Materiality

To make sure we report about the sustainability issues that matter most to our stakeholders, we carry out regular materiality assessments. We use what we learn to focus our sustainability reporting.

Our materiality methodology

In 2019 we worked with an external agency to refresh and expand our materiality assessment. We asked internal and external stakeholders to list and prioritize the sustainability or ESG issues that most concern them. We also asked them to rank the impact of these issues on bp and tell us their views about how influential bp can be in creating positive change. The results of the 2019 materiality process also informed the development of the new sustainability frame so that issues that matter to stakeholders were represented.

2020 brought significant changes through the COVID-19 pandemic and associated economic impacts, as well as global social and political upheaval; for bp there were also significant changes in our new strategy and sustainability frame. With this context, we updated our view of bp's material topics in 2020, revisiting steps two and five of our materiality assessment process. This focused on uncovering and identifying new and emerging ESG topics, which were validated through engagement with internal stakeholders, including many environmental and social subject matter experts and presented to the safety & sustainability committee. As a result, we identified 19 key issues that are important to bp in 2020 and we mapped them to the key areas of our sustainability frame. We have used these results to inform our sustainability reporting and we plan to continue developing our materiality process in future years.

Step 1
Setting parameters

We determined the materiality of bp's key issues using three parameters: importance, impact and influence. Each parameter included clearly defined criteria to enhance the rigour and robustness of the process and to eliminate subjectivity as much as possible.

- Importance: the importance of each issue to key internal and external stakeholders.
- Impact: the impact of each issue on bp's future business.
- Influence: bp's ability to influence and drive change regarding each issue.

We collaborated closely with our risk team at this stage of the assessment to define the impact criteria and thresholds, as well as throughout the entire process, to ensure alignment.

Step 2
Identifying issues

We carried out a horizon-scanning exercise to identify a list of issues for stakeholders to consider and rank. We reviewed and considered: relevant ESG frameworks and standards (including Global Reporting Initiative (GRI), SASB and TCFD); current relevant legislation; global, market and industry-specific trends; existing bp processes, policies and documentation, including bp's risk processes; topics discussed in the media and across our industry.

In 2020 we refreshed our research phase to uncover and identify new and emerging topics playing out in our world. In particular, we looked at sustainability frameworks, ratings and standards, as well as relevant regulations across the markets in which we operate. We also reviewed industry trends and media coverage from the past year.

Step 3
Determining the importance of key issues

Using our prioritization criteria, we conducted interviews and facilitated an online survey with key external stakeholders and bp employees to gather their perspectives on the importance of bp's key issues. Participants came from: investor companies, academia, NGOs, industry associations, government, bp partners and service providers. In addition, we used several internal consumer research documents to gauge the sustainability priorities of our customers and consumers.

Step 6
Ongoing engagement

The process of engaging doesn't stop with our materiality research. We continue to gather feedback from our stakeholders and will use this to inform our next materiality assessment.

Step 5
Analyzing and validating

We used qualitative analysis to extract the key themes before consolidating them to create a list of our top material issues. We tested and validated the final results with a working group from across bp, including experts in human rights, social performance and environment, risk and measurement.

In 2020 our validation process included two workshops with key bp subject matter experts to test our material issues shortlist. We used their understanding of the impact, scale and trends relating to the issues and key themes to validate and check the scope and definitions of the shortlist issues.

Step 4
Determining the impact and influence of key issues

We ran a survey to gather feedback from senior employees across bp on the impact and influence of each issue, using our prioritization criteria. To ensure a balanced and representative viewpoint, we engaged with individuals working across many different geographies and in various functions. Again, our risk team was closely involved.

Materiality: Key material issues in 2020

We have structured our report around our sustainability frame and the material issues that correspond to our foundations and focus areas of net zero, people, planet, embedding sustainability and external collaborations.

Foundations

Employee attraction, retention and development – Fostering a purpose-driven and inclusive culture to attract, retain and incentivize diverse and skilled talent to deliver on bp's transition to an Integrated Energy Company. See **page 20**

Business ethics and accountability – Conducting our business in an ethical, transparent way, using our values and code of conduct to guide us and being accountable for our performance in managing issues, including risks related to climate change. See **page 18**

Get to net zero

Climate change and the energy transition – Helping to enable the energy transition, in order to reduce global greenhouse gas emissions while meeting the growing demand for energy and contributing to a just transition. See **page 30**

GHG emissions – our products – Reducing greenhouse gas emissions from the use of our products by customers or consumers across product life cycles, including by reducing greenhouse gas emissions from our own operations and increases in mobility solutions. See **page 37**

GHG emissions – own operations – Reducing greenhouse gas emissions from our own operations through improvements in energy efficiency, reductions in flaring and venting, use of low carbon electricity for our facilities and operations, among other low carbon technologies. See **page 34**

Methane gas emissions – Minimizing methane leakages from natural gas production and transportation through deploying detection and quantification technologies. See **page 38**

Renewable energy – Promoting and increasing investment in renewable and alternative energy including solar, wind, biofuel, biopower and hydrogen, in order to increase the share of renewables in the energy mix and decrease emissions from growing energy demand. See **page 40**

Public policy and lobbying – Actively advocating for policies that support the energy transition and ensuring bp's lobbying and advocacy is consistent with publicly-stated policy positions and commitments. See **page 46**

Improve people's lives

Access to clean energy – Increasing access to clean energy through our portfolio of renewable and low carbon energy to support economic growth, reduce poverty and improve communities' health and wellbeing. See **page 51**

Human rights – Seeking to ensure human rights are upheld throughout our supply chain, including the issues of forced labour, human trafficking, modern slavery, fair working and living conditions, non-discrimination and channels to raise concerns. See **page 53**

Diversity and inclusion – Providing a diverse and inclusive workplace that values differences, increases minority representation, provides equal opportunities and treats all employees fairly. See **page 60**

Sustainable livelihoods and community engagement – Preventing, reducing and managing any negative effects of our activities on the livelihoods, land, environment, cultural heritage, health and wellbeing of people in communities near our activities, including indigenous peoples. Engaging in an open and constructive way to help avoid and reduce any impacts. See **page 58**

Just transition – Mitigating the potential adverse impacts of a low carbon transition on workers and communities while promoting sustainable and resilient opportunities that low carbon industries can bring to workers and communities including decent jobs and access to sustainable energy. See **page 52**

Health, safety and wellbeing – Protecting the safety of our employees and contractors and preventing incidents through carefully planning our operations, identifying potential hazards and managing risks at every stage. Promoting wellbeing, with a focus on mental and physical health, by working to tackle the stigma around mental health issues and offering our people access to a range of facilities and services. See **page 63**

Care for our planet

Ecological impacts, dependencies and opportunities – Managing the impact of our activities on the natural environment whilst identifying opportunities to protect and enhance the local environment where we operate. This includes spill prevention, decommissioning, hydraulic fracturing, water use, waste and air pollution. See **page 67**

Biodiversity and sensitive areas – Restoring, maintaining and enhancing nature by taking measures to identify, and seeking to avoid, direct impacts on biodiversity and mitigating potential significant impacts, as well as planning to enhance biodiversity around existing major operating sites, and support biodiversity restoration and the sustainable use of natural resources. See **page 67**

Natural climate solutions – Protecting, restoring and creating natural carbon sinks, including peatlands and forests, to support reductions in carbon emissions, enhance biodiversity and improve sustainable livelihoods from local communities. See **page 71**

Circularity – Keeping materials in use for longer by using circular resources and embracing circular principles in design, operations and decommissioning. See **page 73**

Sustainable supply chain – Promoting sustainability in our supply chain and with our business partners. See **page 75**