

## Other disclosures

### Historical TSR performance



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 2015 to 31 December 2025.

### History of chief executive officer remuneration

Year	Chief executive officer	Total remuneration, thousand	Annual bonus % of maximum	Performance shares % of maximum
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 <sup>a</sup>	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 <sup>ab</sup>	Bernard Looney	£ 1,175	n/a	n/a
	Murray Auchincloss	£ 5,391	79.5	75
2024	Murray Auchincloss	£ 5,179	22.5	66.5
<b>2025<sup>acd</sup></b>	<b>Murray Auchincloss</b>	<b>£ 5,307</b>	<b>79.5</b>	<b>23.3</b>
	<b>Carol Howle</b>	<b>£ 886</b>	<b>79.5</b>	<b>52.8</b>

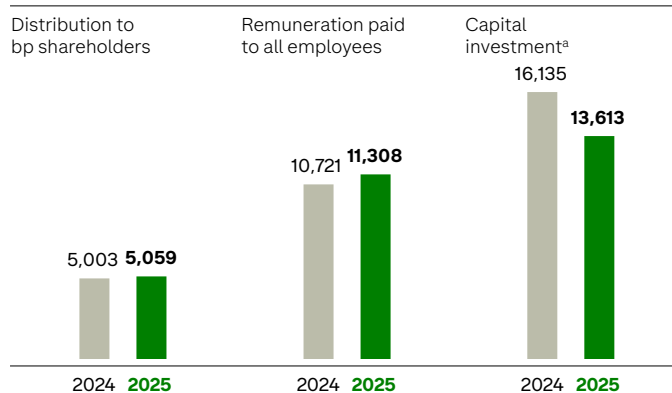
a 2020, 2023 and 2025 figures show remuneration for the periods of qualifying service as CEO during the respective years.

b 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.

c Murray Auchincloss stepped down from his position as CEO on 18 December 2025 and was succeeded by Carol Howle as interim CEO on 18 December 2025. For 2025, Carol's performance share award was granted when she was below board level and is therefore based on a different scorecard to executive directors.

d Share price has been based on the average share price over Q4 of the 2025 FY of £4.40.

### Relative importance of spend on pay (\$ million)



a Organic capital expenditure ★.

## 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 <sup>a</sup>	Option A	543:1	188:1	82:1
2020 <sup>a</sup>	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 <sup>b</sup>	Option A	268:1	103:1	45:1
2024	Option A	196:1	74:1	37:1
2025 <sup>bc</sup>	<b>Option A</b>	<b>219:1</b>	<b>79:1</b>	<b>39:1</b>
		<b>£28,331</b>	<b>£78,644</b>	<b>£160,265</b>
		<b>(£26,237)</b>	<b>(£55,675)</b>	<b>(£97,425)</b>

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 and 2025, 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. For 2023, 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 2025 FY of £4.40.

This is our seventh year reporting the CEO pay ratio following the requirements introduced in 2018. As per the past six 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 2025.

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 seven 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 2025, the pay ratios have remained broadly consistent year-on-year, with the 50th percentile pay ratio increasing from 74:1 to 79:1. While the annual bonus was higher in 2025 (79.5% compared to 22.5% in 2024), this was partly offset by a significantly lower EDIP outcome for the former CEO (23.3% compared to 66.5% for the 2022-24 cycle).

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 exceptional 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.

## Directors' remuneration report continued

### 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:	2025 vs. 2024			2024 vs. 2023			2023 vs. 2022			2022 vs. 2021			2021 vs. 2020		
	a	b	c	a	b	c	a	b	c	a	b	c	a	b	c
Employees	6%	-%	124%	4%	-%	-65%	6%	1%	4%	2%	1%	45%	7%	-9%	100%
Carol Howle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Murray Auchincloss	-1%	5%	253%	43%	-61%	-60%	30%	283%	31%	7%	530%	3%	5%	5%	100%
Kate Thomson <sup>a</sup>	16%	23%	318%	-%	-	-	-	-	-	-	-	-	-	-	-
Dame Amanda Blanc	11%	(89)%	n/a	24%	-72%	n/a	38%	100%	n/a	-	-	n/a	-	-	n/a
Pamela Daley	3%	(68)%	n/a	3%	-75%	n/a	2%	2%	n/a	7%	43%	n/a	4%	1385%	n/a
Dave Hager	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Simon Henry	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Helge Lund	4%	(25)%	n/a	4%	-43%	n/a	3%	78%	n/a	-%	97%	n/a	-%	-24%	n/a
Albert Manifold (Chair)	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Melody Meyer	1%	512%	n/a	-1%	-68%	n/a	2%	-14%	n/a	13%	139%	n/a	-4%	283%	n/a
Tushar Morzaria	-	3,559%	n/a	9%	-73%	n/a	2%	-46%	n/a	25%	100%	n/a	5%	-%	n/a
Hina Nagarajan	8%	129%	n/a	13%	-46%	n/a	-	-	n/a	-	-	n/a	-	-	n/a
Satish Pai	4%	11%	n/a	3%	-88%	n/a	-	-	n/a	-	-	n/a	-	-	n/a
Paula Rosput Reynolds	(100)%	(100)%	n/a	3%	-70%	n/a	2%	-14%	n/a	16%	145%	n/a	-	228%	n/a
Karen Richardson	15%	(6)%	n/a	-5%	-12%	n/a	11%	-20%	n/a	30%	96%	n/a	-	-	n/a
Sir John Sawers	(100)%	(100)%	n/a	3%	63%	n/a	2%	105%	n/a	17%	1%	n/a	-	1588%	n/a
Johannes Teysen	6%	14%	n/a	7%	-68%	n/a	3%	12%	n/a	21%	65%	n/a	-	-	n/a
Ian Tyler	-%	-%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

a Kate Thomson's increase in salary reflects the adjustment from her previous role to the salary level for an Executive Director following her appointment on 2 February 2024.

### 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 2025 is set out in the remuneration committee report on [page 91](#).

During 2025, 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 and Clare Peake, SVP reward.

Following a competitive tender process, Willis Towers Watson (WTW) replaced PwC as independent advisors to the committee in 2025. PwC and WTW advice included, for example, support with remuneration benchmarking and updates on market practice. Both are members of the Remuneration Consulting Group and, as such, operate 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 both the PwC and WTW engagement partners 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 2025 (save in respect of legal advice) were £67,683 and £64,800 to PwC and WTW respectively. Freshfields LLP (Freshfields) provided legal advice on specific compliance matters to the committee. PwC, WTW and Freshfields provided other advice in their respective areas to the group.

## Shareholder engagement

Throughout 2025 the committee engaged regularly on remuneration policy and approach with bp's largest shareholders, as well as their representative bodies. This dialogue will continue throughout 2026. The table below shows the recent votes on the directors' remuneration report and policy.

Year	% vote 'for'	% vote 'against'	Votes withheld
2025 – Directors' remuneration report	95.54%	4.46%	36,686,921
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
Carol Howle <sup>a</sup>	17 December 2025	18 December 2025
Murray Auchincloss <sup>a</sup>	17 January 2024	17 January 2024
Kate Thomson	2 February 2024	2 February 2024

<sup>a</sup> Murray Auchincloss stepped down as CEO effective 18 December 2025. Carol Howle was appointed interim CEO on the same date.

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 continuing directors are subject to annual re-election by shareholders at the annual general meeting. Normally, NEDs will be encouraged to serve for up to six years from their appointment, and for a further three years by invitation, in line with the provisions of the 2024 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 2025 are shown below.

	Appointee company	Additional position held at appointee company	Total fees, £
Kate Thomson	Aker BP ASA <sup>a</sup>	Director	0

<sup>a</sup> Held as a result of the company's shareholding in Aker BP ASA.

This directors' remuneration report, including the 2026 remuneration policy set out on the **pages 118 to 125**, has been approved by the board and signed on its behalf by Ben J.S. Mathews, company secretary, on 6 March 2026.

## Directors' remuneration report continued

### Directors' remuneration report – the 2026 remuneration policy

This section of the report sets out the remuneration policy for executive directors and non-executive directors, which shareholders will be asked to approve at the AGM on 23 April 2026 and, if approved, will take effect for any payments made or awarded after that date. The company will continue to honour any arrangements granted under previous remuneration policies which were consistent with the policy in force at the time of grant.

As outlined in the chair's statement, the committee undertook an initial review of the policy during 2025 and agreed to defer a more detailed review of the policy until after the 2026 AGM. The policy set out on the following pages has therefore largely been rolled forward from the previous policy, which was approved at the 2023 AGM and received strong support from shareholders with a vote of 94% in favour.

While no material changes are being proposed to the 2026 remuneration policy, minor changes have been made to the wording in certain areas to increase clarity and effective operation.

### Policy table – executive directors

#### Salary and benefits

<b>Purpose</b>	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.	
<b>Operation and opportunity</b>	<b>Salary</b> <p>Salary levels will relate to the nature of the role, performance of the business and the individual, market positioning and pay conditions in the wider bp group. There is no maximum salary under the policy.</p> <p>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. The committee will also consider salary increases for the most senior management and the wider workforce. In particular, percentage increases for executive directors will not exceed increases for the broader employee population, other than in specific circumstances identified by the committee (e.g. in response to a substantial change in responsibilities).</p> <p>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, for example following a major role change.</p>	<b>Benefits</b> <p>Executive directors are entitled to receive those benefits available to a majority of the wider workforce in their home country. These include participation in all-employee share plans, sickness pay, relocation assistance and parental leave. Benefits are not pensionable.</p> <p>Executive directors may receive other benefits that are judged to be cost-effective and appropriate in terms of the individual's role, time and/or security. These may include car-related benefits and/or cash in lieu, security, assistance with tax return preparation, insurance and medical benefits. The company may meet any tax charges arising on benefits provided to directors.</p> <p>The taxable value of benefits provided may fluctuate during the period of this policy, depending on the cost of provision and a director's personal circumstances.</p>

#### Retirement benefits

<b>Purpose</b>	To recognize competitive practice in the directors' home country while being aligned with the majority of the workforce.	
<b>Operation and opportunity</b>	<p>Executive directors normally participate in the company retirement plans that operate in their home country.</p> <p>New appointees from within bp group retain previously accrued benefits. 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 workforce and any arrangements currently in place.</p>	<p>Retirement benefits for executive directors will be limited to the allowance offered to the majority of the workforce in the executive's home country (the maximum allowance in the UK is currently 20% of salary).</p>

## Annual bonus

<b>Purpose</b>	To provide variable remuneration dependent on the execution of the business strategy on an annual basis. Bonus is subject to a mandatory deferral into bp shares which are held for three years to reinforce the long-term nature of the business and alignment with shareholders.	
<b>Operation and opportunity</b>	<p>The bonus is based on performance against annual measures and targets set at the start of the year, evaluated over the financial year and assessed following the year-end.</p> <p>The target annual bonus is half of the maximum available, and typically relates to delivery of performance in line with targets in the annual plan.</p> <p>Executive directors may earn a maximum annual bonus of 225% of salary. This maximum level would relate to performance at or above the highest end of the performance scale for every measure. The committee intends to set demanding requirements for maximum payment.</p> <p>Achievement of threshold performance would normally result in a payout of 0% of the maximum opportunity.</p> <p>Bonus calculation is typically based on salary as at 31 December in each performance year.</p>	<p>The final bonus outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards.</p> <p>Half the bonus is paid in cash, and half is deferred into bp shares for three years up until 'minimum shareholding requirement' (MSR) is met, as determined by the committee under the shareholding guidelines. Once met, 67% is paid in cash and 33% is deferred into bp shares. Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of any deferred shares.</p> <p>Awards are subject to malus provisions before they are delivered and to clawback thereafter for a period of three years. Further detail is set out on <a href="#">page 121</a>.</p>
<b>Performance framework</b>	The committee determines a scorecard of specific measures, weightings and targets each year to reflect the priorities in the annual plan, as agreed with the board, and thus deliver the group's strategy.	The scorecard will typically include a balance of financial and non-financial measures. Details of the measures and weighting will typically be reported in advance each year in the annual report on remuneration, while targets, where commercially sensitive, will be disclosed retrospectively.

## Performance shares

<b>Purpose</b>	To link the largest part of remuneration opportunity with the long-term performance of the business.	
<b>Operation and opportunity</b>	<p>The maximum annual award level for the chief executive officer will be 500% of salary and 450% of salary for other executive directors.</p> <p>Annual awards of shares will vest based on performance relative to measures and targets that reflect the delivery of bp's strategy over a performance period of typically three years.</p> <p>For each measure, the threshold level at which vesting is first triggered is not expected to yield vesting above 25% of the maximum.</p>	<p>The final performance shares outcome, following the formulaic assessment of performance relative to targets, is specifically reserved as a matter for the committee's judgement. Accordingly, the committee may exercise its discretion to adjust the formulaic outcome either upwards or downwards.</p> <p>The shares that vest are subject to a three-year post-vesting holding period.</p> <p>Dividends (or equivalents, including the value of reinvestment) may accrue in respect of share awards to the extent that they vest.</p> <p>Awards are subject to malus provisions before vesting and to clawback provisions thereafter for a period of three years. Further detail is set out on <a href="#">page 121</a>.</p>
<b>Performance framework</b>	At the outset of each performance cycle, the committee determines a scorecard of specific measures, weightings and targets to reflect the group's long-term strategic priorities and shareholder interests.	The scorecard will typically include a balance of financial and non-financial measures (including sustainability). The committee will assess overall safety performance as well as progress towards the reduction of net debt as an underpin in determining the final vesting percentage.

## Shareholding requirement

<b>Purpose</b>	To provide alignment between the interests of executive directors and our other shareholders.	
<b>Operation and opportunity</b>	The chief executive officer is required to build and maintain a minimum shareholding of five times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years after they cease to be a director.	Other executive directors are required to build and maintain a minimum shareholding of four and a half times base salary within five years of appointment, and to maintain that minimum shareholding for at least two years after they cease to be a director.

# Directors' remuneration report continued

## Notes to the policy table

### 1. How is variable pay linked to performance?

<b>Annual bonus</b>	Bonus aligned with company performance >	<100% MSR <sup>a</sup> : 50% paid in cash; 50% in bp shares deferred for three years >100% MSR <sup>a</sup> : 67% paid in cash; 33% in bp shares deferred for three years
<b>Performance shares</b>	Share award for meeting three-year targets >	Six-years; three-year performance period + three-year holding period
<b>Share ownership</b>	Long-term shareholding >	Built up over five years and maintained for a further two years post-employment

a MSR: group chief executive 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.

The three elements described above provide a balance between a focus on short-term, medium-term and long-term performance, while encouraging behaviours which are in the long-term interests of shareholders. The operation of variable pay is supported by a focus on stewardship. There is a requirement that the chief executive officer will build up a holding of five times salary, and other executive directors a holding of four and a half times salary, over a period of five years following appointment and maintain that level during employment and for a further two years post-employment.

### 2. How are performance measures linked to strategy?

Variable pay is linked to performance measures designed to deliver the bp strategy. At the start of each year, the remuneration committee reviews the measures, targets and weightings to ensure they remain consistent with the priorities in the annual plan and the group strategy. For the annual bonus and performance shares, the approach to performance measurement is intended to provide a balance of measures to assess performance reflecting the global scale of the business, the unique characteristics of the energy sector, and progress in transitioning to an integrated energy company.

### 3. Our use of flexibility, judgement and discretion

The committee reviews bp's performance against specific measures and targets, and in doing so may make both quantitative and qualitative assessments of performance in reaching its decisions. This involves the application of judgement and discretion, in which the committee also seeks relevant input from the board's audit and safety and sustainability committees. Accordingly, the committee may decide to adjust the formulaic outcome derived from the relevant scorecards, either upwards or downwards, to reflect broader considerations. The committee continues to consider that the powers of flexibility, judgement and discretion are critical to the successful execution of the policy.

