

BP EXPLORATION COMPANY LIMITED**(Registered No.SC000792)****ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**

Board of Directors: K MacLennan
L A Whiting

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2022.

STRATEGIC REPORT**Principal activity**

The company holds investments in subsidiary undertakings engaged in oil and gas production and exploration worldwide.

Results

The profit for the year after taxation was \$12,722,846,000 which, when added to the accumulated profit brought forward at 1 January 2022 of \$13,395,162,000, after deducting total paid interim dividends to ordinary shareholders of \$4,200,000,000 gives a total accumulated profit carried forward at 31 December 2022 of \$21,918,008,000.

Review of the business

The key financial and other performance indicators during the year were as follows:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
	\$000	\$000	%
Dividend income	4,200,000	4,708,000	(11)%
Operating profit	12,724,412	9,688,308	31 %
Profit for the year	12,722,846	9,691,835	31 %
Total equity	63,720,062	55,197,216	15 %
	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Quick ratio*	119.02	303.91	118.72

*Quick ratio is defined as current assets (excluding stocks, debtors falling due after one year, derivatives and other financial instruments falling due after one year and deferred tax assets) divided by current liabilities.

The operating profit in 2022 is primarily contributed by dividend received from BP Exploration Operating Company (BPEOC) in the amount of \$4,200,000,000 and impairment reversal of \$8,524,438,000 related to the investment in BPEOC.

The operating profit in 2021 was mainly due to dividend received from BPEOC in the amount of \$3,708,000,000 and from BP (Abu Dhabi) Limited in the amount of \$1,000,000,000, in addition to that, there was an impairment reversal of \$4,980,337,000 related to the investment in BPEOC.

STRATEGIC REPORT

Section 172 (1) statement

This section describes how the directors of the company have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (the "Section 172 factors"), and forms the statement required under section 414CZA of the Companies Act 2006.

In performing their duties throughout the year the directors have had regard to the Section 172 factors as follows:

(a) The likely long-term consequences of the decision

When setting and delivering on the company's strategy, the directors of the company have regard to the evolving environment in which the company operates and aims to promote the long term success and sustained economic viability of the company.

(b) The interests of the company's employees

The company has no direct employees. however its wholly owned subsidiary, BP Exploration Operating Company Limited, does have direct employees and acts in the best interests of its members and wider stakeholders as a whole.

(c) The need to foster the company's business relationships with suppliers, customers and others

During 2022, the directors of the company reiterated their focus on engagement and fostering relationships with suppliers and customers, with the need to consider partners, customers and suppliers and how we can help them, specifically addressed in the 'Who we are' belief, 'Care for others'.

(d) The impact of the company's operations on the community and the environment

The directors of the company are committed to the bp group's sustainability aims and objectives – 10 aims to get bp to net zero and help the world get there too, 5 aims to improve people's lives and 5 aims to care for our planet. In 2022 each business prepared a sustainability plan, identifying its priority aims and detailing the actions it will take to meet those.

(e) The desirability to maintain the company's reputation for high standards of business conduct

In 2022, bp continued to make progress against its sustainability aims which set out the areas where bp believes it can make the biggest difference for bp, its stakeholders and society. bp's commitment to safety, having a positive impact and doing the right thing were further enshrined in the new bp 'Who we are' beliefs which also emphasise the importance of following the bp code of conduct.

bp's code of conduct sets clear expectations for how bp, the company and the board operate. The directors of the company continued to adhere, in good faith, to the bp code of conduct during the year to ensure the board and the company maintain a reputation for high standards of business conduct.

The board considered its impact and decision making in light of the war in Ukraine and bp's announcement of its position in Russia.

(f) The need to act fairly between members of the company

The company is a wholly owned subsidiary with one member, and the directors aim to maximise long term shareholder value.

Stakeholder engagement

By understanding the company's key stakeholders, the board can consider and address the needs of these stakeholders and foster good business relationships with them. The board has taken time to identify the key interests of the stakeholders and establish regular engagement methods to help the board to consider and balance stakeholder interests when making decisions.

STRATEGIC REPORT

The company's principal decisions

The Board recognises the importance of considering and having regard to the Section 172 factors when making decisions, particularly the principal decisions of the company. The company has taken the view that a 'principal' decision is one which is material and strategic in nature and would affect the ability of the company to generate or preserve value over the long term.

During the period, the following principal decisions were taken by the company :

Principal decision	The relevant factors taken into account during the decision making process
During the year, the directors considered and approved a series of transactions in relation to the restructuring of one of its Venezuelan subsidiaries.	The directors considered the impact of such a decision on the long-term prospects of the company as the sole shareholder of its Venezuelan subsidiary, as well as considering the financial position of the company to ensure that it was in the best interests of the company to undertake the transactions.
During the year, the directors considered, approved and paid an interim dividend as appropriate to the shareholder.	The directors considered the impact of such a decision on the long-term prospects of the company.

