

CLIMATE
STRATEGY
CORFICOLOMBIANA



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1. Introduction

This document presents Corficolombiana's Climate Strategy¹ based on an analysis of risks and opportunities associated with climate change. The Strategy has a Strategic Framework and a Roadmap for its implementation. The Climate Strategy uses the recommendations of the Task Force on Climate-related Disclosures (TCFD) as a reference and is the result of the work led by Corficolombiana's Vice Presidency of Strategy and Sustainability together with the Investment and Risk and Compliance Vice-Presidencies, facilitated by ELEVATE. The exercise also involved the risk, sustainability, and environmental management areas of the portfolio companies. Finally, the Strategy was presented for approval and feedback to the Board of Directors of Corficolombiana.

1.1. Context

Corficolombiana is aware that the impacts of climate change increase the occurrence of natural disasters, affecting urban infrastructure, natural ecosystems and, consequently, human well-being. These effects directly impact the company's businesses and will continue to do so in the future. According to the Climate Change Vulnerability Analysis conducted by the Colombian Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) in 2017, built from the scientific analysis of the Intergovernmental Panel on Climate Change (IPCC), throughout the territory of Colombia the average temperature could increase between 2.3°C - 2.7°C for the period 2071- 2100 and approximately 14% of the territory would have an increase in precipitation between 10% and 30%.

At an aggregate level, according to the Valuation of Damages and Losses caused by the Winter Wave in Colombia 2010-2011 of the Economic Commission for Latin America and the Caribbean (ECLAC), the heavy rainfall caused by the La Niña Phenomenon between 2010 and 2011 had a total cost of US\$ 11.2 billion in damages to physical assets and capital stock.

Additionally, according to the Survey of Perception of Entrepreneurs in Colombia on Climate Change 2016, conducted by the National Planning Department (DNP), 66.2% entrepreneurs surveyed stated that their company was affected in the last 5 years by El Niño or La Niña phenomena. In addition, 78% of them recognize that the current weather situation could represent an increase in the associated costs for their business.

On the other hand, it is increasingly evident for the company that in view of the effects of climate change on the economy, the environment and society, financial, regulatory, market and social responses are needed to promote the transition to a low-carbon economy.

1.2. Status of Corficolombiana's climate management and defined goals

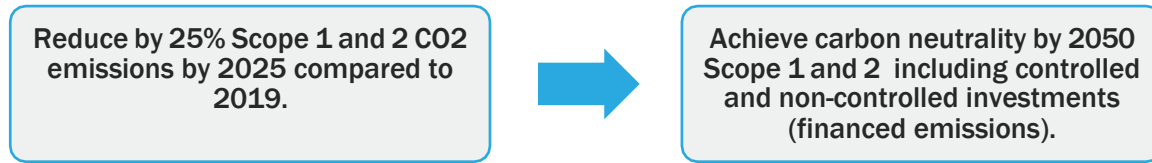
Aware of the impact that climate change may generate in its operations and, recognizing that these contribute with their emissions to climate change, in 2021 Corficolombiana conducted its climate risk analysis² and defined its Climate Strategy, based on the recommendations of the Financial Sector Task Force on Climate Related Financial Disclosures - TCFD of the Financial Stability Board. It also defined a [Climate Change Policy](#), approved by the Board of Directors, in which it declares its commitment to promote sustainability in its decision making, reduce greenhouse gas (GHG) emissions, contribute to climate change mitigation and adaptation, mitigate climate risks, capture opportunities, strengthen resilience and reduce vulnerability to

¹ Investments prioritized in the scope: Mavalle, Unipalma, Pajonales, Hoteles Estelar, Covipacifico, Coviandina, Coviorte and Pisa.

² Updated in 2022.

climate change.

In this context, Corficolombiana defined two key objectives for 2025 and 2050:



The Corporation has also defined its intermediate objectives in accordance with the target setting framework proposed by the *Net-Zero Asset Owner Alliance Target Setting Protocol* (<https://www.unepfi.org/wordpress/wp-content/uploads/2023/01/AOA-Target-Setting-Protocol-Third-edition.pdf>) which includes four elements for target setting:

Engagement goals:

Year 2025

- Support our companies to define their climate change strategy under the TCFD framework, with emission reduction targets, offset plans and goals to achieve carbon neutrality.
- Promote awareness in terms of the impacts of climate change and the importance of reducing our environmental impact. Organize at least one large-scale, stakeholder event on climate change issues annually.
- Raise awareness of these issues in our companies
- Track our uncontrolled investments on their environmental impact, commitment to emissions reduction and carbon neutrality.
- Support sectoral initiatives for the promotion of emission reduction goals and carbon neutrality, such as Asobancaria's *Pacto Verde*.
- Participate in initiatives such as the *Net-Zero Asset Owner Alliance*

Sector goals

Year 2025

- Achieve the goals for each of the sectors in which our portfolio companies participate.
- Define sectoral reduction targets (in the infrastructure, tourism, agribusiness, financial sectors) associated with the objective of achieving a reduction of 25% in Scope 1 and 2 emission reductions by 2025 in our companies and non-controlled investments (financed emissions).
- Strengthen the measurement of targets for scope 3 in all of our sectors.

Year 2028

- Achieve a 50% reduction in emissions intensity in our power and gas investments compared to 2021 for Scopes 1, 2 and a specific part of 3.

Year 2040

- Achieve net-zero emissions in our energy and gas investments for Scope 1, 2 and a specific part of Scope 3.

Goals associated with the investment portfolio

Year 2025

- Achieve a 25% reduction in Scope 1 and 2 emissions in Corficolombiana and its companies and in non-controlled investments (financed emissions).
- Measure and report indicators of emissions and consumption of energy, water and waste disposal under internationally recognized methodologies.

Year 2030

- Achieve a 40% reduction of scope 1 and 2 emissions in terms of intensity per income in Corficolombiana and its companies. This goal being consistent with IPCC estimates.

Targets associated with the financing of transition objectives

Year 2025

- Promote the creation of an energy services unit whose business lines will focus on Distributed Solar Energy, Auto and Cogeneration, Thermal Districts, Energy Efficiency, Green Mobility and Carbon Management.
- Achieve investment of 8.1% in renewable energy projects, 9.5% in clean fuel conversion projects, and 3.9% in energy efficiency projects.
- Generate revenues of more than \$260 billion by 2025 from low- or zero-emission products or services or businesses.
- Issue carbon credit bonds on our rubber projects in excess of 151,542.5 tons of CO₂ tons of CO₂.
- Identify opportunities posed by climate change and energy transition in each of the sectors in which we participate and initiate the implementation of some of the opportunities identified.

Carbon footprint (TCO2e) Corficolombiana

EMISSIONS tCO2e	2019 BASE YEAR	2022	2023	2024
S1	77	72	76	34
S2 Location based / Market based	273 / 273	122 / 0	190 / 0	153 / 0
S3	1,451,227	1,390,366	1,472,010	1,392,981

Under the 2020–2025 Corficolombiana Sostenible strategy, the company set targets to measure the carbon footprint across all companies, reduce it by 25% by 2025, and achieve a 40% reduction in Scope 1 and 2 emissions intensity per revenue by 2030, in line with IPCC estimates. These targets are now under revision within the framework of the 2025–2030 climate strategy, which will incorporate a financed emissions approach. The revised framework and considerations are presented below.

EMISSIONS tCO2e	2023	2024
S1	97.280	98.022
S2	10.523	10.640
S3	1,346,599	1,282,858
% of coverage*	97.2%	90.7%

1.3. General framework of the Strategy

Corficolombiana's Climate Strategy is formulated following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), created by the Financial Stability Board (FSB). These disclosures are structured along four dimensions: governance, strategy, risk management, and metrics and objectives, to enable stakeholders to better understand an organization's exposure to climate-related risks and opportunities. The recommended disclosures by each of the dimensions are shown below.

	a. Board oversight of climate risks and opportunities b. Management's role in risk and opportunity assessment and management
	a. Risks and opportunities i. Transition risks ii. Physical risks iii. Mitigation iv. Adaptation b. Impacts of risks and opportunities i. The business ii. The strategy iii. Financial planning: income statement, cash flow, statement of assets and liabilities
	a. Processes to identify and evaluate risks b. Risk management processes c. Risk integration processes
	a. Metrics to assess risks and opportunities b. Report GHG Scope 1, 2 and 3 emissions. c. Climate objectives and performance

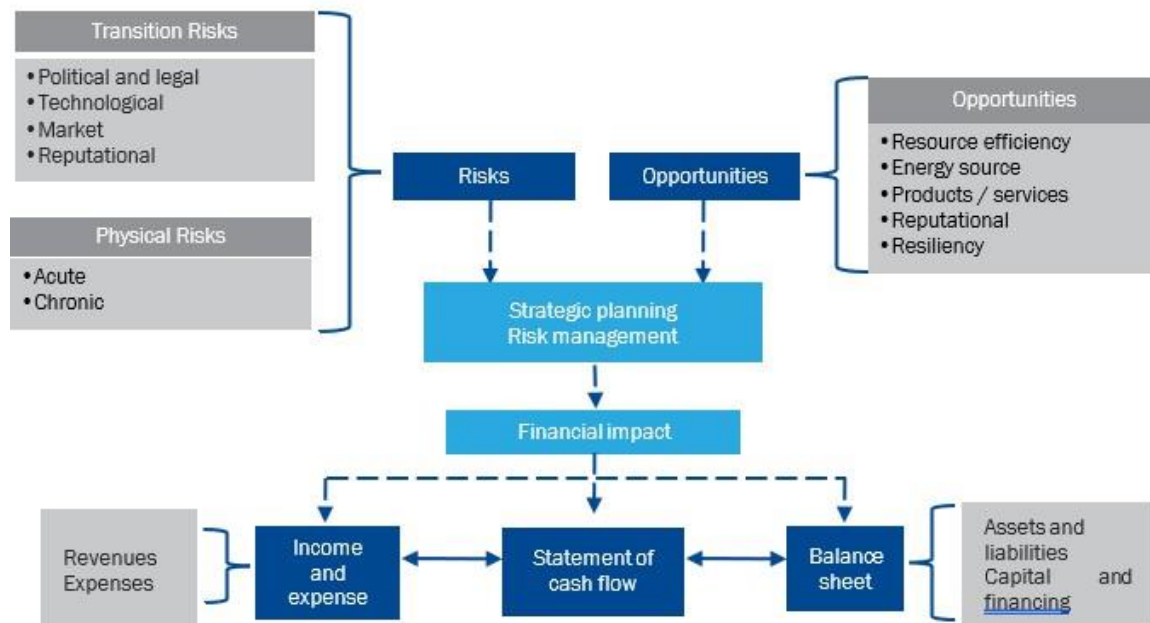
Recommended disclosures according to their size based on the TCFD

Corficolombiana's Strategy covers each of the dimensions recommended by TCFD to facilitate its disclosure both internally and externally. The Strategy includes a Strategic Framework and a Roadmap to deploy the strategy both within the holding company and to the companies in the investment portfolio. The strategic framework and roadmap are based on a scenario analysis of the risks and opportunities associated with climate change, as recommended by TCFD, and the company's progress in this area.

2. Analysis of risks and opportunities associated with climate change

The analysis of risks and opportunities associated with climate change enables better strategic planning and risk management for the organization's financial performance. Risks and opportunities can materialize through impacts on income and expense reporting, cash flow and the company's balance sheet.

Related risks, opportunities, and financial impact. Adapted from Climate-related risks, opportunities, and financial impact from TCFD, 2017.



