

INTRODUCTION

1. This policy covers the Group's segmental reporting requirements for business and corporate activity.

Circumstances requiring consultation with the segment Head of Accounting Policy and/or GRAR

2. The relevant segment Head of Accounting Policy and/or GRAR shall be consulted in the following circumstances:
 - (a) when undertaking any major reorganisation or restructuring of the Group, or at the time of any significant change in the relative significance of any of the Group's business activities, as the determination of the Group's operating segments shall be reviewed centrally by GRAR (see paragraph 16); and
 - (b) for assistance when determining the appropriate reporting structure (see paragraph 23).
3. The policy includes:

GROUP POLICYDEFINITIONSDETERMINING OPERATING SEGMENTS

Aggregation of operating segments

Quantitative thresholds

SEGMENTAL ACCOUNTING

Group reporting structure

DISCLOSURE REQUIREMENTSPRINCIPAL ACCOUNTING REFERENCESOTHER RELEVANT GRM POLICIES**GROUP POLICY**

4. To disclose financial information for the Group by operating segment.
5. The purpose of disclosing such information is to enable users of the Group's consolidated financial statements to evaluate the nature and financial effects of the business activities in which the Group is engaged and the economic environment in which it operates.
6. Operating segments and corporate activities shall be defined to reflect management's view of the business of the Group, subject to materiality thresholds.
7. Financial information disclosed by operating segment is that which is used by the Group's management to run the business which may be different from IFRS financial information.

DEFINITIONS

8. An **operating segment** is a component of the Group:
- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
 - (b) whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
 - (c) for which discrete financial information is available.

DETERMINING OPERATING SEGMENTS

9. The Group's operating segments reflect the way the Group's business activities are managed. The key determining factor is the level at which the Group Chief Executive, who is the chief operating decision maker of the Group, reviews the results of business activities. On this basis, the Group's operating segments have been determined as:
- (a) Upstream;
 - (b) Refining and Marketing;
 - (c) Alternative Energy; and
 - (d) Rosneft.

Aggregation of operating segments

10. Two or more operating segments may be aggregated into a single segment if aggregation is consistent with the purpose of segmental reporting stated in paragraph 5 of this policy, if the segments have similar economic characteristics, and if the segments are similar in each of the following respects:
- (a) the nature of the products and services;
 - (b) the nature of the production processes;
 - (c) the type or class of customer for their products or services;
 - (d) the methods used to distribute their products or provide their services; and
 - (e) if applicable, the nature of the regulatory environment.
11. For the BP Group, it has been determined that none of the operating segments, as defined in paragraph 8 and 9, qualify to be aggregated for reporting purposes.

Quantitative thresholds

12. Financial information of an operating segment determined as described in paragraph 9 shall be reported separately if any of the following quantitative thresholds are met:
 - (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.
 - (b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
 - (c) Its assets are 10 per cent or more of the combined assets of all operating segments.
13. In addition to the detailed thresholds for each operating segment as set out in paragraph 12, the total external revenue of separately reported operating segments has to represent at least 75 per cent of the Group's revenue. Where this is not the case further operating segments shall be reported until this threshold is reached, even if the additional operating segments do not individually meet the thresholds in paragraph 12.
14. On the basis of the thresholds set out in paragraph 11 of this policy, the Group's Alternative Energy business, which meets the qualitative criteria of an operating segment, shall not be separately reported in the segmental analysis disclosed in the Group's financial statements.
15. Operating segments and other activities that are not reportable are combined and disclosed in an "all other segments" category. For the BP Group, this is "Other businesses and corporate" which comprises Alternative Energy, corporate and functions and other business areas such as Shipping.
16. The determination of the Group's operating segments shall be reviewed centrally by GRAR at the time of any major reorganisation or restructuring of the Group, or at the time of any significant change in the relative significance of any of the Group's business activities.

SEGMENTAL ACCOUNTING

17. The accounting policies for all segments are the same as those for the Group's consolidated results under IFRS. Refer to the [Group accounting policies](#).
18. However, the financial information disclosed externally by segment is that which is used by the Group's management to run the business which may be different from IFRS financial information. Specifically, replacement cost profit before interest and

tax (RCPBIT) is the measure of segment profit that is disclosed externally in the audited financial statements despite being a non-GAAP measure for the Group. At the Group level the aggregate of all segments' RCPBIT is reconciled to the Group's IFRS profit measure.

19. Sales between segments are made at prices that approximate market prices, taking into account the volumes involved.

Group reporting structure

20. The Group's reporting system is structured to allow for both business segment reporting and analysis by geographical area. Each GRAR submission should relate to one single operating segment and to one and only one country.
21. Where an entity has material operations (turnover or capital employed) in more than one business or country, it must be broken up into as many individual submissions as necessary to conform to this "one business, one country" structure. Refer to [Consolidation units](#) for further guidance. A group accounts submission may however include corporate, tax or other activity data as necessary to complete the Group consolidation. Refer to [Segmentation coding](#) for further guidance.
22. The country of operation identified shall reflect the physical location of the operations reported in the group accounts submission. For example, if a group entity in country A holds an investment in an equity-accounted associate or joint venture which operates in country B, the investment and equity earnings shall be reported in a consolidation unit which is identified as belonging to country B.
23. GRAR shall be consulted for assistance in determining the proper reporting structure.

DISCLOSURE REQUIREMENTS

24. Disclosures relating to segmental reporting include the following:
 - (a) financial information for each reportable operating segment:
 - (i) revenue from sales to external customers and to other segments;
 - (ii) earnings from equity-accounted entities;
 - (iii) interest revenue;
 - (iv) the amount of depreciation and amortisation for the period and any other material non-cash items;
 - (v) other material items of income and expense disclosed separately due to their nature or amount;
 - (vi) amount of investment in equity-accounted entities; and
 - (vii) additions in the period to non-current assets.

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- (b) general information about the Group's reportable operating segments:
- (i) factors used to identify the Group's reportable operating segments; and
 - (ii) the types of products and services from which each segment derives its revenues.
- (c) entity-wide disclosures:
- (i) revenue from external customers for each product and service, or each group of similar products and services; and
 - (ii) information about the extent of the entity's reliance on major customers.
- (d) geographical information:
- (i) revenues from external customers attributed to (i) the Group's country of domicile and (ii) all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, these would also be reported separately; and
 - (ii) non-current assets located in (i) the Group's country of domicile and (ii) located in all foreign countries in total in which the entity holds assets. If the assets in an individual foreign country are material, those assets are also disclosed separately.

PRINCIPAL ACCOUNTING REFERENCES

IFRS 8 Operating segments

OTHER RELEVANT GRM POLICIES

- [Group accounting policies](#)
- [Segmentation coding](#)