Principal risks and uncertainties

The bp group manages, monitors and reports on the principal risks and uncertainties that can impact the group's ability to deliver its strategy. The group's system of internal control includes policies, processes, management systems, organizational structures, culture and standards of conduct employed to manage bp's business and associated risks.

Throughout the year, bp management, the leadership team, the board and relevant committees provide oversight of how principal risks to bp are identified, assessed and managed. They support appropriate governance of risk management including having relevant policies in place to help manage risks. Such oversight may include internal audit reports, group risk reports and reviews of the outcomes of business processes including strategy, planning and resource and capital allocation. bp's group risk team analyses the group's risk profile and maintains the group's risk management system. bp's internal audit team provides independent assurance to the chief executive and board as to whether the group's system of internal control is adequately designed and operating effectively to respond appropriately to the risks that are significant to bp.

The company aims to deliver sustainable value by identifying and responding successfully to risks in line with the group's risk management process.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the Strategic Report of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Strategic and commercial risks

Geopolitical

The company is exposed to a range of political, economic and social developments and consequent changes to the operating and regulatory environment which could cause business disruption. Political instability, changes to the regulatory environment or taxation, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism, acts

STRATEGIC REPORT

of war and public health situations (including the continued impact of the COVID-19 pandemic or any future epidemic or pandemic) may disrupt or curtail our operations, business activities or investments. These may in turn cause production to decline, limit our ability to pursue new opportunities, affect the recoverability of our assets and our related earnings and cash flow or cause us to incur additional costs, particularly due to the long-term nature of many of our projects and significant capital expenditure required.

Liquidity, financial capacity and financial, including credit, exposure

Failure to work within the financial framework set by the bp group could impact the bp group as well as the company's ability to operate and result in financial loss. Credit rating downgrades could potentially increase financing costs and limit access to financing or engagement in the company's trading activities on acceptable terms, which could put pressure on the group's liquidity.

For further details see Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Joint arrangements and contractors

The company may have varying levels of control over the standards, operations and compliance of its partners, contractors and sub-contractors which could result in legal liability and reputational damage.

Our partners and contractors are responsible for the adequacy of their resources and capabilities. If these are found to be lacking, there may be financial, operational or safety exposures for the company. Should an incident occur in an operation that the company participates in, our partners and contractors may be unable or unwilling to fully compensate us against costs we may incur on their behalf or on behalf of the arrangement.

Digital infrastructure and cybersecurity

The energy industry is subject to fast-evolving risks, including ransomware, from cyber threat actors, including nation states, criminals, terrorists, hacktivists and insiders. Current geopolitical factors have increased these risks. There is also growing regulation around data protection and data privacy. A breach or failure of our or third parties' digital infrastructure – including control systems – due to breaches of our cyber defences, or those of third parties, negligence, intentional misconduct or other reasons, could seriously disrupt our operations. This could result in the loss or misuse of data or sensitive information, including employees' and customers' personal data, injury to people, disruption to our business, harm to the environment or our assets, legal or regulatory breaches, legal liability and significant costs including fines, cost of remediation or reputational consequences. Furthermore, the rapid detection of attempts to gain unauthorized access to our digital infrastructure, often through the use of sophisticated and co-ordinated means, is a challenge and any delay or failure to detect could compound these potential harms.

Climate change and the transition to a lower carbon economy

Laws, regulations, policies, obligations, government actions, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy, including the pace of change to any of these factors, and also the pace of the transition itself, could have adverse impacts on our business including on our access to and realization of competitive opportunities in any of our strategic focus areas, a decline in demand for, or constraints on our ability to sell certain products, constraints on production and supply, adverse litigation and regulatory or litigation outcomes, increased costs from compliance and increased provisions for environmental and legal liabilities.

Changes in investor preferences and sentiment could affect our access to capital markets and our attractiveness to potential investors, potentially resulting in reduced access to financing, increased financing costs and impacts upon our business plans and financial performance.

Depending on the nature and speed of any such changes and our response, these changes could increase costs, reduce the company's profitability, reduce demand for certain products, limit our access to new opportunities, require us to write down certain assets or curtail or cease certain operations, and affect investor sentiment, our access to capital markets, our competitiveness and financial performance.

STRATEGIC REPORT

Competition

The bp group strategic progress and performance could be impeded if we are unable to control our development and operating costs and margins, if we fail to scale our businesses at pace, or to sustain, develop and operate a high-quality portfolio of assets efficiently. Furthermore, as the bp group transitions from an international oil company to an integrated energy company, we face an expanded and rapidly evolving range of competitors in the sectors in which we operate.

Talent and capability

The sectors in which the bp group operates face increasing challenges to attract and retain diverse, skilled and capable talent. An inability to successfully recruit, develop and retain core skills and capabilities and to reskill existing talent could negatively impact delivery of our strategy.

Crisis management and business continuity

The bp group's reputation and business activities could be negatively impacted if the management does not respond, or is perceived not to respond, in an appropriate manner to any major crisis.