2.1. Assumptions

The analysis of climate risks and opportunities for each company was based on three assumptions:

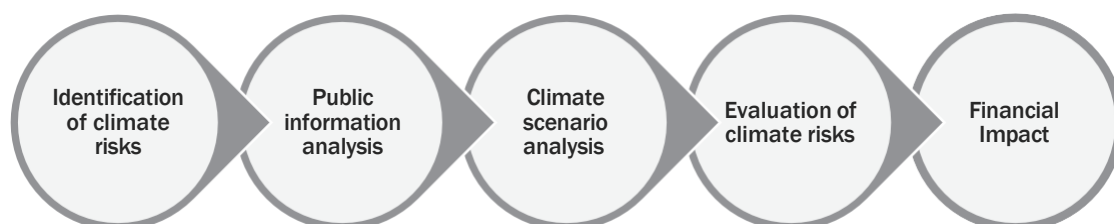
- The first assumption for the definition of the transition risk scenario posed to meet the objectives of the Paris Agreement will require implementing drastic measures by governments and the private sector to not exceed an increase in the Earth's temperature within 1.5 and 2.0°C by 2050, with significant GHG reductions by 2030 in this pathway. This will mean an increase in transition risks that will significantly affect each company.
- The second, for the definition of the **physical risk** analysis scenario proposed, indicates that if net CO_{2-eq} emissions are not reduced by 2050 and the average temperature increases by more than 1.5°C, a triggering effect will be generated, which would be

evidenced by an increase in temperature of 3 to 4 °C by 2100. This represents drastic and permanent changes in weather patterns, the health of ecosystems and, therefore, impacts on the organization's assets and capacity to generate income. It is important to highlight that by 2021 the average temperature of the Earth has increased by 1.2 °C with respect to pre-industrial temperatures, which has already resulted in impacts and damages to the country's productive sectors.

- The third establishes that, although there are extreme weather events with a low probability of occurrence in the geographic territory where each company operates, these were included in the risk assessment in order to have greater coverage in the analysis. This risks were evaluated with a "lower" probability of occurrence since they are not expected to manifest themselves.

2.2. Methodology

The methodology used for the analysis of Corficolombiana's climate risks and opportunities is aligned with the company's enterprise risk management methodology in order to facilitate its integration with the general risk management procedures. The process was implemented in 5 phases:

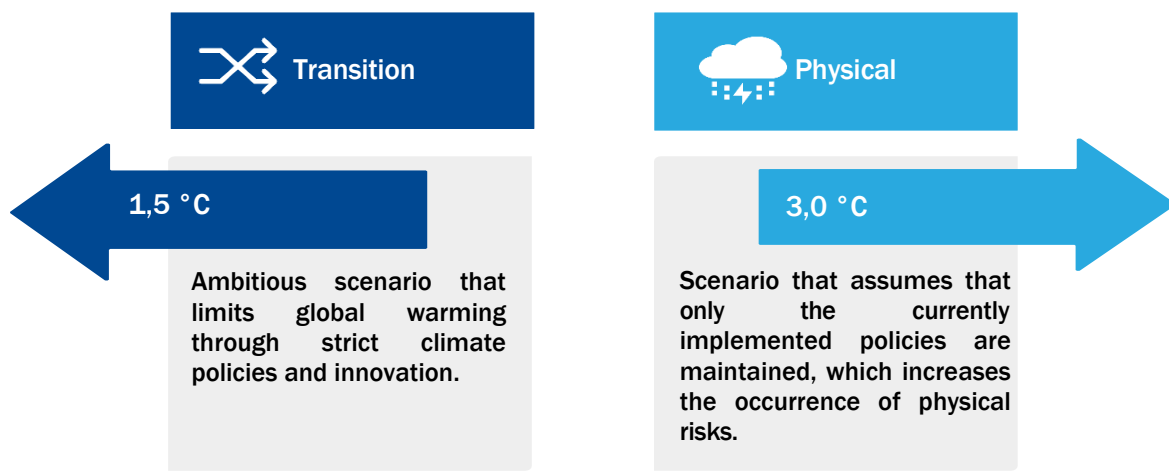


1. Identification of risks and opportunities associated with climate change: a mapping of climate risks was carried out by the companies within Corficolombiana's investment portfolio, considering their current risk analysis and complementing it with work sessions with those responsible for risk, sustainability or environmental issues and the management of the organizations. We added to this exercise a reference of climate risk maps of organizations in the sectors of Corficolombiana's portfolio companies and asset managers. Risk typologies proposed by standards on the subject and available literature were also used as a reference. A total of 22 physical and transition climate risks were identified, including acute and chronic physical risks, market risks, reputational risks, technology risks, and legal risks.
2. Analysis of public information: to understand the operational and geographical context of each company and its exposure to climate risks, we carried out an exhaustive analysis of the Third National Climate Change Communication (TCNCC), the Comprehensive Sectoral Climate Change Management Plans, the Sectoral Action Plans on Mitigation and Adaptation⁵, the Vulnerability and Risk Analysis for Climate Change in Colombia,

⁵ The Comprehensive Sectoral Climate Change Management Plans and Sectoral Action Plans on Mitigation and Adaptation will surely have an update because the data taken into account were taken from the reduction targets of the first NDC, established on the occasion of Colombia's commitment with the signing of the Paris Agreement, in which the national government pledged to reduce Greenhouse Gas (GHG) emissions by 20% by 2030, based on the 2010 national emissions inventory. These goals were updated in 2021.

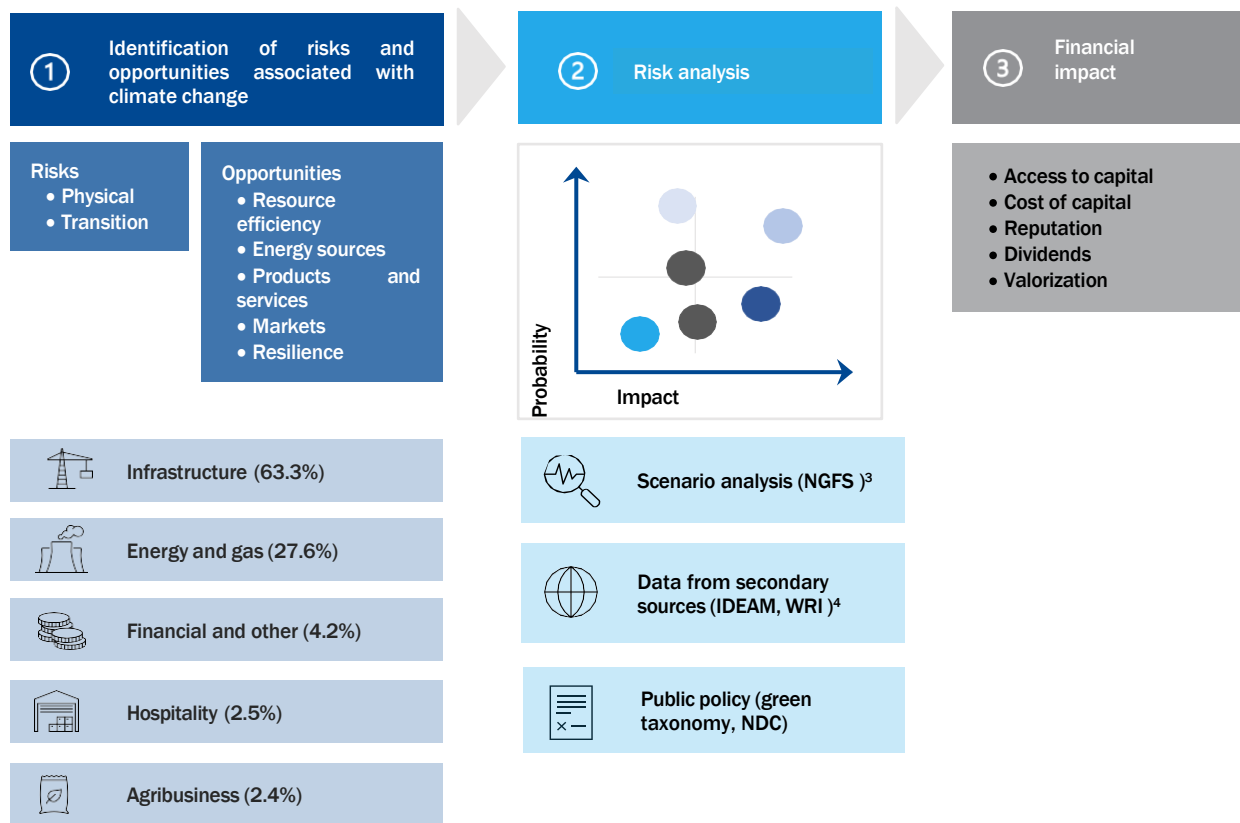
the Municipal Disaster Risk Management Plans, the Regional and Sectoral Technical Studies, among others.

3. **Climate scenario analysis:** The climate risk analysis considered two scenarios: one assessing transitional risks in line with Net Zero 2050 of the Network of Central Banks and Supervisors for the Greening of the Financial System (NGFS), and another assessing physical risks considering the RCP 6.0 climate change scenario of the United Nations (UN) Intergovernmental Panel on Climate Change (IPCC) as adapted in the Third National Climate Change Communication (TCNCC).



Climate scenarios used in the analysis

4. **Climate risk assessment:** based on an expert assessment, integrating available data and information on climate and the physical effects of climate change, policies and trends related to the transition. A qualitative assessment of the likelihood and impact of each of the identified physical and transition risks was performed. Additionally, the impact assessment took as a fundamental basis the financial consequence of the risk in the operation of Corficolombiana's businesses over time, considering the scales of financial impact of the company in relation to the exposure to risks and including Corficolombiana's own operations, upstream activities, and downstream activities involving clients.
5. **Financial impact:** The main areas of financial impact resulting from the assessed risks were identified, considering the scales of financial consequences for Corficolombiana's business operations over short-term, medium-term, and long-term horizons.