In framing the policy, the committee has taken care to ensure that these important powers continue to be available:

- Sufficient flexibility to take account of future changes in the industry environment and in remuneration practice generally. This allows the committee to respond to changes in circumstances, for example in applying particular performance measures and/or weightings within the plans, or in broadening the comparator group for the relative returns measure, in order to evolve with the company's strategy, without the need for specific shareholder approval.
- Power to exercise judgement in making a qualitative assessment in certain circumstances. A number of measures are used for annual or long-term incentive awards, many of which are numerical in nature and require a quantitative assessment of performance. Others may require a qualitative assessment, such as the strategic progress measures in the performance share plan.
- Scope for the committee to exercise discretion, mainly where it is desirable to vary a formulaic outcome that would otherwise arise from the policy's implementation. The committee considers that the ability to exercise discretion, upwards or downwards, is important to ensure that a particular outcome is fair in light of the director's own performance, the company's overall performance and positioning under particular performance measures and outcomes for shareholders.

The committee may make minor amendments to the remuneration policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation).

The committee intends to provide appropriate disclosure on the use of flexibility, judgement and discretion so that shareholders can understand the basis for its decisions.

#### 4. How will we safeguard against payments for failure?

<b>Performance-based pay</b>	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.
<b>Discretion</b>	The committee may vary formulaic outcomes where these do not suitably reflect performance or other circumstances over the relevant performance period.
<b>Malus and clawback</b>	<p>The robust malus provisions enable the committee to reduce the size of award, cancel an unvested award, or impose further conditions on an award made under this policy, while the robust clawback provisions enable the committee to require participants to return some or all of an award after payment or vesting.</p> <p>The following events will trigger the application of either malus or clawback:</p> <ul style="list-style-type: none"> <li>• Material failure impacting safety or environmental sustainability.</li> <li>• Material damage to the reputation of the group, or conduct by a participant which results in or is reasonably likely to result in such material damage.</li> <li>• Incorrect award outcomes due to miscalculation or based on incorrect information.</li> <li>• Restatement due to financial reporting failure or misstatement of audited results.</li> <li>• Material misconduct by a participant.</li> <li>• Fraud effected by or with the knowledge of a participant.</li> </ul> <p>In addition, the following events will trigger the application of malus, where the event takes place prior to the vesting or payment of an award:</p> <ul style="list-style-type: none"> <li>• Material downturn in financial performance of the group, or any part of it.</li> <li>• Conduct effected by or with the knowledge of a participant which resulted in significant losses to the group, or any part of it.</li> <li>• Such other exceptional circumstances that the committee consider to be similar in nature.</li> </ul> <p>The company also operates a mandatory clawback policy that complies with the US Securities and Exchange Commission (SEC) requirements.</p>

## Directors' remuneration report continued

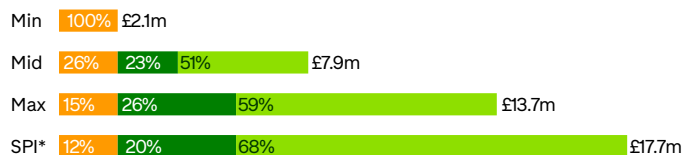
### 5. Differences from remuneration policy in the wider group

This executive director remuneration policy is structurally similar to remuneration for the majority of the wider workforce, but naturally differs in quantum, reflecting market norms for the differing size and complexity of roles, see [page 96](#) for more detail on these differences.

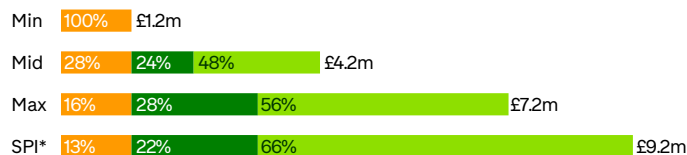
#### Illustrations of application of remuneration policy

The total remuneration opportunity for executive directors is strongly performance based and weighted to the long term. The charts below provide scenarios for the total remuneration of each individual who is an executive director at the date the policy comes into effect, at different levels of performance. The scenarios are calculated as prescribed by UK regulations.

#### Meg O'Neill



#### Kate Thomson



■ Fixed pay ■ Annual bonus ■ Performance shares \* 50% share price increase

■ Fixed pay ■ Annual bonus ■ Performance shares \* 50% share price increase

Due to rounding, the sum of the parts may not equal 100%.

#### Fixed components

For these illustrations salary, benefits and pension are the same in each scenario (annual values shown).

##### Salary

CEO (O'Neill)	£1,600,000	Meg's salary, upon appointment
CFO (Thomson)	£894,000	Kate's salary, effective from the 2026 AGM

##### Pensions and benefits

CEO (O'Neill)	£458,170	Based on cash in lieu of retirement benefits at 20% of salary, with an estimated £138k total for other benefits.
CFO (Thomson)	£261,179	Based on cash in lieu of retirement benefits at 20% of salary, with an estimated £82k total for other benefits.

#### Variable components

Variable pay under the policy comprises annual bonus and performance shares.

Scenario	Minimum	Mid	Maximum
	↓	↓	↓
<b>Annual bonus</b> (including cash and deferred elements)	Threshold not met Nil	50% of maximum 112.5% of salary	100% of maximum 225% of salary
<b>Performance shares</b>	Threshold not met CEO - Nil CFO - Nil	50% vesting CEO - 250% of salary CFO - 225% of salary	100% vesting CEO - 500% of salary CFO - 450% of salary

## Recruitment policy

The committee expects any new executive director to be engaged on terms that are consistent with the policy. However, it recognizes that it cannot anticipate all circumstances in which any new executive director may be recruited. The committee may determine that it is in the interests of the company and shareholders to secure the services of a particular individual which may require it to take account of the terms of that individual's existing employment and/or their personal circumstances.

Accordingly, the committee will consider the following:

- The salary level of any new director is appropriate to their role and the competitive environment at the time of appointment. Where appropriate, it may appoint an individual on a lower salary (relative to any previous incumbent), then gradually increase salary levels as the individual gains experience in the role.
- Variable remuneration will be awarded within the parameters of the policy for current executive directors.
- The committee may tailor the vesting criteria for initial incentive awards depending on the specific circumstances.
- Where an existing employee is promoted to the board, the company may honour any existing commitments including maintaining any outstanding share awards.
- The committee would expect any new director to participate in the company pension and benefit schemes that are open to other employees (where appropriate, referencing the candidate's home country).
- Where an individual is relocating in order to take up the role, the company may provide certain benefits such as reasonable relocation expenses, accommodation for a period following appointment, assistance with visa applications or other immigration issues and ongoing arrangements such as repatriation assistance, tax filing assistance, annual flights home and a housing/utilities allowance. The company may meet any tax charges arising on relocation benefits.
- Where an individual would be forfeiting remuneration or employment terms in order to join the company, the committee may award appropriate compensation. The committee would require reasonable evidence of the nature and value of any forfeited arrangements and would, to the extent practicable, ensure any compensation was of comparable commercial value and capped as appropriate, considering the terms of the previous arrangement being forfeited (for example, the form and structure of award, timeframe, performance criteria and likelihood of vesting). Where appropriate, the committee prefers to deliver buy-outs in the form of restricted shares in the company.
- To facilitate any share awards on recruitment, the committee may rely on the Listing Rules exemption, which permits the grant of share awards, in unusual circumstances, to support the recruitment of an executive director, without seeking prior shareholder approval or making such awards under any other existing share plan.

In making any decision on the remuneration of a new director, the committee would balance shareholder expectations, current best practice and the circumstances of any new director. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next remuneration report.

## Service contract

Meg O'Neill's and Kate Thomson's service contracts are with BP p.l.c.

Each executive director is entitled to retirement benefits, as outlined on [page 118](#).

Each executive director is also entitled to the following contractual benefits:

- If appropriate for security reasons, a company car and driver is provided for business and private use, with the company bearing all normal employment, servicing, insurance and running costs. Alternatively, where not required for security reasons, a cash allowance may be paid instead.
- Medical and dental benefits, sick pay during periods of absence and assistance with the preparation of tax returns.
- Indemnification in accordance with applicable law.
- Participation in bonus or incentive arrangements at the committee's sole discretion.

In line with bp's policy on notice periods for executive directors, each executive director may terminate their employment by giving 12 months' written notice. In this event, for business reasons, the employer may not necessarily hold the executive director to their full notice period.

The employer may lawfully terminate the executive director's employment in the following ways:

- By giving the director 12 months' written notice.
- Without compensation, in circumstances where the employer is entitled to terminate for cause, as defined for the purposes of their service contract.

The company may lawfully terminate employment by making a lump sum payment in lieu of notice equal to 12 months' salary, or by monthly instalments rather than as a lump sum.

The lawful termination mechanisms described above are without prejudice to the employer's ability in appropriate circumstances to terminate in breach of the notice period referred to above, and thereby to be liable for damages to the executive director.

In the event of termination by the company, each executive director may have an entitlement to compensation in respect of their statutory rights under employment protection legislation in the UK and potentially elsewhere. Where appropriate, the company may also meet a director's reasonable legal expenses in connection with either their appointment or termination of their appointment.

Copies of the executive directors' service contracts, along with the non-executive director appointment letters, are available for inspection at the registered office of BP p.l.c.

## Directors' remuneration report continued

### Termination payments

In determining overall termination arrangements, the committee will distinguish between types of leaver and the circumstances of their leaving. The committee would also consider all relevant circumstances, including whether a contractual provision in the director's arrangements complied with best practice at the time of termination and the date the provision was agreed, as well as the performance of the director in certain respects.

Where appropriate, the committee may consider providing certain benefits relating to termination including the provision of outplacement support or reasonable costs associated with relocation back to an individual's home country. Should it become necessary to terminate an executive director's employment, and therefore to determine a termination payment, the committee's policy is as follows:

<b>Termination payments</b>	<p>The director's primary entitlement would be a termination payment in respect of their service agreement, as set out above. However the committee will consider mitigation to reduce the termination payment where appropriate to do so, taking into account the circumstances for leaving and the terms of the agreement.</p> <p>Mitigation would not be applicable where a contractual payment in lieu of notice is made.</p>	<p>If the departing director is eligible for an early retirement pension, the committee would consider, if relevant under the terms of the appropriate plan, the extent of any actuarial reduction that should be applied. UK directors who leave in circumstances approved by the committee may have a favourable actuarial reduction applied to their pensions (which to date has been 3%). Departing directors who leave in other circumstances may be subject to a greater reduction.</p>
<b>Annual bonus</b>	<p>The committee would consider whether the director should be entitled to an annual bonus in respect of the financial year in which the termination occurs.</p>	<p>Normally, any such bonus would be restricted to the director's actual period of service in that financial year and would be subject to deferral unless the committee determines otherwise.</p>
<b>Share awards</b>	<p>Share awards will be treated in accordance with the relevant plan rules. For awards granted under the executive directors' incentive plan (EDIP), the treatment can only be made in accordance with the framework approved by shareholders.</p> <p>The committee would consider whether conditional share awards held by the director should lapse on leaving or should, at the committee's discretion, be preserved. If awards are preserved, the award would normally continue until the vesting date. Awards may be pro-rated based on service over the performance period.</p>	<p>In deciding whether to exercise discretion to preserve EDIP awards, the committee would also consider the proximity of the award to its maturity date.</p> <p>To the extent that any such share award vests, the release of those shares to the former director will normally be made approximately one year after their date of termination (even if they would have been subject to a longer holding period had the executive remained in employment with bp).</p>

### Remuneration in the wider group

The committee considers employment conditions in the bp group when establishing and implementing policy for executive directors to ensure the alignment of and context for principles and approach. In particular, the committee reviews the policy and makes decisions for the most senior leaders (the bp leadership team that reports to the CEO). Decisions regarding remuneration for employees outside the most senior leaders are the responsibility of the chief executive officer. The committee does not consult directly with employees when formulating the policy. However, feedback from employee focus groups and employee surveys, that are regularly reported to the board, provide views on a wide range of employee matters including pay.

The wider employee group participates in performance-based incentives. Throughout the group, salary and benefit levels are set in accordance with the prevailing relevant market conditions and practice in the countries in which employees are based. Differences between executive director pay policy and that of other employees reflect the senior position of the individuals, prevailing market conditions and corporate governance practices in respect of executive director remuneration. The key difference in policy for executive directors is that a greater proportion of total remuneration is delivered as performance-based incentives.

### Engaging with shareholders

The committee carefully considers shareholder feedback each year and this input has been instrumental in shaping the current remuneration policy. As outlined in the chair's letter, for the 2026 policy review, over 40% of bp's shareholder register were consulted and the vast majority expressed support for broadly retaining the 2023 policy. The committee remains committed to maintaining an open and constructive dialogue with shareholders and will continue to consult before introducing any material changes to the remuneration policy.

## Policy table – non-executive directors

The following table sets out the framework that will be used to determine the fees for non-executive directors during the term of this policy.

<b>Non-executive chair</b>	
Fees	
<b>Approach</b>	Remuneration is in the form of fees. Fees are currently paid in cash but the company may pay part or all of the fees in the form of shares. The level and structure of the chair's fee will primarily be compared against UK best practice.
<b>Operation and opportunity</b>	The quantum and structure of the non-executive chair's fee is reviewed annually by the remuneration committee, which makes a recommendation to the board.
Benefits and expenses	
<b>Approach</b>	The chair is provided with support and reasonable travelling expenses.
<b>Operation and opportunity</b>	The chair is provided with an office and full-time secretarial and administrative support in London and a contribution to an office and secretarial support in his home country as appropriate. A car and the use of a driver is provided in London, together with security assistance. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed.
<b>Non-executive directors</b>	
Fees	
<b>Approach</b>	Remuneration is in the form of fees. Fees are currently paid in cash but the company may pay part or all of the fees in the form of shares. Remuneration practice is consistent with recognized best practice standards for non-executive directors and, as a UK-listed company, the level and structure of non-executive directors' remuneration will primarily be compared against UK best practice.  Additional fees may be payable to reflect additional board responsibilities, for example, committee chairship and membership and for the role of senior independent director.
<b>Operation and opportunity</b>	The level and structure of non-executive directors' remuneration is reviewed by the chair, the CEO and the company secretary, who make a recommendation to the board. Non-executive directors do not vote on their own remuneration.  Fee levels for non-executive directors are reviewed annually.
Benefits and expenses	
<b>Approach</b>	Non-executive directors are provided with administrative support and reasonable travelling expenses. Professional fees are reimbursed in the form of cash, payable following the provision of advice and assistance.
<b>Operation and opportunity</b>	Non-executive directors are reimbursed for all reasonable travelling and subsistence expenses (including any relevant tax) incurred in carrying out their duties. Professional fees incurred by non-executive directors based outside the UK in connection with advice and assistance on UK tax compliance matters are reimbursed.
Shareholding guidelines	
<b>Approach</b>	Chair and non-executive directors are encouraged to establish a holding in bp shares of the equivalent value of one year's base fee.

### Letters of appointment for chair and non-executive directors

<b>Approach</b>	<p>The chair and non-executive directors each have letters of appointment. There is no term limit on a director's service, as bp proposes all directors for annual re-election by shareholders. There are no obligations arising from the non-executive directors' letters of appointment for remuneration or payments for loss of office, except for the chair whose appointment may be terminated in the following ways:</p> <ul style="list-style-type: none"> <li>• By either party giving three months' written notice, or</li> <li>• By the company for cause (as set out in the letter of appointment) and without compensation.</li> </ul> <p>The company may lawfully terminate the appointment by making a lump sum payment in lieu of notice equal to three months' fees. Copies of the executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the registered office of the company.</p>
-----------------	---

The maximum fees for non-executive directors are set in accordance with the Articles of Association.

## 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), all continuing directors are subject to 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 89](#) and board composition disclosure on [page 72](#), 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 2025 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 2025 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 73-75](#).

For information on board meetings held during 2025 and director attendance at board meetings, see [page 75](#).

### 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 2025, 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 2025, 46% of the board comprises women, our senior independent director (SID), chief executive officer (CEO), 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 2025. 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
<b>Gender identity or sex</b>					
Men	7	54%	1	5	55%
Women	6	46%	3	4	45%
Other categories	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-
<b>Ethnic background</b>					
White British or other white (including minority-white groups)	10	77%	100%	7	78%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	3	23%	-	1	11%
Black/African/Caribbean/Black British	-	-	-	1	11%
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 73-75](#), 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.