Insurance

The bp group generally purchases insurance only in situations where this is legally and contractually required. Some risks are insured with third parties and reinsured by group insurance companies. Uninsured losses could have a material adverse effect on the bp group financial position which in turn could adversely affect the company.

Compliance and control risks

Ethical misconduct and non-compliance

Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, and anti-fraud laws, trade restrictions or other sanctions, could damage the company's reputation, and result in litigation, regulatory action, penalties and potentially affect our licence to operate.

In relation to trade restrictions or other sanctions, current geopolitical factors have increased these risks.

Regulation

Changes in the law and regulation, including how they are interpreted and enforced, could increase costs, constrain the company's operations and affect its business plans and financial performance.

Reporting

External reporting of financial and non-financial data relies on the integrity of the control environment, bp group's systems and people operating them. Failure to report data accurately and in compliance with applicable standards could result in regulatory action, legal liability and reputational damage.

STRATEGIC REPORT

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates. Further details on these financial risks are included within Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Approved by the board of directors and signed on behalf of the board by:

DocuSigned by:

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K MacLennan

Director

September 27, 2023

Registered Office:

1 Wellheads Avenue

Dyce

Aberdeen

AB21 7PB

United Kingdom

DIRECTORS' REPORT**BP EXPLORATION COMPANY LIMITED****Directors**

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2022.

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

During the year the company has declared and paid dividends of \$4,200,000,000 (2021 \$4,708,000,000). The directors do not propose the payment of a final dividend (2021 \$0).

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 6.1) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the Strategic Report under Financial risk management.

Post balance sheet events

No events occurred after the reporting period that had a material impact on the company's operations.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp 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. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see page 4.

As noted in the Strategic Report, the company hold investments in subsidiary undertakings engaged in oil and gas production and exploration worldwide, as a result the ability of the company's subsidiaries to pay dividends are impacted by changes in the commodity price.

DIRECTORS' REPORT

The company holds limited cash directly and funding requirements are met through the ongoing funding arrangements which BP Exploration Company Limited holds with BP International Limited to manage its working capital as well as investing activities. The directors' assessment has taken into account the ability of both the company and BP International Limited as the principal company supporting the funding arrangements to ensure availability of funds at least twelve months from the date of approval of these financial statements.

As at 31 December 2022, the company is in a net asset position of \$63,720,062,000 (2021: \$55,197,216,000) and is reporting a profit for the year of \$12,722,846,000 (2021: \$9,691,835,000) mainly due to dividend received from BPEOC in the amount of \$4,200,000,000 and impairment reversal of \$8,524,438,000 related to the investment in BPEOC.

Key assets include investments of \$63,698,936,000 in shares of subsidiaries.

In assessing the prospects of BP Exploration Company Limited, 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.

Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years.

They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

Disabled employees

Even though the company has no direct employees, it gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person in their subsidiaries.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

DIRECTORS' REPORT

Stakeholder statements

Employee engagement statement

The directors of the company note that the company has no direct employees, however, its wholly owned subsidiary, BP Exploration Operating Company Limited, has direct employees. The directors of BP Exploration Operating Company Limited recognise that employees are vital to the long term success of BP Exploration Operating Company Limited and engage with employees, and keep them informed on matters of concern to them. The company's section 172(1) statement in the Strategic Report demonstrates how the directors of BP Exploration Operating Company Limited have engaged with employees throughout the year, and how the directors of BP Exploration Operating Company Limited have had regard to their interests when making decisions.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The board recognises the importance of considering and having regard to key stakeholders and their interests when making decisions. By understanding the company's key stakeholders, the board can consider and address the needs of these stakeholders and foster good business relationships with them.

The board is committed to doing business ethically and transparently, using bp's values and code of conduct to guide them when engaging and working with business partners. The company's activities, and the decisions of the board, affect a wide variety of individuals and organisations. The directors engage with the company's stakeholders, listening to their differing needs and priorities as part of their role as a senior leader at bp and use the feedback received to inform the board's decision-making.

The company's section 172(1) statement in the Strategic Report demonstrates how the directors have had regard to the need to foster business relationships with suppliers, customers and other stakeholders when making decisions on behalf of the company.

Streamlined Energy & Carbon Reporting (SECR)

As a UK subsidiary of a UK parent company which prepares a group directors' report, SECR reporting details are included in the strategic report of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Corporate Governance Statement

In 2022, the bp group continued to operate under the corporate governance framework (the "Framework") implemented in 2020. The Framework closely aligns with bp's purpose - reimagining energy for people and our planet - and strategy. The Framework also defines bp's role, to promote the long-term sustainable success of the company, generating value for its shareholders while having regard to its other stakeholders, the impact of its operations on the communities within which it operates and the environment.

The core of the company's governance arrangements come from bp's System of Internal Control, Global Subsidiary Corporate Governance Policy (the "Policy") and Code of Conduct, details of which are set out below.