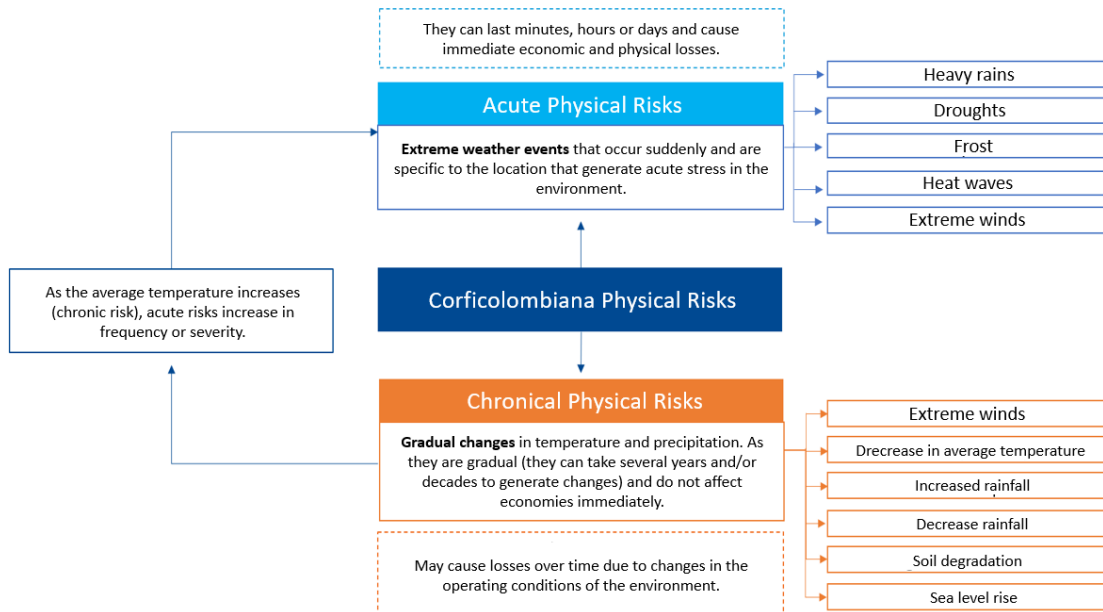


Methodology for the analysis of climate risks and opportunities

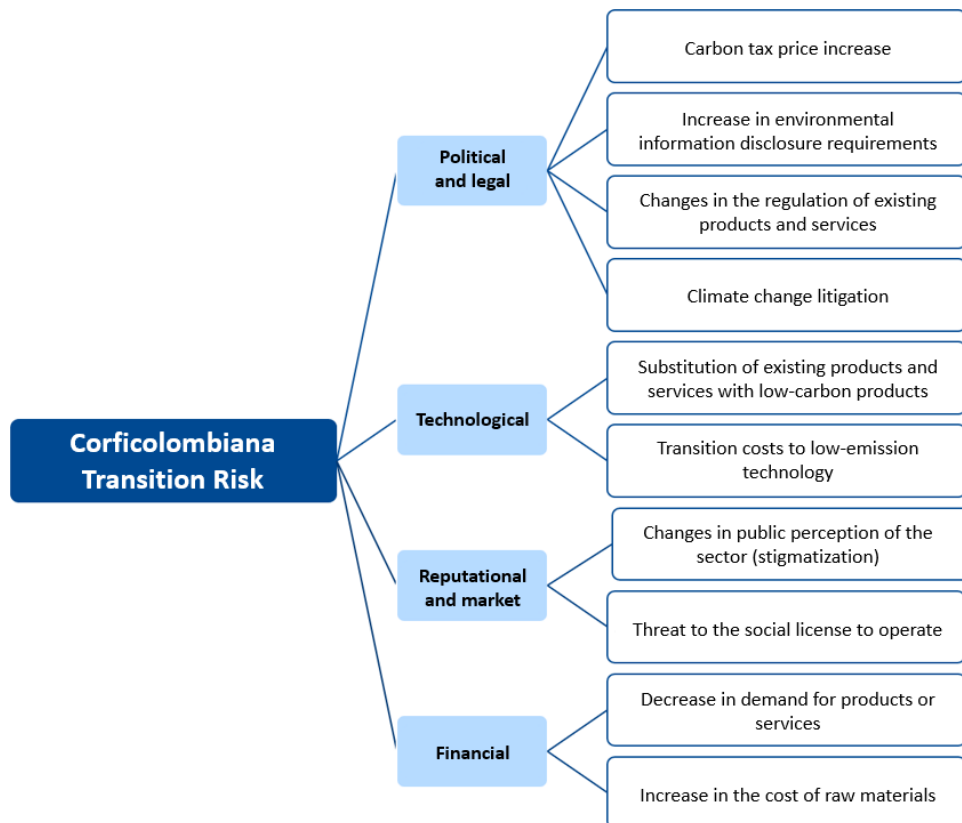
2.3. Results

The Financial Stability Board Working Group divided climate-related risks into two main categories: physical risks, which are related to the physical impacts of climate change, and risks related to the transition to a low-emission economy.

A total of 22 risks associated with climate change were identified for Corfi colombiana; 12 physical risks and 10 transition risks.



Physical hazards identified



Transition risks identified

2.3.1. Physical hazards

Physical hazards from climate change can lead to (acute) events or long-term (chronic) changes in weather patterns.

- + **Acute risks** are those caused by disasters, such as an increase in the severity of extreme weather events (floods, landslides, forest fires, windstorms, etc.). Also included in these are risks associated with inadequate climate resilience on the part of organizations.
- + **Chronic risk:** are those long-term changes in weather patterns (e.g. continuous high temperatures and precipitation patterns) that can trigger other risks such as sea level rise, soil degradation, water stress.

For the analysis of physical risks, the RCP6 scenario proposed by the IPCC in the analysis of vulnerability to climate change developed by the IDEAM was used as a reference. This emissions scenario proposes an average emissions trajectory between the most catastrophic and the most optimistic scenario.

The departments marked in blue on the map below are the locations where Corficolombiana has operations through its portfolio companies. For these departments, the projected temperature and precipitation variation data in the RCP6 scenario were analyzed to determine the probability and severity of the impact on the portfolio companies with operations in those departments.

Value table Temperature		Change in average temperature (degrees Celsius)*			Precipitation change (%)*		
Change	Temperature Value Range	2011 - 2040	2041 - 2070	2071 - 2100	2011 - 2040	2041 - 2070	2071 - 2100
Low	0 - 0.5	0.8	1.4	2.2	5	7	9
Low	0.51 - 1	1.1	1.6	2.2	-7	-10	-11
Medium	1.1 - 1.5	0.8	1.4	2.2	7	10	8
Medium	1.51 - 2	0.9	1.6	2.2	-15	-15	-17
High	2.1 - 3.9	0.9	1.6	2.4	20	23	28
High		0.9	1.7	2.4	-3	-2	-4
		0.7	1.4	2.1	16	17	18
		1.1	1.9	2.5	-15	-16	-20
		0.9	1.6	2.2	2	2	-1
		0.8	1.5	2.3	8	9	8
		0.9	1.6	2.3	-15	-17	-20
		1.0	1.7	2.4	-19	-21	-23
		0.9	1.7	2.4	-7	-6	-4
		0.9	1.7	2.6	1	0	0
		0.8	1.5	2.3	6	12	24
		0.8	1.5	2.4	18	20	28
		0.9	1.7	2.5	1	-1	-1
		0.9	1.6	2.1	-11	-13	-16
		0.9	1.6	2.3	11	13	17
		0.9	1.6	2.4	7	6	6

Climate risk scenarios in Colombia according to the IDEAM Vulnerability Analysis (2017).

At an aggregate level, the impacts of climate change for Corficolombiana would be negative, although the impacts by sectors and regions are heterogeneous. According to some DNP figures:

- Failure to adapt in agriculture would imply losses in annual GDP averaging between 0.02 and 0.03% (COP 2 and 3 trillion by 2030).

- Households would see their income affected (up to -20%) by the increase in fresh food prices.
- The cost of the La Niña phenomenon (rains) in 2010-2011 was \$11.2 billion in damages to physical assets and capital stock. Fourteen percent of the road network and 552 thousand homes were affected.
- The cost of the El Niño phenomenon (droughts) in 2015-2016 was 3.1 billion pesos in affected national production, 1.7 billion pesos due to a decrease in available water and 1.4 billion pesos due to an increase in electricity prices.

The DNP (2016) conducted a survey on the perception of businessmen regarding climate change and 66.2% of them stated that their company was affected in the last 5 years by El Niño or La Niña phenomena. Seventy-eight percent of them recognized that the current climate situation could represent an increase in the associated costs for their business.

As a result of the analysis, the physical risks identified by type, sector, time horizon and the main impact generated in the event of an occurrence are presented below.

Physical Risks					
Type of Risk	Risk		Sectors	Time Horizon	Main Impact
Acute	R1.1	Heavy rains	Agribusiness, Infrastructure, Energy and Gas, Hotels, Financials	Short term	• Increased expenses and costs • Decrease in revenues • Value of assets
	R1.2	Droughts	Agribusiness, Hotel		
	R1.3	Frost	Agribusiness		
	R1.4	Heat waves	Hotels, Agribusiness and Infrastructure		
	R1.5	Extreme winds	Infrastructure and Hotel		
	R5	Water stress	Agribusiness		
Chronic	R2.1	Average temperature increase	Agribusiness, Infrastructure, Energy and Gas, Hotels, Financials	Medium / Long term	
	R2.2	Decrease in average temperature			
	R3.1	Increased rainfall			
	R3.2	Decrease in rainfall			
	R4	Soil degradation	Hotel and Infrastructure		
	R6	Sea level rise	Hotels		

2.3.2. Transition risks

Transition risks arise from the transition to a low-carbon economy that may entail radical policy, legal, technological and market changes to address the need for climate change-related mitigation and adaptation. Depending on the nature, speed and focus of these changes, transition risks can pose financial and reputational risks of different levels for organizations.

- **Political and legal risks:** Government policy actions on climate change pursue two objectives: policy actions that seek to limit actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change. Another important risk is the risk of litigation. Recent years have seen an increase in climate-related litigation claims filed in court by landowners, municipalities, states, insurers, shareholders, and public interest organizations.
- **Technological risks:** Risk associated with the implementation of technologies that seek to mitigate and adapt to climate change, but which may affect the company's competitiveness, production, and distribution costs, and finally the demand for final goods and services.
- **Market risk:** Risk associated with variations in supply and demand for certain products, commodities, and services.
- **Reputational risk:** Related to changes in customer and community perceptions of a company's contribution or detraction from a low-carbon economy.

To perform the transition risk analysis, we considered the international agreements that are being implemented in Colombia, as well as their effect in the country and economic sectors where Corficolombiana invests.

The Paris Agreement establishes a common goal among countries to keep the Earth's temperature increase below 2°C (compared to pre-industrial levels), and to make every effort to keep it below 1.5°C. This agreement marks a milestone by establishing a global objective, seeking to ensure that financial flows to the fight against climate change are consistent. This agreement includes the creation of the NDCs (*Nationally Determined Contributions*), where the members of the agreement, including Colombia, specify the actions for mitigation and reduction of CO₂ emissions, which will lead them to comply with the stated objective (temperature equal to or less than 2°C).

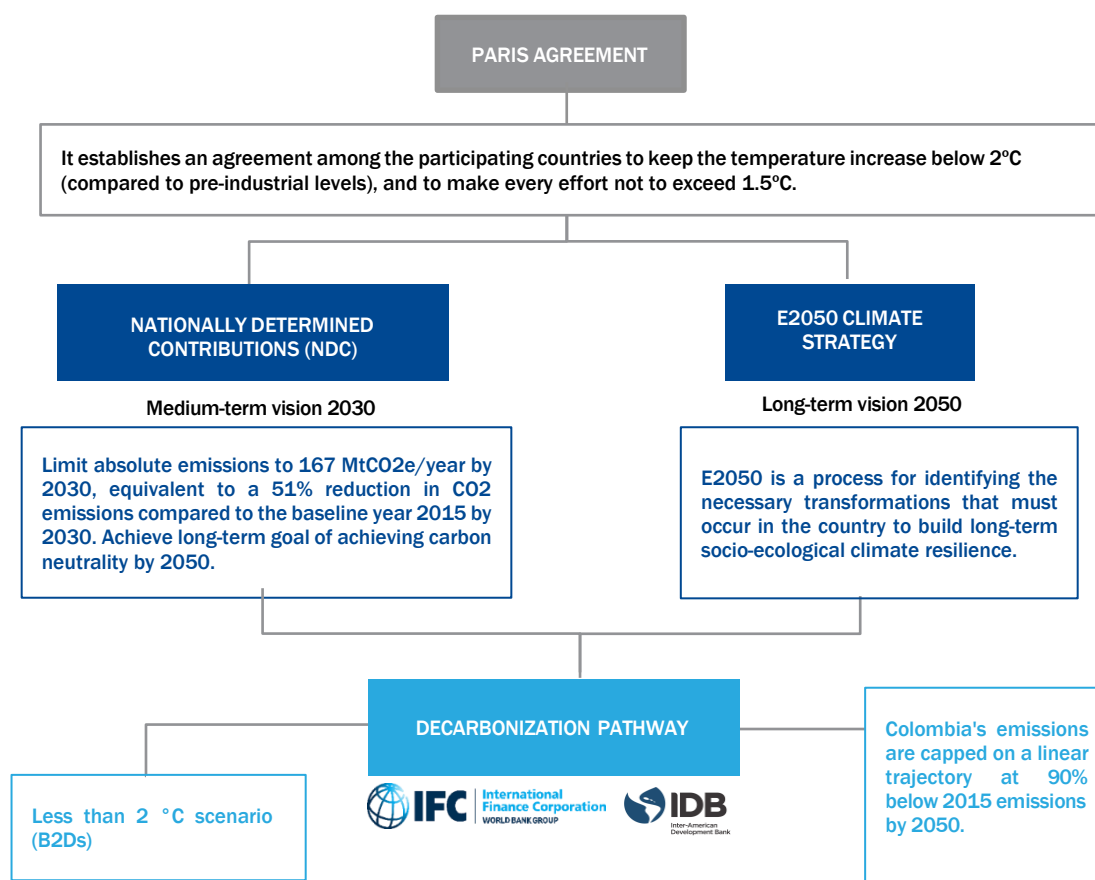
It presents measures for the mitigation and reduction of Greenhouse Gases (GHG), as well as for adaptation to the adverse effects of climate change. The goal in Colombia's NDC is to reduce greenhouse gas emissions by 51% by 2030 and can be described as ambitious, considering that the country only contributes approximately 0.7% of these gases on a global scale. As part of the NDC Colombia, the ministerial portfolios have made progress in defining the sectoral Comprehensive Climate Change Management Plans, which provide information regarding the measures considered for mitigation and adaptation to climate change in the sectors of the portfolio companies.

