

Materiality analysis

GRI 102-44; GRI 102-46; GRI 102-47

During 2020 we developed our materiality analysis in order to identify the most relevant economic, social and environmental issues for Organización Terpel. This exercise helped us to understand in a broader way the sustainability challenges we face in the different businesses and operating contexts, as well as to better focus the company's management and communication.

This analysis was carried out in three phases and was accompanied by the external firm Qualitas TT. The work integrated two perspectives: internal (business strategy and corporate policies) and external (stakeholders, sustainability standards, trends and benchmark).

Phases	1	2	3
	<p>Context analysis</p> <p>Phase aimed at understanding Terpel's business and sector situation, as well as its sustainability challenges.</p> <p>Performed activities:</p> <ol style="list-style-type: none"> 1. Interviews with company leaders, in charge of managing key issues. 2. Study of corporate documents and processes. 3. Review of applicable sustainability standards. 4. Benchmark of companies in the Retail and Oil & Gas sectors. 5. Study of relevant initiatives and trends. 6. Follow-up to press releases, unions and social media about the sector or the organization. 	<p>Identification of topics</p> <p>Phase to compile the inputs obtained in Phase 1 and identify a wide list of potentially relevant topics for Terpel.</p> <p>Performed activities:</p> <ol style="list-style-type: none"> 1. Construction of a list of potentially relevant topics. 2. Grouping of topics in 6 large categories. 3. Topics rated by recurrence. 	<p>Prioritization and Validation</p> <p>Phase to prioritize the most relevant issues for Terpel's sustainability, according to their impacts, risks and opportunities.</p> <p>Performed activities:</p> <ol style="list-style-type: none"> 1. Diagnosis of the company's current Sustainability Model. 2. Terpel's positioning analysis. 3. Prioritization of issues by the Legal and Corporate Affairs VP team. 4. Validation of material issues by the Terpel Executive Committee.

In **Phase 1** we conducted internal interviews, reviewed corporate documents and processes, sustainability standards and regulations applicable to the Retail and Oil & Gas sectors, and stakeholder expectations obtained through secondary sources, such as press and social networks.



The sustainability standards and norms taken as reference were:



In **Phase 2**, a list of 53 potentially relevant topics was drawn up, which were later grouped into 6 large categories and rated according to their recurrence:

Governance	Product and business model	Environment
1. Ethical behavior 2. Transparency and fight against corruption 3. Management of the legal and regulatory environment 4. Risk management 5. Anti-competitive practices 6. Customer privacy 7. Information security and cybersecurity 8. Market presence / market share	9. Operational excellence 10. Product quality and safety 11. Innovation 12. Product Lifecycle Management 13. Consumer welfare 14. Packaging 15. Labeling and marketing practices 16. Clean technology and products 17. Business model resilience	18. Emissions 19. Mitigation and adaptation to climate change 20. Energy efficiency 21. Water management 22. Waste management 23. Spills 24. Use of plastic 25. Biodiversity and protection of ecosystems 26. Environmental education 27. Recycling 28. Circular economy
Human capital	Supply chain	Society
29. Talent attraction and retention 30. Organizational culture 31. Occupational health and safety 32. Equity, diversity and inclusion 33. Training and development 34. Benefits and well-being 35. Freedom of association and collective bargaining	36. Supply chain management 37. Local / regional procurement 38. Social and environmental evaluation of suppliers 39. Training and development of suppliers and operating partners 40. Green / sustainable purchases 41. Use of raw materials from renewable sources and/or bio-based materials	42. Respect and promotion of Human Rights 43. Relations with neighboring communities 44. Social investment 45. Prosperity and wealth creation 46. Employment generation 47. Political influence / Contribution to public policy 48. Product access and affordability 49. Substitutes for fossil fuels 50. Use of alternative energies 51. Digital transformation 52. Partnership building 53. Volunteering

In **Phase 3**, the issues were studied from a more strategic perspective. To this end, the team of the Legal and Corporate Affairs Vice Presidency carried out a self-diagnosis of the company's current Sustainability Model and an analysis of the Terpel's position in the

market. As a result, the initial list was reduced to 18 topics, which were subsequently prioritized according to their financial and reputational impacts:

1. Ethics and transparency
2. Risk management and regulatory environment
3. Customer privacy and information security
4. Product quality and safety
5. Innovation
6. Clean technology and products
7. Energy and climate change
8. Water management
9. Waste management
10. Spill prevention
11. Circular economy
12. Attraction, retention and development of human talent
13. Health and safety
14. Equity, diversity and inclusion
15. Responsible management of suppliers and operating partners
16. Promoting the development of communities and society
17. Political influence / Contribution to public policy
18. Alternative energy commercialization

Finally, after a validation exercise with Terpel's management team, represented on the Executive Committee, it was agreed to prioritize 6 topics for the organization, as shown below:

Terpel's material issues



In the future, we hope to validate our materiality analysis with our external stakeholders, in order to obtain feedback to strengthen our management and deliver results more in line with their interests and expectations.