System of Internal Control

The System of Internal Control is the holistic set of management systems, organisational structures, processes, standards and behaviours that are employed to conduct the bp group's business. These processes enable the company to achieve its objectives and purpose by ensuring that it responds appropriately to business, operational, financial and other risks and opportunities.

DIRECTORS' REPORT

Further, the System of Internal Control requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organisation which helps to ensure the quality of internal and external reporting. The System of Internal Control helps to ensure compliance with laws and regulations, bp's Code of Conduct and other internal policies.

The Policy

The Policy has been established by BP p.l.c. and implemented by its subsidiaries, including the company, to establish common standards in corporate governance across the group. These standards cover the role and responsibilities of the board and the directors, its processes and its relationship with executive management, shareholders and other stakeholders.

The Policy is reviewed on a regular basis both in respect of compliance and alignment with best practice governance and the content of formal corporate governance codes for private companies. It is a comprehensive set of rules and recommendations designed to standardise and promote best practice subsidiary governance through:

- i. The mitigation of legal and reputational risk and preserving the integrity of the bp group's corporate structure;
- ii. The selection and training of directors to ensure that they understand and execute their statutory duties in a manner that promotes the success of the company for the benefit of its shareholders whilst having regard to the company's other stakeholders;
- iii. Requiring any decisions in respect of the formation and change of entity form, financing of intra-group activities, transfer of ownership and dissolution to be made pursuant to bp's System of Internal Controls; and
- iv. Specifying which of the bp group's businesses and functions are accountable for the various aspects of administration, internal controls and corporate governance of subsidiaries.

The Policy sets out the responsibilities of all directors and officers of each of the bp group's subsidiaries and the primary tasks of the board, including consideration and execution of long-term strategy, monitoring of the subsidiary's performance and ensuring that the principal risks to the subsidiary are identified and that appropriate systems of risk management and control are in place. As a result, the company has not considered it necessary to adopt a formal corporate governance code.

The Policy requires directors to:

- i. Attend induction training upon appointment and are recommended to refresh their training annually;
- ii. Not engage in any activity that is, or could reasonably be perceived to be, in conflict with the interests of the company and are further required to act in the best interests of the company, which may not necessarily coincide with the best interest of the bp group;
- iii. Consult in advance of conflicts of duties in order to identify and implement steps to avoid or mitigate such conflicts; and
- iv. Retain responsibility for the approval of financial statements.

Decision making rests with the directors of the company and delegation of specific powers or decisions is documented in writing, setting out the reasons for the scope as well as limitation of such delegation, supported by a form of bp group authority. Delegations are monitored and reviewed by the board on a regular basis.

The Code of Conduct

bp's code of conduct is based on bp's values and beliefs, and sets clear expectations for how all employees at bp should work, including directors of the company. The code is designed to be a clear set of expectations to enable all employees to make choices in a consistent way.

DIRECTORS' REPORT

The code of conduct includes sections covering:

- i. Safety and sustainability, including operating safely and securely and delivering bp's sustainability frame;
- ii. People, including diversity, equity and inclusion;
- iii. Business partners, including building and maintaining strong relationships and proactively managing conflicts of interest;
- iv. Governments and communities, including human rights, community engagement and public communications; and
- v. Assets and financial integrity, including the need to record and maintain accurate and complete information.

Application of the system of governance

The directors have applied this system of governance by:

- a. Regularly reviewing its board's composition to ensure that it has an appropriately diverse balance of skills, backgrounds, experience and knowledge and ensuring that individual directors have sufficient capacity to make valuable contributions. The board, where appropriate, and in accordance with the Policy, retains a minimum of three directors, promotes independent and objective challenge through the appointment of directors who are not directly or indirectly responsible for the management function of the company and may nominate a designated Chair to provide leadership of the board.
- b. Undertaking training on a regular basis to ensure that they have a clear understanding of their responsibilities and accountabilities. To support effective decision-making in their capacity as directors, the board considers the System of Internal Control, the bp Code of Conduct and the company's purpose and how it furthers the bp group's purpose, aims and ambitions.
- c. In accordance with the Policy, the board is supported by the System of Internal Control to identify opportunities to create and preserve value. Refer to the principal risks and uncertainties in the Strategic Report.
- d. Having regard to and fostering good stakeholder relationships. Refer to the company's section 172 statement in the Strategic Report for further information.

Auditors

Pursuant to section 487 of the Companies Act 2006, Deloitte LLP have expressed their willingness to continue in office as auditors and are therefore deemed reappointed as auditors.