In parallel, Colombia is finalizing the E2050 (Strategy 2050), which is a commitment under Article 4 of the Paris Agreement, where all parties must strive to formulate and communicate

long-term strategies to reduce their greenhouse gas emissions and achieve climate resilience. In Colombia, the E2050 is a process for identifying the necessary transformations that must occur in the country to build long-term socio-ecological climate resilience.

The two processes have been carried out in parallel and in a complementary manner, establishing strategic stakes and inputs for decision making regarding decarbonization and climate resilience at mid-century.

In addition, we included data and references provided by the deep decarbonization trajectories developed by IFC and IDB that promote a 90% drop in emissions by 2050 compared to 2015 values.



Roadmap for decarbonization at the national and international levels based on the Paris Agreements.

This implies significant changes in the country's economy and organizations. First, decarbonization of the energy sector in Colombia will be necessary and can be achieved through a combination of three main means: (1) efficiency gains (including from electrification and the rapid growth of public transport as the main mode of passenger mobility); (2) a shift to less carbon-intensive fuels, including bioenergy and electricity; and (3) the complete decarbonization of electricity (energy).

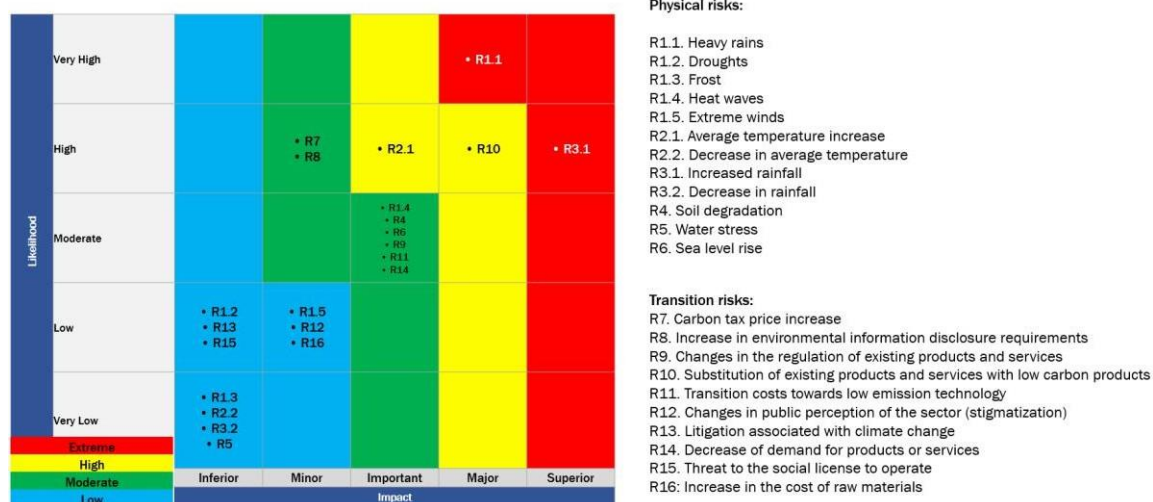
On the other hand, it will be necessary to curb deforestation and intensify agricultural production with environmentally friendly practices (regenerative agriculture, biofuels, etc.),

increase the use of solar and wind energy in electricity generation with the associated exploration of grid improvements and seasonal backup, and the electrification of transportation and industry.

Based on this context, below are the transition risks identified by type, sector, time horizon and the main impact generated in case of occurrence.

Transition risks					
Type of Risk	Risk		Sectors	Time Horizon	Main Impact
Political and legal	R7	Carbon tax price increase	Agribusiness, Infrastructure, Energy and Gas, Hotels, Financials	Medium / Long term	• Cost increase • Decrease in revenues
	R8	Increased environmental information disclosure requirements			
	R9	Changes in the regulation of existing products and services			
	R13	Climate change litigation			
Financial	R14	Decrease in demand for products or services	Agribusiness, Energy and Gas, Hotels and restaurants	Long term	
	R16	Increase in the cost of raw materials	Financial	Medium / Long term	
Technological	R10	Substitution of existing products and services with low-carbon products	Infrastructure, Hotel, Financial	Medium / Long term	
	R11	Transition costs to low-emission technology			
Reputational and market	R12	Changes in public perception of the sector (stigmatization)	Infrastructure, Energy and Gas, Hotels, Financials	Short / Medium term	
	R15	Threat to the social license to operate	Energy and Gas		

2.3.3. Consolidated risks



Heat Map - Corfi Colombiana's Climate Risk Analysis

The Figure above shows the heat map indicating the consolidated result of the risk analysis for Corfi Colombiana as a holding, which groups the risk valuations for the different sectors taking into account the impact and probability scales. As can be seen, most of the climate risks are in the extreme (red band) and high (yellow band) scales.

Physical risks R.1, R3.1 and R2.1 evidence the impact and high probability of the consequences of climate change in the operations of Corfi Colombiana's portfolio companies, considering that the infrastructure and energy and gas sectors have an important participation in the portfolio, while the regions where the assets operate present scenarios of high probability and vulnerability to climate change. The individual analysis by investment sector is available as a reference for each company in the portfolio.

It should be noted that society is 0.3 °C away from reaching the temperature of no return, which implies an increase in temperature that will transform the earth's climatological patterns in the long term. Therefore the margin to act and implement adaptation measures to face the physical risks of climate change is reduced. In addition, according to the most recent scientific research, the reduction targets of countries and the private sector are not commensurate with the needs. This implies that some level of climate change will occur and therefore the need to move forward with adaptation measures in the most vulnerable territories and sectors.

Transition risk R10 presented the highest valuation in the consolidated. As mentioned, in a deep decarbonization trajectory aligned with the Paris Agreement commitment, the decarbonization of the country's energy and therefore the decrease of gas demand significantly by 2050 and the use of other low-carbon renewable energy sources are proposed. In this sense, the gas and power sector will be affected by the transition risks in a deep decarbonization trajectory.

In a scenario below 2 °C, portfolio organizations will have to incorporate into their business model climate change risk and opportunity management systems, initiatives aimed at mitigating GHG emissions in their operations through the incorporation of energy-efficient

technology and rigorous monitoring of CO₂ emissions along the value chain. In a 3 °C or higher scenario, the portfolio companies will be pushed to invest in adaptation and resilience to climate change. Considering that by 2021 there will be an increase of 1.2 °C compared to pre-industrial levels and that climate change has points of no return and chain effects that further reinforce the change in climate patterns, Corficolombiana's strategy will contain a mix of mitigation and adaptation actions.

2.3.4. Climate-related opportunities

Based on the same sources of information, we recognize that the efforts made to mitigate and adapt to climate change, as well as the transition to a low-carbon economy, also create opportunities for both the portfolio companies and the holding company's future investments.

Achieving the Paris Agreement commitment requires a substantial flow of resources to finance climate change mitigation and adaptation initiatives. In general terms, climate finance refers to the different mechanisms and instruments that allow the financing of climate change mitigation and adaptation activities, through both public and private funds. In other words, they are initiatives that seek to channel resources towards reducing carbon emissions and building resilience to climate change.

According to the National Climate Finance Strategy, it has been estimated that Colombia requires 57.4 trillion pesos to reduce emissions by 2030, without including the resources required for adaptation projects. It is in this context that climate finance arises.

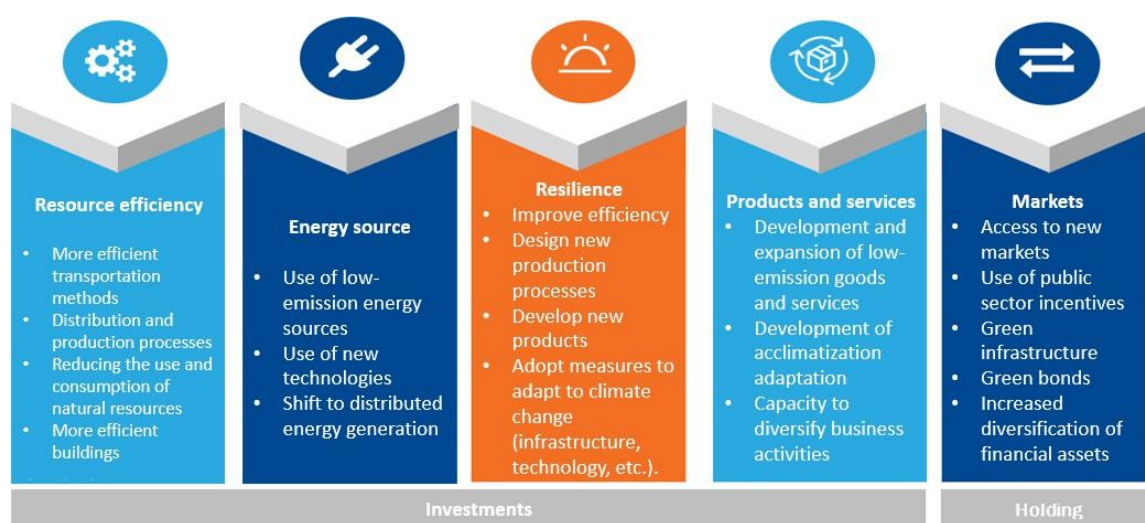
The DNP has identified that the annual demand in Colombia for mitigation is COP3.1 trillion and that both public and private supply does not reach one trillion pesos. Hence, there is a financing gap of 2.3 trillion pesos that can be considered by private sector organizations, including Corficolombiana.

Three types of opportunities were identified:

- + Opportunities for portfolio companies to reduce operating costs by improving efficiency across their production and distribution processes, their operating centers, machinery/equipment, and transportation/mobility, but especially in relation to energy efficiency and broader materials, water and waste management. We also find here investments in renewable energy sources, as well as resilience to climate change, so that current investments develop implementation capabilities to respond to climate change in order to better manage associated risks and take advantage of opportunities, such as the ability to respond to physical and transitional risks. These efforts can also generate income for companies through carbon credits, already developed in agribusiness investments.
- + Another type of climate opportunities that can be taken advantage of by the companies in Corficolombiana's portfolio are those associated with the innovation and development of new low-emission products and services, which can improve their competitive position and capitalize on the changing preferences of consumers and producers.
- + Finally, Corficolombiana is able to take advantage of the potential associated with capital flows to increase the flow of capital towards investments aimed at mitigating the impact of climate change or capturing CO₂ such as green infrastructure, generation of

energy from non-conventional sources, sustainable agriculture, among others. This implies investing proactively in green sectors or assets that can diversify their activities and improve their position for the transition to a low-carbon economy. Likewise, non-conventional vehicles such as green bonds or climate bonds can be capitalized.

These opportunities were identified transversally to the five opportunities proposed by the TCFD: resource efficiency, energy sources, products and services, markets, and resilience. As part of the deployment of Corficolombiana's climate strategy, each portfolio company must analyze and develop the opportunities with the greatest potential. Corficolombiana's investment team has the role of identifying, evaluating, and developing opportunities associated with new markets.