**Albert Manifold**  
Chair  
6 March 2026

### UK Corporate Governance Code compliance

Throughout 2025 bp applied the principles of the UK Corporate Governance Code 2024 (Code) and has complied with all the provisions. The information set out in the directors' report, including the committee reports on [pages 82-117](#), 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](http://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 67-70](#). During 2025 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 60-66](#).

## Directors' statements continued

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 82-90**.

During 2025 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 2026, 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 2025. 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 360**.

### 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 60**, outlines our risk identification, assessment and management approach for all risks, including our principal risks, described starting on **page 67**.

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 and reallocation 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 67-70** 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 69**.
- A sustained significant decline in oil prices over three years. Commodity prices and market environment, see **page 67**.
- A significant cyber security incident. Digital, cyber security and data risk, see **page 68**.
- A loss of a significant market or producing asset. Legal, regulatory and ethical compliance, see **page 70**.

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**.

## Consolidated financial statements of the bp group

Independent auditor's reports (PCAOB ID 1147)	130	Group statement of changes in equity	157
Group income statement	155	Group balance sheet	158
Group statement of comprehensive income	156	Group cash flow statement	159

## Notes on financial statements

1. Significant accounting policies	160	22. Trade and other payables	203
2. Non-current assets held for sale	181	23. Provisions	204
3. Business combinations	182	24. Pensions and other post-employment benefits	205
4. Disposals and impairment	182	25. Cash and cash equivalents	211
5. Segmental analysis	185	26. Finance debt	211
6. Sales and other operating revenues	189	27. Capital disclosures and net debt	212
7. Income statement analysis	189	28. Leases	213
8. Exploration for and evaluation of oil and natural gas resources	190	29. Financial instruments and financial risk factors	214
9. Taxation	190	30. Derivative financial instruments	219
10. Dividends	193	31. Called-up share capital	228
11. Earnings per share	193	32. Capital and reserves	230
12. Property, plant and equipment	195	33. Contingent liabilities and legal proceedings	236
13. Capital commitments	196	34. Remuneration of senior management and non-executive directors	238
14. Goodwill	196	35. Employee costs and numbers	239
15. Intangible assets	198	36. Auditor's remuneration	239
16. Investments in joint ventures	199	37. Subsidiaries, joint arrangements and associates	240
17. Investments in associates	201		
18. Other investments	202		
19. Inventories	202		
20. Trade and other receivables	202		
21. Valuation and qualifying accounts	203		

## Supplementary information on oil and natural gas (unaudited)

Oil and natural gas exploration and production activities	242	Standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves	263
Movements in estimated net proved reserves	248	Operational and statistical information	266

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

Company income statement	269	6. Taxation	282
Company statement of comprehensive income	269	7. Called-up share capital	282
Company balance sheet	270	8. Capital and reserves	283
Company statement of changes in equity	271	9. Financial guarantees and other contingencies	284
Notes on financial statements	272	10. Auditor's remuneration	286
1. Significant accounting policies	272	11. Directors' remuneration	286
2. Investments	277	12. Employee costs and numbers	286
3. Receivables	278	13. Related undertakings	287
4. Pensions	278		
5. Payables	281		

# 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') 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 2025 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 Financial Reporting Standard 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 37 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.

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

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• potential impact of climate change and the energy transition</li> <li>• impairment of upstream oil and gas property, plant and equipment (PP&amp;E) assets</li> <li>• decommissioning provisions</li> <li>• valuation of commodity financial derivatives, where fraud risks may arise in revenue recognition, and</li> <li>• management override of controls.</li> </ul> <p>All 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.</p>
<b>Materiality</b>	The materiality that we used for the group financial statements was \$700 million (2024 \$800 million) which was determined based on cash flow from operations and underlying replacement cost profit before interest and tax.
<b>Scoping</b>	Our scope covered 160 consolidation units ('cons units'). Of these, 135 were subject to audits of one or more classes of transactions, account balances and disclosures and 25 were subject to specified audit procedures by the component audit teams or group audit team. These covered 75% of group revenue, 74% of PP&E and 72% of profit before tax. The remaining 815 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 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, 8, 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 2-71 of the Annual Report and Note 1 of the financial statements on page 160. 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, in particular 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 \$4.0 billion total exploration and appraisal (E&A) assets capitalised as at 31 December 2025 (2024 \$4.4 billion) is potentially exposed to climate change and the global energy transition and macroeconomic 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 carrying value of goodwill associated with the transition businesses, specifically Archaea Energy and Lightsource bp, may no longer be recoverable due to increases in cost or lower forecast production or development rate reflecting the slowdown in the pace of energy transition adversely impacting the value of these projects and impacting investment decisions. Management performed an annual impairment test (which includes judgements in relation to forecast period, development rate, long term growth rate, discount rate, developer margin, capital expenditure and renewable natural gas revenue prices) to assess the recoverability of the goodwill, resulting in an impairment of \$2.0 billion as disclosed in Note 14.
- 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 161, 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 performed an assessment to identify potential impairment indicators in respect of the refinery portfolio. This considered all potential impairment indicators, including refining margin forecast, which could be impacted by changes in supply and demand due to climate change and the energy transition. As a result of management's impairment assessment, management identified indicators of impairment within the refining portfolio as at 31 December 2025 and concluded that no impairment charge needed to be recorded.
- The total goodwill balance as at 31 December 2025 is \$10.3 billion (2024 \$14.9 billion), of which \$7.1 billion relates to upstream oil and gas assets (2024 \$7.2 billion) and \$0.9 billion relates to the transition businesses in the gas & low carbon energy segment (2024 \$2.9 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 upstream oil and gas CGUs in aggregate at the respective segment level. The most significant assumption in the upstream oil and gas 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 upstream oil and gas 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. The annual impairment test on goodwill related to transition businesses resulted in an aggregate impairment of \$2.0 billion (2024: nil). Management identified discount rates and growth assumptions as key assumptions that could be impacted by the pace of energy transition and other climate change factors. Disclosures in relation to sensitivities for goodwill are included within Note 14 on pages 197-198. The customers & products (C&P) segment has a goodwill balance of \$2.2 billion (2024 \$4.8 billion). The significant decrease is due to \$2.8 billion relating to the Castrol business (2024 \$2.6 billion) having been reclassified to within assets held for sale at 31 December 2025, with no indicators of impairment identified as a result of the announcement of the sale. 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.

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 87.

#### 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 135-137 and 'Decommissioning provisions' on pages 138-140. Other procedures are as follows:

In respect of the recoverability of E&A assets capitalised as at 31 December 2025:

- 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.

In respect of the impairment tests performed on goodwill associated with the transition businesses, specifically Archaea Energy and Lightsource bp, performed at 31 December 2025:

- We tested the relevant controls over the impairment tests including controls over key assumptions;
- 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;
- We independently evaluated the long-term production rates for certain transition businesses with input from our Deloitte Landfill Production Specialists;
- We evaluated the appropriateness of other key assumptions including forecast period, development rate, long term growth rate, discount rate, developer margin, capital expenditure, and renewable natural gas revenue prices through assessment of bp's future plans and consistency with the capital frame; and
- We tested the mechanical accuracy of the impairment models.

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 audit scope for the C&P segment. In particular, we considered the 2025 International Energy Agency (IEA) Oil Report, which shows a growth in demand for bp C&P's core products (petroleum and jet-fuel) from 2025 to 2030 of 1.0 mb/d, while gasoline also declines by 1.0 mb/d. We have further corroborated this assessment based on the IEA World Energy Outlook 2025, which expects that demand for refined petroleum products will peak before 2030 at 86 mb/d, around 0.7 mb/d above 2024 levels, and demand in 2035 will be 85 mb/d under the Stated Policies Scenario (STEPS), which we consider to be aligned with real-world data. This demonstrates that demand is expected to remain sufficient for at least the current remaining useful economic lives of the refineries such that current depreciation rates are appropriate; however, more consideration will be needed following 2030.

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;
- evaluating management's ability to forecast future cash flows and margins by comparing actual results with historical forecasts; and
- testing 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 236-237.

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 results of our procedures relating to the carrying value associated with the transition businesses and that the impairments recorded are reasonable;
- 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; 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 five sustainability aims: net zero operations; net zero sales; people; biodiversity; and water. 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 twelve 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

<p><b>Key audit matter description</b></p>	<p>The group balance sheet as at 31 December 2025 includes PP&amp;E of \$99 billion (2024 \$100 billion), of which \$55 billion (2024 \$56 billion) is oil and gas properties.</p> <p>Management's best estimate oil and gas price assumptions for value-in-use impairment tests were revised in 2025 as set out in Note 1 on pages 168-169.</p> <p>Management has also determined bp's 'best estimate' discount rate assumptions, as set out in Note 1 on page 168. bp's post-tax discount rate used for impairment testing for oil and gas assets in 2025 remained unchanged from prior year at 8% (2024 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.</p> <p>As required by International Accounting Standard (IAS) 36 'Impairment of Assets', management performed a review of all oil and gas cash generating units (CGUs) for indicators of impairment and impairment reversal as at 31 December 2025. As a result of management identifying impairment indicators during 2025, \$1 billion (2024 \$2 billion) of oil and gas CGU net impairment charges were recognised, principally due to an increase in certain capital expenditure forecasts and operating expenditure forecasts and certain reserves write downs.</p> <p>We identified three key management estimates in management's determination of the level of impairment charge and/or impairment reversal. These are:</p> <p><b>Oil and gas prices</b> – bp's oil and gas price assumptions have a significant impact on many CGU impairment assessments performed across the OP&amp;O and G&amp;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.</p> <p>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.</p> <p>As described in Note 1 on page 161, 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.</p> <p><b>Discount rates</b> – 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.</p> <p><b>Reserves and resources estimates</b> – 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; 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&amp;O and G&amp;LCE segments.</p> <p>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. Further information regarding these sensitivities is given in Note 1 on page 167.</p> <p>Impairment charge and/or impairment reversal assessments of upstream oil and gas PP&amp;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 87.</p>
--	---

<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>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.</p> <p><b>Oil and gas prices</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• In developing this range, we obtained a variety of reputable and reliable third-party forecasts, peer information and other relevant market data.</li> <li>• 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.</li> <li>• 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 30 in Brazil during November 2025. We specifically analysed third party forecasts stated, or interpreted by us, as being consistent with scenarios achieving the ‘well below 2°C goal’ and/or ‘1.5°C ambition’ and evaluated whether they presented contradictory audit evidence.</li> <li>• We challenged and evaluated management’s judgement, described in Note 1 on page 161, 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.</li> <li>• 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.</li> </ul> <p><b>Discount rates</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• When performing procedures over specific assets, we assessed whether specific country risks and tax adjustments were reasonably reflected in bp’s discount rates.</li> <li>• We challenged and evaluated management’s disclosures in Note 1, including in relation to the sensitivity of discount rate assumptions.</li> </ul> <p><b>Reserves and resources estimates</b></p> <p>Using the outputs from our data analytics tools which we used to visualise reserves and resources volumes, and with the assistance of our oil and gas reserves specialists, we:</p> <ul style="list-style-type: none"> <li>• assessed bp’s reserves and resources estimation methods and policies for reasonableness;</li> <li>• 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;</li> <li>• 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;</li> <li>• assessed the competence, capability and objectivity of bp’s internal and external reserve experts, through understanding their relevant professional qualifications and experience;</li> <li>• assessed whether management’s production forecasts are consistent overall with bp’s strategy;</li> <li>• compared the production forecasts used in the impairment tests with management’s approved reserves and resources estimates; and</li> <li>• 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.</li> </ul>
--	--

<p><b>Key observations</b></p>	<p><b>Oil and gas prices</b></p> <p>For the purpose of PP&amp;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.</p> <p>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, 'well below 2°C goal' or '1.5°C ambition' scenarios. We observed that none of those third-party forecasters described their transition scenarios as their 'base case', 'central case' or 'most likely' estimate.</p> <p>Management notes on page 168 that they consider their 'best estimate' prices to be in line with a range of transition paths consistent with 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 '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 'well below 2°C goal' and '1.5°C ambition' scenarios, highlighting the large inherent uncertainty regarding transition pathways and the very wide range of potential price forecasts. Accordingly, we consider management's statement as set out above to be reasonable.</p> <p>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.</p> <p>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 transition scenarios for Brent oil.</p> <p><b>Discount rates</b></p> <p>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.</p> <p>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.</p> <p><b>Reserves and resources</b></p> <p>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.</p>
--------------------------------	---

### 5.3 Decommissioning provisions – Notes 1 and 23 to the financial statements

<p><b>Key audit matter description</b></p>	<p>A decommissioning provision of \$12.3 billion is recorded in the financial statements as at 31 December 2025 (2024 \$11.8 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.</p> <p>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%.</p> <p>The estimated undiscounted cost of the obligations and the timing of future payments are set out in Note 1 on page 176. 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.</p> <p>bp maintained the discount rate used in calculating its decommissioning provisions at 4.5% as at 31 December 2025.</p> <p>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.</p> <p>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 176 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.</p> <p>This matter was discussed by the Audit Committee on page 87.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p><b>Long term inflation rate</b></p> <ul style="list-style-type: none"> <li>• We tested the relevant control related to the determination of the decommissioning specific inflation rate assumption.</li> <li>• 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.</li> <li>• 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.</li> <li>• We made inquiries and evaluated the competence, capability and objectivity of management's decommissioning experts who derived the decommissioning specific inflation rate.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## 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 gained an understanding of the process and technology used to model the provision, including the use of bp's decommissioning modelling platform by management's experts. We used data analytics to automatically extract and analyse cost estimate data to identify the key cost assumptions which the decommissioning model is most materially sensitive to.

We evaluated the reasonableness of changes in the 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.

<p><b>Key observations</b></p>	<p>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.</p> <p>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 176 with respect to the estimated undiscounted cost of bp's decommissioning obligations and the timing of future decommissioning payments are consistent with these conclusions.</p> <p>Based on our audit procedures, we consider bp's 4.5% discount rate to be reasonable.</p> <p>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.</p> <p>In respect of the group's refining assets, taking into consideration both the IEA demand forecasts and management's strategic plans for each of the group's refineries, 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.</p>
--------------------------------	---

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

<p><b>Key audit matter description</b></p>	<p>bp's supply, trading and shipping (ST&amp;S) function is responsible for globally trading and risk managing the group's owned production as well as third party production. To discharge this responsibility, ST&amp;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.</p> <p>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.</p> <p>Fair value measurements associated with unrealised commodity contracts are also impacted by the macroeconomic sentiment and outlook. In 2025, 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.</p> <p>As at 31 December 2025, the group's total level 3 derivative financial assets were \$20.1 billion (2024 \$16.0 billion) and level 3 derivative financial liabilities were \$18.2 billion (2024 \$14.4 billion).</p> <p>This matter was discussed by the Audit Committee on page 88.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>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.</p> <p>Our use of advanced data analytics tools enabled automated visualisation of valuation data providing insights into trading positions and price curves. This allowed us to identify unusual trends, and focus our audit efforts on complex inputs, methodologies, and anomalies within the significant volume of derivative contracts, thereby enhancing the precision and the effectiveness of our valuation testing and our assessment of potential management bias.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• We tested the group's valuation relevant controls including: <ul style="list-style-type: none"> <li>– the model certification control, which is designed to review a model's theoretical soundness and the appropriateness of its valuation methodology; and</li> <li>– 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.</li> </ul> </li> <li>• We performed valuation testing procedures at interim and year-end balance sheet dates, including: <ul style="list-style-type: none"> <li>– evaluating management's valuation methodologies against standard valuation practice and analysing whether a consistent framework is applied across the business period over period;</li> <li>– engaging our valuation specialists to challenge models, develop fair value estimates and evaluate consistency in management's modelling and input assumptions throughout the year;</li> <li>– comparing management's input assumptions against the expected assumptions of other market participants and observable market data;</li> <li>– independently validating price points on pricing curves; and</li> <li>– analysing whether there was any indication of management bias through evaluating the distribution of valuation differences where relevant.</li> </ul> </li> </ul>
<p><b>Key observations</b></p>	<p>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.</p>