DIRECTORS' REPORT

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Authorized for issue on behalf of the Board

DocuSigned by:

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K MacLennan
Director

September 27, 2023

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE FINANCIAL STATEMENTS**

BP EXPLORATION COMPANY LIMITED

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these 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;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF BP EXPLORATION COMPANY LIMITED****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of BP Exploration Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of whether material uncertainties existed that could cast significant doubt on the entity's ability to continue as a going concern for least 12 months after the date of approval of the financial statements;
- An assessment of the funds that can be made available to the company through bp group treasury channels;
- An assessment of the management's identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment;
- An assessment of 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 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements, and environmental regulations when they are applicable.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by 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; and
- 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

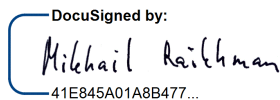
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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Mikhail Raikhman, CA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

September 27, 2023

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2022****BP EXPLORATION COMPANY LIMITED**

		<u>2022</u>	<u>2021</u>
	Note	<u>\$000</u>	<u>\$000</u>
Dividend income		4,200,000	4,708,000
Gross profit		<u>4,200,000</u>	<u>4,708,000</u>
Administrative expenses		(26)	(29)
Reversal of impairment of fixed asset investments	9	<u>8,524,438</u>	<u>4,980,337</u>
Operating profit	3	<u>12,724,412</u>	<u>9,688,308</u>
Interest receivable and similar income	5	21,755	6,951
Interest payable and similar expenses	6	<u>(23,321)</u>	<u>(3,424)</u>
Profit before taxation		<u>12,722,846</u>	<u>9,691,835</u>
Tax on profit	7	<u>—</u>	<u>—</u>
Profit for the year		<u><u>12,722,846</u></u>	<u><u>9,691,835</u></u>

The profit of \$12,722,846,000 for the year ended 31 December 2022 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2022**

There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2022****BP EXPLORATION COMPANY LIMITED**

	Called up share capital (Note 12) \$000	Profit and loss account (Note 13) \$000	Total \$000
Balance at 1 January 2021	41,802,054	8,411,327	50,213,381
Profit for the year, representing total comprehensive income	—	9,691,835	9,691,835
Dividends paid		(4,708,000)	(4,708,000)
Balance at 31 December 2021	<u>41,802,054</u>	<u>13,395,162</u>	<u>55,197,216</u>
Balance at 1 January 2022	41,802,054	13,395,162	55,197,216
Profit for the year, representing total comprehensive income	—	12,722,846	12,722,846
Dividends paid	—	(4,200,000)	(4,200,000)
Balance at 31 December 2022	<u>41,802,054</u>	<u>21,918,008</u>	<u>63,720,062</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2022****BP EXPLORATION COMPANY LIMITED****1. Authorization of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP Exploration Company Limited for the year ended 31 December 2022 were approved by the board of directors on 27/09/2023 and the balance sheet was signed on the board's behalf by K Maclellan. BP Exploration Company Limited is a private company, limited by shares incorporated, domiciled and registered in Scotland (registered number SC000792). The company's registered office is at 1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included are shown in Note 16 to the financial statements.

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- a. the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- b. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
- c. the requirements of IAS 7 Statement of Cash Flows;
- d. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- e. the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- f. the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation (continued)

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

Significant accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used.

There were no critical accounting judgements or estimates identified that would have a significant impact on the amounts recognized in the financial statements, or create a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant accounting policies

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp 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. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see page 4.

As noted in the Strategic Report, the company hold investments in subsidiary undertakings engaged in oil and gas production and exploration worldwide, as a result the ability of the company's subsidiaries to pay dividends are impacted by changes in the commodity price.

The company holds limited cash directly and funding requirements are met through the ongoing funding arrangements which BP Exploration Company Limited holds with BP International Limited to manage its working capital as well as investing activities. The directors' assessment has taken into account the ability of both the company and BP International Limited as the principal company supporting the funding arrangements to ensure availability of funds at least twelve months from the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2022, the company is in a net asset position of \$63,720,062,000 (2021: \$55,197,216,000) and is reporting a profit for the year of \$12,722,846,000 (2021: \$9,691,835,000) mainly due to dividend received from BPEOC in the amount of \$4,200,000,000 and impairment reversal of \$8,524,438,000 related to the investment in BPEOC.

Key assets includes investments of \$63,698,936,000 in shares of subsidiaries.

In assessing the prospects of BP Exploration Company Limited, 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.

Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

As the company is considered to be an intermediate holding company, and therefore an extension of its parent company, its functional currency is the same as its parent company.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Significant judgements and estimates: impairment of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, 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 and refined products.

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not 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 company derecognizes financial assets when the contractual rights to the cash flows expire or the rights

NOTES TO THE FINANCIAL STATEMENTS

to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The company classifies its financial assets as measured at amortized cost 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 amortised cost. This category of financial assets includes trade and other receivables.

Impairment of financial assets measured at amortized cost

The company 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 company 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 company. 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 company 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 profit and loss account.

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 company has no reasonable expectation of recovering amounts due.

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortized cost

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, these financial liabilities are subsequently measured at amortized cost. This category of financial liabilities includes trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

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 company currently has a legally enforceable right to set off the recognized amounts; and the company intends to either settle on a net basis or realize the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the company'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.

Taxation

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

Income tax is recognized in the profit and loss account, 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 profit and loss account 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 company'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 balance sheet 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 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 group undertakings and associates and interests in joint arrangements, where the company 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. An exception is where the deferred tax asset relates to the deductible temporary difference arising 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 deductive temporary differences.