3. Strategic Framework for Climate Management

3.1. Climate governance

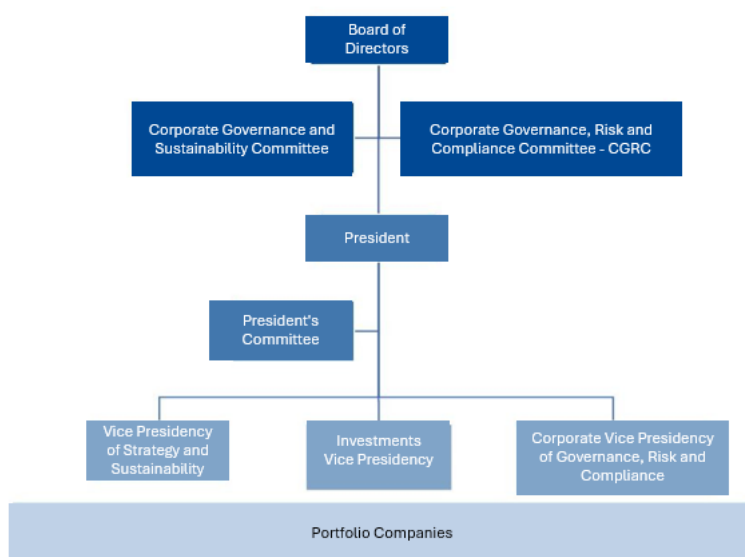
Based on Corficolombiana's corporate governance structure, roles and responsibilities related to the strategic management of risks and opportunities associated with change are assigned to formulate, manage, and evaluate risks and opportunities at all levels of the organization, within the current investment portfolio, and in making new investment decisions.

On one hand, the Board of Directors is responsible for defining the Climate Change Policy and ensuring the implementation of the actions defined therein, through the Corporate Governance and Sustainability Committee and the Corporate Governance, Risk, and Compliance Committee (CGRC). On a yearly basis climate issues are on the agenda of the board of directors.

The Corporation's Presidency leads the implementation of the actions defined in the climate strategy with the guidance and supervision of the Vice Presidency of Strategy and Sustainability (ESG Officer) and the Vice Presidency of Investments. Additionally, climate issues are on the agenda of the board of directors at least annually.

Each group subsidiary applies the risk cycle according to the corporate methodology and generates a map that includes the identification, evaluation, and management of measures.

The Vice Presidency of Strategy and Sustainability coordinates, provides support and accompaniment, and is responsible for monitoring the level of compliance with the Strategy and Policy, as well as generating reports and disclosures for internal and external use.



Corporate governance structure

Positions and governance structure	Roles and responsibilities
Board of Directors	- It approves the risk threshold and through the specific committee is responsible for approving the climate change strategy and following up on the implementation of the initiatives related to the strategy. - Oversees and monitors that risks and opportunities (including financial impacts) associated with climate change are assessed. - Approves annual budget and financial planning for climate risk management in the corporate strategy.

Corporate Governance and Sustainability Committee	• It is in charge of following up on the initiatives developed within the climate strategy and proposes lines of action related to climate opportunities. • Proposes to the Board of Directors, adjustments to the Climate Strategy based on the growing knowledge on climate change.
Corporate Governance, Risk and Compliance Committee CGRC	• Assists the Board of Directors in its role of leading and overseeing integrated risk management, including climate change risk. • Analyzes risks and establishes guidelines for risk treatment, monitoring and measure, and reports potential exposures (including costs).
President	• It is responsible for the implementation of the climate strategy and relies on the President's Committee to propose and follow up on climate programs, projects, and initiatives. • Presents to the Board of Directors the results of the implementation of the climate strategy.
President's Committee	• Its function is the implementation and follow-up of initiatives related to the climate strategy in each of the companies of the sectors in which Corficolombiana invests. • Regularly monitors, at all levels of the organization, the implementation of initiatives related to the climate strategy.
Vice Presidency of Strategy and Sustainability	• Is in charge of implementing Corficolombiana's climate strategy. • Provides information for the organization's strategic planning based on the findings of the climate change scenarios that are useful for decision making. • Conducts socializations and training and capacity building sessions on the topic of climate change (effects, risks, opportunities, among others) at the holding company level and in the companies. • It is responsible for monitoring the implementation of the Climate Strategy and reporting management following the guidelines of the TCFD framework and the CDP (Carbon Disclosure Project) standard.

Investment Vice-Presidency	• It is responsible for analyzing new investment projects and integrating climate variables (e.g., an internal carbon price) into the investment process (policies, procedures, criteria). • It is in charge of proposing climate investments as part of the organization's transition plan. • Evaluates current investments taking into account climate criteria. • It is in charge of performing at least once a year the climate risk analysis of the holding company.
Corporate Vice-Presidency of Governance, Risk & Compliance	• Conducts socialization and training with Corficolombiana's investments in order to standardize the climate risk analysis process. • Accompanies investments in the analysis of climate risks and their respective financial impact.

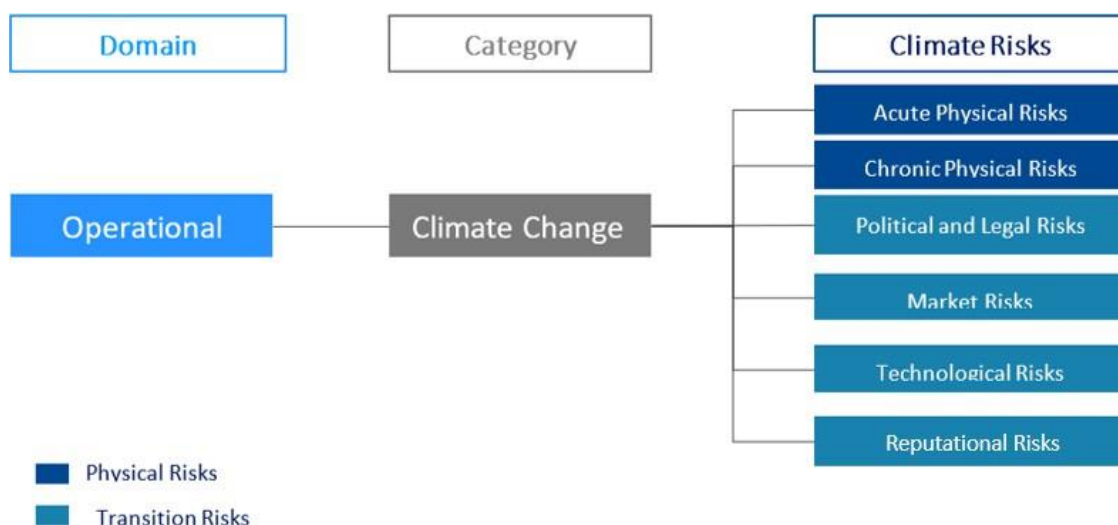
Roles and responsibilities according to position in the corporate governance structure.

3.2. Risk Management

Climate risk analysis is integrated into the organization's regular process for risk identification, management, and monitoring. Thus, climate risks are assessed in accordance with the Corporation's Governance, Risk and Compliance Model.

Climate change is part of a category within Corficolombiana's risk taxonomy within what we define as the Operational Domain. Thus, an analysis is made based on the criteria of probability and impact. Risks may be physical (acute or chronic) or transitional (political/legal, market, technological and reputational). We have a tool, where we qualitatively and quantitatively evaluate climate risks, based on publicly available information and databases, on the knowledge of internal experts and consultants of the process and at a quantitative level through defined corporate thresholds.

Integration of Climate Change Risks into ERM Taxonomy



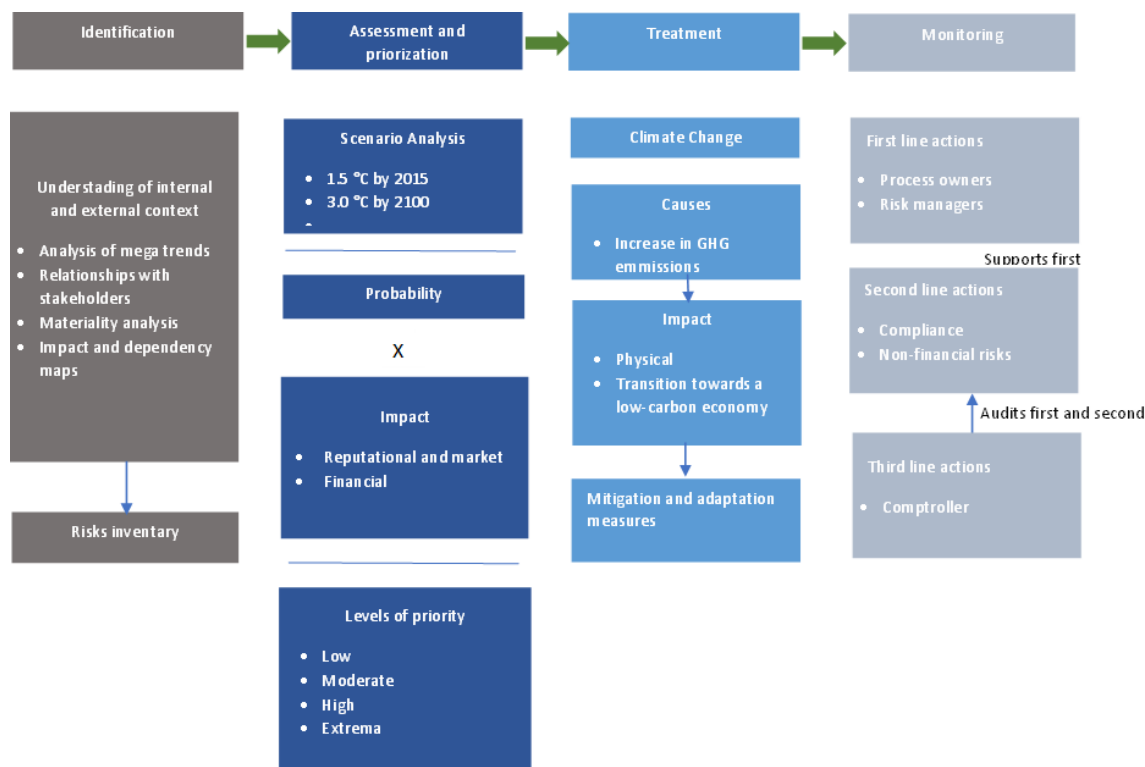
Climate risk management process by corporate process.

This is a corporate methodology and applies to all sectors in which we have investments, because climate change risk is considered strategic for the Corporation and its investments, we perform annual reviews of these risks. The following is a list of the methodological stages of the corporate procedure for climate change risk management.

To understand the operational and geographic context of each sector, and its exposure to climate risks, we analyzed public information sources¹, such as:

- Third National Climate Change Communication (TCNCC).
- Integrated Sectoral Climate Change Management Plans.
- Sectoral Action Plans on Mitigation and Adaptation².
- Vulnerability and Risk Analysis for Climate Change in Colombia.
- Municipal Disaster Risk Management Plans.
- Regional and sectoral technical studies

The figure below shows the climate risk management process according to the corporate process.



Phases of climate risk management

The assessment of climate risks is based on the criteria of probability and impact. The impact can be Reputational or Market, Compliance or Economic. Ultimately all risks have an economic impact. However, in the analysis the most acid risk is evaluated. Corficolombiana has defined an evaluation scale for these criteria in line with the scale of the risk evaluation model.

The risks can be seen in Corficolombiana's consolidated map in which the following extreme and high risks are highlighted:

- Heavy rains
- Increase in average temperature
- Increase in average rainfall
- Substitution of existing products and services with low-carbon products

3.3. Objectives, strategy and metrics

Corficolombiana's Climate Strategy is framed within the corporate strategy Corficolombiana Sostenible and its investment plans and seeks to consolidate a low-carbon and resilient investment portfolio against the effects of climate change. In this sense, two complementary strategic fronts are established: the Mitigation Plan and the Adaptation Plan.