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

<b>Key audit matter description</b>	<p>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.</p> <p>Our considerations included the potential for:</p> <ul style="list-style-type: none"><li>• inappropriate accounting estimates and judgements</li><li>• the posting of fictitious or fraudulent journal entries or</li><li>• inappropriate accounting for significant transactions that are outside the normal course of business for the entity.</li></ul> <p>During the year certain deficiencies were identified though we and management both 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.</p> <p>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.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We tested the mitigating controls to respond to the risk of fraudulent journal entries. In addition, we:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• 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;</li><li>• made inquiries of management and others within bp as appropriate, who deal with allegations, if any, of fraud raised by employees or other parties;</li><li>• used our data analytics tools to identify and select journal entries and other adjustments that exhibit potential fraud characteristics for testing; and</li><li>• 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.</li></ul> <p>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:</p> <ul style="list-style-type: none"><li>• 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</li><li>• performing a retrospective analysis of management judgements and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.</li></ul> <p>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.</p> <p>The risks and responses to the revenue recognition risk within the supply, trading and shipping function are set out on page 141.</p>
<b>Key observations</b>	<p>We were able to rely on the mitigating controls tested.</p> <p>Our testing of journal entries and other adjustments, selected through the use of our data analytics tools, did not identify any inappropriate items.</p> <p>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.</p>

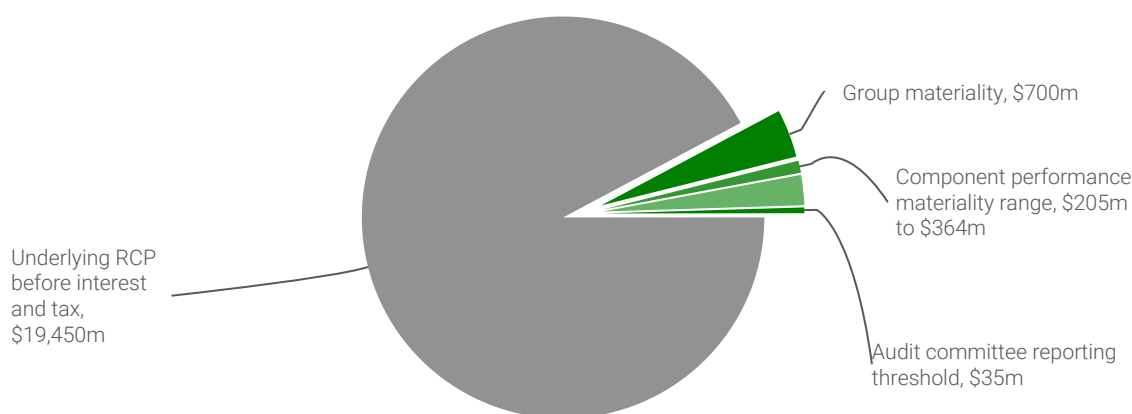
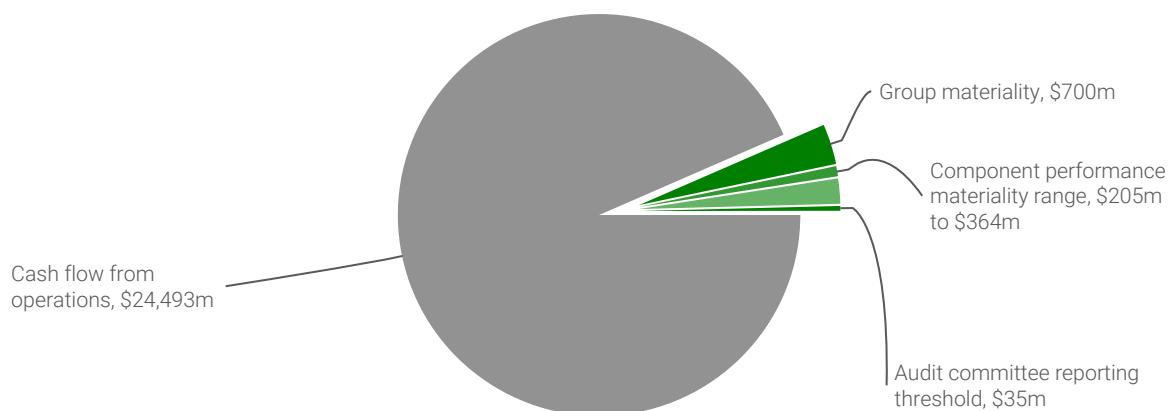
## 6. Our application of materiality

### 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
<b>Materiality</b>	<p>In 2025 we set materiality for both the group and parent company at \$700 million.</p> <p>In 2024, we used a materiality of \$800 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.</p>	
<b>Basis for determining materiality</b>	<p>Changing macroeconomic conditions, one-off transactions and strategic decisions had a significant impact on the group's profit before tax in 2025. 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.</p> <p>Materiality was determined to be \$700 million (2024 \$800 million), which is 2.9% of cash flow from operations (2024 2.9%) and 3.6% of underlying replacement cost profit before tax (2024 3.9%).</p>	<p>We determined materiality for our audit of the standalone parent using 0.6% (2024 0.6%) of net assets.</p>
<b>Rationale for the benchmark applied</b>	<p>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.</p> <p>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&amp;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.</p> <p>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.</p>	<p>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.</p>



## 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
<b>Performance materiality</b>	Group and parent company performance materiality was set at 65% of materiality for the 2025 audit (2024 65% of materiality).	
<b>Basis and rationale for determining performance materiality</b>	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 \$35 million (2024 \$40 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 80 countries through approximately 970 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. We determined our components at the cons unit level as these serve as the lowest uniformly applied level of aggregation.

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. We used a bespoke scoping tool, developed using the company's general ledger data, to provide a preliminary scoping analysis and identify any unusual trends and items in untested populations.

- 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 2024 audit engagement.

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

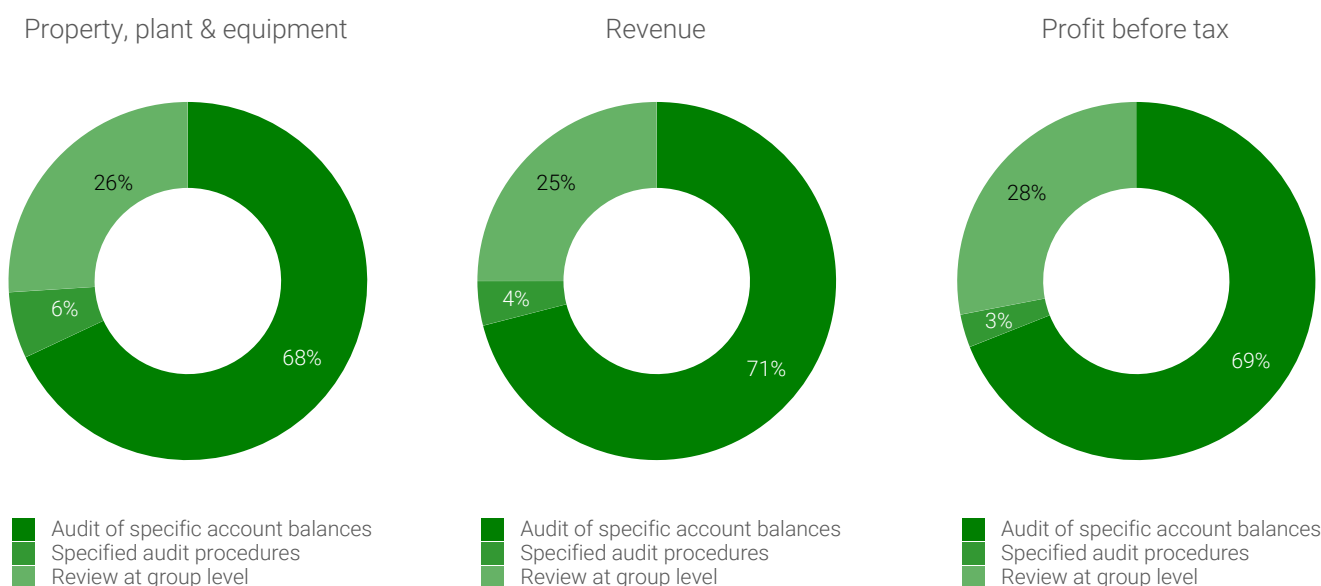
In order to obtain sufficient, appropriate audit evidence for the purposes of our audit of the financial statements, the group engagement team and component teams performed audits of one or more classes of transactions account balances and disclosures on 135 (2024 153) reporting cons units covering UK, US, Australia, Azerbaijan, Germany, Trinidad and Tobago, Mauritania & Senegal, Indonesia, Egypt, India and Abu Dhabi, with specific audit procedures performed at an additional 25 cons units (2024 25). Our component performance materiality range is \$205 million to \$364 million (2024 \$182 million to \$416 million).

In addition to the work performed at a component level, the group engagement team performed testing on the consolidation process.

The remaining cons units are not significant individually and include many small, low risk components and balances. On average, they each represent 0.03% of group revenue (2024 0.04%), 0.03% of property, plant and equipment (2024 0.04%) and 0.03% of profit before tax (2024 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 74% (2024 73%), 75% (2024 69%) and 72% (2024 72%) respectively.



**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 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 103 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 Finance Business & Technology (FBT) locations and senior management from bp.

## 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.

**We have nothing to report in this regard.**

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.

## 9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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](http://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 128.
- 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 128.
- the directors' statement on fair, balanced and understandable set out on page 128.
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 127-128.
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 127-128 and
- the section describing the work of the Audit Committee set out on pages 84-88.

## 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 17 April 2025, 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 2026 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 8 years, covering the years ending 31 December 2018 to 31 December 2025.

### 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 2026

## 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 2025 and 2024, 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 2025, 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 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2025, 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 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated 6 March 2026 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 2025 includes PP&E, of which \$55 billion is oil and gas properties.

Management's best estimate oil and gas price assumptions for value-in-use impairment tests were revised in 2025 as set out in Note 1 on pages 168-169.

Management has also determined bp's 'best estimate' discount rate assumptions, as set out in Note 1 on page 168. bp's post-tax discount rate used for impairment testing for oil and gas assets in 2025 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.

As required by International Accounting Standard (IAS) 36 'Impairment of Assets', management performed a review of all oil and gas cash generating units (CGUs) for indicators of impairment and impairment reversal as at 31 December 2025. As a result of management identifying impairment indicators during 2025, \$1 billion of oil and gas CGU net impairment charges were recognised, principally due to 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; 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 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. Further information regarding these sensitivities is given in Note 1 on page 169. 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 and 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 30 in Brazil during November 2025. 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**

Using the outputs from our data analytics tools which we used to visualise reserves and resources volumes, and 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, 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.

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

### **Critical Audit Matter Description**

A decommissioning provision of \$12.3 billion is recorded in the financial statements as at 31 December 2025. 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 176. 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 maintained the discount rate used in calculating its decommissioning provisions at 4.5% as at 31 December 2025.

## 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, 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 gained an understanding of the process and technology used to model the provision, including the use of bp's decommissioning modelling platform by management's experts. We used data analytics to automatically extract and analyse cost estimate data to identify the key cost assumptions which the decommissioning model is most materially sensitive to.
- We evaluated the reasonableness of changes in the 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 production 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 2025, 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 2025, the group's total level 3 derivative financial assets were \$20.1 billion and level 3 derivative financial liabilities were \$18.2 billion.

### How the Critical Audit Matter was addressed in the Audit

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.

Our use of advanced data analytics tools enabled automated visualisation of valuation data providing insights into trading positions and price curves. This allowed us to identify unusual trends, and focus our audit efforts on complex inputs, methodologies, and anomalies within the significant volume of derivative contracts, thereby enhancing the precision and the effectiveness of our valuation testing and our assessment of potential management bias.

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.

#### **4. Impairment of E&A assets, goodwill associated with the transition businesses and refinery PP&E as a consequence, among other things, of climate change and the energy transition – Notes 1, 4, 8, 14 and 15 to the financial statements**

##### **Critical Audit Matter Description**

###### **Intangible Assets**

The recoverability of certain of the group's \$4.0 billion total exploration and appraisal (E&A) assets capitalised as at 31 December 2025 is potentially exposed to climate change and the global energy transition and macroeconomic 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.

###### **Goodwill**

The carrying value of goodwill associated with the transition businesses, specifically Archaea Energy and Lightsource bp, may no longer be recoverable due to increases in cost or lower forecast production or development rate reflecting the slowdown in the pace of energy transition adversely impacting the value of these projects, and impacting investment decisions. Management performed an annual impairment test (which includes judgements in relation to forecast period, development rate, long term growth rate, discount rate, developer margin, capital expenditure and renewable natural gas revenue prices) to assess the recoverability of the goodwill, resulting in an impairment of \$2.0 billion as disclosed in Note 14.

###### **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 performed an assessment to identify potential impairment indicators in respect of the refinery portfolio. This considered all potential impairment indicators, including refining margin forecast, which could be impacted by changes in supply and demand due to climate change and the energy transition. As a result of management's impairment assessment, management identified indicators of impairment within the refining portfolio as at 31 December 2025 and concluded that no impairment charge needed to be recorded.

##### **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 2025:

- 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.

###### **Goodwill**

In respect of the impairment tests performed on goodwill associated with the transition businesses, specifically Archaea Energy and Lightsource bp, performed at 31 December 2025:

- We tested the relevant controls over the impairment tests including controls over key assumptions;
- 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;
- We independently evaluated the long-term production rates for certain transition businesses with input from our Deloitte Landfill Production Specialists;

- We evaluated the appropriateness of other key assumptions including forecast period, development rate, long term growth rate, discount rate, developer margin, capital expenditure, and renewable natural gas revenue prices through assessment of bp's future plans and consistency with the capital frame; and
- We tested the mechanical accuracy of the impairment models.

**PP&E**

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;
- Evaluating management's ability to forecast future cash flows and margins by comparing actual results with historical forecasts; and
- Testing management's internal controls over the impairment test and related inputs.

/s/ Deloitte LLP

London  
United Kingdom  
6 March 2026

We have served as bp's auditor since 2018.

- 1. The maintenance and integrity of the BP p.l.c. web site is the responsibility of BP p.l.c.; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.**
- 2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.**

# 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 2025, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the group maintained, in all material respects, effective internal control over financial reporting as of 31 December 2025, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO. 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 2025, of the group and our report dated 6 March 2026 expressed an unqualified opinion on those financial statements.

