# BP INVESTMENT MANAGEMENT LIMITED
(Registered No.00321630)

## ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

| | |
|---|---|
| Board of Directors: | P J Reed |
| | S M Roche |
| | O S Sara |
| | J N Sykes |
| | A J Walker |

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2021.

## STRATEGIC REPORT

**Results**

The profit for the year after taxation was £17,864 which, when added to the retained profit brought forward at 1 January 2021 of £2,942,158, gives a total retained profit carried forward at 31 December 2021 of £2,960,022.

**Principal activity and review of the business**

The company is authorized by the Financial Conduct Authority (FCA) as an Occupational Pension Scheme firm, and can provide investment advice to, and perform investment management for, BP Pension Trustees Limited, the Trustee of the BP Pension Fund (the Fund). These services are provided under the Investment Management Agreement dated 16 December 2020, and numerous Fund Benchmark Investment Strategy Memorandums the most recent of which was dated 16 July 2021.

The company does not hold cash or hold any investments in its own right. All services performed by the company are provided by staff seconded from BP p.l.c.

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

| | 2021 | 2020 | Variance |
|---|---|---|---|
| | £ | £ | % |
| Profit for the financial year | 17,864 | 62,898 | (72) |
| Total equity | 52,970,022 | 52,952,158 | — |

All expenses incurred by the company are recharged to the Fund without mark up.

Profit for the year primarily consists of interest received of £15,621 (2020 £62,704) and deferred tax assets of £2,243 (2020 £194) recognised during the year. The overall decrease for the year is primarily due to a reduction in interest income as a result of lower interest rates throughout 2021 as compared to 2020, which is partially offset by an increase in deferred tax assets.



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# STRATEGIC REPORT

## Section 172 (1) statement

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

The role of the board of directors (the "Board") of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1) of the Act. During the course of the year the following primary tasks were undertaken by the Board in line with the principal activities of the company:

- Defining and establishing purpose and strategy including, where relevant, having regard to the purpose, strategy, culture and values defined by BP p.l.c ("bp").

- Monitoring the potential challenges presented by the COVID-19 pandemic, having regard to the company's safe and reliable operations.

- Assessing principal and emerging risks relevant to the company.

- Considering responsible investment, including climate change and environmental, social and governance ("ESG") matters.

- Assessing and evaluating the performance of the investment portfolios of the company.

The table below demonstrates how the Board has discharged its duties under section 172(1):

| **Section 172(1)** | **Overview of performance against section 172(1)** |
|---|---|
| (a) The likely long-term consequences of a decision | When setting and delivering on the company's strategy, the directors 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 stakeholders | The Board recognise that stakeholders are vital to the long term success of the company and, as such, bp and its directors engage with stakeholders, and keep them informed on matters of concern to them. |
| (c) The need to foster the company's business relationships with suppliers and others | The Board believe that engagement with stakeholder groups plays a vital role throughout its business and ensure there is a focus on engagement and fostering relationships with key stakeholders. |
| (d) The impact of the company's operations on the community and the environment | The Board is committed to bp's group wide policies which protect the community, environment and its people. These include bp's Human Rights Policy and Sustainability. |
| (e) The desirability to maintain the company's reputation for high standards of business conduct | The Board recognise the need to act ethically and transparently, guided by bp's values and code of conduct, in order to build valued business partner relationships with its stakeholders. |
| (f) The need to act fairly between stakeholders of the company | The Board aims to balance the needs of various stakeholders when setting and delivering the company's strategy, having regard to long term value creation, including maximising long term shareholder value. |

Further information on the bp group policies applicable to the company can be found in BP p.l.c.'s 2021 Annual Report and Form 20-F and the bp Sustainability Report 2021.



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**Section 172 (1) statement (continued)**

***Decision making process***

The company complies with the bp group's System of Internal Control, including functional assurance and internal bp group authorities which assists the directors when considering proposed decisions and the associated impact of decisions upon its stakeholders, whilst having regard to section 172(1) factors outlined above.

***Maintaining a reputation for high standards of business conduct***

In 2021, bp continued to operate the new sustainability frame, aims and objectives linked to the UN Sustainable Development Goals it launched in 2020. bp's values of safety, respect, excellence, courage and one team define how the bp group, including the company and its Board, conduct business. Furthermore, bp's code of conduct is based upon its values and it sets clear expectations for how bp, the company and the Board operate. The Board continued to adhere, in good faith, to the bp code of conduct during the year to ensure the Board and the company maintained a reputation for high standards of business conduct.

bp's code of conduct includes prohibitions on engaging in bribery or corruption in any form, in accordance with bp's group-wide anti-bribery and corruption policy and procedures. During the year, the company continued to engage suppliers and communicate expectations for managing bribery and corruption risk on behalf of bp, where relevant, for example. The company conducts risk assessments and trains employees on relevant rules and regulations including anti-bribery and corruption and has a gifts and entertainment policy. Risk based counterparty due diligence is conducted on all counterparties.

***Stakeholders***

During 2021, bp reiterated its focus on engagement with key stakeholders, as well as an increased focus on ESG matters.

***Community and environment***

bp consults with communities, NGOs, academics and industry associations about the future of bp, with regard to the environment and social matters and the issues facing the world, drawing on their external expertise, input and challenge.

bp's new sustainability frame, which underpins the strategy, puts purpose into action. It takes an integrated approach while focusing on the areas where bp believe it can make the most difference.

In 2021, bp continued to operate its business and human rights policy (launched in 2020) to address emerging human rights issues relevant to our industry, clarify its human rights commitments and communicate how bp's approach to managing human rights impacts has advanced. The update was supported by consultations with a wide range of NGOs, subject matter experts and investors.

In addition, bp also updated its biodiversity position which is a vital part of bp's purpose to reimagine energy for people and our planet.

The following directors' engagement was noted during the year with respect to the company's community and environment:

The company is currently working with JLL, the property managing agent on developing a net zero carbon action plan for its investment portfolio, which for existing buildings, will aim to reduce embodied carbon, increase energy efficiency, increase renewable energy supply on-site and maximise off-site renewable energy procurement.

In addition, the company is currently working on projects with the aim of enhancing the environmental footprint of our existing properties. These include the implementation of electric vehicle charge points, biodiversity plantings and provision of non-Local Authority-mandated Green Travel Plans for all appropriate assets, through to the introduction of automated meters, where appropriate.

**Section 172 (1) statement (continued)**

***Community and environment (continued)***

At present all properties managed by JLL are procuring 100% renewable electricity (this is in line with the JLL's central procurement function that all 'landlord's' electricity supplies come from 'green energy'). Following the JLL's submission to the National Green Apple Awards, hosted by The Green Organisation, our property manager won three Green Apple Awards during 2021.

The company is a full member of the Investment Association. Through our membership, we are able to actively contribute to the future development of the investment management industry. In addition, the company is also a member of the Institutional Limited Partners Association (ILPA) and the British Private Equity and Venture Capital Association (BVCA). Both trade associations are important parts of the company's collaborative engagement efforts, which includes direct inputs into ILPA to promote transparency and other ESG related matters.

***Shareholders***

The Board identifies that engagement with its shareholder is of key importance to the ongoing success of the company and, as such, when taking decisions, the Board had regard to the company's shareholders with regard to maximising long term shareholder value, in whatever form, when taking its decisions.

***Governments and Regulators***

Through membership of the Investment Association, the company engages with the FCA and other government bodies to ensure it is conducting itself in accordance with relevant laws/regulation to ensure its good standing, trust and respect in society and longevity.

**The company's principal decisions**

During the period the directors continued to monitor progress against the company's strategy, as highlighted in the principal activities section of the Strategic Report of the company, and decisions made by the directors were in respect of operational matters, in furtherance of the bp group's purpose.

**Principal risks and uncertainties**

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management for the bp group.

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 2021.

**Strategic and commercial risks**

***Geopolitical***

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment could cause business disruption. These may in turn cause production to decline, limit the company's ability to pursue new opportunities, affect the recoverability of its assets or cause it to incur additional costs. 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 of war and public health situations (including the continued impact of the COVID-19 pandemic or a future epidemic or pandemic) may disrupt or curtail its operations or development activities.

***Insurance***

The bp group's insurance strategy could expose the bp group to material uninsured losses which in turn could adversely affect the company.

**Compliance and control risks**

***Ethical misconduct and non-compliance***

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation, and could result in litigation, regulatory action and penalties.

***Regulation***

Changes in the law and regulation could increase costs, constrain the company's operations and affect its business plans and financial performance.

***Reporting***

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

**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 2021. BP Investment Management Limited is an active investment manager and seeks to anticipate such developments in global economies in the investment strategy adopted for the Fund. The company's primary risk could be that its only client, the Trustee, terminates its contract with BP Investment Management Limited

Authorized for issue on behalf of the Board

DocuSigned by:

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April 26, 2022

S M Roche
Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
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# DIRECTORS' REPORT

## BP INVESTMENT MANAGEMENT LIMITED

### Directors

The present directors are listed on page 1.

P J Reed, S M Roche, O S Sara and A J Walker served as directors throughout the financial year. Changes since 1 January 2021 are as follows:

| | Appointed | Resigned |
|---|---|---|
| M E Stageman | — | 31 May 2021 |
| J N Sykes | 21 July 2021 | — |

### 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

The company has not declared any dividends during the year (2020 £Nil). The directors do not propose the payment of a dividend.

### 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.

### Going concern

At bp group level, forecast liquidity has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period. Reverse stress tests performed indicated that the group will continue to operate as a going concern for at least 12 months from the date of approval of the consolidated financial statements even if the Brent price fell to zero. No material uncertainties over going concern or significant judgements or estimates in the assessment were identified.

The directors have assessed the prospects of the company over a period of at least 12 months. The directors have considered expectations of the position and performance of the company over this period, taking account of its short-term and longer-range plans. Taking into account the company's current position and its principal risks on pages 1-5, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months.

Under the terms of the Investment Management Agreement with the Trustee dated 16 December 2020, the Trustee reimburses the company for all its costs and expenses incurred in providing its services to the Trustee. The Trustee is the corporate trustee of the Fund. The Fund is established under trust law and its assets are legally separate from the bp group. Under the terms of the Trust Deed between the Trustee and BP p.l.c. dated 31 July 2017, as amended with effect from 22 June 2021 by the Deed to close the Fund to future accrual, the Trustee is entitled to pay its expenses, including those of the company, out of the assets of the Fund under its control. The directors' assessment has taken into account the ability of both the Fund and BP p.l.c. as the principal company supporting the Fund to ensure the recovery of these costs.



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## Going concern (continued)

Liquidity and financing is managed within bp under pooled group-wide arrangements which include the company. As part of assuring the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has been taken into consideration. The bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity extending at least twelve months from the date of approval of these financial statements has been assessed at a group level under a number of scenarios and a reverse stress test performed to support the group's going concern assertion. In addition, group management of bp have confirmed that the existing intra-group funding and liquidity arrangements as currently constituted are expected to continue for the foreseeable future, being no less than twelve months from the approval of these financial statements.

In assessing the prospects of BP Investment Management 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.

## 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.



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**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

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April 26, 2022

S M Roche
Director

Registered Office:

Chertsey Road
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Middlesex
TW16 7BP
United Kingdom

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

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



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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF BP INVESTMENT MANAGEMENT LIMITED

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of BP Investment Management Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 15.

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.

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.

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 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.



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

In preparing the financial statements, the directors are responsible for assessing the 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, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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 the UK Companies Act and relevant 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.

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.

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.



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**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:
Giles Murphy
8B79651C2E19408... April 26, 2022

Giles Murphy (Senior Statutory Auditor)
**for and on behalf of Deloitte LLP, Statutory Auditor**
London, United Kingdom



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## PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED 31 DECEMBER 2021

## BP INVESTMENT MANAGEMENT LIMITED

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| **Turnover** | 3 | 6,100,502 | 14,963,406 |
| Administrative expenses | | (6,100,502) | (13,079,623) |
| Restructuring costs | 6 | — | (1,883,783) |
| **Operating result** | 4 | — | — |
| Interest receivable and similar income | 7 | 15,621 | 62,704 |
| **Profit before taxation** | | 15,621 | 62,704 |
| Tax on profit | 8 | 2,243 | 194 |
| **Profit for the financial year** | | 17,864 | 62,898 |

The profit of £17,864 for the year ended 31 December 2021 was derived in its entirety from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2021

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



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# BALANCE SHEET

## AS AT 31 DECEMBER 2021

## BP INVESTMENT MANAGEMENT LIMITED
(Registered No.00321630)

| | Note | 2021 £ | 2020 £ |
|---|---|---|---|
| **Current assets** | | | |
| Debtors: amounts falling due within one year | **10** | 55,837,645 | 55,736,456 |
| Creditors: amounts falling due within one year | **11** | (2,867,623) | (2,784,298) |
| **Net current assets** | | 52,970,022 | 52,952,158 |
| **NET ASSETS** | | 52,970,022 | 52,952,158 |
| **Capital and reserves** | | | |
| Called up share capital | **12** | 50,010,000 | 50,010,000 |
| Profit and loss account | **13** | 2,960,022 | 2,942,158 |
| **TOTAL EQUITY** | | 52,970,022 | 52,952,158 |

Authorized for issue on behalf of the Board

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April 26, 2022

S M Roche
Director



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# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2021

## BP INVESTMENT MANAGEMENT LIMITED

| | Called up share capital (Note 12) | Profit and loss account (Note 13) | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Balance at 1 January 2020** | 50,010,000 | 2,879,260 | 52,889,260 |
| Profit for the financial year, representing total comprehensive income | — | 62,898 | 62,898 |
| **Balance at 31 December 2020** | 50,010,000 | 2,942,158 | 52,952,158 |
| Profit for the financial year, representing total comprehensive income | — | 17,864 | 17,864 |
| **Balance at 31 December 2021** | 50,010,000 | 2,960,022 | 52,970,022 |



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## 1. Authorization of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of BP Investment Management Limited for the year ended 31 December 2021 were approved by the board of directors on 25 April 2022 and the balance sheet was signed on the board's behalf by S M Roche. BP Investment Management Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 00321630). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP. 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.

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 and 111 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 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;
(g) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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 15.

The financial statements are presented in Pound Sterling and all values are rounded to the nearest whole number in pounds (£).



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## 2. Significant accounting policies, judgements, estimates and assumptions (continued)

### 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.

The COVID-19 pandemic, climate change, the energy transition, bp's strategy to 2030 and ambition to become a net-zero company by 2050 or sooner were considered in preparing the bp group consolidated financial statements. These issues are not expected to have significant impacts on the currently reported amounts of the company's assets and liabilities.

### Significant accounting policies

### Going concern

The directors have 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 and the financial statements have therefore been prepared under the going concern basis.

For further detail on the directors' going concern assessment, please refer to the directors' report.

### Foreign currency

The functional and presentation currency of the financial statements is Pound Sterling. 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.

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. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Financial assets**

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not 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 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. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

***Financial assets measured at amortized cost***
Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost. 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 classified as 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.



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## 2. Significant accounting policies, judgements, estimates and assumptions (continued)

### Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the 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.

### Provisions

***Restructuring provisions***
A reorganization of the Fund affecting BP Investment Management Limited occurred during 2020. This has resulted in recognition of provisions where a detailed formal plan exists, and valid expectation of risk of redundancy has been made to those affected but where the specific outcomes remain uncertain. Where formal redundancy offers have been made, the obligations for those amounts are reported as payables and, if not, as provisions if unpaid at the year-end.

### 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 subsidiaries 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.



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## 2. Significant accounting policies, judgements, estimates and assumptions (continued)

### Taxation

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.

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.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example a production tax). Accounting for deferred tax is applied to income taxes as described above, but is not applied to other types of taxes; rather such taxes are recognized in the profit and loss account in accordance with the applicable accounting policy such as Provisions and contingent liabilities.

### Sales taxes

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

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

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

### Turnover

Turnover represents the recharge of expenses incurred by the company to the Fund without mark-up. Turnover is recognised, net of sales taxes, at the point the associated expenses are incurred.

### Interest income

Interest income is recognized as the interest accrues.

### Investment management fees

Investment management fees payable to fund managers and custodians, and recoverable from the Fund are recognised on an accruals basis.

## 2. Significant accounting policies, judgements, estimates and assumptions (continued)

### Exceptional items

The company discloses as exceptional items those material items impacting the profit and loss account which, because of the nature and expected infrequency of the events giving rise to them, merit separate disclosure to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

### Updates to significant accounting policies

### Impact of new International Financial Reporting Standards

bp adopted 'Interest Rate Benchmark Reform – Phase II – Amendments to IFRS 9 'Financial instruments', IFRS 16 'Leases' and other IFRSs with effect from 1 January 2021. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company's financial statements.

### Impact of new International Financial Reporting Standards - Not yet adopted

The following pronouncements from the IASB have not been adopted by the group in these financial statements as they will only become effective for future financial reporting periods. There are no other 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 group.

***IFRS 17 ' Insurance Contracts'***

IFRS 17 'Insurance Contracts' provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if a future uncertain event adversely affects them. IFRS 17 replaces IFRS 4 'Insurance Contracts' and will be effective for bp for the financial reporting period commencing 1 January 2023. The standard has not yet been endorsed by the UK and the EU. bp's assessment of the impact of IFRS 17 is at an initial stage but it is not expected to have a significant effect on future financial reporting.

## 3. Turnover

Turnover, which is stated net of value added tax, represents expenses incurred by the company which are recharged to Fund without mark-up.

An analysis of the company's turnover is as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Rendering of services | 6,100,502 | 14,963,406 |
| | 6,100,502 | 14,963,406 |
| Interest receivable and similar income (Note 7) | 15,621 | 62,704 |
| | 6,116,123 | 15,026,110 |

The country of origin and destination is the UK geographic area.

## 4. Operating result

This is stated after (crediting) / charging:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Net foreign exchange (gains) / losses* | (5,118) | 24,391 |

* Amount is included in Administrative expenses.



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## 5. Auditor's remuneration

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Fees for the audit of the company | 53,218 | 49,684 |

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 Investment Management Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

## 6. Exceptional items

Exceptional items comprise the restructuring costs as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Restructuring costs | — | (1,883,783) |

***Restructuring costs***
A reorganization of the Fund affecting BP Investment Management Limited occurred during 2020. This has resulted in recognition of provisions where a detailed formal plan exists, and valid expectation of risk of redundancy has been made to those affected but where the specific outcomes remain uncertain. Where formal redundancy offers have been made, the obligations for those amounts are reported as payables and, if not, as provisions if unpaid at the year-end.

## 7. Interest receivable and similar income

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Interest income from amounts owed by group undertakings | 15,621 | 62,704 |

## 8. Taxation

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

The taxation credit in the profit and loss account is made up as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Deferred tax | | |
| Origination and reversal of temporary differences | — | 415 |
| Effect of decreased tax rate on opening asset | (1,827) | (609) |
| Adjustments in prior year temporary differences | (416) | — |
| Total deferred tax credited | (2,243) | (194) |
| Tax credited on profit | (2,243) | (194) |



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## 8. Taxation (continued)

### (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 2021 (2020 19%). The differences are reconciled below:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Profit before taxation | 15,621 | 62,704 |
| Tax credit | (2,243) | (194) |
| Effective tax rate | (14)% | — % |

| | 2021 | 2020 |
|---|---|---|
| | % | % |
| UK statutory corporation tax rate: | 19 | 19 |
| | | |
| Decrease resulting from: | | |
| Non-deductible expenditure | 15 | — |
| Free group relief | (34) | (18) |
| Deferred tax provided at lower rates | (11) | (1) |
| Adjustments to tax charge in respect of previous years | (3) | — |
| Effective tax rate | (14) | — |

Change in corporation tax rate

On 3 March 2021, the UK Government announced an increase in 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 and has therefore been applied when calculating the company's deferred tax balances at the balance sheet date.

### (b) Provision for deferred tax

The deferred tax included in the profit and loss account and balance sheet is as follows:

| | Profit and loss account | | Balance sheet | |
|---|---|---|---|---|
| Deferred tax asset | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other deductible temporary differences | 2,243 | 194 | 7,612 | 5,369 |

Analysis of movements during the year

| | 2021 |
|---|---|
| | £ |
| At 1 January 2021 | 5,369 |
| Deferred tax credited in the profit and loss account | 2,243 |
| At 31 December 2021 | 7,612 |



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## 9. Directors and employees

(a) Remuneration of directors

The following details relate to the directors who received remuneration for their qualifying services to the company and so are in scope for this disclosure.

The total remuneration for these qualifying directors for their period of directorship to the company amounted to £222,301 (2020 £828,748).

None of these directors received non-cash benefits in relation to qualifying services.

Three of these qualifying directors were members of the defined benefit section of the BP Pension Fund at 31 December 2021 (2020 Four).

Of these qualifying directors, the highest paid director received £106,614 (2020 £563,652). The accrued pension within the BP Pension Fund of the highest paid director at 31 December 2021 was £Nil (2020 £106,197). The highest paid director  received no contributions to a money purchase pension scheme during the year.

None of the qualifying directors exercised share options over BP p.l.c. shares during the year (2020 None).

(b) Employee costs

The company had no employees during the year (2020 None).

## 10. Debtors

Amounts falling due within one year:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Trade debtors | 2,595,923 | 5,339,882 |
| Amounts owed from parent undertakings | 11,954 | — |
| Amounts owed from fellow subsidiaries | 52,773,146 | 50,108,881 |
| Other debtors | 97,010 | — |
| Prepayments | 352,000 | 282,324 |
| Deferred tax (Note 8) | 7,612 | 5,369 |
| | 55,837,645 | 55,736,456 |

The amounts owed from fellow subsidiaries comprise a variable rate Internal Financing Account (IFA) of £52,773,146 (2020 £50,108,881). Interest is accrued on a monthly basis based on IBOR, primarily to GBP IBOR. Regulators in certain currencies are looking to replace IBOR with alternative benchmarks, however, GBP IBOR rates will continue to be published until at least the start of 2023. All IBORs used for intra-group financing are expected to transition to Risk Free Rate (RFR) in 2023. The interest rate at year end was 0.01% (2020 Nil%).

Whilst IFA balances are legally repayable on demand, in practice they have no termination date.

Trade and other receivables are predominantly non-interest bearing.

## 11. Creditors

Amounts falling due within one year:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Trade creditors | 4,349 | 24,486 |
| Amounts owed to fellow subsidiaries | 1,467 | 168 |
| Other creditors | — | 17,849 |
| Accruals | 2,861,807 | 2,741,795 |
| | 2,867,623 | 2,784,298 |

Materially all of the company's trade payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows.

## 12. Called up share capital

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Issued and fully paid: | | |
| 50,010,000 ordinary shares of £1 each for a total nominal value of £50,010,000 | 50,010,000 | 50,010,000 |

## 13. Reserves

*Called up share capital*
The balance on the called up share capital account represents the aggregate nominal value of all ordinary 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. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Pension Trustees 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 parent undertaking of 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.



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