- The mitigation plan aims to address the causes of climate change, promoting the decarbonization of the investment portfolio and consolidating a low-carbon portfolio.

- The adaptation plan aims to prepare companies to face extreme weather events and the effects generated by the gradual transformation of the climate (temperature and precipitation) on business operations.

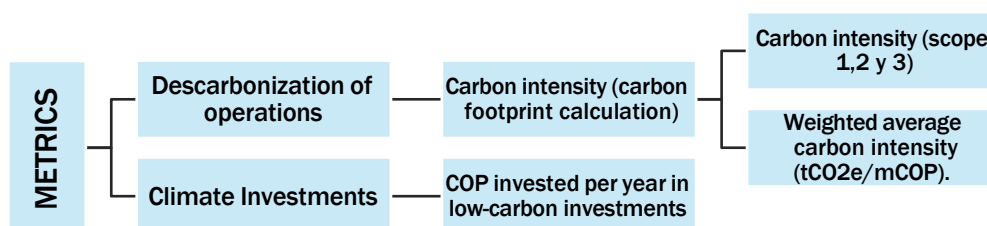
3.3.1. Mitigation Plan

3.3.1.1. Consolidated Corficolombiana

This front of intervention proposes actions that seek to decarbonize the portfolio by means of:

- Measures to mitigate GHG emissions from the current investment portfolio. This work front includes conducting emissions inventories, defining mitigation and energy reconversion plans in the portfolio companies, and improving efficiency in the use of resources.
- Promote new portfolio investments to be climate-smart. This includes including climate criteria in investment decision-making and proactively seeking investments in low-carbon sectors.

OBJECTIVES	1. Reduce CO2 emissions (Scope 1 and 2) by 25% by 2025.
	2. Reduce CO2 emissions (Scope 1 and 2) per million pesos of revenue (intensity indicator) by 40% by 2030.
	3. Define carbon neutrality target for investments.
	4. Strengthen GHG measurement (Scope 3).
	5. Generate electricity from non-conventional renewable energy sources.
	6. Evaluate low-carbon investments.
	7. Include a carbon price assessment in new investment decisions.
	8. Develop investments in conservation and compensation



Corficolombiana's consolidated targets have been established according to the intensity measure: CO2 emissions per million pesos of revenue.

In terms of sectoral goals, although all sectors participate according to their share of income, each sector has different intensity measures according to its industry and context that allow them to establish follow-up measures for the achievement of their goals. Thus, the intensity measures that have been established at the sector level are as follows:

Company	Emissions intensity
Mavalle	tonCO ₂ /TSR
Pajonales	t CO ₂ -eq/ million pesos of income
Unipalma	t CO ₂ -eq/ RFF
Estelar Hotels	t CO ₂ eq/ # rooms sold
Concessions	t CO ₂ / km built t CO ₂ / km operated -
Energy and Gas	CO ₂ emissions

Emission mitigation target for Corficolombiana portfolio companies.

Company	Emissions intensity	2025	2030
Mavalle	tonCO ₂ /TSR	-42,7%	-43,4%
Pajonales	t CO ₂ -eq/ million pesos of revenues	-18%	-36
Unipalma	t CO ₂ -eq/ RFF	-37%	-37%
Estelar Hotels	t CO ₂ eq/ # rooms sold	-19%	-19%
Coviandina	Absolute	-18%	-37%
Covioriente	Absolute	-	-13%
Covipacifico	-	-	-
Pisa	Absolute	-33%	-48%
Promigas	Absolute		-40% ⁶

aclara en este texto que se trata d elas emosnes financaidas a 1 y a 2. Each of Corficolombiana's companies has a climate change strategy associated with the proposed goals that includes mitigation and adaptation plans

The following is a summary of the main mitigation measures defined for the following sectors: Mavalle

3.3.1.2.

Mitigation measures Scope 1 Mavalle.

Measure	Description	Mitigation potential		Year of entry ⁷
		Annual %	Ton CO ₂	
Industrial Wastewater Treatment Plant (WWTP)	The implementation of an aerobic WWTP is required for the management of industrial wastewater; its implementation will reduce the generation of GHGs and will generate a sludge as a by-product with a high potential in functional nutrients for soil fertilization and will also reduce groundwater consumption by 80%.	7%	258	2024
Biochar Plant	The implementation of a mobile biochar generation plant will make it possible to make use of tree residues in death, branches and woody plant material generated within the plantations. These will be managed and transformed into products for soil fertilization and other by-products with antifungal characteristics for disease control and insecticide intermediates for pest control.	9.4%	345.6	2024

⁶ Promigas goal is expected to be achieved by 2028.

⁷ Year of entry of implementation of the measure

Improved clones	The plan is to replant 111 ha with 61,605 individuals of improved rubber tree clones with greater carbon capture and better agronomic performance, which, when compared to traditional clones, represents a strategy for reducing fertilizer use. In addition, these clones have greater tolerance to pests and diseases, representing a lower investment in inputs for phytosanitary control, supported by their genetic control.	-3%	4.539	2028
Diesel Particulate Filters (DFP)	The exact amount of emission reduction depends on several factors, such as the model and efficiency of the tractor, the size and quality of the DPF, and the operating conditions of the tractor. In general, it is expected that a properly installed, quality diesel particulate filter on a modern diesel tractor can reduce particulate emissions by 95% and generate fuel savings of up to 5%.	10%	380.3	2027

Mitigation measures Scope 2 Mavalle.

Name of measure	Description	Mitigation potential		Year of entry ⁸
		Annual percentage	Ton CO ₂	
Photovoltaic energy	The implementation of a solar park that can supply 12% of the total electricity consumption of the organization is planned, with a projected useful life of 20 years and a direct cost of zero pesos because it will be built in an available area of the company.	0.98%	35.38	2027

3.3.1.3. Unipalma

Emission reduction measures Scope 1 and 2 Unipalma.

Name of measure	Description	Potential mitigation		Year of entry ⁹
		Annual percentage	Ton CO ₂	
Lagoon carpado	The carpado traps methane from the water used to process the fruit, preventing the release of GHGs into the atmosphere. From the carpado of the lagoons we cogenerate electricity with biogas to supply the demand of the operation.	62%	14.621	2024
Cogeneration of energy with biogas.		4%	1.044	2024

3.3.1.4. Pajonales

Emission reduction measures Scope 1 Pajonales.

Measure	Description	Mitigation potential		Year of entry ¹⁰
		Percentage	Ton CO ₂	
Ozone generator	The implementation of an ozone generator will improve the COD characteristics of the water in the fish farming wastewater treatment plant while mitigating the	13%	2,872	2023

⁸ Year of entry of implementation of the measure

⁹ Year of entry of implementation of the measure

¹⁰ Year of entry of implementation of the measure

	generation of GHGs and complying with environmental regulations.			
Silvopastoral system with live fences	Fences will be forested around livestock paddocks, which improves the useful life of pastures and reduces fertilizer use (and associated emissions).	0,1%	21	2023
Biodigesters	Two biodigesters will be implemented (one per farm), with the aim of using the organic waste from the cattle to reduce GHG emissions and generate usable byproducts. The scope of this project contemplates the capacity of the confinement area in the farms, which is an average of 200 animals, which generate approximately 50 m ³ /month of manure.	1%	218	2024
Forestation in livestock fences	Forestation on the fences of the cattle pastures.	0,3%	65	2023
Replacement of fire extinguishers Solkaflam	Updating of the 28 Solkaflam extinguishers considering Annex C of the Montreal Protocol.	0,04%	8,09	2024

Emission reduction measures Scope 2 Pajonales.

Measure	Description	Mitigation potential		Year of entry ¹¹
		%	Ton CO ₂	
Photovoltaic energy	There are plans to implement two solar farms, one on each farm, which would reduce the emissions associated with the organization's electricity consumption.	1.2%	262	2025 - 2026

3.3.1.5. Estelar Hotels

Mitigation measures Estelar Hotels.

Scope 1 and 2				
Measure	Hotel	Description	Potential mitigation Savings (t CO ₂ -eq)	
Optimization of air-conditioned rooms.	Cartagena de Indias	Project to improve the efficiency of air conditioning in rooms. Through temperature control in the room with sensors. This implementation allows a saving in energy consumption of 15%.	61	
	Manzanillo		29	
Cogeneration of energy	Cartagena de Indias	Project in engineering stage in order to determine capacity and valuation	76	
Energy optimization of the chilled water plant	Cartagena de Indias	Cogeneration of energy	26,41	
	Manzanillo	Energy optimization of the chilled water plant (two chiller of 130 TR each), by means of Tracer® Chiller Plant Control (CPC), going from an efficiency of 1.38 kW/TR to 1.08 kW/TR. This will result in monthly savings of 10 million and a reduction of 21 TonCO ₂ per year.	21	
	Alto Prado	Energy optimization of the chilled water plant (two chiller of 180 TR each), through Tracer® Chiller Plant Control (CPC), going from an efficiency of 1.19 kW/TR to 0.95 kW/TR. This will result in monthly savings of 11 million and a reduction of 23.1 TonCO ₂ per year.	23	

¹¹ Year of entry of implementation of the measure

Steam boiler replacement	Altamira	Replacement of the steam boiler with high efficiency wall heaters Bosch T8000, Hayward and Pentair for heating water in rooms, adult pool and children's pool; due to the efficiency of the equipment, this project allows us to save on LPG consumption of 417.18 m3 of LPG per month or 5,006.16 m3 of LPG / year for a value of \$33,050,668 / year.	27
Photovoltaic Energy	Playa Manzanillo, Santamar, Altoprado, Milla de Oro, Torre Suite, Blue, Paipa, Altamira. Villavicencio, Yopal	Installation of photovoltaic panels, both on roofs and in parking lots at the Alto Prado, Playa Manzanillo and Santamar hotels.	823

3.3.1.6. Coviandina

Mitigation measures Scope 1 Coviandina.

Scope 1		
Measure	Description	Year of implementation
Gradual replacement of the vehicle fleet with hybrid vehicles	The renovation of 16 light vehicles is contemplated.	2024

Mitigation measures Scope 2 Coviandina.

Scope 2		
Measure	Description	Year of implementation
Change of the lighting system to LED in tunnels in the middle third of the tunnel.	Currently, the lighting system is made up of SAP High Pressure Sodium luminaires. A gradual changeover of 5,283 light bulbs to LED systems is planned over a period of three to five years.	2023
Changeover to LED lighting in the exterior areas of the first two thirds.	It is planned to change 1,413 luminaires with SAP technology to LED system from 2023 to 2027.	2023
Incorporation of solar energy in outdoor areas close to Villavicencio	The implementation of a pilot project in the area of Fundadores for poles with lighting that includes charging with solar energy.	2028
Optimization of the Boqueron tunnel ventilation system	The optimization of the fan starting systems in the tunnels involves replacing the mechanical starters of the 28 fans in the Argelino Duran Quintero Tunnel with electric starters.	2023-2024

3.3.1.7. Covioriente

Mitigation measures Scope 1 Covioriente.

Scope 1		
Measure	Description	Year of implementation
Gradual renewal of the vehicle fleet with hybrid vehicles	Acquisition of two (2) vehicles per year until completing sixteen (16) in 2030.	2023

3.3.1.8. Covipacífico

Mitigation measures Scope 1 Covipacífico.

Scope 1		
Measure	Description	Year Implementation
Conversion of vehicle engines	Fuel conversion to gas for 2 of the 4 vehicles used to transport the concessionaire's managers, coordinators, construction site residents and/or supervisors.	2024

Figure 2. Mitigation measures Scope 2 Covipacífico.

Scope 2		
Measure	Description	Year Implementation
Alternative energies	According to the financial sustainability analysis for the Sinifaná tunnels, in principle, self-generation of energy through solar panels is feasible.	2023

3.3.1.9. Pisa

Mitigation Measures Scope 1 PISA.