### 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 2026

## Group income statement

For the year ended 31 December		\$ million		
	Note	2025	2024	2023
Sales and other operating revenues	6	189,335	189,185	210,130
Earnings from joint ventures - after interest and tax	16	(300)	909	67
Earnings from associates - after interest and tax	17	918	1,084	831
Interest and other income	7	1,609	2,773	1,635
Gains on sale of businesses and fixed assets	4	987	678	369
<b>Total revenues and other income</b>		<b>192,549</b>	194,629	213,032
Purchases	19	110,640	113,941	119,307
Production and manufacturing expenses		25,646	26,584	25,044
Production and similar taxes	5	1,698	1,799	1,779
Depreciation, depletion and amortization	5	17,822	16,622	15,928
Net impairment and losses on sale of businesses and fixed assets	4	6,037	6,995	5,857
Exploration expense	8	570	974	997
Distribution and administration expenses		17,494	16,417	16,772
<b>Profit (loss) before interest and taxation</b>		<b>12,642</b>	11,297	27,348
Finance costs	7	5,106	4,683	3,840
Net finance (income) expense relating to pensions and other post-employment benefits	24	(210)	(168)	(241)
<b>Profit (loss) before taxation</b>		<b>7,746</b>	6,782	23,749
Taxation	9	6,451	5,553	7,869
<b>Profit (loss) for the year</b>		<b>1,295</b>	1,229	15,880
Attributable to				
bp shareholders		55	381	15,239
Non-controlling interests		1,240	848	641
		1,295	1,229	15,880
<b>Earnings per share</b>				
Profit (loss) for the year attributable to bp shareholders				
Per ordinary share (cents)				
Basic	11	0.35	2.38	87.78
Diluted	11	0.34	2.32	85.85
Per ADS (dollars)				
Basic	11	0.02	0.14	5.27
Diluted	11	0.02	0.14	5.15

## Group statement of comprehensive income

For the year ended 31 December		\$ million		
	Note	2025	2024	2023
Profit (loss) for the year		<b>1,295</b>	1,229	15,880
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences <sup>a</sup>		<b>1,863</b>	(1,292)	585
Exchange (gains) losses on translation of foreign operations reclassified to gain or loss on sale of businesses and fixed assets <sup>a</sup>		<b>41</b>	1,004	(2)
Cash flow hedges marked to market	30	<b>287</b>	155	1,065
Cash flow hedges reclassified to the income statement	30	<b>(127)</b>	(686)	(428)
Costs of hedging marked to market	30	<b>27</b>	(2)	(67)
Costs of hedging reclassified to the income statement	30	<b>34</b>	(2)	(11)
Share of items relating to equity-accounted entities, net of tax	16, 17	<b>(4)</b>	(12)	(192)
Income tax relating to items that may be reclassified	9	<b>(22)</b>	48	(10)
		<b>2,099</b>	(787)	940
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of the net pension and other post-employment benefit liability or asset	24	<b>(221)</b>	(360)	(2,262)
Remeasurements of equity investments		<b>(6)</b>	(47)	51
Cash flow hedges that will subsequently be transferred to the balance sheet	30	<b>5</b>	(1)	15
Income tax relating to items that will not be reclassified <sup>a</sup>	9	<b>55</b>	734	745
		<b>(167)</b>	326	(1,451)
Other comprehensive income		<b>1,932</b>	(461)	(511)
<b>Total comprehensive income</b>		<b>3,227</b>	768	15,369
Attributable to				
bp shareholders		<b>1,872</b>	7	14,702
Non-controlling interests		<b>1,355</b>	761	667
		<b>3,227</b>	768	15,369

a See Note 32 for further information.

Group statement of changes in equity<sup>a</sup>

	\$ 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	
<b>At 1 January 2025</b>	<b>48,229</b>	<b>(9,030)</b>	<b>(2,196)</b>	<b>(288)</b>	<b>22,531</b>	<b>59,246</b>	<b>16,649</b>	<b>2,423</b>	<b>78,318</b>
Profit for the year	–	–	–	–	55	55	799	441	1,295
Other comprehensive income	–	–	1,804	183	(170)	1,817	–	115	1,932
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>1,804</b>	<b>183</b>	<b>(115)</b>	<b>1,872</b>	<b>799</b>	<b>556</b>	<b>3,227</b>
Dividends <sup>b</sup>	–	–	–	–	(5,087)	(5,087)	–	(524)	(5,611)
Cash flow hedges transferred to the balance sheet, net of tax	–	–	–	(6)	–	(6)	–	–	(6)
Repurchase of ordinary share capital	–	(3,558)	–	–	(454)	(4,012)	–	–	(4,012)
Share-based payments, net of tax	35	3,917	–	–	(2,840)	1,112	–	–	1,112
Share of equity-accounted entities' changes in equity, net of tax	–	–	–	–	1	1	–	–	1
Issue of perpetual hybrid bonds	–	–	–	–	–	–	500	–	500
Redemption of perpetual hybrid bonds, net of tax	–	–	–	–	–	–	(1,200)	–	(1,200)
Payments on perpetual hybrid bonds	–	–	(9)	–	–	(9)	(793)	–	(802)
Transactions involving non-controlling interests, net of tax	–	–	–	–	(65)	(65)	–	2,538	2,473
<b>At 31 December 2025</b>	<b>48,264</b>	<b>(8,671)</b>	<b>(401)</b>	<b>(111)</b>	<b>13,971</b>	<b>53,052</b>	<b>15,955</b>	<b>4,993</b>	<b>74,000</b>
<b>At 1 January 2024</b>	<b>48,013</b>	<b>(11,323)</b>	<b>(1,920)</b>	<b>174</b>	<b>35,339</b>	<b>70,283</b>	<b>13,566</b>	<b>1,644</b>	<b>85,493</b>
Profit for the year	–	–	–	–	381	381	641	207	1,229
Other comprehensive income	–	–	(276)	(452)	354	(374)	–	(87)	(461)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(276)</b>	<b>(452)</b>	<b>735</b>	<b>7</b>	<b>641</b>	<b>120</b>	<b>768</b>
Dividends <sup>b</sup>	–	–	–	–	(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
<b>At 31 December 2024</b>	<b>48,229</b>	<b>(9,030)</b>	<b>(2,196)</b>	<b>(288)</b>	<b>22,531</b>	<b>59,246</b>	<b>16,649</b>	<b>2,423</b>	<b>78,318</b>
<b>At 1 January 2023</b>	<b>47,873</b>	<b>(12,153)</b>	<b>(2,643)</b>	<b>(256)</b>	<b>34,732</b>	<b>67,553</b>	<b>13,390</b>	<b>2,047</b>	<b>82,990</b>
Profit for the year	–	–	–	–	15,239	15,239	586	55	15,880
Other comprehensive income	–	–	728	431	(1,696)	(537)	–	26	(511)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>728</b>	<b>431</b>	<b>13,543</b>	<b>14,702</b>	<b>586</b>	<b>81</b>	<b>15,369</b>
Dividends <sup>b</sup>	–	–	–	–	(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
<b>At 31 December 2023</b>	<b>48,013</b>	<b>(11,323)</b>	<b>(1,920)</b>	<b>174</b>	<b>35,339</b>	<b>70,283</b>	<b>13,566</b>	<b>1,644</b>	<b>85,493</b>

<sup>a</sup> See Note 32 for further information.

<sup>b</sup> See Note 10 for further information.

# Group balance sheet

At 31 December

		\$ million	
	Note	2025	2024
<b>Non-current assets</b>			
Property, plant and equipment	12	98,633	100,238
Goodwill	14	10,300	14,888
Intangible assets	15	8,197	9,646
Investments in joint ventures	16	13,400	12,291
Investments in associates	17	7,325	7,741
Other investments	18	857	1,292
		<b>138,712</b>	146,096
<b>Fixed assets</b>			
Loans		1,991	1,961
Trade and other receivables	20	2,376	1,815
Derivative financial instruments	30	20,957	16,114
Prepayments		608	548
Deferred tax assets	9	4,325	5,403
Defined benefit pension plan surpluses	24	7,771	7,457
		<b>176,740</b>	179,394
<b>Current assets</b>			
Loans		457	223
Inventories	19	22,499	23,232
Trade and other receivables	20	26,014	27,127
Derivative financial instruments	30	5,180	5,112
Prepayments		3,422	2,594
Current tax receivable		1,153	1,096
Other investments	18	158	165
Cash and cash equivalents	25	36,556	39,204
		<b>95,439</b>	98,753
Assets classified as held for sale	2	6,347	4,081
		<b>101,786</b>	102,834
		<b>278,526</b>	282,228
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade and other payables	22	56,843	58,411
Derivative financial instruments	30	4,413	4,347
Accruals		5,572	6,071
Lease liabilities	28	2,832	2,660
Finance debt	26	3,356	4,474
Current tax payable		1,262	1,573
Provisions	23	4,709	3,600
		<b>78,987</b>	81,136
Liabilities directly associated with assets classified as held for sale	2	1,594	1,105
		<b>80,581</b>	82,241
<b>Non-current liabilities</b>			
Other payables	22	7,975	9,409
Derivative financial instruments	30	19,667	18,532
Accruals		1,834	1,326
Lease liabilities	28	11,739	9,340
Finance debt	26	54,602	55,073
Deferred tax liabilities	9	7,642	8,428
Provisions	23	15,670	14,688
Defined benefit pension plan and other post-employment benefit plan deficits	24	4,816	4,873
		<b>123,945</b>	121,669
		<b>204,526</b>	203,910
<b>Total liabilities</b>			
<b>Net assets</b>			
Equity		74,000	78,318
bp shareholders' equity	32	53,052	59,246
Non-controlling interests	32	20,948	19,072
	32	<b>74,000</b>	78,318

Albert Manifold Chair

Carol Howle Interim Chief executive officer

6 March 2026

## Group cash flow statement

For the year ended 31 December		\$ million		
	Note	2025	2024	2023
<b>Operating activities</b>				
Profit (loss) before taxation		7,746	6,782	23,749
Adjustments to reconcile profit before taxation to net cash provided by operating activities				
Exploration expenditure written off	8	343	767	746
Depreciation, depletion and amortization	5	17,822	16,622	15,928
Impairment and (gain) loss on sale of businesses and fixed assets	4	5,050	6,317	5,488
Earnings from joint ventures and associates		(618)	(1,993)	(898)
Dividends received from joint ventures and associates		2,111	2,023	2,092
Remeasurement of joint ventures	3	–	(917)	–
Interest receivable		(1,352)	(1,512)	(1,265)
Interest received		1,223	1,450	1,119
Finance costs	7	5,106	4,683	3,840
Interest paid		(3,538)	(2,811)	(2,950)
Net finance expense relating to pensions and other post-employment benefits	24	(210)	(168)	(241)
Share-based payments		1,077	1,174	616
Net operating charge for pensions and other post-employment benefits, less contributions and benefit payments for unfunded plans	24	(152)	(182)	(193)
Net charge for provisions, less payments		1,294	(152)	(2,481)
(Increase) decrease in inventories		1,622	808	5,634
(Increase) decrease in other current and non-current assets		(4,286)	3,355	4,620
Increase (decrease) in other current and non-current liabilities		(2,156)	(188)	(13,592)
Income taxes paid		(6,589)	(8,761)	(10,173)
<b>Net cash provided by operating activities</b>		<b>24,493</b>	<b>27,297</b>	<b>32,039</b>
<b>Investing activities</b>				
Expenditure on property, plant and equipment, intangible and other assets		(13,221)	(15,297)	(14,285)
Acquisitions, net of cash acquired	3	(935)	53	(799)
Investment in joint ventures		(267)	(850)	(1,039)
Investment in associates		(110)	(143)	(130)
<b>Total cash capital expenditure</b>		<b>(14,533)</b>	<b>(16,237)</b>	<b>(16,253)</b>
Proceeds from disposals of fixed assets	4	1,142	328	133
Proceeds from disposals of businesses, net of cash disposed	4	1,714	2,578	1,193
Proceeds from loan repayments		173	81	55
<b>Net cash used in investing activities</b>		<b>(11,504)</b>	<b>(13,250)</b>	<b>(14,872)</b>
<b>Financing activities</b>				
Repurchase of shares		(4,486)	(7,127)	(7,918)
Lease liability payments		(3,091)	(2,833)	(2,560)
Proceeds from long-term financing		2,724	10,656	7,568
Repayments of long-term financing		(5,695)	(2,970)	(3,902)
Net increase (decrease) in short-term debt		(343)	(2,966)	(861)
Issue of perpetual hybrid bonds		500	4,330	175
Redemption of perpetual hybrid bonds	32	(1,200)	(1,288)	–
Payments relating to perpetual hybrid bonds		(1,196)	(1,053)	(1,008)
Payments relating to transactions involving non-controlling interests (other)		(2)	(21)	(187)
Receipts relating to transactions involving non-controlling interests (other)		2,474	1,353	546
Dividends paid				
bp shareholders	10	(5,059)	(5,003)	(4,809)
Non-controlling interests		(506)	(375)	(403)
<b>Net cash provided by (used in) financing activities</b>		<b>(15,880)</b>	<b>(7,297)</b>	<b>(13,359)</b>
Currency translation differences relating to cash and cash equivalents		246	(511)	27
Increase (decrease) in cash and cash equivalents		(2,645)	6,239	3,835
Cash and cash equivalents at beginning of year		39,269	33,030	29,195
<b>Cash and cash equivalents at end of year<sup>a</sup></b>		<b>36,624</b>	<b>39,269</b>	<b>33,030</b>

a 2025 and 2024 include 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 interim chief executive officer and chairman on 6 March 2026 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 IFRS Accounting Standards® (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the UK, and 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 2025. 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 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 2025.

### 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 2025. The revised price assumptions have been rebased in real 2024 terms. Brent oil prices in real 2024 terms were reduced in the short-term reflecting greater crude supply. Medium to long term prices steadily decline to a higher price of \$60 per barrel in 2050 continuing to reflect the assumption that the energy system decarbonises but at a slower rate. The price assumptions for Henry Hub gas price have been reduced in the short term, reflecting higher supply in the market. Prices then steadily increase in the medium term, as supply and demand rebalance before remaining steady at \$4.50 per mmBtu up to 2050. 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, as collated into the Transition Scenario Catalogue we use in our TCFD assessment, that are considered by source data providers (such as IEA, UN PRI IPR and NGFS) to be consistent with 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 2025 value-in-use impairment tests is for the UK North Sea. The assumptions for UK North Sea were £65/tCO<sub>2</sub>e in 2026 gradually increasing to £243/tCO<sub>2</sub>e in 2050.

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 2025. 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 2025 that are subject to depreciation, will be depreciated within the next 11 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 2025 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 (as noted above) including for inflation and have been rebased in real 2024 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 impact on the nominal discount rate applied to provisions was determined not to be significant and so the rate remained unchanged from 2024. The post-tax impairment discount rate remained consistent with 2024 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

Volatility in financial markets impact 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 bonds 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 bonds whether or not such distribution has been deferred.

Also, included within non-controlling interests are perpetual subordinated hybrid securities and certain equity instruments with preferred distribution rights issued by group subsidiaries.

Non-controlling interests are present ownership interests and entitle the holders to a share of the entity's net assets in the event of liquidation and are initially measured at either:

(a) fair value; or

(b) the present ownership instruments' proportionate share in the recognized amounts of the subsidiary's identifiable net assets.

The group enters certain arrangements with non-controlling interest holders that have a complex equity structure with several classes of equity shares or are subject to other contractual arrangements. These arrangements specify different entitlements to net profit allocations, equity and liquidation preferences that differ from an ownership interest share of the entity's net assets. The group, for certain arrangements, also holds a discretionary option to redeem the equity shares held by non-controlling interest shareholders, which becomes exercisable upon the occurrence of a specified event or after a defined period. In such cases, the non-controlling interest balance within equity is initially measured at fair value and the non-controlling interest profit or loss allocation in line with the holders' economic entitlement. The non-controlling interest balance within equity is not subsequently remeasured to fair value or redemption value but is adjusted for the profit or loss allocation, dividends and other transactions with non-controlling interest holders.

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

### 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.

#### 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 2025. 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 2025.

#### 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 2025. 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 2023, 31 December 2024 and 31 December 2025 have not been met.

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

### 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.

### 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.

During the first quarter 2025, the Archaea Energy business was moved from the customers & products segment to the gas & low carbon energy segment. The change in segmentation is consistent with a change in the way that resources are allocated, and performance is assessed by the chief operating decision maker, who for bp is the group chief executive.

Comparative information for 2024 has been restated where material to reflect the changes in reportable segments. 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.

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

### 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.

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**.

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

### 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.

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

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.

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

### 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 2025 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 2025, the post-tax discount rate was 8% (2024 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 (2024 1% to 3%). 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 18% (2024 9% to 20%) depending on the risk premium and applicable tax rate in the geographic location of the CGU. For renewable power assets tested on a value-in-use basis, primarily the CGUs for which goodwill was allocated following the Lightsource bp acquisition, a WACC-based post-tax discount rate of 7% was used. For renewable power assets tested on a fair-value basis, primarily offshore wind assets (including those in equity accounted entities), a post-tax cost of equity-based discount rate range of 8.75% to 9.5% (2024 8.75% to 9.5%) was used.

### 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 2025, the group identified oil and gas properties in these segments with carrying amounts totalling \$20,341 million (2024 \$17,853 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 160](#). The investment appraisal price assumptions were 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 were 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 2024 terms. Brent oil prices in real 2024 terms were reduced to \$70 per barrel. Medium to long term prices steadily decline to a higher price of \$60 per barrel by 2050 continuing to reflect the assumption that the energy system decarbonizes but at a slower rate. The price assumptions for the Henry Hub price have been reduced in the near term, reflecting higher supply in the market. Prices then steadily increase in the medium term, as supply and demand remain steady at \$4.50 per mmBtu up to 2050. These price assumptions are derived from the central case investment appraisal assumptions. A summary of the group's revised price assumptions for Brent oil and Henry Hub gas, applied in 2025 and 2024, in real 2024 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, as collated into the Transition Scenario Catalogue we use in our TCFD assessment, that are considered by source data providers (such as IEA, UN PRI IPR and NGFS) to be consistent with 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. An inflation rate of 2.0% - 3.0% (2024 2.0%-2.5%) 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.

