Our Responsible Tax Principles

June 2026

Our responsible tax principles

In 2020 we endorsed The B Team responsible tax principles which set out a responsible approach to tax and support stable, secure and sustainable communities. The principles were developed collaboratively by businesses, civil society and institutional investors.

In 2021 we joined The B Team's Responsible Taxes Working Group which helps us improve our own tax practices.

Our beliefs and guidance on how we work

Our tax principles are aligned with the bp code of conduct and our beliefs. Together these set out what is expected of everyone at bp:

- Respect the world in which we operate and those we work with.
- Act in a manner that is safe, ethical and consistent with applicable laws and regulations – including not accepting or offering bribes or other inducements.
- Aim to work with others who share our commitments to safety and ethics and compliance.

We do not tolerate the facilitation of tax evasion by people who act for or on behalf of bp.

Our code of conduct makes all employees responsible for speaking up and raising questions and concerns about compliance with our code if they believe something is unethical or unsafe. This responsibility includes concerns related to tax.

Accountability and governance

Tax is a core part of corporate responsibility and governance, and our tax matters are overseen by our board of directors.

→ Read more on page 2.

Compliance

We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.

→ Read more on page 3.

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.

→ Read more on page 4.

Relationships with authorities

We seek, wherever possible, to develop co-operative relationships with tax authorities, based on mutual respect, transparency and trust.

→ Read more on page 5.

Seeking and accepting tax incentives

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.

→ Read more on page 5.

Supporting effective tax systems

We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.

→ Read more on page 6.

Transparency

We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public about our approach to tax and taxes paid.

→ Read more on page 6.

The responsible tax principles offer a clear framework for responsible tax practice. We aim to demonstrate how we are applying our tax principles and we provide an update on our progress in the **bp Tax Report 2025**.

Accountability and governance

Tax is a core part of corporate responsibility and governance and is overseen by the board of directors.

Board oversight

Our system of internal control governs how we conduct our business and manage risk. These internal controls include our management systems, organizational structures, processes, standards, code of conduct and our beliefs.

The bp board delegates responsibility for our tax function, tax risks and our approach to tax matters to the group head of tax.

Responsibilities of the group head of tax

- Ownership of bp's tax principles, and the tax policies and procedures that put them into practice.
- Putting policies, procedures and training in place to help the group meet its tax obligations.
- Building team understanding of and compliance with the responsible tax principles.
- Maintaining and implementing our policies and procedures consistently.
- Reporting at least once a year to key risk oversight and governance committees about the effectiveness of our policies and procedures.

We conduct training sessions about relevant tax matters for our colleagues in other business areas to build their awareness and understanding. For example, in our trading and shipping business we offer regular training on tax matters, including permanent establishment compliance, transfer pricing principles and indirect taxes in the trading business. We have developed a group-wide e-learning module on the UK Criminal Finances Act 2017, which covers the offence of failing to prevent the facilitation of tax evasion. We also provide an introduction video on bp's responsible tax principles, which is accessible to all employees on the company online training platform.

Our responsible tax principles are applicable across the bp group. We raise awareness and understanding of our principles through communications aimed at all employees and specific training sessions with the bp tax team.

Regular tax training is available to all members of the tax team, and we work with external service providers to deliver specific technical tax training on topics such as relevant changes in tax laws. A wide range of online learning, development and mentoring programmes are also available to everyone in the tax team.

Tax risk management

Tax risk may arise as a consequence of our global presence, our varied activities, and uncertainty about the application of tax laws.

Under our system of internal control, we follow the bp risk management system and policies, to ensure we act appropriately and consistently.

This risk management system and policies, together with our tax governance procedures, require us to:

- Understand the tax and business environment and assess bp's exposure to specific risks.
- Determine how best to deal with these risks in order to manage our overall exposure.
- Manage, identify and respond to risks in appropriate ways.
- Monitor and seek assurance about the effectiveness of our risk management and improve it when necessary.
- Report internally on a periodic basis about how significant risks are being managed, monitored and assured.

Assessing our tax risk

Our beliefs underpin what we do at bp. We do not define 'acceptable' levels of tax risk, but the way we assess risk guides us in consistently determining the potential tax risk for any business transaction.

When assessing tax risk we consider five factors:

- Reputation
- Technical strength and accounting treatment
- Systems and operations
- Impact on economics and external factors
- Ability to exit.

This approach enables us to consider all the relevant factors involved, and if necessary, consult qualified tax and accounting professionals for advice on identifying and controlling for tax risk.

Managing tax risk

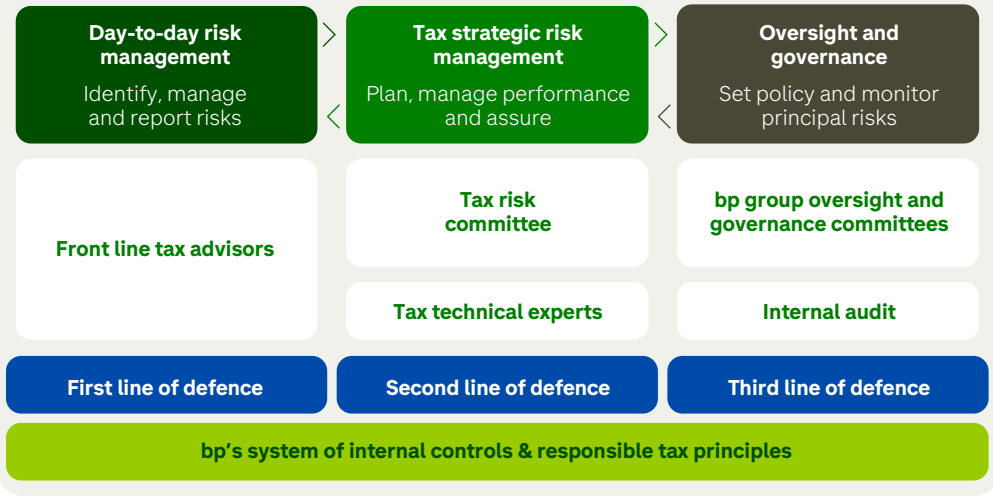
Our system of internal control uses a 'three lines of defence' model to manage tax risks.

- The first line of defence – this involves our tax team working closely with colleagues across bp to make sure business transactions are compliant with tax laws and are implemented in line with existing policies and procedures, and appropriate controls and processes are in place to mitigate any risks.
- The second line of defence – the tax risk committee (TRC), together with tax technical experts will discuss and review key risk areas and control effectiveness, as well as identify emerging risks for notification to the group financial risk committees (GFRC). The TRC may draw on their own experience and the advice of tax technical experts to suggest improvements.
- The third line of defence – our internal audit team, which periodically reviews our tax policies and procedures, verifies adherence to them and tests our effectiveness in managing significant tax risks to bp. The audit team may recommend improvements. These are then discussed more widely before an action plan to implement them is agreed.

Reporting our tax risk

Significant tax risks and disputes are reported to the group financial risk committee, a bp leadership team committee, on a regular basis. This enables the committee to provide governance and oversight of financial risks, including material and emerging tax risks, along with assurance that these are being managed and reported in accordance with approved bp group policies. Our external auditor also reviews significant risks and disputes, and the bp board audit committee is briefed on an annual basis.

Tax risk management framework



Compliance

We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.

We are committed to complying with tax laws in a responsible manner, wherever we operate. We adhere to all relevant tax laws and file tax returns as required.

We report on, and pay, our taxes on time. We provide complete, accurate and timely information to relevant tax authorities, in response to requests from them or on a voluntary basis in countries where it is common practice to have early discussions with tax authorities.

If we identify an error in a bp tax return, we alert the relevant tax authority and take steps to rectify the error.

In many countries external service providers undertake compliance activities, with appropriate oversight from bp tax teams. We do this when it is the most efficient use of resources or if we don't have a local tax team in a specific location.

We plan our tax activities efficiently, in ways that support our business, reflect commercial and economic realities, and are based on reasonable interpretations of the law. The way we assess tax risks helps us make sure our tax planning process considers all relevant factors.

We don't engage in artificial tax arrangements. Our businesses operate in many different countries, under differing tax regimes and sometimes tax law can be complex or unclear. In these instances, we try to minimize the risk of uncertainty or disputes.

If possible, we may engage openly and constructively with the relevant tax authority to resolve misunderstandings and agree a shared understanding of relevant tax law or reach certainty concerning the tax treatment of a specific business transaction. To enable this, we fully disclose all material facts and circumstances to the relevant tax authority.

We may also request expert advice from external service providers. If we cannot reach consensus with a tax authority, we may progress the matter through relevant legal channels.

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.

As a global group, our interests and activities are held or operated through different entities including subsidiaries, branches, joint arrangements or associates. These are established in many different countries, and are subject to the laws and regulations applicable in each country where they operate and have a business presence.

Our business structures have real substance. They reflect commercial and economic reality, as well as applicable legal requirements.

For example, we will establish an entity in a country where our oil and gas resources are located, or where we have a refinery or manufacturing site. Consequently, we will pay and collect taxes in this country in accordance with its laws and regulations and in line with the value that our operations generate.

Low tax jurisdictions

Some of the countries in which we have a presence are considered to offer significantly lower tax rates than those offered by most other countries. These are commonly known as 'low tax jurisdictions'.

There is no standard definition of a low tax jurisdiction. Our disclosures include details of our activities in countries where the statutory tax rate is less than 15% and where a qualified domestic minimum top up tax has not been enacted as of 2025. This is the minimum taxation threshold applied by the OECD as part of its base erosion and profit shifting (BEPS) Pillar Two minimum tax model rules.

For our most recent low tax jurisdiction disclosures, see the **bp Tax Report 2025**.

Where we do have a presence in a low tax jurisdiction, we do so for commercial reasons, including:

- Local production, manufacturing or trading activity.
- Companies that hold investments for the group, where the underlying profits of the investments are taxed in the country of the operation.
- A neutral location, with an established and respected body of company law, for our joint venture partners, who may include government parties.
- When we acquire a business investment and inherit the seller's investment structure, this may include investments in low tax jurisdictions, particularly where there are multi-national joint venture partners.
- Inactive companies that cannot be liquidated due to ongoing disputes or contingent liabilities.

In line with our responsible tax principles, we do not use these locations for tax avoidance, or support their use for this purpose by others we work with, for example, suppliers or our joint venture partners. Our ongoing programme of corporate simplification is intended to simplify our overall structure and when possible, remove bp entities in low tax jurisdictions.

Transfer pricing

A number of our businesses operate across many different countries and have international supply chains. These include our trading and shipping, lubricants marketing and aviation businesses. Their activities give rise to many intra-group cross-border transactions.

Sometimes it is more efficient or commercially necessary for us to conduct an activity centrally, for example, when common services or supporting activities are needed for more than one business activity or site.

This is the case for our functions that support the organization by delivering a common and consistent set of activities.

Our functions include:

- Finance
- Legal
- People, culture & communications
- Supply, trading & shipping
- Technology

Our functions provide a range of supporting services, including technical and operational advice, operational and support services (e.g. accounting and IT), and product trading and financial and insurance services.

These activities may give rise to related-party transactions that are often cross-border in nature.

We consider the transfer pricing of cross-border transactions carefully and our tax team works closely with our business colleagues to understand their operating models and transactions, along with associated value drivers and risks. We price intra-group cross-border transactions on an arm's length basis, in accordance with current OECD principles. We use a price that matches the amount an unrelated party would charge for the same transaction. This is called transfer pricing.

We also help our business colleagues understand the importance of this principle and the potential risks of not adhering to it.

Relationships with authorities

We seek, wherever possible, to develop co-operative relationships with tax authorities, based on mutual respect, transparency and trust.

We try to build and maintain open, constructive relationships with tax authorities, based on mutual respect, transparency and trust.

This approach helps tax authorities develop their capabilities and improve their understanding of our industry, our business and relevant tax aspects. It allows appropriate focus on areas of potential risk or uncertainty. It also enables tax authorities to approach bp for insights on tax matters they may be considering, such as proposed administrative changes or introducing new tax policies.

We interact with many different tax authorities in different ways, according to local custom and practice. We always act respectfully, in line with our code of conduct and beliefs, while also protecting bp's interests within the law.

We follow established procedures and channels when dealing with tax authorities. This may involve direct engagement or sometimes using a third-party service provider, for example, in locations where we do not have a local tax team.

If it is common practice to do so, we try to build co-operative relationships with tax authorities, establishing early, constructive dialogue about any possible areas of tax uncertainty or to inform them of our significant transactions.

Working with HMRC

In the UK, we meet regularly with HMRC to make progress on our ongoing tax matters and provide updates about significant business transactions affecting our UK taxes.

Compliance arrangements

We have co-operative compliance arrangements in place with a number of tax authorities, including those in Australia, China, the Netherlands and Spain. These compliance arrangements help us collaborate to:

- Improve understanding of our business and tax processes.
- Share information about any significant business transactions and their tax impacts.
- Promptly identify any areas requiring further discussion.

Seeking and accepting tax incentives

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.

National governments sometimes introduce tax incentives and exemptions. They do this to:

- Support the development of particular business sectors or country capability.
- Attract foreign and domestic investment.
- Generate employment and provide social and economic development.

To support their macro-policy aims, governments may offer tax incentives for certain business activities. For bp these may be related to our oil and gas activity, international trading or investments to support the energy transition.

Incentives take many forms, including:

- Accelerated tax relief for eligible capital expenditure.
- Increased tax deductions or tax credits for expenditure, for example on technology or research and development.
- Tax rate reductions or exemptions from certain direct or indirect taxes.

Incentives may reduce a country's tax revenues in the short term, but governments typically consider the longer-term benefits of continued current and new investment in business activity, employment, capability building and increased tax revenues.

Where incentives exist and apply to our business activity, we aim to use them in the manner intended.

Oil and gas tax regimes

Significant upfront capital investment is typically required to find and develop oil and gas before production starts and cash flow is generated. Some oil and gas tax regimes recognize the significant risks taken by companies during the exploration and development stages, and may offer incentives, including accelerated tax relief on this expenditure. Other tax regimes only offer tax relief once production starts, meaning tax relief for unsuccessful exploration may not be available.

Some regimes also offer relief, often in the early stages of a project, from transactional taxes, such as customs duties or VAT, recognizing there will be no cash flow from the activity until production starts.

Oil and gas tax regimes typically tax profits at rates higher than the statutory rate of tax once production starts. In combination with tax reliefs, this enables a government to offer a competitive regime for the project, balancing risk and reward at the various stages of activity.

The long-term nature of oil and gas activity means that certainty and predictability about current and future tax regimes are important to bp. Governments play an important role in maintaining the competitiveness of the tax regime to support ongoing activity and attract new investments.

Supporting effective tax systems

We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.

Industry groups, governments and external bodies

Governments develop tax and other regulatory policies that support their wider macroeconomic aims.

By maintaining fair, effective, predictable and simple to administer tax regimes, governments can benefit from tax revenues while also attracting sustainable investment from around the world.

For governments that aspire to lead in the energy transition by creating the right investment climate, dialogue with stakeholders, including companies like bp, is increasingly important as they shape tax and other regulatory policies.

Open, well-informed debate between governments, businesses, investors, academic bodies, non-governmental organizations and wider society plays a vital role in supporting the development of public policy and solutions.

We work with many governments, contributing to sustainable growth, job creation and investment in people. We engage with them across our global businesses and also with international organizations such as the OECD to support the development of tax laws.

We participate in initiatives that we believe will be beneficial for governments and bp, while also promoting wider discussion of relevant issues. We contribute to initiatives that may simplify tax regimes, encourage investment and sustainable growth, build trust and support the energy transition. We always try to help balance any government's need to raise revenue with its desire to maintain a sustainable investment climate.

We engage directly with governments if this is common practice but also through trade associations or similar bodies if appropriate.

We belong to many trade associations around the world, which we assess regularly on the basis of their alignment with our views and values. Some of these organizations lobby and advocate on tax matters.

We actively participate in many trade association discussions on tax matters, including with:

- American Petroleum Institute
- Business Europe
- European Business Initiative on Taxation
- Fuels Europe
- The International Tax and Investment Center (ITIC)
- Global Business Alliance
- The US Council for International Business (US CIB)

We also participate in many local tax committees in countries where we operate. These include:

- American Chamber of Commerce branches in Azerbaijan, Egypt and Indonesia
- China Petroleum and Chemical Industry Federation
- The UK oil industry tax committees (UKOITC)
- The Tax Committee of the Confederation of British Industry

Business partners

We collaborate with many stakeholders in our business activities, including customers, suppliers and joint venture partners. They each play an important part in delivering our strategy and we develop and strengthen relationships with those who commit to working in accordance with our code of conduct. We ask our partners to share our expectations with their employees, suppliers and business partners.

When it is appropriate to do so, we formalize these expectations in our contractual relationships. For example, we have contract clauses available that require compliance with applicable tax laws, that our suppliers will not facilitate a tax evasion offence, and that they have procedures in place to prevent such an offence occurring.

How tax can support the energy transition

Assessing how tax can be used to tackle the environmental challenges that the world faces is very important to bp.

We engage and advocate with governments and tax authorities on many areas connected to our strategy including our net zero ambition, to encourage the introduction of policies that support a secure, affordable low carbon energy system. This includes carbon pricing policies, either as a tax or as a cap-and-trade system.

We believe a well-designed price on carbon is an economically efficient way to reduce greenhouse gas emissions. Other support such as grants, changing regulations and tax incentives can also contribute to the development of low carbon markets that enable the energy transition.

We engage constructively with our business partners to positively influence their actions, including those related to tax matters.

We complete appropriate due diligence checks on our suppliers, regularly engage with them to review performance and conduct compliance audits in line with our contractual relationships to ensure they continue to adhere to bp requirements. We also help them identify areas for improvement.

For more information, see Policy, advocacy and trade associations

Transparency

We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.

In preparing our annual Tax Reports and reviewing our responsible tax principles, we engaged with a number of external stakeholders, including investors and civil society groups. We know there will be areas where we can improve, and we welcome feedback at **approachtotax@bp.com**.

Our responsible tax principles are reviewed and updated annually. With respect to the UK, we regard our responsible tax principles as compliant with our duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016.

Give your feedback
Email the corporate reporting team
at corporatereporting@bp.com

BP p.l.c.
1 St James's Square
London SW1Y 4PD

© BP p.l.c. 2026
bp.com/sustainability