Scope 1		
Measure	Description	Year Implementation
Gradual renewal of the vehicle fleet with electric vehicles	Acquisition and/or purchase of two (2) electric vehicles for road inspection.	2023
Asphalt Plant Boiler Optimization	Optimization of fossil fuel consumption in the production system of the Recycled Asphalt Mixing Plant (RAP).	2024

Mitigation Measures Scope 2 PISA.

Scope 2		
Measure	Description	Year Implementation
Alternative energies	Implementation of a public lighting system for tolls and plant with solar panels (renewable energy).	2023

3.3.1.10. Promigas

Promigas' mitigation measures can be found in the company's decarbonization pathway at the following link: [https://www.promigas.com/Paginas/Sostenibilidad/ESP/Hoja-de-Ruta-de-Descarbonizaci%](https://www.promigas.com/Paginas/Sostenibilidad/ESP/Hoja-de-Ruta-de-Descarbonizaci%c3%b3n.aspx).

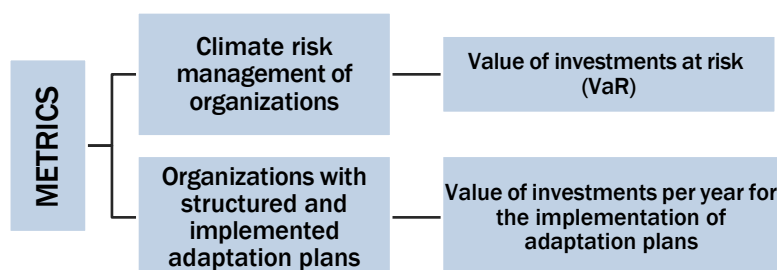
3.3.2. Adaptation Plan

The IPCC defines resilience and adaptation as the capacity of social, economic and environmental systems to cope with a hazard event, trend or disturbance by responding or reorganizing themselves so that they maintain their functioning while learning, adapting and transforming.

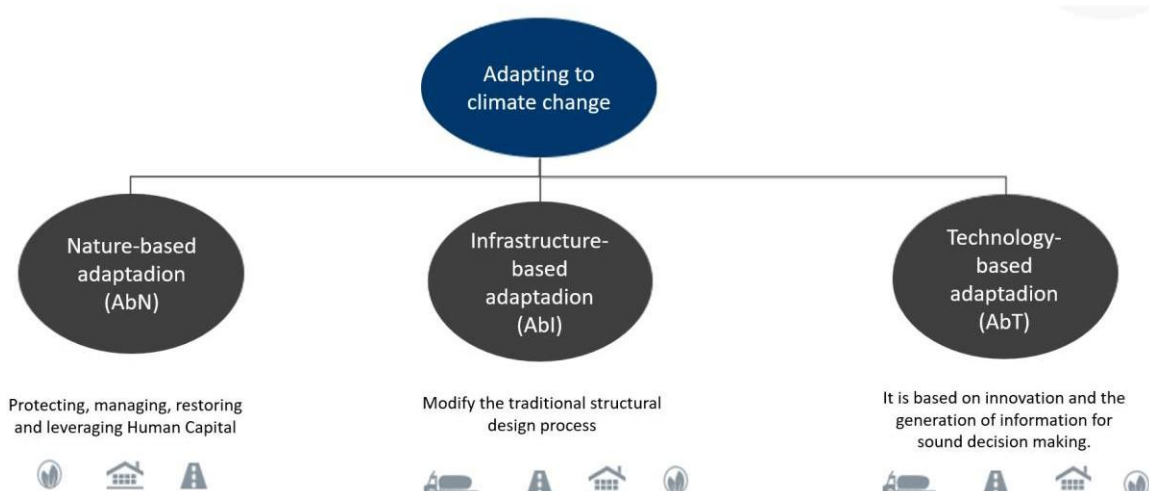
In this context, and in the face of the physical risks of climate change, Corficolombiana seeks to work both to ensure business continuity to withstand the physical impacts and to drive the transformation of business models and activities to align with a low-carbon economy.

OBJECTIVES

Manage the risks derived from climate change - measure in detail the risks of investments up to 2023 and quantify them.
All our investments with structured and implemented adaptation plans.
Develop actions for conservation, restoration, and sustainable management of ecosystems.
Development of new products and services that facilitate or leverage adaptation.



There are different types of adaptation that portfolio companies can adopt as a measure to achieve climate resilience. Each sector should determine the type of adaptation according to climate risk and management capacity. It is essential to establish complementary adaptation measures. For example, the combination of intelligent models of water use in precipitation periods (AbT) and the implementation of facilities under bioclimatic criteria (AbI).



On the other hand, the climate criteria for investment decision making will include an analysis of the vulnerability to climate change of the investment under evaluation.

General adaptation initiatives for Corficolombiana include:

- + Standardize Corficolombiana's climate risk identification, analysis and management process: Periodically update the climate change risk matrix as risks materialize or new technical information related to climate change scenarios and progress in strengthening national and international public policies becomes available. The periodicity of the evaluation is subject to the availability of recent information from the National Climate Change Communications mechanisms, whose elaboration is led by IDEAM. These inputs are based on studies of projected future climate scenarios at national (the most recent corresponds to the Third National Communication on Climate Change), regional and local (Integrated Territorial Climate Change Management Plans) scales, taking into account the guidelines proposed by the Intergovernmental Panel on Climate Change (IPCC).
- + Continuous monitoring of climatic variables and definition of an early warning system: Understanding local weather patterns through periodic monitoring of key climatic variables that may pose a risk to the company's operations and allow preventive measures to be taken. The establishment of a meteorological monitoring system may consider the information provided by IDEAM's hydro-meteorological stations or, from a monitoring system of its own made up of hydro-meteorological stations in the area of direct and indirect influence of the companies in Corficolombiana's portfolio.

3.3.2.1. Mavalle, Unipalma and Pajonales

For Mavalle, 11 physical risks were identified, of which three (3) were assessed as "extreme" and one (1) as "high" in the territory where Mavalle operates. Of these, the assessment highlighted among the acute physical risks the risk of heavy rains due to the implications of rainfall events above the daily average on the agribusiness operation, which restricts the rubber harvesting activity and decreases harvesting productivity. Water stress, heat waves and droughts can increase Mavalle's vulnerability to forest fires and generate significant economic losses and affect business continuity.

At Unipalma, 11 physical risks were identified, of which three (3) were evaluated as "extreme" and one (1) as "high". Of these, the assessment highlighted the risk of heavy rains due to the implications of above-average daily rainfall events on agribusiness operations, which delay planting processes, make land preparation work impossible when there is excessive rainfall, affect seed quality and reduce production. Prolonged drought, water stress, and heat waves can increase Unipalma's vulnerability to forest fires and generate significant economic losses and affect business continuity. It should also be noted that an analysis of inherent risks was performed, so the following results do not indicate Unipalma's risk management and mitigation measures.

Regarding chronic physical risks, it was identified that the decrease in average rainfall in the palm oil production area is an important factor that determines the yield of the plantations, linked to the availability of water in the soil. On the other hand, although the climate change scenarios do not foresee an increase in average rainfall, the evaluation of the impact as "higher" implies that planting and land preparation processes will become impossible if the risk of increased rainfall materializes and the quality of the seed and the production of palm oil will be affected.

For **Pajonales**, it should be noted that for the risk analysis the rice cultivation business line was prioritized, taking into consideration the percentage of business income. Additionally, the following results correspond to an analysis of inherent risks and do not indicate management and mitigation measures by Pajonales.

Eleven physical risks were identified, of which three (3) were assessed as "high" associated with the impact of the rice business line in the territory where Pajonales operates. Of these, the assessment highlighted the risk of heavy rains due to the implications of above average daily rainfall events on the operation of the agribusiness, as it leads to the loss of the rice crop. Drought has an impact on the reduction of water supply, which incurs higher expenses in the purchase of water or mechanical pumping of water to be able to operate. A heat wave leads to health risks for workers due to exposure to unusually high temperatures. It should also be noted that an analysis of inherent risks was performed, so the following results do not indicate management and mitigation measures by Pajonales. Regarding chronic physical risks, these were evaluated as low and moderate, so their materialization does not pose a significant risk to the operation of Pajonales.

Specific adaptation measures for climate risks assessed as extreme and high in the climate risk assessment are presented below.

Specific adaptation measures for physical risk to climate change.

Climate Risk	Adaptation measure	Description
Drought Heat waves	Risk management through Nature-Based Solutions (NBS)	It involves the inclusion of ecosystem management criteria and the protection of protected areas that reduce the transformation of natural ecosystems, thus addressing the environmental challenges to which the company is exposed. Starting initially with the identification of BNS that can be integrated into the ecosystems of the area of direct and indirect influence of the company, and that increase resilience to the risks of climate change. The following are among the BNS that should be considered: + Agrosilvopastoral production models and schemes These schemes help protect crops from strong winds, reduce soil erosion, improve water quality, increase productivity, enhance resistance to pests and diseases, and promote biodiversity in the company's area of influence. - The measure contemplates pilot and scalable projects to make the transition from a traditional monoculture model to agroforestry cultivation models where the company's own plantations are combined with the planting of native trees and shrubs. + Watershed management Based on the monitoring and follow-up of the impact of the plantation and the dynamics of the local public and private stakeholders belonging to the watershed. This monitoring may include:

		+ Monitoring the quality and quantity of the water resource, which is essential to evaluate its condition and guarantee its availability. + Monitoring of the aquatic and terrestrial ecosystems present in the basin, as they play a crucial role in the health and balance of the ecosystem. In addition, involvement with local communities, government agencies and other relevant stakeholders can favor the creation of joint conservation and restoration projects, which would contribute to the protection and recovery of the watershed. On the other hand, collaboration can lead to environmental education programs that promote awareness and knowledge about the importance of proper water resource management. Likewise, these partnerships can lead to funding initiatives to address the climate risks faced by the watershed and facilitate the promotion of sustainable water use in the territory.
Drought Heat waves	Selection of drought resistant varieties	Opting for rubber, oil palm and/or rice varieties that are more drought tolerant can reduce dependence on water and increase the ability of plants to survive and maintain healthy growth during periods of drought.
Water stress	Develop an optimal system for the management and efficient use of water resources.	Some water management practices that can be implemented are: + Incorporate rainwater harvesting systems that can later be used for irrigation. + Use efficient irrigation systems, such as drip or micro-sprinklers, which allow precise water distribution directly to plant roots. + Use soil moisture sensors to monitor moisture levels and determine when irrigation is needed, avoiding over- or under-watering. + Implement water conservation techniques, such as mulching the soil with organic materials to reduce evaporation. + Maintain and protect local water sources, such as streams, rivers or springs, by establishing protection zones around water sources and developing conservation measures upstream.
Heavy rains	Construction of drainage channels	To facilitate water flow and prevent and mitigate flooding, reservoirs or ponds can also be implemented to capture and store excess water during heavy rainfall events.
Heavy rains	Crop diversification	The introduction of complementary crops can help maintain the productivity of the plantation in case of damage or partial loss of the main crop.

Specific adaptation measures for physical risk to climate change Pajonales.

Climate Risk	Adaptation measure	Description
Drought Heat waves	Integrated pest and disease management	Rice crops weakened by drought and high temperatures can be more susceptible to pests and diseases, so developing a management plan can help minimize yield losses in the crop.

3.3.2.2. Estelar Hotels

It should be noted that for the risk analysis we prioritized the hotels in the Caribbean Region of the conglomerate, considering that these hotels represent 43% of the total revenues of Hoteles Estelar and are located in highly vulnerable areas to climate change. Additionally, the following results correspond to an analysis of inherent risks and do not indicate management and mitigation measures by Hoteles Estelar Región Caribe.

Nine physical risks were identified, five risks associated with extreme events in the territory operated by Hoteles Estelar Región Caribe. Of these, the assessment highlighted the risk of heavy rains due to the implications of above-average daily rainfall events on the operation of the hotel conglomerate, causing damage to physical infrastructure and flooding. Prolonged drought may increase the vulnerability of Estelar Hotels Caribbean Region to shortage of drinking water for the operation.

The assessment of risks associated with chronic physical risks identified that the increase in average temperature is a factor that determines the thermal comfort of guests at Hoteles Estelar and its increase generates increases in energy requirements and refrigerant gases. The risk of decreased rainfall is associated with the availability of drinking water in the region to meet the operational requirements of the hotels. Soil degradation, mainly due to coastal erosion and rising sea levels in hotels located in coastal areas, is an imminent risk to the physical infrastructure of the hotels and represents a loss of assets if adaptation measures are not taken.

Specific adaptation measures for climate risks assessed as extreme and high in the climate risk assessment are presented below.

Specific adaptation measures for physical risk to climate change Estelar Hotels.

Climate Risk	Measure	Description
Heavy rains Sea level rise	Risk management through Nature-Based Solutions (NBS)	It involves the inclusion of ecosystem management criteria and the protection of protected areas that reduce the transformation of natural ecosystems, which allows addressing the environmental challenges to which the hotel sector is exposed. Starting initially with the identification of BNS that can be integrated into the ecosystems of the area of direct and indirect influence of the hotels, and that increase resilience to climate change risks. Among the BNS that can be taken into consideration by Estelar Hotels are: + Promoting ecological connectivity Design and implementation of biological corridors (terrestrial and marine) to maintain and increase ecological connectivity. + Watershed management Based on the monitoring and follow-up of the impact of hotel operations and the dynamics of local public and private stakeholders in the watershed. This monitoring may include: + Monitoring the quality and quantity of the water resource, which is essential to evaluate its condition and guarantee its availability.

		+ Monitoring of the aquatic and terrestrial ecosystems present in the basin, as they play a crucial role in the health and balance of the ecosystem. In addition, involvement with local communities, government agencies and other relevant stakeholders can favor the creation of joint conservation and restoration projects, which would contribute to the protection and recovery of the watershed. On the other hand, collaboration can lead to environmental education programs that promote awareness and knowledge about the importance of proper water resource management. Likewise, these partnerships can lead to funding initiatives to address the climate risks faced by the watershed and facilitate the promotion of sustainable water use in the territory.
Soil degradation	Coastal protection	Construction of breakwaters or natural barriers, such as mangroves or dunes, to reduce the impact of coastal erosion and flooding. The municipal mayors' offices are already conducting technical studies to carry out this type of work in two areas where Hoteles Estelar operates: + Plan 4C: Cartagena: definition of the works required to protect the urban waterfront of Cartagena de Indias, from Marbella to El Laguito. The intervention consists of 4.5 kilometers of coastal shoreline with: - Construction of 6 Spurs in Bocagrande. -Construction of a Longitudinal Breakwater on the beach in Bocagrande. -Conformation of beaches (80 meters wide) in Bocagrande. -Construction of a Box Culvert (pluvial channel) in Bocagrande. -Marginal escollera from Espolón 6, to the existing Espolón 14, in front of the Marina Park, in the Historic Center area. -Marginal Protection from E14 to the tip of Santo Domingo. -Construction of 3 breakwaters, in front of the Historic Center. + Mayor's Office of Santa Marta: proposed installation of geotubes at approximately 50 meters into the sea, which will improve continental dynamics and generate a beach area for Pozos Colorados. In addition, the Santamar Hotel is in the evaluation phase of a climate change adaptation project. The project consists of hydrographic studies of topographical bathymetry, current measurements, sediment studies, and a mathematical model of waves and sediment movement in front of the Estelar de Santamar hotel. This project will strengthen climate risk analysis and facilitate decision making.
Drought Increase in average temperature	Develop an optimal system for the management and efficient	Some water management practices that can be implemented in the Hotel conglomerate are: + Implement rainwater harvesting systems that can be used later.

	use of water resources.	+ Maintain and protect local water sources, such as streams, rivers or springs, by establishing protection zones around water sources and developing conservation measures upstream.
Heavy rains	Structural Inspections	Conduct periodic structural inspections to determine the condition of hotel infrastructures, especially those located next to the beach and those most threatened by coastal erosion and sea level rise.
Sea level rise	Contingency Plan Formulation	Develop a contingency plan for extreme weather events. This plan should include evacuation protocols, stockpiling of emergency supplies, and effective communication with hotel staff and guests.

3.3.2.3. Coviandina, Covioriente, Covipacífico and PISA

In Coviandina 10 physical risks were identified, 5 risks associated to extreme events in the territory where the Concessionaire operates. Of these, the evaluation highlighted the risk of heavy rains in the area of influence of the Concessionaire, due to the implications of rainfall events above the daily average in the operation of the road, since it usually leads to landslide events which can lead to an interruption of the operation of the road.

The risks associated with changes in long-term weather patterns show a low to moderate assessment, so they do not pose an imperative risk to the operation of the business in the long term. However, the Concession identifies an extreme risk due to soil degradation as a result of changes in land use in the area of influence of the Concession, which triggers landslide events that affect the physical infrastructure and its operation.

Ten physical risks were identified in Covioriente, five risks associated with extreme events in the territory where the Concessionaire operates. Of these, the evaluation highlighted the risk of heavy rains in the area of influence of the Concession, which leads to hydromorphological events caused by soil saturation and triggers landslide events at specific points of the road corridor.

The risks associated with changing long-term weather patterns show an important assessment in the risk associated with the increase in average temperature, since the higher the average temperature, the more ultraviolet radiation that favors the premature aging of asphalt pavements and makes them brittle, which also contributes to the initiation and propagation of cracks in the asphalt surface.

Covipacífico identified 10 physical risks, 5 risks associated with extreme events in the territory where the concessionaire operates. Of these, the assessment highlighted the risk of heavy rains in the concessionaire's area of influence.

Risks associated with changes in long-term climate patterns show an important assessment in terms of increased average rainfall and soil degradation. The acute and chronic physical risks identified have a common denominator associated with hydrogeomorphological events caused by soil saturation resulting from an increase in average rainfall or intense rainfall and reinforced by changes in land use in the area of influence that favor soil degradation.

In PISA, 10 physical risks and 5 risks associated with extreme events were identified in the territory where the concessionaire operates. Of these, the assessment highlighted the risk of

heavy rains in the area of influence of the concessionaire, due to the implications of rainfall events above the daily average in the operation of the road, since it usually leads to flooding events at 4 critical points (La Artieta Creek Crossing, Zanjón Hondo, Zabaletas Creek Crossing and La Paila River Crossing), which can lead to an interruption in the operation of the road. The risks associated with changes in long-term weather patterns are assessed as low to moderate, and therefore do not pose an imperative risk to the operation of the business in the long term.

Specific adaptation measures for climate risks assessed as extreme and high in the climate risk assessment of road concessions are presented below.

Specific adaptation measures for physical risk Road concessionaires.

Climate Risk	Measure	Description
Heavy rains Increased rainfall Soil degradation	Risk management through Nature-Based Solutions (NBS)	Promote adaptation measures focused on the inclusion of ecosystem management criteria and protection of protected areas to reduce the transformation of natural ecosystems. Similarly, the identification, design and implementation of BNS that take into account the ecology of the landscape, the functions of the physical infrastructure and the area of direct and indirect influence of the road concession to increase resilience to climate change. Among which are: + Restoration of riparian and high mountain ecosystems Restoring and maintaining riparian vegetation can help protect adjacent roads and improve resilience to heavy rainfall as it can act as a natural barrier that slows water velocity. Carry out ecological restoration projects in degraded areas in the area of direct and indirect influence of high mountain areas, based on the reintroduction of native species and habitat rehabilitation.
	Study and monitoring of critical points	Concessions carry out a constant study and monitoring of critical points to generate early warnings to the National Infrastructure Agency (ANI) about extreme weather events that may affect the integrity and operation of the road. Monitoring allows for preventive measures, such as the temporary suspension of construction, operation and/or maintenance activities in case of alerts.
	Design and construction of climate-resistant infrastructure	Incorporate climate resilience criteria in the design of roads to avoid landslides and achieve adequate water channeling in intense rainfall events. This implies considering the impacts of climate change on the territory comprising the concession, elevation, drainage systems, pavement type and other structural elements of road infrastructure.

. Specific adaptation measures for physical risk Covioriente.

Climate Risk	Measure	Climate change adaptation measure
Average temperature increase	Asphalt layer analysis and monitoring	A technical analysis of the implications of the increase in average temperature on the physical components of the road infrastructure, such as pavement and cement, is recommended. Additionally, it is advisable to establish a climate monitoring system to evaluate environmental conditions and anticipate the effects of the temperature

		increase on the asphalt layer. To mitigate the risk it is recommended: + Use of modified asphalt mixtures Mixtures containing modifying additives to improve heat resistance and reduce plastic deformation. + Reflective surface treatments Application of reflective surface treatments to reduce heat absorption and minimize asphalt heating. These treatments may include light-colored coatings or materials with reflective properties.
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3.3.2.4. Promigas

Promigas and its controlled companies have selected the slow transition scenario (RCP 4.5) as the most likely to quantify risks. Key assumptions include recent geopolitical conflicts prompting governments committed to achieving net-zero emissions by 2050 to reassess their climate goals. These nations have opted not to rapidly phase out natural gas from their energy matrices, positioning it as a cleaner transitional fuel compared to other fossil fuels. Shortages of mineral inputs needed for scaling renewable technologies have slowed fossil fuel phase-outs and hindered renewable penetration. Through climate scenario development, we've identified risks and opportunities impacting our company financially across all timeframes (short-term 2030, medium-term 2040, long-term 2050) and geographic regions of operation. Quantitative climate assessments have prioritized and estimated potential financial impacts from physical and transition risks under each climate scenario and timeframe, informing our Climate Value-at-Risk calculations.

Physical Risks

Acute Risks

Physical Risks | Major Impact Risks | Probability | Potential Impacts on Net Utility

- Landslides
- Extreme Events - Rain/Floods
- Fires (Forest Fires)
- Heat Waves
- Drought Periods
- Hurricanes

High Probability

- Infrastructure failures impacting business continuity.
- Increased maintenance costs.
- Asset relocation or replacement.
- Difficulty accessing operations, constructions, and maintenance activities.

The estimated financial impact is within the risk appetite capacity limit:

20% - 30% Net Utility (Period 2030)

This exposure does not endanger the fulfillment of the corporate strategy. Additionally, short and medium-term action plans are defined.

Chronic Risks

Physical Risks | Major Impact Risks | Probability | Potential Impacts on Net Utility

- Sea Level Rise
- Wind Availability
- Temperature Increase
- Precipitation
- Solar Radiation
- Ocean Acidification

High Probability

- Infrastructure failures impacting business continuity.
- Increased maintenance costs.
- Asset relocation or replacement.
- Difficulty accessing operations, constructions, and maintenance activities.

The estimated financial impact is within the risk appetite capacity limit:

20% - 30% Net Utility (Period 2030)

This exposure does not endanger the fulfillment of the corporate strategy. Additionally, short and medium-term action plans are defined.

To address these physical risks that challenge our infrastructure, Promigas is developing several projects and actions with the purpose of adapting and reducing potential impacts, such as early warnings, construction plans for works and variants, and adaptation plans for strategic assets.

For more information on Promigas' adaptation measures can be found in the company's decarbonization pathway in the following link:

<https://www.promigas.com/Paginas/Sostenibilidad/ENG/Descarbonization-Road-Map.aspx> _

Annex 1

Detail on Scope 3 emissions for 2024

Detail on scope 3 emissions tCO ² e	2024
Capital goods	312.43
Business travel	54
Employee commuting	187.17
Investments	1'391'520
Other upstream	907.56
TOTAL	1.393.168