2025 price assumptions	2026	2030	2040	2050
Brent oil (\$/bbl)	70	70	67	60
Henry Hub gas (\$/mmBtu)	3.80	4.10	4.50	4.50

2024 price assumptions	2025	2030	2040	2050
Brent oil (\$/bbl)	71	71	64	50
Henry Hub gas (\$/mmBtu)	4.07	4.04	4.04	4.04

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

Global oil production increased by 3mmb/d (3%) in 2025, with non-OPEC+ countries contributing nearly 60% of the growth. Global oil demand grew by only 0.8% in 2025, almost entirely accounted for by non-OECD countries, following sharp fall in oil demand from Brazil, India and China. The global supply/demand imbalance of around 2.2mmb/d weighed on prices, with Dated Brent down by nearly \$12 per barrel. 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 2025 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.

The US Henry Hub (HH) spot price averaged \$3.5 per mmBtu in 2025, up from \$2.2 per mmBtu in 2024 and the highest level since 2022, driven by increased LNG export demand and a colder-than-normal start to the year. Higher gas prices supported a recovery in drilling activity in non-associated (dry) shale plays which, combined with well productivity gains, increasing gas-to-oil ratios in the Permian, and increased pipeline connectivity, meant that US dry gas production grew by 4% year on year and reached record high levels. The level of US gas prices in 2025 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 \$20-21 billion which is approximately 34% of the associated net book value of property, plant and equipment as at 31 December 2025. 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 'family' of scenarios in our Transition Scenario Catalogue considered, by source data providers, to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels. This Catalogue of scenarios is also used in bp's TCFD resilience scenario analysis.

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 2025. This potential increase in the carrying amount would arise due to reversals of previously recognized impairments and represents approximately 15% of the total impairment reversal capacity available at 31 December 2025. 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 aligned with the top end until the mid-2040s, and then towards the mean average at 2050, of the range of prices associated with the Transition Scenario Catalogue of scenarios (which included the IEA's World Energy Outlook Net Zero Emissions by 2050 (NZE) scenario) considered by IEA to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels.

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 2025 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 discount rate, renewable natural gas prices, and the level of capital expenditure and its consequential impact on production volumes to be the key sources of estimation uncertainty in determining the recoverable amount of the group's renewable natural gas assets owned by Archaea Energy.

A change in revenue from renewable natural gas assets could arise either due to changes in renewable natural gas prices, changes in renewable natural gas production, principally as a result of changes in capital invested, or a combination of both.

Management tested the impact of changes in net revenue cash flows on its value-in-use impairment testing. It is estimated that a reduction in revenue across all Archaea Energy assets of 10% would have resulted in an additional impairment charge of \$0.5 billion. It is estimated that an increase in revenue of 10% would have resulted in a reduction to the impairment charge of \$0.8 billion.

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 capital and operating costs, business plans and phasing of development. 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 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.

It is estimated that an increase to the discount rate of 1% would have resulted in an additional impairment charge to Archaea Energy assets of \$0.3 billion. It is estimated that a decrease in the discount rate of 1% would have resulted in a reduction to the impairment charge of \$0.4 billion.

Management considers discount rates and refining margins to be the key sources 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 per 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.

Management also tested the impact of a one percentage point change in the discount rate used for value-in-use impairment testing of refinery assets. 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 2025 would have been approximately \$0.5 billion higher. If the discount rate was one percentage point lower there would have been no impact on the net impairment loss recognized in 2025.

### 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 \$10.3 billion on its balance sheet (2024 \$14.9 billion), principally relating to the Atlantic Richfield, Devon Energy, Reliance transactions and its transition businesses. Of this, \$7.1 billion relates to goodwill in the oil production & operations segment and to hydrocarbon CGUs within the gas & low carbon energy segment (2024 \$7.2 billion), for which oil and gas price and production assumptions are key sources of estimation uncertainty. A further \$0.9 billion relates to the transition businesses in the gas & low carbon energy segment (2024 \$2.9 billion), for which project development revenues and margins, terminal value growth rate and discount rate are key sources of estimation uncertainty. Sensitivities and additional information relating to impairment testing of goodwill in these segments are provided in **Note**

**14.**

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

### 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.

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.

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

### 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.

## 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:

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

### 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.

### 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**.

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

### 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% (2024 4.5%).

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.

### 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 \$0.6 billion of decommissioning provisions recognized as at 31 December 2025 (2024 \$0.7 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 2025 was 4.5% (2024 4.5%), 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 16 years (2024 17 years) and 7 years (2024 7 years) respectively. Costs at future prices are typically determined by applying an inflation rate of 1.5% (2024 1.5%) to decommissioning costs and 2% (2024 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 \$5.7 billion (2024 \$5.5 billion) within the next 10 years, \$6.0 billion (2024 \$6.2 billion) in 10 to 20 years and the remainder of approximately \$7.0 billion (2024 \$6.7 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 \$1.4 billion (2024 \$1.5 billion). The pre-tax impact on the group income statement would be a credit of approximately \$0.3 billion (2024 \$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 \$0.7 billion (2024 \$0.3 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 (2024 \$1.2 billion) and a pre-tax charge of approximately \$0.3 billion (2024 \$0.4 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 \$1.8 billion (2024 \$1.7 billion) with a pre-tax charge of approximately \$0.4 billion (2024 \$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'.

The group is subject to legislation which implements the OECD Pillar Two Model rules in the UK and many other countries around the world. The legislation is designed to ensure a minimum effective tax rate of 15% in each country in which the group operates. In the UK this includes an income inclusion rule and a domestic minimum tax. 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. The extension of the Levy to 31 March 2030 was substantively enacted in 2025 resulting in a non-cash deferred tax charge of \$539 million in the year.

On 11 July 2025, the German federal government substantively enacted a number of changes to its tax legislation, including a 5% reduction in the corporate income tax rate by 2032. The reduction in the tax rate will be phased in by means of a 1% reduction each year between 2028 and 2032 and resulted in a non-cash deferred tax charge of \$235 million in the year.

### 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.

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

### 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 and 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.

### 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.

### 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

There are no new or other amended standards or interpretations adopted from 1 January 2025 onwards, that have a significant impact on the consolidated financial statements for 2025.

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

### 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. bp will adopt the amendments in the financial reporting period commencing 1 January 2026 using the modified retrospective approach. The amendments clarify the timing of derecognition of financial instruments and whilst they permit financial liabilities to be derecognized before the settlement date if certain criteria are met, the group is not expected to make this election. Management has considered the amendments and does not anticipate any material effect on the Group's financial position or results. The expected impact on transition is a \$34 million increase to cash and cash equivalents.

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. 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 2025 is \$6,347 million (2024 \$4,081 million), with associated liabilities of \$1,594 million (2024 \$1,105 million).

### gas & low carbon energy

On 24 October 2024, 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. The carrying amount of assets classified as held for sale at 31 December 2025 is \$1,916 million (2024 \$1,702 million), with associated liabilities of \$1,254 million (2024 \$1,050 million). The sale of the majority of these assets and liabilities completed in February 2026. Completions of the sales of the remaining assets and liabilities are expected to occur in 2026.

### customers & products

On 24 December 2025, bp announced an agreement with Stonepeak to divest a 65% shareholding in the Castrol business with bp retaining a 35% interest through a holding in a newly incorporated entity. Cash proceeds are estimated at \$6 billion. The transaction is expected to complete by the end of 2026, subject to regulatory approvals. The carrying amount of assets classified as held for sale at 31 December 2025 is \$4,431 million including \$2,760 million of goodwill that arose on the acquisition of Castrol in 2000, with associated liabilities of \$340 million. Net working capital, which at 31 December 2025 was approximately \$1.2 billion, has not been classified as assets and associated liabilities held for sale. The working capital balances as at completion will be transferred to the buyer. At 31 December 2025, there are also associated cumulative foreign exchange losses within reserves of approximately \$1.6 billion. Such reserves are expected to be recycled to the group income statement at completion. The shares to be held by Stonepeak are subject to preferred distributions, the effect of which is that bp does not expect to recognize income or dividends from the investment in the short to medium term.

Transactions that have been either classified as held for sale at 31 December 2024 or during 2025, but were completed by 31 December 2025, are described below.

### gas & low carbon energy

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. On 1 August 2025, this transaction was completed. bp contributed its development projects in the UK, Germany and US into the joint venture. The related assets and liabilities of those projects, which had been classified as held for sale since the announcement of the transaction, were derecognized at completion.

On 16 September 2024, bp announced that it planned to sell its US onshore wind energy business, bp Wind Energy and on 18 July 2025 the sale of the business to LS Power was announced. bp Wind Energy has interests in ten operating onshore wind energy assets across seven US states. The transaction completed on 9 December 2025. The related assets and liabilities of those projects, previously classified as held for sale, were derecognized on that date.

### oil production & operations

On 31 January 2025 bp and Devon Energy agreed to dissolve their Eagle Ford partnership and divide up the assets. The dissolution completed on 1 April 2025.

### customers & products

On 9 July 2025, bp announced the sale of its Netherlands mobility & convenience and bp pulse businesses to Catom BV. The transaction includes bp's Dutch retail sites, EV charging hubs and the associated fleet business. The sale completed on 1 December 2025.

The total assets and liabilities held for sale at 31 December 2025 and 2024, which are in the gas & low carbon energy and customers & products segments, are set out in the table below.

	\$ million	
	2025	2024
Property, plant and equipment	2,542	1,981
Goodwill	2,817	–
Intangible assets	165	333
Investments in associates	20	–
Investments in joint ventures	18	1,182
Other investments	65	–
Inventories	11	–
Cash	68	65
Trade and other receivables	292	520
Deferred tax assets	349	–
<b>Assets classified as held for sale</b>	<b>6,347</b>	<b>4,081</b>
Trade and other payables	(87)	(264)
Lease liabilities	(109)	(58)
Finance debt	(1,143)	(720)
Provisions	(75)	(63)
Deferred tax liabilities	(11)	–
Defined benefit pension plan and other post-employment benefit plan deficits	(169)	–
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>(1,594)</b>	<b>(1,105)</b>



## 4. Disposals and impairment – continued

### Disposals

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

	\$ million		
	2025	2024	2023
Proceeds from disposals of fixed assets	1,142	328	133
Proceeds from disposals of businesses, net of cash disposed	1,714	2,578	1,193
	<b>2,856</b>	2,906	1,326
<b>By business</b>			
gas & low carbon energy	1,702	840	536
oil production & operations	272	1,699	333
customers & products	840	291	436
other businesses & corporate	42	76	21
	<b>2,856</b>	2,906	1,326

Proceeds from disposals of businesses in 2025 includes proceeds relating to the sale of the US onshore wind business and the disposal of the Netherlands mobility & convenience and bp pulse businesses, as well as other smaller amounts. 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 2025, deferred consideration relating to disposals amounted to \$48 million receivable within one year (2024 \$112 million and 2023 \$141 million) and \$247 million receivable after one year (2024 \$244 million and 2023 \$217 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 \$85 million at 31 December 2025 (2024 \$190 million and 2023 \$1,694 million). The contingent consideration at 31 December 2025 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

#### gas & low carbon energy

In 2025 losses principally arose upon the formation of a new offshore wind joint venture JERA Nex bp.

#### oil production & operations

In 2025 gains principally relate to a disposal in the North Sea and an asset exchange in bpx.

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

#### customers & products

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

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

The principal transactions categorized as a business disposal in 2025 were the formation of a new offshore wind joint venture, JERA Nex bp, in which bp contributed its development projects in the UK, Germany and US into the joint venture; the disposal of the Netherlands mobility & convenience and bp pulse businesses; the sale of the US onshore wind business; and an asset exchange in bpx.

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.

## 4. Disposals and impairment – continued

	\$ million		
	2025	2024	2023
Non-current assets	3,998	1,775	1,145
Current assets	571	1,985	557
Non-current liabilities	(320)	(548)	(60)
Current liabilities	(213)	(424)	(454)
<b>Total carrying amount of net assets disposed</b>	<b>4,036</b>	2,788	1,188
Recycling of foreign exchange on disposal	41	943	–
Costs on disposal	54	123	57
	<b>4,131</b>	3,854	1,245
Gains (losses) on sale of businesses	358	(888)	158
<b>Total consideration</b>	<b>4,489</b>	2,966	1,403
Non-cash consideration	(3,133)	(1,003)	(51)
Consideration received (receivable)	358	615	(159)
<b>Proceeds from the sale of businesses, net of cash disposed<sup>a</sup></b>	<b>1,714</b>	2,578	1,193

a Proceeds are stated net of cash and cash equivalents disposed of \$61 million (2024 \$500 million and 2023 \$33 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 2025 impairment loss of \$4,146 million includes \$3,537 million relating to the transition businesses, principally Archaea Energy and Lightsource bp, and \$609 million relating to the upstream gas business, principally Mauritania and Senegal. The impairments arose as a result of revised assumptions including capital and operating expenditure and the impact of market conditions on project development. The recoverable amount of all CGUs for which impairment charges were recognized in 2025 is \$8,805 million.

The 2024 impairment loss of \$3,310 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 \$5,025 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.

#### oil production & operations

Impairment losses and reversals in all years relate primarily to producing assets.

The 2025 impairment loss of \$454 million primarily arose as a result of changes to reserves and decommissioning provisions mainly driven by foreign exchange in the North Sea (\$397 million). The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2025 in total, based on their value in use, is \$2,058 million.

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.

#### customers & products

The 2025 impairment loss of \$926 million primarily relates to strategy implementation in the products business. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2025 in total, based on their value in use, is \$49 million.

The 2024 impairment loss of \$1,144 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 \$57 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.

## 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 2025, 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, hydrogen and Archaea Energy business.

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, B2B, midstream and bp bioenergy. It also comprises our products businesses which include refining and oil trading.

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

### Change in segmentation

For 2025, our Archaea Energy business has moved from the customers & products segment to the gas & low carbon energy segment. The change in segmentation is consistent with a change in the way that resources are allocated, and performance is assessed by the chief operating decision maker, who for bp is the group chief executive.

Comparative information for 2024 and 2023 has been restated where material to reflect the changes in reportable segments.

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<sup>a</sup>. 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 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					
						2025
By business	gas & low carbon energy	oil production & operations	customers & products	other businesses & corporate	Consolidation adjustment and eliminations	Total group
<b>Segment revenues</b>						
Sales and other operating revenues	40,333	24,527	148,783	2,232	(26,540)	189,335
Less: sales and other operating revenues between segments	(1,832)	(22,876)	(43)	(1,789)	26,540	–
Third party sales and other operating revenues	38,501	1,651	148,740	443	–	189,335
Earnings from joint ventures and associates – after interest and tax	(501)	690	430	(1)	–	618
<b>Segment results</b>						
Replacement cost profit (loss) before interest and taxation	1,330	8,558	4,100	(40)	45	13,993
Inventory holding gains (losses) <sup>a</sup>	–	2	(1,353)	–	–	(1,351)
<b>Profit (loss) before interest and taxation</b>	<b>1,330</b>	<b>8,560</b>	<b>2,747</b>	<b>(40)</b>	<b>45</b>	<b>12,642</b>
Finance costs						(5,106)
Net finance income relating to pensions and other post-employment benefits						210
<b>Profit before taxation</b>						<b>7,746</b>
<b>Other income statement items</b>						
Depreciation, depletion and amortization						
US	235	4,992	1,994	89	–	7,310
Non-US	4,734	2,727	2,151	900	–	10,512
Charges for provisions, net of write-back of unused provisions, including change in discount rate	37	302	3,180	666	–	4,185
<b>Segment assets</b>						
Investments in joint ventures and associates	7,005	10,488	3,230	2	–	20,725
Additions to non-current assets <sup>b</sup>	7,188	9,782	4,617	885	–	22,472

a See explanation of inventory holding gains and losses on page 185.

