

# **Material Topics**

At our core, we believe that sustainable business practices demonstrate our commitments to the Company, our stakeholders and the planet. By constantly reassessing and revalidating our material topics, we are ensuring that our sustainability strategy is informed by the latest data, trends, insights and is responsive to the needs of our stakeholders and the environment.

In 2022, we undertook a rigorous reassessment and revalidation of our material topics to ensure that they remain relevant and integral to our sustainability strategy and reporting.

Throughout this process, we recognised the significance of the material topics' impact on our sustainability-related risks and opportunities, as well as our impact on society and the planet – a concept known as double materiality. As such, we approached our materiality assessment with both an inside-out and outside-in perspective, ensuring that our strategy is fully aligned with the needs of our stakeholders and the environment.

To achieve this, we utilised a data-driven tool to conduct an assessment of our material topics, covering both financial materiality and impact materiality. This allowed us to gain a deeper understanding of the implications of our material topics on our business, society and the planet.

As we move forward, we remain committed to improving our double materiality assessment process by embedding monitoring and risk elements on a continuous basis. This will ensure that our assessment is sufficiently holistic and robust in guiding our company's sustainability priorities. In addition, we have expanded our horizontal scanning analysis to include new sources, allowing us to identify any potential blind spots in our existing topics.

## **Materiality Assessment Revalidation**

## Identification

We looked at new sources, including existing and emerging regulations, media and the Sustainability Accounting Standards Board (SASB) Standards, to identify pertinent trends in the sustainability landscape. SASB proved to be especially valuable in preparing for the upcoming International Sustainability Standards Board (ISSB) standards, given that ISSB has committed to building on and embedding the SASB Standards within its own.

# Stakeholder Engagement

We gained in-depth feedback from external stakeholders, including investors, banks and rating agencies, to evaluate the material topics' impact on our business. The Reputation Strength Index survey, which was conducted throughout the year, provided valuable insights that helped guide our materiality assessment. We documented stakeholders' concerns, queries and responses as inputs for the assessment.



### Prioritisation

We prioritised our strategies and focus areas through initiatives and commitments, as well as discussions held at the Executive Leadership Team and Board level. Our material topics were also ranked based on their alignment with the risk elements in PETRONAS Corporate Risk Profile.

#### Endorsement

We submitted the results of our revalidation process to the Sustainability Committee (formerly known as Sustainability Council), which was then approved by the Vice President and Chief Sustainability Officer.



