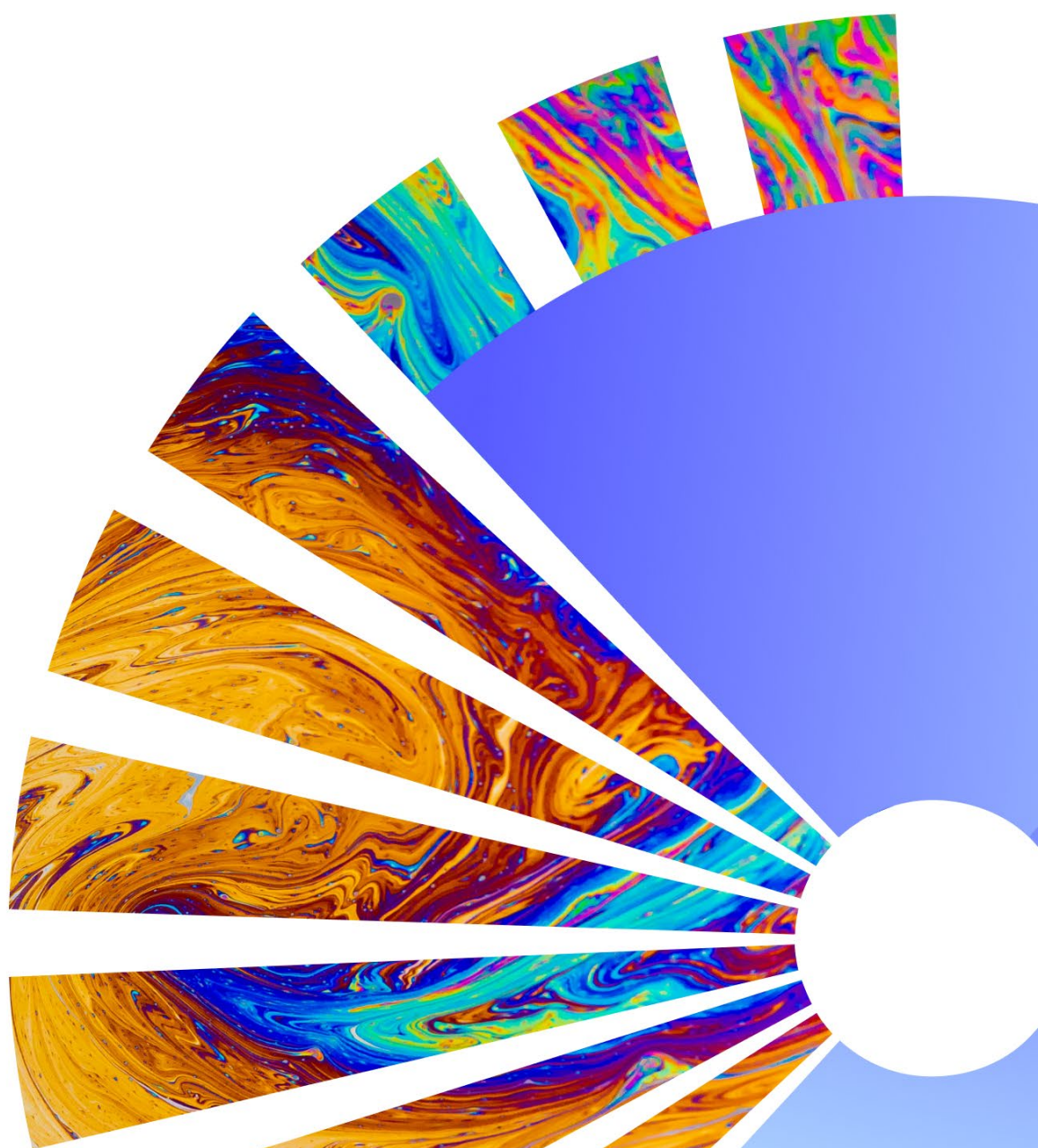


INVESTOR BULLETIN

WHAT INVESTORS SHOULD EXPECT FROM BP'S RESPONSE TO RESOLUTION 24 ON CAPITAL DISCIPLINE

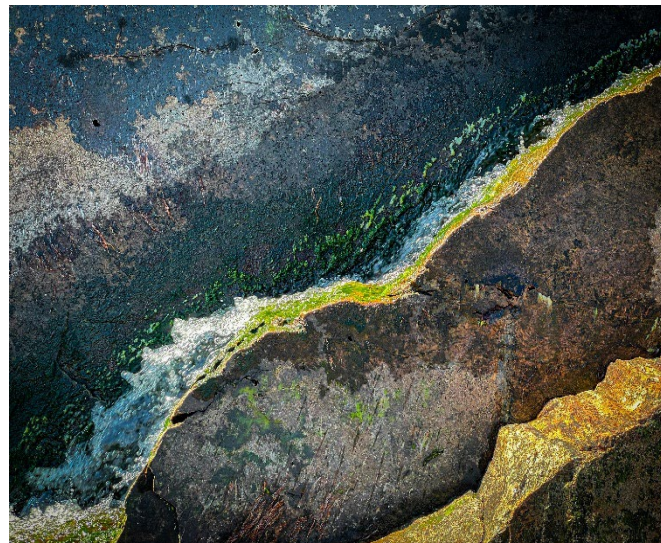
05 October 2026



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We engage with listed companies and investors globally, enabling and facilitating active stewardship. Our research team undertakes company-focused research into the climate transition plans of listed companies, offering analysis, research and insights to assist global institutional capital understand investment risks and opportunities during the energy transition.



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INTRODUCTION

BP plans to spend \$10 billion a year on upstream oil and gas. Shareholders need more information to test whether that spending will earn an acceptable return.

Resolution 24 asked BP to disclose that information, and a quarter of votes cast at its 2026 annual general meeting (AGM) backed that ask. BP's report-back on the vote result is due in late October.¹

This bulletin sets out what a credible response from BP should contain.

Why this matters now

BP has repeatedly emphasised capital discipline as central to its strategic reset. Yet its approach appears to prioritise volume over value: it has raised its upstream capital expenditure guidance from \$8.5 billion to \$10 billion per year for 2025-2027. In BP's Notice of Meeting response to Resolution 24, it pointed to lower overall capex, recent project delivery and discoveries made in 2025 as evidence of its commitment to capital discipline. None of these data points answers the question investors asked: can BP ensure that each new oil and gas investment creates value for shareholders?

Resolution 24 was not a request for more narrative description of BP's investment process. It built on the 2019 Climate Action 100+ resolution,² by asking for greater disclosure on whether upstream capital is allocated to projects that are cost-competitive, resilient to execution risk and supported by a clear assessment of expected returns. Without this information, investors cannot meaningfully assess BP's approach to capital discipline. After years of relative underperformance,³ BP should be expected to provide evidence rather than reassurance. It is noteworthy that the majority of votes cast at this year's AGM supported the retention of the 2019 resolution and a climate-related 2015 resolution, despite management's recommendation to remove these existing disclosure requirements.

¹ In accordance with UK Corporate Governance Code 2024, Section 1, Provision 4.

² BP *Annual Report and Form 20-F 2025*, March 2026, p. 376, <https://www.bp.com/api/files/6cqieughq4no/master/33M2iHp8A6d07McKzKqLNP/12b5d4eccb4e02093d1ad9efc0d6a746/bp-annual-report-and-form-20f-2025.pdf>.