In respect of deductible temporary differences associated with investments in group undertakings 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.

NOTES TO THE FINANCIAL STATEMENTS

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 company's proposed tax treatment, income taxes are recognized consistent with the company'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.

Interest income

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

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

Finance costs

All finance costs are recognized in the profit and loss account in the period in which they are incurred.

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Updates to significant accounting policies

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of new International Financial Reporting Standards

There are no IASB standards, amendments or interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the company.

NOTES TO THE FINANCIAL STATEMENTS**3. Operating profit**

This is stated after crediting:

	2022	2021
	\$000	\$000
Net foreign exchange gains	2	—
Reversal of impairment of investments	8,524,438	4,980,337
	<u>8,524,440</u>	<u>4,980,337</u>

In 2022 the company recognized an impairment reversal of \$8,524,438,000, while in 2021 there was an impairment reversal of \$4,980,337,000, both related to its investment in BPEOC. Please refer to Note 9 for further details.

4. Auditor's remuneration

	2022	2021
	\$000	\$000
Fees for the audit of the company	<u>34</u>	<u>29</u>

Fees paid to the company's auditor, Deloitte LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of BP Exploration Company Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The audit fees were borne by another group company.

5. Interest receivable and similar income

	2022	2021
	\$000	\$000
Interest income from amounts owed by group undertakings	21,755	782
Interest income from other financial assets measured at amortized cost	—	6,169
Total interest receivable and similar income	<u>21,755</u>	<u>6,951</u>

Interest receivable and similar income comprised interest earned from a loan to EnQuest and an IFA deposit. The increase in interest income from IFA is mainly due to the increase of average monthly interest rate to 0.16% (2021 0.01%). The EnQuest loan was fully repaid in August 2021.

6. Interest payable and similar expenses

	2022	2021
	\$000	\$000
Interest expense on overdrafts from group undertakings	<u>23,321</u>	<u>3,424</u>

Interest payable and similar charges relate to interest charged on IFA overdraft balance. The increase is mainly due to the increase in average interest rate from 0.03% at the end of December 2021 to 0.18% towards the end of December 2022.

NOTES TO THE FINANCIAL STATEMENTS**7. Taxation**

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2022 (2021 19%). The differences are reconciled below:

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Profit before taxation	12,722,846	9,691,835
Tax charge	—	—
Effective tax rate	— %	— %
	<u>2022</u>	<u>2021</u>
	%	%
UK statutory corporation tax rate:	19	19
Decrease resulting from:		
Non-taxable income	(19)	(19)
Effective tax rate	<u>—</u>	<u>—</u>

Change in corporation tax rate

On 3 March 2021, the UK Government announced an increase to the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. The rate change was substantively enacted on 24 May 2021. As the company has not recognised a deferred tax asset at the balance sheet date, the impact of this rate change has not been calculated.

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences relating to tax losses of \$4,947,261 (2021 \$4,947,261) and capital losses of \$1,864,934 (2021: \$1,864,934) with no fixed expiry date on the basis that they are not expected to give rise to any future tax benefit.

8. Directors and employees**(a) Remuneration of directors**

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2021 \$Nil).

(b) Employee costs

The company had no employees during the year (2021 None).

NOTES TO THE FINANCIAL STATEMENTS**9. Investments**

	Investments in subsidiaries
Cost	\$000
At 1 January 2021	63,991,944
At 31 December 2021	<u>63,991,944</u>
At 1 January 2022	63,991,944
At 31 December 2022	<u>63,991,944</u>
Impairment losses	
At 1 January 2021	13,797,783
Reversal	<u>(4,980,337)</u>
At 31 December 2021	<u>8,817,446</u>
At 1 January 2022	8,817,446
Reversal	<u>(8,524,438)</u>
At 31 December 2022	<u>293,008</u>
Net book amount	
At 31 December 2022	<u>63,698,936</u>
At 31 December 2021	<u>55,174,498</u>

The investments in subsidiaries are all stated at cost less provision for impairment.

The investments in the subsidiaries are unlisted.

The group undertakings of the company at 31 December 2022 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

The company was required to perform an impairment review of its investments in subsidiaries. In 2022 the company recognized an impairment reversal of \$8,524,438,000 related to its investments in BPEOC.

In 2021 there was an impairment reversal identified in the amount of \$4,980,337,000 related to the company's investments in BPEOC.

NOTES TO THE FINANCIAL STATEMENTS**Subsidiary undertakings**

Company name	Class of share held	%	Registered address	Principal activity
BP Petroleo y Gas, S.A.	Ordinary	100	Av. Francisco de Miranda, con primera avenida de Los Palos , Grandes, Edif Cavendes, piso 9, ofi 903, Los Palos Grandes, Chacao / Caracas, Caracas / Miranda, 1060, Venezuela, Bolivarian Republic of	Exploration and production
BP Exploration Company (Middle East) Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Exploration and production
BP Exploration Operating Company Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Exploration and production
BP Exploration Orinoco Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Exploration and production
BP Services International Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Exploration and production

Significant holdings in undertakings other than subsidiary undertakings

For a full list of significant related undertakings, please see Note 17.