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

## 5. Segmental analysis – continued

	\$ million					
	2024					
By business	gas & low carbon energy <sup>a</sup>	oil production & operations	customers & products <sup>a</sup>	other businesses & corporate	Consolidation adjustment and eliminations	Total group
<b>Segment revenues</b>						
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
<b>Segment results</b>						
Replacement cost profit (loss) before interest and taxation <sup>a</sup>	3,052	10,789	(1,043)	(988)	(25)	11,785
Inventory holding gains (losses) <sup>b</sup>	–	(9)	(479)	–	–	(488)
<b>Profit (loss) before interest and taxation<sup>a</sup></b>	<b>3,052</b>	<b>10,780</b>	<b>(1,522)</b>	<b>(988)</b>	<b>(25)</b>	<b>11,297</b>
Finance costs						(4,683)
Net finance income relating to pensions and other post-employment benefits						168
<b>Profit before taxation</b>						<b>6,782</b>
<b>Other income statement items</b>						
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
<b>Segment assets</b>						
Investments in joint ventures and associates <sup>a</sup>	6,111	10,730	3,183	8	–	20,032
Additions to non-current assets <sup>a c</sup>	12,098	7,296	6,700	1,045	–	27,139

a Restated for material items to reflect the move of our Archaea Energy business from the customers & products segment to the gas & low carbon energy segment.

b See explanation of inventory holding gains and losses on page 185.

c 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 <sup>a</sup>	oil production & operations	customers & products <sup>a</sup>	other businesses & corporate	Consolidation adjustment and eliminations	Total group
<b>Segment revenues</b>						
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
<b>Segment results</b>						
Replacement cost profit (loss) before interest and taxation	14,080	11,191	4,230	(903)	(14)	28,584
Inventory holding gains (losses) <sup>b</sup>	1	–	(1,237)	–	–	(1,236)
<b>Profit (loss) before interest and taxation</b>	<b>14,081</b>	<b>11,191</b>	<b>2,993</b>	<b>(903)</b>	<b>(14)</b>	<b>27,348</b>
Finance costs						(3,840)
Net finance income relating to pensions and other post-employment benefits						241
<b>Profit before taxation</b>						<b>23,749</b>
<b>Other income statement items</b>						
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
<b>Segment assets</b>						
Investments in joint ventures and associates <sup>a</sup>	5,404	10,721	4,096	28	–	20,249
Additions to non-current assets <sup>a c</sup>	5,451	7,384	8,791	1,075	–	22,701

a Restated for material items to reflect the move of our Archaea Energy business from the customers & products segment to the gas & low carbon energy segment.

b See explanation of inventory holding gains and losses on page 185.

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

	\$ million		
	2025		
By geographical area	US	Non-US	Total
<b>Revenues</b>			
Third party sales and other operating revenues <sup>a</sup>	<b>56,703</b>	<b>132,632</b>	<b>189,335</b>
<b>Other income statement items</b>			
Production and similar taxes	<b>175</b>	<b>1,523</b>	<b>1,698</b>
<b>Non-current assets</b>			
Non-current assets <sup>b c</sup>	<b>61,269</b>	<b>77,194</b>	<b>138,463</b>

a Non-US region includes UK \$28,714 million

b Non-US region includes UK \$21,529 million

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

	\$ million		
	2024		
By geographical area	US	Non-US	Total
<b>Revenues</b>			
Third party sales and other operating revenues <sup>a</sup>	58,804	130,381	189,185
<b>Other income statement items</b>			
Production and similar taxes	149	1,650	1,799
<b>Non-current assets</b>			
Non-current assets <sup>b c</sup>	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.

## 5. Segmental analysis – continued

	\$ million		
	2023		
By geographical area	US	Non-US	Total
<b>Revenues</b>			
Third party sales and other operating revenues <sup>a</sup>	60,577	149,553	210,130
<b>Other income statement items</b>			
Production and similar taxes	136	1,643	1,779
<b>Non-current assets</b>			
Non-current assets <sup>b,c</sup>	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.

## 6. Sales and other operating revenues

	\$ million		
	2025	2024	2023
Crude oil	<b>2,063</b>	2,219	2,413
Oil products	<b>114,207</b>	121,019	128,969
Natural gas, LNG and NGLs	<b>27,477</b>	24,464	29,541
Non-oil products and other revenues from contracts with customers	<b>15,132</b>	13,362	10,298
<b>Revenue from contracts with customers</b>	<b>158,879</b>	161,064	171,221
Other operating revenues <sup>a</sup>	<b>30,456</b>	28,121	38,909
<b>Total sales and other operating revenues</b>	<b>189,335</b>	189,185	210,130

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		
	2025	2024	2023
<b>Interest and other income</b>			
Interest income from			
Financial assets measured at amortized cost	<b>1,203</b>	1,308	1,034
Financial assets measured at fair value through profit or loss	<b>129</b>	181	215
Other income <sup>a</sup>	<b>277</b>	1,284	386
	<b>1,609</b>	2,773	1,635
Currency exchange losses charged to the income statement <sup>b</sup>	<b>(295)</b>	541	74
Expenditure on research and development	<b>274</b>	301	298
Costs relating to the Gulf of America oil spill (pre-interest and tax) <sup>c</sup>	<b>31</b>	51	57
<b>Finance costs</b>			
Interest expense on lease liabilities	<b>704</b>	468	363
Interest expense on other liabilities measured at amortized cost <sup>d</sup>	<b>3,419</b>	3,483	3,115
Capitalized at 4.69% (2024 4.94% and 2023 4.88%) <sup>e</sup>	<b>(142)</b>	(382)	(514)
Finance debt risk management activities <sup>f</sup>	<b>(22)</b>	104	(35)
Unwinding of discount on provisions	<b>675</b>	617	504
Unwinding of discount on other payables measured at amortized cost	<b>472</b>	393	407
	<b>5,106</b>	4,683	3,840

a 2024 includes a \$427 million gain relating to the remeasurement of bp's previously held interests in bp Bunge Bioenergia and Lightsource bp and \$498 million relating to the remeasurement of certain US assets excluded from the Lightsource 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 associated with the buyback of finance debt.

e Tax relief on capitalized interest is approximately \$36 million (2024 \$53 million and 2023 \$130 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		
	2025	2024	2023
Exploration and evaluation costs			
Exploration expenditure written off	343	767	746
Other exploration costs	227	207	251
Exploration expense for the year	570	974	997
Impairment losses	26	6	20
Intangible assets – exploration and appraisal expenditure <sup>a</sup>	3,963	4,438	4,328
Liabilities	33	76	109
Net assets	3,930	4,362	4,219
Cash used in operating activities	227	207	251
Cash used in investing activities	1,169	1,513	1,039

a Amount capitalized at 31 December 2025, 2024 and 2023 relates to assets in various regions. This includes \$536 million in the Brazil region (2024 \$395 million, 2023 \$418 million), \$776 million in the Middle East and North Africa region (2024 \$1,289 million, 2023 \$1,182 million) and \$609 million in the Azerbaijan Georgia and Türkiye region (2024 \$651 million, 2023 \$631 million).

## 9. Taxation

### Tax on profit

	\$ million		
	2025	2024	2023
<b>Current tax</b>			
Charge for the year <sup>a</sup>	6,501	7,187	9,048
Adjustment in respect of prior years	(188)	234	(373)
	6,313	7,421	8,675
<b>Deferred tax</b>			
Origination and reversal of temporary differences in the current year <sup>b</sup>	(537)	(1,851)	(238)
Adjustment in respect of prior years <sup>c</sup>	675	(17)	(568)
	138	(1,868)	(806)
<b>Tax charge on profit</b>	6,451	5,553	7,869

a 2025 includes a charge of \$55 million (2024 \$4 million charge) in respect of Pillar Two income taxes.

b 2025 includes a charge of \$539 million in respect of the two-year extension of the UK Energy Profits Levy to 31 March 2030 and a charge of \$235 million in respect of a change in the tax rate in Germany. 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.

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 (2025 \$558 million charge, 2024 \$190 million credit and 2023 \$263 million credit). 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 2025, the total tax credit recognized within other comprehensive income was \$33 million (2024 \$782 million credit and 2023 \$735 million credit). In 2025 and 2023 this primarily comprises the deferred tax impact of the remeasurements of the net pension and other post-employment benefit liability or asset. 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%. See Note 32 for further information.

The total tax credit recognized directly in equity was \$33 million (2024 \$167 million charge and 2023 \$56 million charge). In 2025 this relates to share-based payments. In 2024 this mainly relates to share-based payments and transactions involving non-controlling interests. In 2023 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.

	\$ million		
	2025	2024	2023
<b>Profit (loss) before taxation</b>	<b>7,746</b>	6,782	23,749
Tax charge (credit) on profit or loss	<b>6,451</b>	5,553	7,869
Effective tax rate	<b>83%</b>	82%	33%
			%
Tax rate computed at the weighted average statutory rate <sup>a</sup>	<b>55</b>	66	34
Increase (decrease) resulting from			
Tax reported in equity-accounted entities	<b>(5)</b>	(7)	(2)
Adjustments in respect of prior years	<b>6</b>	3	(4)
Deferred tax not recognized	<b>5</b>	5	2
Disposal impacts	<b>–</b>	5	–
Foreign exchange	<b>(4)</b>	5	–
Items not deductible for tax purposes <sup>b</sup>	<b>11</b>	5	2
Tax rate change effect of UK Energy Profits Levy <sup>c</sup>	<b>7</b>	1	–
Impact of Germany tax rate change	<b>3</b>	–	–
Other <sup>d</sup>	<b>5</b>	(1)	1
<b>Effective tax rate</b>	<b>83</b>	82	33

a 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.

b 2025 reflects the impact of limited tax relief on impairment charges.

c 2025 comprises the deferred tax impact of the two-year extension of the UK Energy Profits Levy to 31 March 2030. 2024 comprises the deferred tax impact of a 3% increase in the UK Energy Profits Levy on existing temporary differences.

d 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	
	2025	2024
Analysis of movements during the year in the net deferred tax liability		
<b>At 1 January</b>	<b>3,025</b>	5,349
Exchange adjustments	<b>(63)</b>	57
Charge (credit) for the year in the income statement	<b>138</b>	(1,868)
Charge (credit) for the year in other comprehensive income	<b>(33)</b>	(807)
Charge (credit) for the year in equity	<b>(33)</b>	167
Acquisitions and disposals	<b>283</b>	127
<b>At 31 December</b>	<b>3,317</b>	3,025

## 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:

	\$ million				
	Income statement			Balance sheet	
	2025	2024	2023	2025	2024
<b>Deferred tax liability</b>					
Depreciation	(897)	(1,337)	(1,552)	15,474	16,333
Pension plan surpluses	(3)	62	133	1,860	1,789
Derivative financial instruments	37	40	12	106	58
Other taxable temporary differences <sup>a</sup>	37	(352)	10	824	663
	(826)	(1,587)	(1,397)	18,264	18,843
<b>Deferred tax asset</b>					
Depreciation	993	(229)	(166)	(1,544)	(2,373)
Lease liabilities	(395)	(209)	(176)	(2,375)	(1,952)
Pension plan and other post-employment benefit plan deficits	48	28	(60)	(552)	(623)
Decommissioning, environmental and other provisions	(314)	425	563	(5,981)	(5,623)
Derivative financial instruments	(48)	(9)	(14)	(277)	(268)
Tax credits	(111)	(43)	(67)	(1,047)	(937)
Loss carry forward	580	194	296	(1,852)	(2,285)
Other deductible temporary differences <sup>b</sup>	211	(438)	215	(1,319)	(1,757)
	964	(281)	591	(14,947)	(15,818)
<b>Net deferred tax charge (credit) and net deferred tax liability</b>	<b>138</b>	<b>(1,868)</b>	<b>(806)</b>	<b>3,317</b>	<b>3,025</b>
Of which – deferred tax liabilities				7,642	8,428
– deferred tax assets				4,325	5,403

a The 2025 and 2024 balance sheet amounts do not include any temporary differences that are individually significant.

b The 2025 and 2024 balance sheet amounts include amounts relating to share based payments and other items.

Of the \$4,325 million of deferred tax assets recognized on the group balance sheet at 31 December 2025 (2024 \$5,403 million), \$2,795 million (2024 \$3,232 million) relates to entities that have suffered a loss in either the current or preceding period. For 2025, this mainly includes \$1,613 million in Germany, \$473 million in Senegal and \$388 million in Mauritania (2024 mainly included \$1,680 million in Germany, \$744 million in Mauritania and \$609 million in Senegal). For 2025, these amounts are supported by forecasts consistent with bp's future oil and gas price assumptions (see **Note 1** for further information) and other assumptions used for impairment testing, 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	
	2025	2024
Unused US state tax losses <sup>a</sup>	2.9	2.3
Unused tax losses – other jurisdictions <sup>b</sup>	9.4	7.3
Unused tax credits	36.7	33.3
of which – arising in the UK <sup>c</sup>	33.2	29.1
– arising in the US <sup>d</sup>	3.5	4.2
Deductible temporary differences <sup>e</sup>	28.3	23.4
Taxable temporary differences associated with investments in subsidiaries and equity-accounted entities	0.7	0.7

a For 2025 the majority of the unused tax losses have no fixed expiry date.

b 2025 and 2024 mainly relate to Brazil, UK 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 2025 these tax credits expire in the period 2026-2035.

e 2025 and 2024 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		
	2025	2024	2023
Current tax benefit relating to the utilization of previously unrecognized deferred tax assets	101	87	360
Deferred tax benefit arising from the reversal of a previous write-down of deferred tax assets	11	14	3
Deferred tax benefit relating to the recognition of previously unrecognized deferred tax assets	156	280	332
Deferred tax expense arising from the write-down of a previously recognized deferred tax asset	725	111	54

## 10. Dividends

The quarterly dividend which is expected to be paid on 27 March 2026 in respect of the fourth quarter 2025 is 8.320 cents per ordinary share (\$0.4992 per American Depositary Share (ADS)). The corresponding amount in sterling will be announced on 17 March 2026.

	Pence per share			Cents per share			\$ million		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Dividends announced and paid in cash									
Preference shares							1	1	1
Ordinary shares									
March	6.1761	5.6922	5.5507	8.000	7.270	6.610	1,257	1,218	1,183
June	5.8993	5.6825	5.3089	8.000	7.270	6.610	1,237	1,204	1,152
September	6.1942	6.0498	5.7320	8.320	8.000	7.270	1,288	1,297	1,249
December	6.2394	6.2959	5.7367	8.320	8.000	7.270	1,276	1,283	1,224
	24.5090	23.7204	22.3283	32.640	30.540	27.760	5,059	5,003	4,809
Dividend announced, paid in March 2026				8.320			1,280		

The amount of unclaimed dividends recognized as a liability in other payables at 31 December 2025 is \$134 million (2024 \$106 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 2025 dividend expected to be paid on 27 March 2026.

The financial statements for the year ended 31 December 2025 do not reflect the dividend announced on 10 February 2026 and which is expected to be paid on 27 March 2026; this will be treated as an appropriation of profit in the year ending 31 December 2026.

## 11. Earnings per share

	Cents per share		
	2025	2024	2023
Per ordinary share			
Basic earnings per share	0.35	2.38	87.78
Diluted earnings per share	0.34	2.32	85.85

	Dollars per share		
	2025	2024	2023
Per American Depositary Share (ADS) <sup>a</sup>			
Basic earnings per share	0.02	0.14	5.27
Diluted earnings per share	0.02	0.14	5.15

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		
	2025	2024	2023
Profit (loss) attributable to bp shareholders	55	381	15,239
Less: dividend requirements on preference shares	1	1	1
Less: (gain) loss on redemption of perpetual hybrid bonds <sup>a</sup>	–	(10)	–
<b>Profit (loss) for the year attributable to bp ordinary shareholders</b>	<b>54</b>	<b>390</b>	<b>15,238</b>

	Shares thousand		
	2025	2024	2023
Basic weighted average number of ordinary shares <sup>b</sup>	15,586,782	16,385,535	17,360,288
Potential dilutive effect of ordinary shares issuable under employee share-based payment plans	326,218	431,129	389,790
<b>Weighted average number of ordinary shares outstanding used to calculate diluted earnings per share</b>	<b>15,913,000</b>	<b>16,816,664</b>	<b>17,750,078</b>

	Shares thousand		
	2025	2024	2023
Basic weighted average number of ordinary shares – ADS equivalent	2,597,797	2,730,922	2,893,381
Potential dilutive effect of ordinary shares (ADS equivalent) issuable under employee share-based payment plans	54,369	71,855	64,965
<b>Weighted average number of ordinary shares (ADS equivalent) outstanding used to calculate diluted earnings per share</b>	<b>2,652,166</b>	<b>2,802,777</b>	<b>2,958,346</b>

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 2025, excluding treasury shares, and including certain shares that will be issuable in the future under employee share-based payment plans was 15,377,210,044 (2024 15,851,028,983). Between 31 December 2025 and 13 February 2026, the latest practicable date before the completion of these financial statements, there was a net decrease of 48,533,512 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.

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	2025		2024	
	Number of options <sup>a,b</sup> thousand	Weighted average exercise price \$	Number of options <sup>a,b</sup> thousand	Weighted average exercise price \$
Outstanding	382,873	4.21	533,895	4.15
Exercisable	345,112	4.23	2,931	3.38
Dilutive effect	80,562	n/a	140,971	n/a

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

b At 31 December 2025 the quoted market price of one bp ordinary share was £4.33 (2024 £3.93).

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	2025	2024
	Number of shares <sup>a</sup> thousand	Number of shares <sup>a</sup> thousand
Vesting		
Within one year	155,555	271,216
1 to 2 years	116,997	134,342
2 to 3 years	105,074	102,525
3 to 4 years	366	956
Over 4 years	43	118
	378,035	509,157
<b>Dilutive effect</b>	<b>161,105</b>	269,796

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

There has been a net increase of 30,497,988 in the number of potential ordinary shares relating to employee share-based payment plans between 31 December 2025 and 13 February 2026.

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

	\$ million							
	Land and land improvements	Buildings	Oil and gas properties <sup>a</sup>	Plant, machinery and equipment	Fittings, fixtures and office equipment	Transportation	Oil depots, storage tanks and service stations	Total
<b>Cost - owned PP&amp;E</b>								
At 1 January 2025	4,060	1,167	184,304	48,731	2,315	2,687	12,417	255,681
Exchange adjustments	299	47	–	1,403	78	19	1,011	2,857
Additions	23	131	9,896	2,667	89	125	784	13,715
Acquisitions	–	18	–	68	–	–	3	89
Transfers from intangible assets	–	–	3,593	–	–	–	–	3,593
Reclassified as assets held for sale	(72)	(69)	(923)	(1,755)	(137)	(3)	(314)	(3,273)
Deletions and disposals	(299)	(4)	(2,074)	(1,047)	(176)	(38)	(693)	(4,331)
<b>At 31 December 2025</b>	<b>4,011</b>	<b>1,290</b>	<b>194,796</b>	<b>50,067</b>	<b>2,169</b>	<b>2,790</b>	<b>13,208</b>	<b>268,331</b>
<b>Depreciation - owned PP&amp;E</b>								
At 1 January 2025	876	520	128,091	26,929	1,716	1,933	6,561	166,626
Exchange adjustments	60	17	–	961	50	8	629	1,725
Charge for the year	47	60	11,458	1,741	138	102	771	14,317
Impairment losses	11	5	568	1,224	–	11	42	1,861
Impairment reversals	(10)	–	(9)	(3)	–	(4)	(2)	(28)
Transfers from intangible assets	–	–	2,285	–	–	–	–	2,285
Reclassified as assets held for sale	(9)	(41)	(423)	(967)	(102)	(2)	(187)	(1,731)
Deletions and disposals	(28)	(4)	(1,843)	(795)	(167)	(36)	(472)	(3,345)
<b>At 31 December 2025</b>	<b>947</b>	<b>557</b>	<b>140,127</b>	<b>29,090</b>	<b>1,635</b>	<b>2,012</b>	<b>7,342</b>	<b>181,710</b>
Owned PP&E - net book amount at 31 December 2025	3,064	733	54,669	20,977	534	778	5,866	86,621
Right-of-use assets - net book amount at 31 December 2025 <sup>b</sup>	–	1,894	748	1,863	–	2,311	5,196	12,012
<b>Total PP&amp;E - net book amount at 31 December 2025</b>	<b>3,064</b>	<b>2,627</b>	<b>55,417</b>	<b>22,840</b>	<b>534</b>	<b>3,089</b>	<b>11,062</b>	<b>98,633</b>
<b>Cost - owned PP&amp;E</b>								
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)
<b>At 31 December 2024</b>	<b>4,060</b>	<b>1,167</b>	<b>184,304</b>	<b>48,731</b>	<b>2,315</b>	<b>2,687</b>	<b>12,417</b>	<b>255,681</b>
<b>Depreciation - owned PP&amp;E</b>								
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)
<b>At 31 December 2024</b>	<b>876</b>	<b>520</b>	<b>128,091</b>	<b>26,929</b>	<b>1,716</b>	<b>1,933</b>	<b>6,561</b>	<b>166,626</b>
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 <sup>b</sup>	–	1,613	41	1,431	10	2,589	5,499	11,183
<b>Total PP&amp;E - net book amount at 31 December 2024</b>	<b>3,184</b>	<b>2,260</b>	<b>56,254</b>	<b>23,233</b>	<b>609</b>	<b>3,343</b>	<b>11,355</b>	<b>100,238</b>
Assets under construction included above								
<b>At 31 December 2025</b>								<b>11,653</b>
At 31 December 2024								10,722
Depreciation charge for the year on right-of-use assets								
<b>2025</b>		<b>342</b>	<b>55</b>	<b>728</b>	<b>3</b>	<b>1,026</b>	<b>874</b>	<b>3,028</b>
2024		215	30	640	3	1,109	882	2,878

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 \$1,072 million (2024 \$867 million) of drilling rig right-of-use assets and \$2,119 million (2024 \$2,455 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 2025 amounted to \$14,639 million (2024 \$13,642 million, 2023 \$10,354 million). bp has contracted capital commitments amounting to \$2,238 million (2024 \$3,392 million, 2023 \$1,580 million) in relation to joint ventures and \$89 million (2024 \$59 million, 2023 \$105 million) in relation to associates.

### 14. Goodwill and impairment review of goodwill

	\$ million	
	2025	2024
<b>Cost</b>		
At 1 January	15,530	13,176
Exchange adjustments	397	(179)
Acquisitions and other additions	(89)	2,734
Reclassified as assets held for sale	(2,756)	(79)
Deletions and disposals	(133)	(122)
<b>At 31 December</b>	<b>12,949</b>	15,530
<b>Impairment losses</b>		
At 1 January	642	704
Exchange adjustments	30	(2)
Impairment losses for the year	2,009	–
Deletions and disposals	(32)	(60)
<b>At 31 December</b>	<b>2,649</b>	642
<b>Net book amount at 31 December</b>	<b>10,300</b>	14,888
Net book amount at 1 January	14,888	12,472

#### Impairment review of goodwill

	\$ million	
	2025	2024
Goodwill at 31 December		
gas & low carbon energy <sup>a</sup>	3,185	5,166
oil production & operations	4,870	4,925
customers & products <sup>a</sup>	2,245	4,797
other businesses & corporate	–	–
	<b>10,300</b>	14,888

a 2024 restated to reflect the move of our Archaea Energy business from the customers & products segment to the gas & low carbon energy segment.

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 ('upstream gas businesses') within the segment and to Lightsource bp (LSbp) and Archaea Energy ('transition businesses'). For customers and products, goodwill has been allocated to Castrol, US Fuels, European Fuels 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	
	2025			2024			2025	2024
	Upstream gas businesses	Transition businesses	Total	Upstream gas businesses	Transition businesses	Total <sup>a</sup>		
Goodwill <sup>a</sup>	2,260	925	3,185	2,228	2,938	5,166	4,870	4,925
Excess of recoverable amount over carrying amount	2,917	–	2,917	2,026	n/a	2,026	13,748	12,432

a Restated to reflect the move of Archaea Energy from the customers & products segment to the gas & low carbon energy segment.

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 amounts for the upstream gas businesses and transition businesses are based on value-in-use calculations. The increase in headroom for the goodwill impairment tests for the upstream gas businesses is due to the passage of time and price impacts. For oil production & operations management have rolled-forward the most recent detailed calculation as the criteria set out in IAS 36 for doing so were met.

During 2025 impairment charges of \$2,009 million were recognized against the transition businesses goodwill balance. The impairment charges arose as a result of changes in assumptions including future capital and operating expenditure and project development. No impairment of the goodwill in the upstream gas businesses was recognized in 2025 or 2024. No impairment of the goodwill in oil production & operations was recognized during 2025 or 2024.

## 14. Goodwill and impairment review of goodwill – continued

### Upstream gas businesses and oil production & operations

The value in use for relevant CGUs in both the upstream 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 upstream 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 upstream gas businesses over the next 15 years is 146 mmbob per year (2024 154 mmbob per year) and in the oil production and operations segment is 400 mmbob per year (2024 400 mmbob per year). Production assumptions used for the goodwill impairment tests in both the upstream 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 (2024 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 upstream 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. For the upstream gas businesses, estimated future cash flows were prepared on the basis of certain assumptions prevailing at the time of the tests. For the oil production & operations segment, as permitted by IAS 36, the detailed calculations for recoverable amounts performed in 2024 were used as a basis for the 2025 impairment tests. The recoverable amounts, key assumptions and sensitivity calculations for 2025 are prepared using the remaining future cashflows from the 2024 detailed calculations. The headrooms for 2025 do not represent the headrooms that would result if a test was run based on discounted future cashflows estimated using 2025 data and assumptions. 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 an 11% (2024 11%) 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 9% (2024 6%) reduction would have the same result.

It is estimated that no reasonably possible change in the discount rate would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets.

### Transition businesses

The transition businesses goodwill relates to the acquisitions of Archaea Energy and Lightsource bp. Cash flows were derived from the approved business plans.

For Archaea Energy, cash flows are derived from the approved business plan, which covers the period up to 2050. To determine the value in use, approved business plan cash flows were discounted and aggregated with a terminal value.

For Lightsource bp, cash flows for a period of 10 years were discounted and aggregated with a terminal value. Management considers the use of 10 years of plan cash flows before adding a terminal value to be appropriate reflecting the maturity of the business with an early stage development portfolio and other aspects of business model changes such that 10 years reflected an appropriate 'steady state' of development project sales and other income from which terminal value cash flows could be determined.

The assumptions to which the impairment tests are most sensitive are for Lightsource bp, the solar project sell-down unit margin, terminal value growth rate and the discount rate and for Archaea Energy renewable natural gas prices, and the level of capital expenditure and its consequential impact on production volumes and discount rate. These assumptions are affected by market conditions. Discount rate assumptions are based on the group's impairment discount rates as disclosed in **Note 1**. Other assumptions are based on management experience. The steady long-term growth rate used in the Lightsource bp goodwill impairment test terminal value is a risk-adjusted rate reflecting assumptions about inflation and project development growth.

It is estimated that a 1% decrease in the discount rates applied to the transition businesses would have resulted in a reduction to the goodwill impairment charges of \$1.7 billion. It is estimated that a 1% increase to the discount rates would have resulted in an increase to the goodwill impairment charge of \$0.9 billion.

These discount rate sensitivity analyses do not take into account any effect on the goodwill impairment test that would arise from first applying the changes in assumptions to the underlying assets of the businesses.

## 14. Goodwill and impairment review of goodwill – continued

Lightsource bp project development margins could change as a result of changes in sales prices achieved, development costs incurred or changes in the number of projects sold. It is estimated that a 10% increase to project development unit margin would have resulted in a reduction to the goodwill impairment charge of \$0.4 billion. It is estimated that a 10% decrease in project development unit margin would have resulted in an increase to the goodwill impairment charge of \$0.5 billion. It is estimated that a 1% increase to the terminal value growth rate would have resulted in a reduction to the goodwill impairment charge of \$1.0 billion. It is estimated that a 1% decrease in the terminal value growth rate would have resulted in an increase to the goodwill impairment charge of \$0.6 billion.

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 capital and operating costs, business plans and phasing of development. The above sensitivity analyses therefore do not reflect a linear relationship between development margins or growth rate and value that can be extrapolated. The interdependency of these inputs and factors 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.

Given the impairment charges taken in the year, the recoverable amount of the transition businesses CGUs' goodwill is equal to its carrying amount. Therefore, no disclosures regarding what changes in assumptions would cause headroom to be eroded have been provided. Also reflecting that goodwill impairment reversals are not permitted by IFRS the sensitivities identified above are provided to give context to the estimates taken at December 2025. No reversals to goodwill would arise should the estimates be changed favourably in the year ended December 2026.

### customers & products

	2025					2024				
	Castrol	US Fuels	European Fuels	Other	Total	Castrol	US Fuels	European Fuels	Other	Total <sup>a</sup>
Goodwill <sup>a</sup>	–	844	823	578	2,245	2,615	828	801	553	4,797

a Restated to reflect the move of our Archaea Energy business from the customers & products segment to the gas & low carbon energy segment.

Cash flows for each group of CGUs are derived from the business segment plans, which cover a period of up to five years. To determine the value in use for each of the groups of cash-generating units, cash flows for a period of 10 years, 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 and European Fuels 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 2025.

### Castrol

The goodwill associated with Castrol was reclassified to assets held for sale during the year.

## 15. Intangible assets

	2025				2024			
	Exploration and appraisal expenditure <sup>a</sup>	Biogas rights agreements	Other intangibles	Total	Exploration and appraisal expenditure <sup>a</sup>	Biogas rights agreements	Other intangibles	Total
<b>Cost</b>								
At 1 January	13,053	2,990	7,550	23,593	13,075	2,989	7,117	23,181
Exchange adjustments	–	–	350	350	–	–	(171)	(171)
Acquisitions <sup>b</sup>	–	–	28	28	–	–	351	351
Additions	1,213	1	544	1,758	1,539	193	904	2,636
Transfers to property, plant and equipment	(3,593)	–	–	(3,593)	(391)	–	–	(391)
Reclassified as assets held for sale	–	–	(667)	(667)	(1)	–	(385)	(386)
Deletions and disposals	(3,057)	(8)	(311)	(3,376)	(1,169)	(192)	(266)	(1,627)
<b>At 31 December</b>	<b>7,616</b>	<b>2,983</b>	<b>7,494</b>	<b>18,093</b>	<b>13,053</b>	<b>2,990</b>	<b>7,550</b>	<b>23,593</b>
<b>Amortization</b>								
At 1 January	8,615	557	4,775	13,947	8,747	105	4,338	13,190
Exchange adjustments	–	–	215	215	–	–	(97)	(97)
Exploration expenditure written off	343	–	–	343	767	–	–	767
Charge for the year	–	93	736	829	–	114	717	831
Impairment losses	26	710	41	777	6	344	108	458
Impairment reversals	–	(84)	–	(84)	(2)	–	–	(2)
Transfers to property, plant and equipment	(2,285)	–	–	(2,285)	–	–	–	–
Reclassified as assets held for sale	–	–	(502)	(502)	–	–	(53)	(53)
Deletions and disposals	(3,046)	(7)	(291)	(3,344)	(903)	(6)	(238)	(1,147)
<b>At 31 December</b>	<b>3,653</b>	<b>1,269</b>	<b>4,974</b>	<b>9,896</b>	<b>8,615</b>	<b>557</b>	<b>4,775</b>	<b>13,947</b>
<b>Net book amount at 31 December</b>	<b>3,963</b>	<b>1,714</b>	<b>2,520</b>	<b>8,197</b>	<b>4,438</b>	<b>2,433</b>	<b>2,775</b>	<b>9,646</b>
Net book amount at 1 January	4,438	2,433	2,775	9,646	4,328	2,884	2,779	9,991

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

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