³ For example, BP has delivered consistently lower returns than the sector and its European peers. See: ACCR, *Investor Briefing: Moving BP from rhetoric to action on capital discipline*, April 2026, slide 5, https://www.accr.org.au/downloads/accr_bp_resolution_2026_presentation.pdf.

WHAT A CREDIBLE RESPONSE SHOULD INCLUDE

BP's response should report on the views it received from shareholders and address Resolution 24's three asks:

1. Demonstrate the cost-competitiveness of new upstream projects

BP states that it has a top-tier oil and gas business in attractive basins.⁴ Investors need further information to assess and verify that claim. A meaningful response would show how BP benchmarks new oil and gas projects against competing global supply, including the relative position of each project on the global cost curve. Such disclosures need not be commercially sensitive, and comparable disclosures are already provided by industry peers like Shell and TotalEnergies.⁵ ACCR's previous analysis suggests that BP's pre-FID oil and gas portfolio does not have a cost advantage.⁶ If BP believes its upstream portfolio is competitive, it should provide sufficient evidence to support this claim.

2. Explain how project cost overruns and schedule delays are incorporated into investment decisions

BP has highlighted its recent project delivery, including seven major projects which started up in 2025, five of which were reportedly ahead of schedule.⁷ However, the company has not disclosed whether those projects were delivered within budget; whether 2025 performance is representative of broader performance; or how execution risk is factored into BP's investment framework. ACCR analysis of BP's project disclosures since 2015 found that, where BP disclosed a target startup date for an FID, projects representing 61% of capex were delivered later than planned.⁸

A credible response from BP would include information on cost and schedule delivery performance; an explanation of how it incorporates expected cost overruns, delays and project delivery risk into calculations of project valuation; and an assessment of whether projects still provide a satisfactory return on capital. BP's 2025 Annual Report suggests that the company conducts investment effectiveness reviews and post-project evaluations for large investments.⁹ In our view, this indicates that BP should already have much of the information required to provide more useful disclosures for investors without incurring an undue administrative burden. Indeed, Shell discloses project cost and schedule performance.¹⁰

3. Show whether exploration creates value for shareholders

BP has pointed to exploration discoveries made in 2025, including its largest discovery in 25 years, as evidence of performance.¹¹ In ACCR's view, discoveries alone do not demonstrate value creation. Long-term

⁴ BP, "Growing shareholder value: a reset bp," 26 February 2025, <https://www.bp.com/press-and-publications/press-releases/growing-shareholder-value-a-reset-bp>.

⁵ ACCR, *Investor Briefing: Moving BP from rhetoric to action on capital discipline*, April 2026, slide 31, https://www.accr.org.au/downloads/accr_bp_resolution_2026_presentation.pdf.

⁶ Ibid, slide 16 and 17.

⁷ BP, *Notice of bp Annual General Meeting*, 2026, p. 23, <https://www.bp.com/api/files/6cqeuhq4no/master/7zJuETp9Obd8KNhIBkotvX/57271344ff02dae5c7a8186322eadff6/bp-agm-notice-of-meeting-2026.pdf>.

⁸ ACCR, *Investor Briefing: Moving BP from rhetoric to action on capital discipline*, April 2026, slide 19, https://www.accr.org.au/downloads/accr_bp_resolution_2026_presentation.pdf.

⁹ BP, *Annual Report and Form 20-F 2025*, March 2026, pp. 20-23 (see investment process at p. 23), <https://www.bp.com/api/files/6cqeuhq4no/master/33M2iHp8A6d07McKzKqLNP/12b5d4eccb4e02093d1ad9efc0d6a746/bp-annual-report-and-form-20f-2025.pdf>.

¹⁰ ACCR, *Investor Briefing: Moving BP from rhetoric to action on capital discipline*, April 2026, slide 32, https://www.accr.org.au/downloads/accr_bp_resolution_2026_presentation.pdf.

¹¹ BP, *Notice of bp Annual General Meeting*, 2026, p. 23, <https://www.bp.com/api/files/6cqeuhq4no/master/7zJuETp9Obd8KNhIBkotvX/57271344ff02dae5c7a8186322eadff6/bp-agm-notice-of-meeting-2026.pdf>.

investors need to understand whether exploration capital has generated acceptable returns over time; how that assessment informs future capital allocation; and whether further capital expenditure is the best use of shareholder capital.

A meaningful response would include a systematic assessment of exploration returns over a reasonable historical period (e.g. the past decade), not just a list of discoveries over a 12-month period or reserve replacement metrics. Neither of these measures shows whether those reserves were discovered or acquired at an attractive cost, or whether the resulting projects are expected to generate acceptable lifecycle returns. BP should also explain how it decides whether future exploration expenditure is preferable to alternative uses of capital, including debt reduction, distributions to shareholders, or inorganic growth.

ACCR research shows that conventional exploration efforts across the sector are getting more expensive and less successful – destroying, on average, 71 cents in the dollar since 2000.¹² BP is no exception. Given this, it is reasonable for BP’s investors to request an explanation of how ongoing investment in its exploration programme is value-accretive.

What would not be sufficient

A restatement of existing disclosures would not meet the asks of Resolution 24. These focus on aggregate capex reductions and describe general investment governance processes, whereas the resolution is focused on upstream capex, and seeks specific, historic project-level evidence. It would also be insufficient for BP to cite strategic alignment, safety, sustainability or optionality considerations without explaining how expected financial returns are assessed and protected.

Resolution 24 did not ask BP to abandon all upstream investment. It asked BP to show how new upstream investment is subject to a genuinely disciplined framework, and to give shareholders enough information to assess whether the company is allocating capital in a way that supports long-term value creation.

An opportunity to rebuild trust

BP’s leadership – particularly newly appointed Chair, Ian Tyler – has an opportunity to reset the company’s relationship with shareholders. Tyler stated that he is “committed to establishing regular and transparent engagement” with shareholders,¹³ while CEO Meg O’Neill emphasised the importance of capital discipline: making “fewer, better choices” and being “deliberate about where we invest and where we don’t”.¹⁴ These statements are welcome. BP should move beyond rhetoric and show how those commitments will be implemented in its upstream business, where the risks of poor capital allocation are most material.

A credible response would also include meaningful engagement with shareholders about why they supported Resolution 24. This would align with the UK Corporate Governance Code, put the new chair’s words into action and begin rebuilding trust with shareholders.

¹² ACCR, *Investor Briefing: Moving BP from rhetoric to action on capital discipline*, April 2026, slide 20, https://www.accr.org.au/downloads/accr_bp_resolution_2026_presentation.pdf.

¹³ BP, “Ian Tyler appointed bp Chair,” 2 September 2026, <https://www.bp.com/press-and-publications/press-releases/ian-tyler-appointed-bp-chair>.

¹⁴ O’Neill, Meg, “My first 100 days at bp,” LinkedIn. 9 July 2026, <https://www.linkedin.com/pulse/my-first-100-days-bp-meg-o-neill-xeaqe/>.