10. Debtors

Amounts falling due within one year:

	2022	2021
	\$000	\$000
Amounts owed from group undertakings	21,305	22,793
	<u>21,305</u>	<u>22,793</u>

Amounts owed from group undertakings includes an IFA receivable of \$1,106,872,000 (2021 \$1,106,872,000) that represents a variable rate funding account against BP International Limited and repayable on demand. Interest is accrued on a monthly basis based on USD daily overnight LIBOR. The interest rate at year end was LIBOR minus 3 basis points (2021 LIBOR minus 3 basis points).

This receivable is offset by an IFA payable, an interest-bearing loan of \$1,091,333,361 (2021 \$1,089,844,293) with BP International Limited, with interest being charged based on 1-month USD LIBOR plus 15 basis points and callable on demand.

Remaining \$5,766,000 is owed from BP Exploration Indonesia Limited (2021: \$5,766,000).

NOTES TO THE FINANCIAL STATEMENTS**11. Creditors**

Amounts falling due within one year:

	2022	2021
	\$000	\$000
Amounts owed to group undertakings	39	14
Other creditors	70	—
Accruals and deferred income	70	61
	<u>179</u>	<u>75</u>

12. Called up share capital

	2022	2021
	\$000	\$000
Issued and fully paid:		
41,802,054,236 ordinary shares of \$1 each for a total nominal value of \$41,802,054,236	41,802,054	41,802,054
	<u>41,802,054</u>	<u>41,802,054</u>

13. Reserves*Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary and preference shares in issue.

Profit and loss account

The balance held on this reserve is the retained profits of the company.

14. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

There were no other related party transactions in the year.

15. Post balance sheet events

No events occurred after the reporting period that had a material impact on the company's operations.

16. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p.l.c., a company registered in England and Wales, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP p.l.c. can be obtained from its registered address: 1 St James's Square, London, SW1Y 4PD.

NOTES TO THE FINANCIAL STATEMENTS**17. Related undertakings**

Disclosed below is a full list of related undertakings in which the company holds an interest of 20% or greater, along with the registered address and the percentage of share capital owned as at 31 December 2022.

All voting rights are equal to percentage of share capital owned unless otherwise noted below. Unless otherwise stated, the share capital disclosed comprises ordinary shares or common stock (or local equivalent thereof) held by the company.

Related undertaking	Holding %	Registered address	Direct / indirect
Aker BP ASA	15.9	Oksenoyveien 10, 1366 Lysaker, Norway	Indirect
Amoco (Fiddich) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Amoco (U.K.) Exploration Company LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States	Indirect
Amoco U.K. Petroleum Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
ARCO British Limited, LLC	100	1209 Orange Street, Wilmington DE 19801, United States	Indirect
Atlantic 2/3 Holdings LLC	43	RL&F Service Corp, 920 North King Street, 2nd Floor, Wilmington DE 19801, United States	Indirect
Atlantic 2/3 UK Holdings Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited	43	Princes Court, Cor. Pembroke & Keate Street, Port-of-Spain, Trinidad and Tobago	Indirect
Azerbaijan Gas Supply Company Limited	23	Maples & Calder, P.O. Box 309, Ugland House, 113 South Church Street, George Town, Grand Cayman, Cayman Islands	Indirect
Azerbaijan International Operating Company	30	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Indirect
Azule Energy Holdings Limited	50	Eni House, 10 Ebury Bridge Road, London, SW1W8PZ, England	Indirect
Bahia de Bizkaia Electricidad, S.L.	75	Atraque Punta Lucero, Explanada Punta Ceballos s/n, Zierbena (Vizcaya), Spain	Indirect
Basra Energy Company Limited	49	Unit GD-GB-00-15-BC-26, Level 15, Gate District Gate Building, Dubai International Financial Center, 74777, United Arab Emirates	Indirect
Blue Marble Holdings Limited	24	Northgate House, 2nd Floor, Upper Borough Walls, Bath, BA1 1RG, England, United Kingdom	Indirect
BP (GTA Mauritania) Finance Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP (GTA Senegal) Finance Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Absheron Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Agung I Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, England, United Kingdom	Indirect
BP Agung II Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, England, United Kingdom	Indirect

