How we engage with our stakeholders

Throughout bp we engage with a wide variety of stakeholders on a regular basis. This engagement informs our thinking and decision making. Some examples of our engagement in 2020 are set out below.

Section 172 statement
In accordance with the requirements of section 172 of the Companies Act 2006 (‘the Act’), the directors consider that, during the financial year ended 31 December 2020, they have acted in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act.

See table on pages 82-83 for more information in support of this statement, including a description of the board’s activities during 2020.

Employees
Monitoring employee sentiment
We use our ‘Pulse’ survey and weekly ‘Pulse Live’ surveys to gather feedback from employees, including their perceptions of work demands and leadership support. The employee engagement score is a key performance indicator for bp, see page 41.

Responding to feedback
When our ‘Pulse Live’ and Employee Assistance platforms showed increased anxiety in employees, our CEO Bernard Looney led a series of live webcasts, including one focused on reducing mental health stigma and encouraging employees to ask for help. We also increased the frequency of mental health awareness training for managers.

Keeping connected through webcasts
CEO Bernard Looney hosted regular ‘Keeping Connected’ webcasts to discuss important topics with members of the leadership team and subject matter experts such as our partner Equinor’s EVP, New Energy Solutions, and our vice president health and wellbeing, Dr Richard Heron. The sessions included a live Q&A section where employees could ask questions, anonymously if desired, of the CEO and webcast guests.

See page 86 for more on how the board and senior management team engaged with stakeholders throughout the year.

Investors
Developing our new strategy, financial frame and investor proposition
Our decision to introduce a new strategy, financial frame and investor proposition, including a new distribution policy, benefited from extensive dialogue with our major shareholders.

ESG engagement
We engage frequently with our investors on environmental, social and governance (ESG) issues. This includes one-to-one conversations, participation at external events and group meetings, including with Climate Action 100+ representatives.

bp week
In response to feedback from investors and others, CEO Bernard Looney and his leadership team offered further insight into bp’s new strategy and sustainability frame during bp week – three consecutive virtual capital markets days held in September 2020.

Society
Our biodiversity position
We developed our updated position with input and constructive challenge from international nature and conservation organizations and experts including Conservation International, Fauna & Flora International (FFI), UNESCO and IUCN. The position sets out new measures to help restore, maintain and enhance nature. In September we announced a five-year collaboration with FFI to help support the delivery of our new position, including our aim to achieve a net positive impact.

Our human rights policy
We updated our business and human rights policy in 2020 to address emerging human rights issues relevant to our industry, clarify our 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.

Examples of engagement with other stakeholder groups

Customers
- Collaboration with original equipment manufacturers such as Ford, Renault, JLR and Volvo on future technologies.
- Global customer brand tracking.

Government and regulators
- Publication of Our tax report 2019 – see bp.com/tax.
- Government lobbying – we actively advocated for regional carbon pricing schemes in the US, provided input to the EU methane strategy and supported the UK government’s planned phase out of internal combustion engines.

Partners and suppliers
- Supplier workshops, including sessions focused on net zero, people and planet.
- University collaborations, including the Carbon Mitigation Initiative (CMI), an independent academic research programme based at Princeton University.
Corporate governance continued

Decision making by the board

The board delegates authority for the executive management of bp to the chief executive officer, subject to defined limits. Ultimately, the board retains responsibility for – and regularly monitors – the execution of this delegation of authority, taking action to update it as required.

As part of the wider board corporate governance redesign, the board reviewed the delegation of authority, in part reflecting the need to ensure that it remained appropriate in light of bp’s new strategy, and the 2025 and 2030 targets and aims. The board’s new ways of working are explained on page 80 including certain matters that under the new corporate governance framework are reserved for the board as set out in its new terms of reference.

The board approved the new purpose for bp – “Creating a brighter future for energy” – and strategy to transition to an Integrated Energy Company and to meet the net zero ambition set out alongside bp’s purpose.

Matters reserved for the board and section 172

Issue faced and decision taken

Establishing a new purpose and strategy for bp

The board approved a new purpose for bp – reimagining energy for people and our planet – and a strategy to transition to an Integrated Energy Company and to meet the net zero ambition set out alongside bp’s purpose.

Reinvent bp

The board approved a reorganization of bp, retiring the existing model and replacing it with one that is more focused, more integrated and faces the energy transition head on. The reorganization will ultimately see around 10,000 employees leave bp.

Financial frame and distribution policy

The board approved a new and resilient financial framework, including a coherent approach to capital allocation and a new distribution policy.

More information on how the board had regard to the Section 172 factors

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In the context of the board’s activities during 2020, the table below sets out some examples of board decision making in 2020 and how the directors have performed their duty under Section 172.

<table>
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<th>Section 172(1)a) to (f) matters considered, including stakeholder group(s) affected and feedback received</th>
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<td><strong>Workforce</strong>&lt;br&gt;In town halls and leadership meetings employees wanted to know how bp could do more to step up to the climate challenge and help society deal with these issues. It became clear that employees were seeking even stronger commitments to the climate change agenda by the company.</td>
<td>All the elements highlighted in Section 172 were central to the discussions as the board evaluated the purpose and strategy options – what are bp’s beliefs and what does bp want to be? The discussions encompassed bp’s role with respect to its shareholders, employees and society. It considered the value creation opportunities and the importance of leaning into the changing needs of customer demand for convenience and society’s demand for renewables and lower carbon energy.</td>
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