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Related undertaking	Holding %	Registered address	Direct / indirect
BP Alternative Energy Trinidad and Tobago Limited	100	5-5A Queen's Park West Port-of-Spain Trinidad and Tobago	Indirect
BP Amoco Exploration (Faroes) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Amoco Exploration (In Amenas) Limited	100	1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB, United Kingdom	Indirect
BP Andaman II Ltd	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Brasil Limitada	99	Avenida das Américas 3434, Bloco 7, Sala 301 a 308 (parte), Barra da Tijuca, Rio de Janeiro, RJ, 22640-102 Brazil	Indirect
BP Brazil Tracking L.L.C.	100	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States	Indirect
BP CCUS UK LTD	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Containment Response Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP D230 Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP East Kalimantan CBM Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Egypt West Mediterranean (Block B) B.V	61	d'Arcyweg 76, 3198 NA Europoort, Rotterdam, Netherlands	Indirect
BP Energy Colombia Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Absheron) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Algeria) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Alpha) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Azerbaijan) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Canada) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Caspian Sea) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (D230) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Delta) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (El Djazair) Limited	60	PricewaterhouseCoopers (Bahamas) Limited, Providence House, East Hill Street, P.O. Box N-3910, Nassau, Bahamas	Indirect
BP Exploration (Epsilon) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Gambia) Limited	100	3 Kairaba Avenue, 3rd Floor Centenary Serekunda West Kanifing Municipality Gambia	Indirect

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Related undertaking	Holding %	Registered address	Direct / indirect
BP Exploration (Greenland) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Madagascar) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Morocco) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Namibia) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Nigeria) Limited	100	Landmark Towers - 5B, Water Corporation Road, Victoria Island, Lagos, Nigeria	Indirect
BP Exploration (Psi) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Shafag-Asiman) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Shah Deniz) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (South Atlantic) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (STP) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration (Xazar) PTE. Limited	100	7 Straits View #26-01, Marina One East Tower, Singapore, 018936, Singapore	Indirect
BP Exploration Argentina Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration Beta Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration China Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration Indonesia Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration Libya Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration Mexico, S.A. DE C.V.	100	Av. Santa Fe No. 505 Piso 10, Col. Cruz Manca Santa Fe Deleg., CuajimalpaC.P., 05349 México D.F., Mexico	Indirect
BP Exploration North Africa Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Exploration Peru Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Gas Marketing Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Holdings Iraq Ltd	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Iran Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Iraq N.V.	100	Langerbruggekaai 18, Gent, 9000, Belgium	Indirect
BP Kuwait Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Mauritania Investments Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect

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Related undertaking	Holding %	Registered address	Direct / indirect
BP Netherlands Upstream B.V.	100	d'Arcyweg 76, 3198 NA Europoort, Rotterdam, Netherlands	Indirect
BP Pipelines (TANAP) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Pipelines TAP Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Senegal Investments Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Shafag-Asiman Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Subsea Well Response (Brazil) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Subsea Well Response Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP Train 2/3 Holding SRL	100	The Financial Services Centre, Bishop's Court Hill, St. Michael, Barbados	Indirect
BP West Aru I Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP West Aru II Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP West Papua I Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
BP-AIOC Exploration (TISA) LLC	51	153 Neftchilar Avenue, Baku, AZ1010, Azerbaijan	Indirect
Britoil Limited	100	1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB, United Kingdom	Indirect
Damietta Petroleum Company	50	Street 200, Building 70-72, Maadi, Cairo, Egypt	Indirect
Exploration (Luderitz Basin) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Georgian Pipeline Company	30	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Indirect
GTA FPSO Company Ltd	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, England, United Kingdom	Indirect
H2 Teeside Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, England, United Kingdom	Indirect
Iraq Petroleum Company Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Net Zero North Sea Storage Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Net Zero Teesside Power Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
North El Burg Petroleum Company	25	Street 200, Building 70-72, Maadi, Cairo, Egypt	Indirect
Phoenix Petroleum Services LLC	100	Royal Tulip Al Rasheed Hotel, Baghdad Tower, PO Box 8070, Baghdad, Iraq	Indirect
Rahamat Petroleum Company	50	70/72 Road 200, Maadi, Cairo, Egypt	Indirect
TISA Education Complex LLC	100	153 Neftchilar Avenue, Baku, AZ1010, Azerbaijan	Indirect

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Related undertaking	Holding %	Registered address	Direct / indirect
Trans Adriatic Pipeline AG	20	Lindenstrasse 2, 6340 Baar, Switzerland	Indirect
VIC CBM Limited	50	Eni House, 10 Ebury Bridge Road, London, SW1W 8PZ, United Kingdom	Indirect
Virginia Indonesia Co. CBM Limited	50	Eni House, 10 Ebury Bridge Road, London, SW1W 8PZ, United Kingdom	Indirect
Wiriagar Overseas Ltd	100	Ocorian Corporate Services (BVI) Limited, Jayla Place, Wickhams Cay 1, PO Box 3190, Tortola, Road Town, VG1110, British Virgin Islands	Indirect
BP Exploration Orinoco Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
BP Petroleo y Gas, S.A.	100	Av. Francisco de Miranda, con primera avenida de Los Palos , Grandes, Edif Cavendes, piso 9, ofi 903, Los Palos Grandes, Chacao / Caracas, Caracas / Miranda, 1060, Venezuela, Bolivarian Republic of	Direct
BP Services International Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
BP Exploration Company (Middle East) Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
BP Exploration Operating Company Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct