

# Regular Year -End Report

(Management and Sustainability Report 2022)



Organización Terpel S.A.

# Regular Year -End Report

## Basic identification of the issuer:

Organización Terpel S. A.  
Carrera 7 n.º 75-51, Bogotá, Colombia

## Securities outstanding:

Organización Terpel S.A. has outstanding equity securities, i.e., common stock, and fixed income securities through ordinary peso-denominated bonds. Of the 195,999,466 shares of common stock, 14,574,961 shares were repurchased, leaving a total of 181,424,505 shares of common stock outstanding.

Terpel has made a total of four bond issues, which took place in 2013, 2015, 2018, and 2020. The 2018 and 2020 issues were made under Terpel's SFC-approved Issuance and Placement Program (PEC) in the amount of COP\$2.78 trillion, of which the company has placed COP\$1.57 trillion, leaving COP\$1.21 trillion available for new issues.

Organización Terpel S.A.'s shares are listed on the Colombian Stock Exchange and are traded through the MECPLUS system by brokerage firms supervised by the Colombian Superintendent of Finance.

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# Glossary

<b>ACP:</b>	Colombian Petroleum and Gas Association	<b>SDG:</b>	Sustainable Development Goals
<b>Andemos:</b>	National Association of Sustainable Mobility	<b>P&amp;L:</b>	Profit and loss statement (Income statement).
<b>ESG:</b>	Environmental, Social, and Corporate Governance (also called Economic).	<b>POS:</b>	Point(s) of sale
<b>CES:</b>	Strategic Services Center	<b>PQRS:</b>	Petitions, complaints, claims, and suggestions
<b>COP:</b>	Colombian Pesos	<b>RET:</b>	Terpel Business Owner Network
<b>DANE:</b>	National Administrative Department of Statistics	<b>ROE:</b>	Return on equity
<b>HR:</b>	Human rights	<b>SASB:</b>	Sustainability Accounting Standards Board
<b>EatCloud:</b>	Organization that manages food third parties are not able to sell in their facilities to ensure its use.	<b>HSEQ:</b>	health, safety, environment, and quality.
<b>EBITDA:</b>	earnings before interest, taxes, depreciation, and amortization.	<b>CS:</b>	Convenience services
<b>EDS:</b>	Service Stations	<b>OHS-MS:</b>	Occupational Health and Safety Management System
<b>FAU:</b>	Used Oil Fund	<b>SMLV:</b>	Current legal minimum wage
<b>IMF:</b>	International Monetary Fund	<b>STEM:</b>	Science, technology, engineering, and mathematics.
<b>GI:</b>	Stakeholders	<b>S&amp;P:</b>	Standard and Poor's
<b>LPG:</b>	Liquefied petroleum gas	<b>TCFD:</b>	Task Force on Climate-Related Financial Disclosures.
<b>CNG:</b>	Compressed natural gas	<b>TONS:</b>	Tons
<b>I.E.:</b>	Public school	<b>EVG:</b>	Economic Value Generated
<b>KBPD:</b>	thousands of barrels per day.	<b>EVD:</b>	Economic Value Distributed
<b>MMcf/d:</b>	million cubic feet per day.	<b>EVR:</b>	Economic value retained (EVR=EVG-EVD)



# Management 2022

Organización Terpel believes that the current global context demands a more effective way of communicating with all our stakeholders about the way our company is run, the progress it makes, the challenges it faces, and the successes it has achieved.

For the last 12 years, this Management and Sustainability Report has been a means of communicating our medium- and long-term strategic actions and performance in the area of sustainability, in keeping with our commitment to transparency and accountability

**(2-1)** The information presented here is for Organización Terpel S.A., incorporated as a joint-stock company, with its main office at Carrera 7#75-51, Bogotá, Colombia.

The report consolidates the results of operations in Colombia, Ecuador, Panama, Peru and the Dominican Republic. Terpel has aligned the presentation of some of the information related to human talent with the criteria and ranges proposed by our shareholder Copec S.A. (parent company), which exercises indirect control over Organización Terpel S.A. through the company Petróleos de Chile Copec S.A. and Copec Overseas SPA. The ultimate parent company is Inversiones Angelini y Compañía Ltda.

**(2-2)** This report includes Terpel's activities described in the "Our Subsidiaries" section of the report, whose figures are consolidated in the 2022 financial statements included in this document. The financial statements are prepared annually and are presented with the Management and Sustainability Report. The publication date of the report is March 24, 2023.

**(2-3)** Our report has been prepared in accordance with the reporting guidelines of the GRI Standards and covers the period from January 1 to December 31, 2022. It presents in an expanded form the main results of our operations in Colombia in terms of environmental, social and economic performance (ESG). It also includes the main results for the management of our subsidiaries in Ecuador, Panama, Peru and the Dominican Republic.

The document reports on how we manage sustainability in accordance with our corporate model, clearly presenting the evolution and progress made in each of our organization's seven material issues. These material issues were defined and validated in 2020, and are in line with the requirements of the Financial Superintendent of Colombia (SFC) regarding the disclosure of ESG information.

The exercise to update materiality consisted of three phases. 1. Context analysis 2. Identification of issues 3. Prioritization and validation. In addition, it incorporated two perspectives: an internal perspective (business strategy and policies) and an external one (the vision of stakeholders, sustainability standards, trends and benchmarking).

**(2-4)** In 2022, there were no significant updates or restatements of information from prior years.

**(2-5)** With a view to transparent reporting that builds trust with our stakeholders, we seek external assurance from KPMG Advisory, Tax & Legal, a professional firm whose services guarantee the integrity of the figures and management we report. The information is also validated by internal control systems and directly monitored by Terpel's management team, guaranteeing its accuracy and reliability. We keep senior management informed through the Sustainability Committee, involving them in key observations and opportunities for improvement for the organization.

For further information on our Sustainable Management Model or Sustainability Reports, go to:  
<https://www.terpel.com/en/Sostenibilidad>

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(2-22)

# Statement on the sustainable development strategy

The global agenda over the past two years has been dominated by the pandemic, geopolitical changes, and international tensions that have created volatility in political, economic, and social arenas, and persistent uncertainty.

This challenging context has forced us to be more creative and resilient; to grow in our flexibility and ability to adapt to change; to appreciate more deeply what we do and what we have; and to work together for the benefit of society as a whole.

For us as a company, the year 2022 led to deep reflection on the path we choose to walk toward greatness. Being clear on our purpose in such a changing environment was essential for meeting new market challenges and responding proactively to consumers' needs.

The knowledge that we work every day to "empower and mobilize people, companies, and the country with the best energy" has inspired us to achieve extraordinary results.

Thanks to our focus on sustainable development and to the work of a passionate, results-oriented team with a spirit of innovation and a true calling to serve, we met and exceeded our goals for 2022.

It gives me great pride and satisfaction to present our Management and Sustainability Report and to share with you some of our key economic, social and environmental achievements, among which I would like to highlight the following:

- **We maintained leadership** in the service station segment with a 44.7% market share, in the compressed natural gas for vehicles segment with 47.1<sup>1</sup>%, in aviation fuels with 78.9%, and in lubricants with 38.8%.
- 30% of the company's EBITDA comes from our international operations, demonstrating our excellent performance in Panama, Peru, the Dominican Republic, and Ecuador.

[1] Fuels for industry included.



"

Thanks to our focus on sustainable development and to the work of a passionate, results-oriented team with a spirit of innovation and a true calling to serve, we met and exceeded our goals for 2022.

"

- **We received important recognition.** Standard & Poor's confirmed our 'AAA' rating, and Fitch Ratings also confirmed our 'AAA (col)' and 'F1+(col)' ratings. For the ninth consecutive year we received the IR (Investor Relations) Award.
- **We received an award from Andesco - National Association of Public Services and Communications - in the Inclusion category,** thanks to our Amigos del Alma (Best Buddies) program, which for the last six years has provided employment opportunities to people with cognitive disabilities, in collaboration with the Best Buddies Foundation.
- For the first time we were included in the **ANDI's ranking of the 30 most innovative companies in Colombia** based on our research, development, and innovation.

- **In the Merco reputation ranking, we were the top private company in the hydrocarbons sector.** And we are among the top 20 companies with the best reputation in Colombia.
- In our aviation operations in Colombia, Panama, Peru and the Dominican Republic, **we achieved record sales for the year** of more than 515 million gallons, with figures better than 2019 for the entire region.
- We expanded our services with the launch of the **Technology and Innovation Center, which provides specialized analytical services for lubricants, fuels, greases, and coolants.** The Ministry of Science, Technology, and Innovation recognized this center's fuel laboratory adaptations as a process innovation.
- **We launched the Terpel Voltex App** as a fundamental part of the e-mobility strategy. It is a 100% digital and self-managed sales channel for users that is unique in the country.
- **We now have 120 Altoque stores.** We have strengthened our strategy for expanding this business, **opening 45 new stores during the year, and becoming the largest network of convenience stores in the country.**
- **We launched our new ViveTerpel loyalty program** and signed up close to 2 million users at more than 1,000 points of sale including service stations and stores participating in the program.
- As part of that loyalty program, **we launched the Terpel APP,** with more than 900,000 downloads. It gives our customers a friendly way to interact with the program benefits.
- **We defined our environmental stance,** which considers issues of climate change and energy efficiency; safe operations; and the circular economy and waste management. The actions defined in that document will lead us to carbon neutrality by 2050.

- Honoring our commitment to the environment, **we moved ahead with the inauguration of 3 service stations in CNG green corridors, along with two stations that offer LPG.** We also closed out the year with **14 solar-based self-generation power plants** in the country, for total renewable energy of 1.06 gigawatts in 2022.
- Working with our **Terpel Foundation, we inaugurated three interactive classrooms – in Colombia and Panama –** to strengthen education for children and help close digital gaps.
- **With the aim of supporting the inclusion of children with cerebral palsy and improving their living conditions,** a program we developed **in partnership with the Unidos para Sonreir Foundation** provided gyms, physical training, groceries, and counseling for caregivers, **benefiting 700 people.**
- Our work in sustainability **confirmed our annual commitment to the 10 principles of the United Nations Global Compact.**

I am grateful to the team at Terpel for making these achievements possible through their hard work, discipline, and dedication. Thank you to the Board of Directors, to our shareholders and investors for their confidence and backing; to our partners for their commitment and hard work; and to our suppliers for their compliance and excellent performance. Thank you also to our customers for choosing us daily as your source of energy for keeping the country on the move.

I invite you to read [our report](#) and learn more about the management that makes us the best choice for consumers, the best neighbor for the communities where we operate, the best place to work, the best ally to our business partners, and the safest investment.

Thank you very much.

**OSCAR BRAVO RESTREPO**

PRESIDENT ORGANIZACIÓN TERPEL S.A.

# Our History





# Context Analysis

## Global and national context

As vaccinations progressed and the number of COVID-19 cases declined, 2022 began with a positive outlook. Society and the economy gradually reactivated in the framework of what was called the "new normal."

However, the Russian invasion of Ukraine and its impact on the international supply chain – already strained by measures to prevent the spread of COVID-19 – and on the prices of inputs for a wide range of industries, all led to a new scenario of volatility and uncertainty.

Rising inflation and interest rates, reduced public spending after increased spending during the coronavirus pandemic, currency depreciations against the dollar, tighter financial conditions, and the emerging market debt crisis ended up putting additional pressure on the global economy.



According to the International Monetary Fund (IMF), the global economy grew 3.2%, a slowdown of 6.0% compared to growth in 2021. According to that organization, with the exception of the world financial crisis and the most acute phase of the pandemic, this is the weakest growth profile since 2001. The IMF expects global inflation to climb from 4.7% in 2021 to 8.8% in 2022<sup>2</sup>, implying a continued contractionary monetary policy to combat inflation.

In the midst of this global conjuncture, on the local front, Colombia experienced an electoral year that concluded with the election of Gustavo Petro as President of the Republic and the consolidation of his majority coalition.

On the economic front, the Colombian economy grew 7% as of the third quarter of 2022, according to the National Administrative Department of Statistics (DANE).

Employment recovered gradually. Unemployment stood at 13.2<sup>3</sup>% in the first quarter of the year and ended at 9.5% in December. Furthermore, the economic landscape was characterized by an increase in the interest rate, which rose from 4% in January 2022 to 12% in December of the same year<sup>4</sup>. The devaluation of the peso during the year was 20.8% in relation to the dollar, passing the COP\$5,000 per dollar barrier in October and finishing the year around COP\$4,810.

Lastly, the performance of foreign direct investment in 2022 was remarkable. By the close of the third quarter of the year it had reached USD13.5 million, double the investment made during the same period in 2021, and one of the highest figures since 2015. Second only to the financial sector, the oil and mining sector attracted 25% of all FDI as of the ninth month of 2022<sup>5</sup>.

## Sector context

The oil sector drilled 54 of the 60 planned exploration wells, in line with its investment program for 2022. There were also promising offshore discoveries, especially of natural gas, for which the country received about COP\$22.65 trillion in royalties, according to the national budget for regular revenue for 2021-2022.

The volumes achieved in 2022 confirm the sector's good performance. According to the Colombian Petroleum and Gas Association (ACP), oil production was approximately 760 thousand barrels per day (kbpd) and marketed gas production was 1,106 million cubic feet per day (mpcd)<sup>6</sup>.

Another important topic in sector discussions was the proposed tax reform to change the subsidy policy for gasoline and diesel, especially in border areas, and the gradual dismantling of the stabilization fund.

At the same time, a ban on exploratory fracking pilot projects and proposals for new environmental regulations in the National Development Plan, including a regional reorganization with new agencies and consultation mechanisms, created a landscape of uncertainty.

Thanks to high prices, the Colombian Petroleum Association (ACP) estimates the sector's contribution in taxes and royalties for 2022 at COP\$58 trillion. Although the Association believes this level of contribution could be maintained if prices remain high, it also warns that the non-deductibility of royalties and a new surtax on income, as defined in the tax reform, could jeopardize part of oil production.

In terms of liquid fuel consumption, 96% of the total vehicle fleet - 6.9 million cars and 10.9 million motorcycles in circulation in the country - burn gasoline and diesel. In 2022, about 130 million tons of freight were moved by ground, mostly by diesel-powered trucks.

In addition, 47 million passengers traveled on aircraft that use jet fuel.

In this context, total liquid fuel demand grew 14% in 2022 compared to 2021, reaching 345 thousand barrels per day (KBPD)<sup>7</sup>.

Faced with a higher demand for fuel, an average of 59.6 KBPD of gasoline, 30.3 KBPD of diesel, 2.4 KBPD of jet fuel, and 0.6 KBPD of ethanol were imported in 2022, representing 27% of all fuel consumption<sup>8,9</sup>.

Despite the increased demand for fuel, national production of ethanol in 2022 went down 9% over production in the year 2021. In consequence the Ministry of Mines and Energy and the Ministry of the Environment, as a function of the estimated availability of alcohol, set monthly blending rates of less than 10%, which led to a national average ethanol content in gasoline of 4%, lower than the average of 6% in 2021<sup>10</sup>.

[2] Information taken from: <https://www.imf.org/es/Blogs/Articles/2022/10/19/latest-global-growth-forecasts-show-challenges-facing-economies>

[3] Information taken from: [https://www.dane.gov.co/files/investigaciones/boletines/ech/ech/bol\\_empleo\\_mar\\_22.pdf](https://www.dane.gov.co/files/investigaciones/boletines/ech/ech/bol_empleo_mar_22.pdf)

[4] Information taken from: <https://www.banrep.gov.co/es/estadisticas/tasas-interes-politica-monetaria>

[5] Information taken from: <https://www.banrep.gov.co/es/estadisticas/inversion-directa>

[6] Investment trends in exploration and production (E&P) in Colombia 2021 and outlook 2022, ACP (January, 2022): <https://acp.com.co/web2017/en/publicaciones-e-informes/economicos/844-informe-economico-tendencias-e-p-petrole-y-gas-en-colombia-2021-y-perspectivas-2022>

[7] Figures from ACP economic report, "Mercado combustibles líquidos en Colombia en un contexto de transición energética. Evolution 2022 y perspectiva 2023 - 2032." (Liquid fuel market in Colombia in the context of the energy transition. Evolution 2022 and Outlook 2023 - 2032).

[8] Ibid.

[9] Although the country has a surplus of fossil fuels, imports were necessary due to the demands of mining and maintenance needs at refineries.

[10] Ibid



In terms of natural gas, according to the Colombian Natural Gas Association, Naturgas, at the close of 2022 the country had more than 10.6 million households using natural gas, representing almost 80% and positioning Colombia as a global benchmark. Moreover, the natural gas industry is in a position to attain a 25% share of Colombia's primary energy thanks to projects currently being implemented or restructured<sup>11</sup>.

As for natural gas vehicles, increased efforts should be made to promote their use, as only 606 CNG vehicles were registered as of November 2022, representing a variation of -1.1% over the same period in 2021<sup>12</sup>.

Liquefied Petroleum Gas (LPG) continues to play a part in the country's energy transition. According to Gasnova, the Colombian LPG Association, the average monthly consumption in the first half of 2022 was 60.8 thousand tons, 2.8% more than the average monthly consumption in the first half of 2021, which was 59.1 thousand tons. This can be explained mainly by the discounts offered by Ecopetrol to promote use of the product<sup>13</sup>.

Regarding the energy transition, the new government has stated that it intends to promote practices that help slow climate change. To do this, it proposes developing a roadmap in the first half of 2023 that will complement initiatives focused on green hydrogen and wind, biomass, biogas, small hydro, geothermal, ocean energy, and advanced biofuels (including sustainable aviation fuels).

According to the Ministry of Mines and Energy, over the last four years Colombia has multiplied by 30 times its installed capacity for power generation from renewable sources, contributing to a reduction of 1,126,103 tons of CO<sub>2</sub> per year<sup>14</sup>.

An increasing number of vehicles that use clean technology have been registered, demonstrating growing demand for these vehicles in the country. Based on RUNT data, the National Association of Sustainable Mobility (Andemos) found that 27,845 hybrid and electrical vehicles had been registered by the end of 2022, a 57.3% increase in vehicle registrations over the same period the previous year. For all types of cars, 262,595 vehicles were registered, 4.8% more than in 2021. Of these, 2,430 were plug-in hybrids, 3,274 were electric vehicles, and 22,141 were hybrids<sup>15</sup>.



[11] Naturgas Annual Congress (November 2021). Available at: <https://naturgas.com.co/con-127-proyectos-identificados-y-usd-2-900-millones-en-inversiones-gas-natural-generara-20-mil-empleos-en-la-reactivacion/>

[12] Informe de fuente de energías alternativas y combustibles (Report on sources of alternative energies and fuels) (November 2022) Naturgas and Fenalco.

[13] Annual LPG Report, Gasnova (October 2022). Information taken from: [https://www.gasnova.co/wp-content/uploads/2022/10/InformeGLP2022\\_OK3.pdf](https://www.gasnova.co/wp-content/uploads/2022/10/InformeGLP2022_OK3.pdf)

[14] La República (July 2022): <https://www.larepublica.co/economia/el-ministro-de-minas-diego-mesa-indico-que-colombia-cerraria-el-ano-con-2-500-mwp-3395656>

[15] Figures Andemos, Interactive Report Automotive Sector 2022. Available at: <https://www.andemos.org/>



# Organización Terpel S.A. and subsidiaries





# About Terpel

Terpel is a company of Colombian origin, tradition, and perspective that for more than 50 years has been committed to the country, promoting its development, growing shoulder to shoulder with its affiliates, and operating under a strict policy of business ethics and corporate governance. Its purpose is to power people, companies, and the country with the best energy, keeping them on the move.

It is the leader in the distribution and sale of liquid fuels, CNG, and lubricants in Colombia. As a contribution to the energy transition, in 2019 it launched its e-mobility strategy, offering its users a variety of alternatives for recharging, thereby facilitating the circulation of electric vehicles.

In addition to Colombia, it has a significant presence in Ecuador, Panama, the Dominican Republic, and Peru.

In Latin America its network includes 2,384 service stations and 571 convenience service points, including stores, refreshment kiosks, and car washes. It has 31 supply plants in its country of origin. In the Aviation business, the company leads the market, operating in 21 airports in Colombia. It also has operations at five airports in the Dominican Republic and five in Panama<sup>16</sup>, and serves the main airport in Peru. Terpel is the authorized distributor of Mobil brand lubricants in Colombia, Ecuador and Peru.

Terpel is a country partner because it promotes people's comprehensive development, trains its employees, and contributes to the well-being of its neighbors. It invests in the future of Colombia through high-quality educational programs led by its Foundation for the last 18 years, which have benefited more than 1 million people.

Through its excellent and friendly service, modern infrastructure with a fresh look, and competitive prices, Terpel aims to be the number 1 brand in the hearts of consumers.

[16] Three of which are operational.

## A colombian company with an international presence



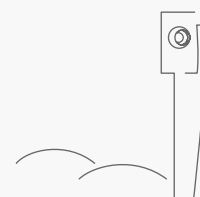
## Consolidated figures: Competitive conditions



5  
Countries



32<sup>17</sup>  
Airports



2,384<sup>18</sup>  
Service stations

2,303  
Liquid fuel service stations

251  
CNG fueling stations

30  
LPG fueling stations



571  
Convenience services<sup>19</sup>



676  
Industry customers



53,621  
POS Lubricants



18  
Voltex stations



2  
Lubricant blending plants

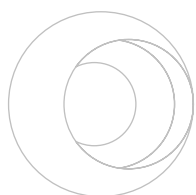


35  
Fuel plants

[17] Includes 5 airports in Panama where we have a presence, 3 of which are operational.

[18] The total number of service stations reported includes dual-fuel stations that have islands for both liquid fuels and LPG or CNG.

[19] Includes convenience stores, refreshment kiosks, and car washes.



### Total company income

Amount Variation over 2021  
**35,455,549** **53%**

million pesos

### Sales Volume

Amount Variation over 2021  
**3,277<sup>20</sup>** **14%**

million pesos

### EBITDA (KPI)

Amount Variation over 2021  
**1,418,726** **18%**

million pesos

### Net earnings/ loss (KPI)

Amount Variation over 2021  
**333,412** **-11%**

million pesos

### CAPEX / EBITDA

Amount Variation over 2021  
**40.8%** **11%**

### Adjusted CAPEX / EBITDA<sup>21</sup>

Amount Variation over 2021  
**44.2%** **12%**

### Cash flow to sales

Amount Variation over 2021  
**1.6%** **1.4%**

### Cash flow to sales

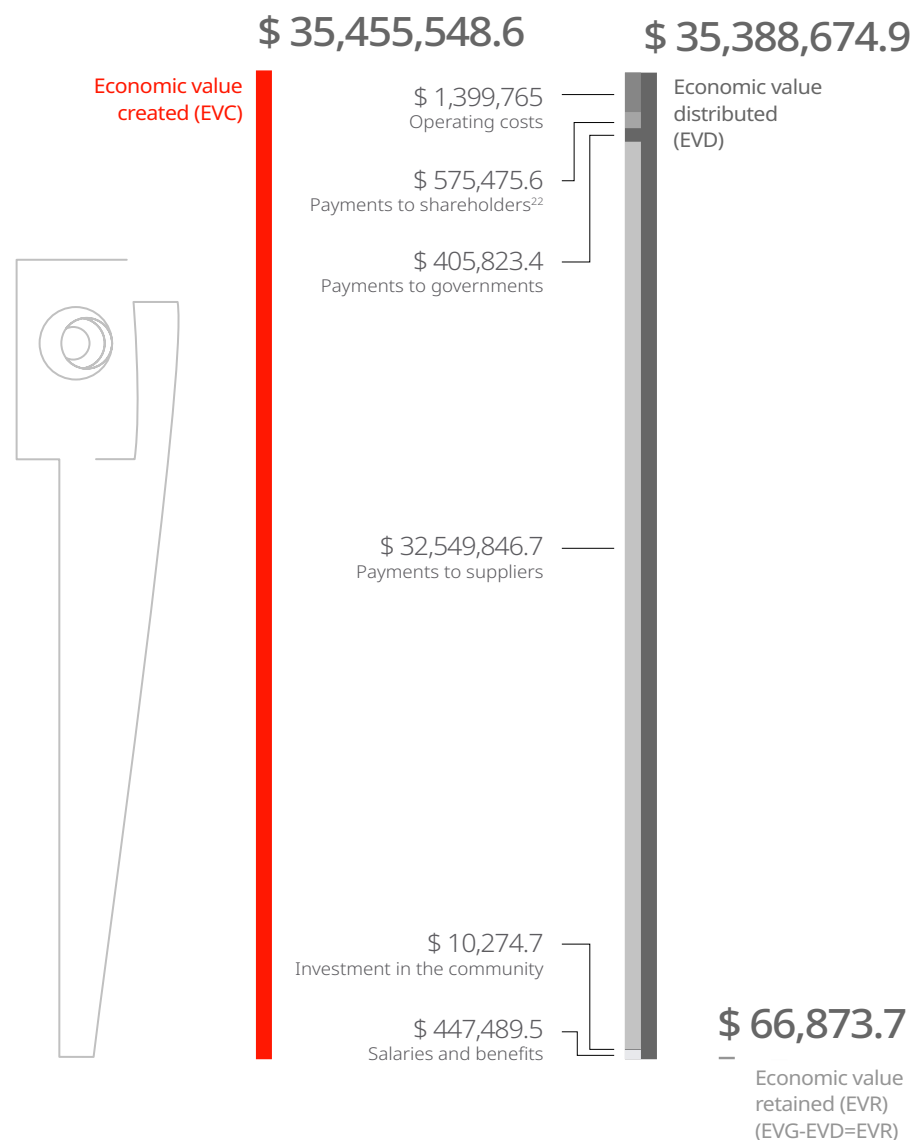
Amount Variation over 2021  
**1.7 times** **0.1**

### ROE

Amount Variation over 2021  
**11.1%** **3.5%**

## (201-1) Economic value created, distributed, and retained

Amount in millions of pesos

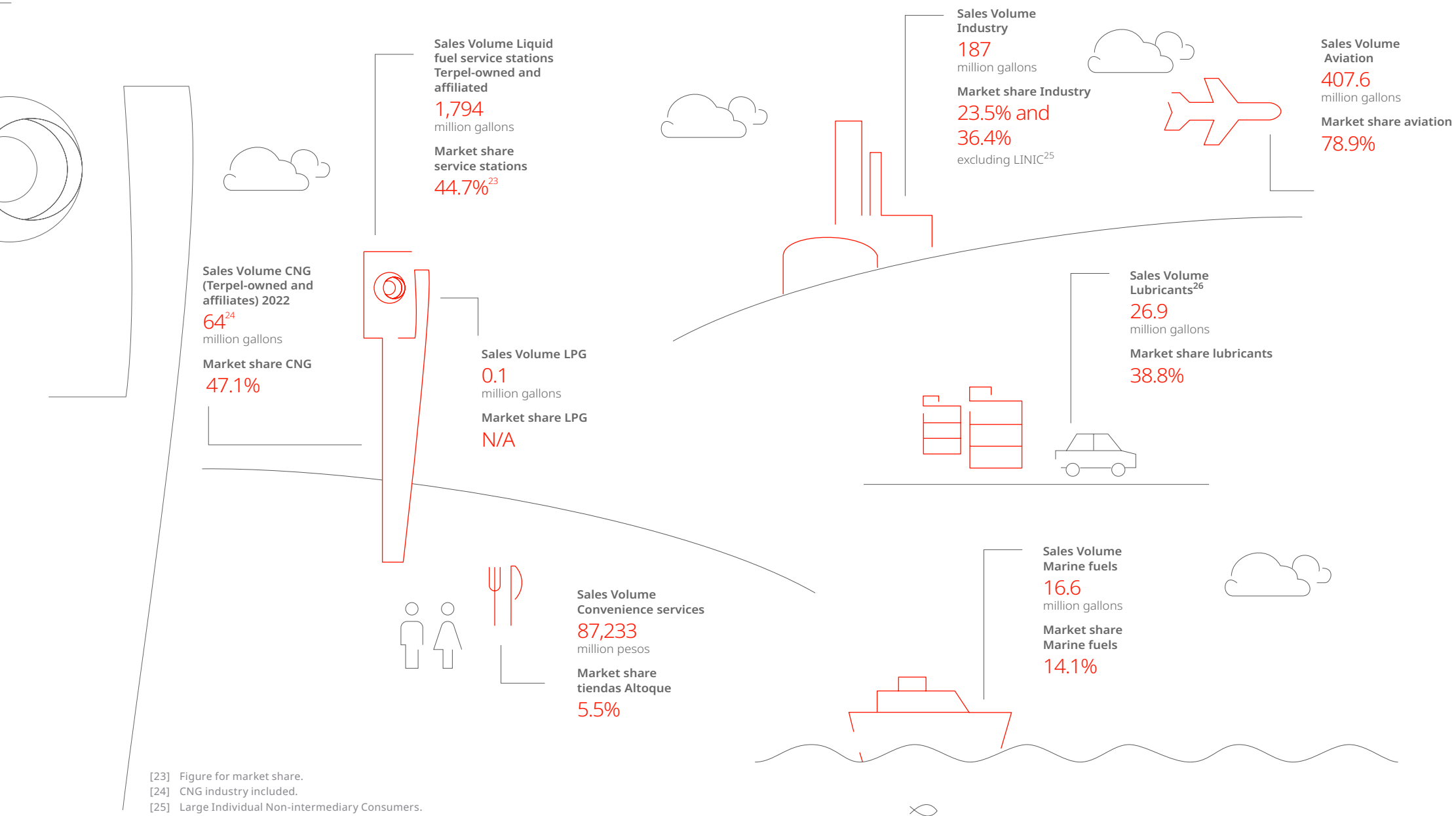


[20] Corresponds to fuels and lubricants.

[21] Adjusted EBITDA is EBITDA excluding the impact of NIIF16

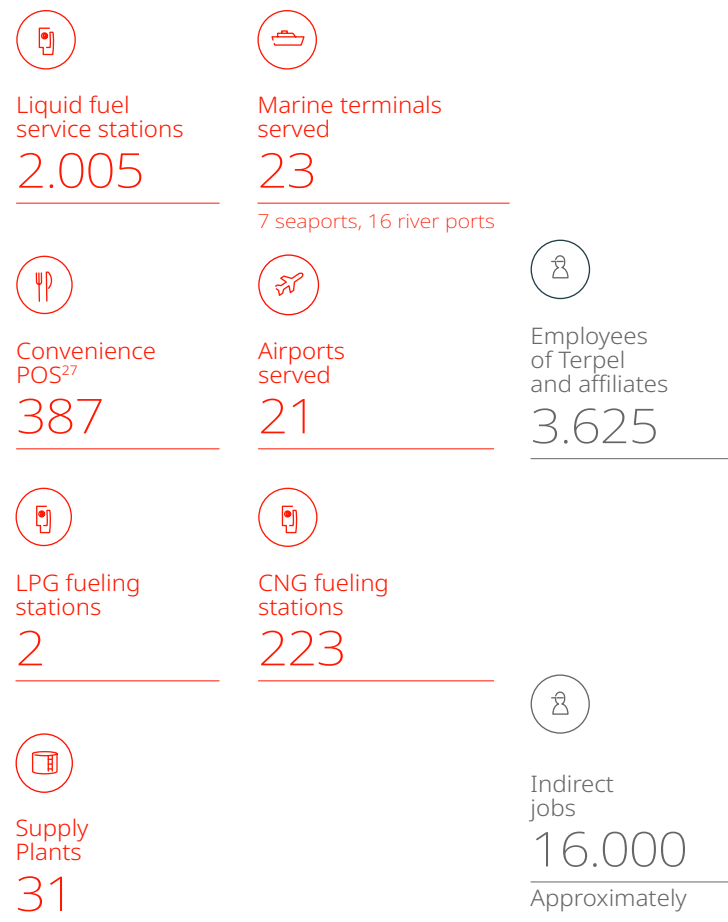
[22] Corresponds to dividends paid to shareholders and financial expenses as defined by the GRI.

## Organización Terpel Colombia in Numbers





## Organización Terpel Colombia in Numbers



### Organización Terpel

**1.554**

### Terpel Exportación

**2**

### Terpel Energía

**7**

### Terpel Foundation

**6**

### Masser

**2.056<sup>28</sup>**



### Voltex - EV charging stations

**13**

electric mobility

### Bus charging stations

**1**

### Semi-public charging stations for industrial customers

**1**

### Charging stations for industrial customers

**1**

### Bus yards to supply power to electric mass transportation

**5**

## Financial figures Organización Terpel Colombia

**\$ 24.307.048**

Economic value created (EVC)

**\$ 24.127.072**

Economic value distributed (EVD)

\$ 776.967  
Operating costs

\$ 310.933<sup>29</sup>  
Payments to shareholders

\$ 327.416  
Payments to governments

\$ 22.458.751  
Payments to suppliers

\$ 7.522<sup>30</sup>  
Investment in the community

\$ 245.484  
Salaries and benefits paid to employees

**\$ 179.976**

Economic value retained (EVR)

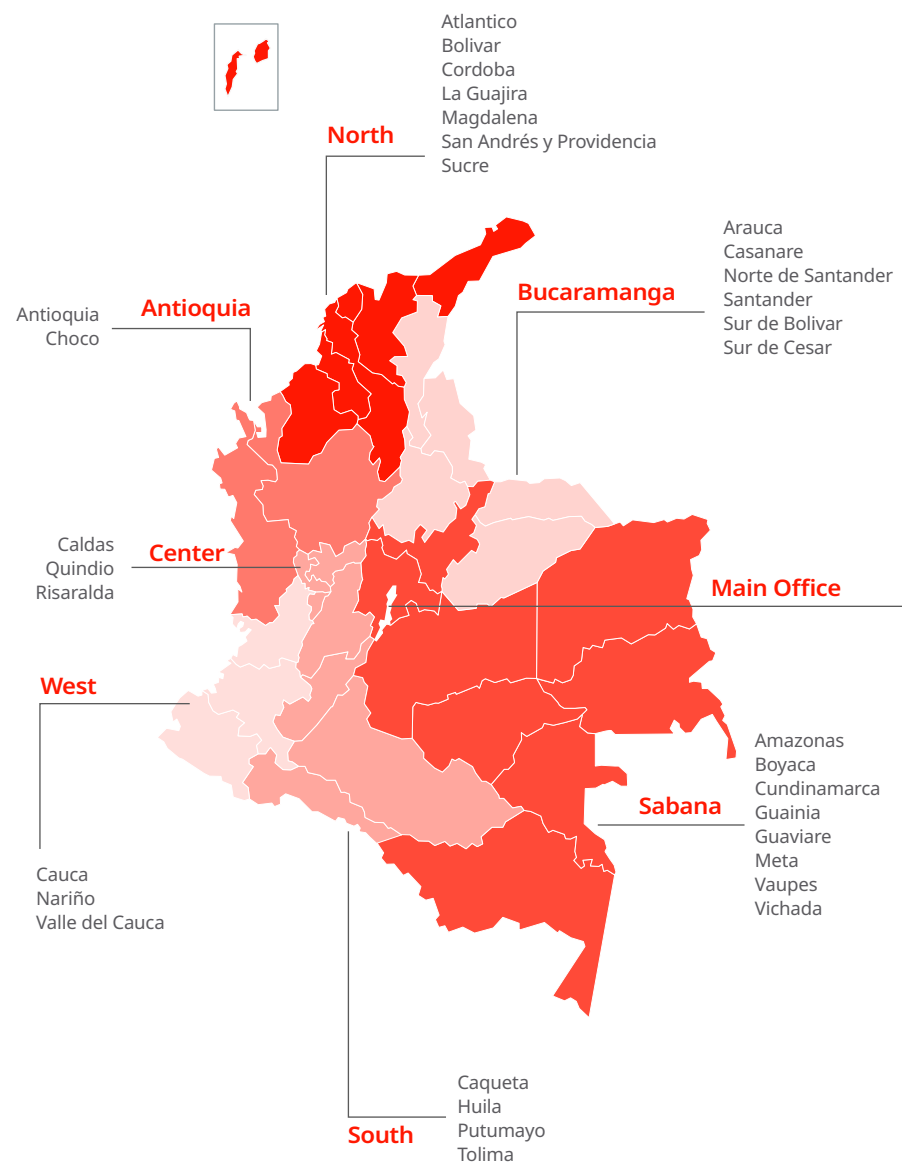
[27] Includes Altoque stores, refreshment kiosks, and car washes.

[28] Does not include 83 interns.

[29] Corresponds to financial expenses only.

[30] Includes social investments by Masser.

## Where we are located (Colombia)



## Our strategy



### Purpose

To power people, companies, and the country with the best energy.



### Vision

By 2025, a highly inspirational team will make Terpel the #1 brand in service, recognized as a Country Partner.



### Mission

To create memorable experiences, keeping the country on the move with all our brands.



### Values

Integrity, respect, and reliability.

### Terpel cultural attributes

- Innovation
- Efficiency
- Inclusion
- Recognition

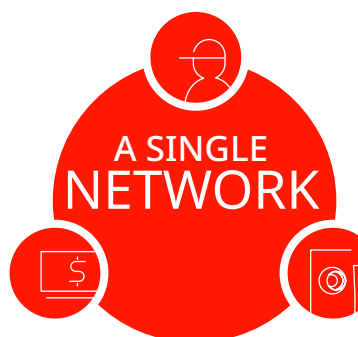
### Behaviors:

1. Attitude of service
2. Strategic discipline
3. Results-oriented
4. Team work
5. Leadership

Our philosophy focuses on serving people, not vehicles. We seek to create memorable experiences in all our business lines, supported by three pillars:

**1. The best service:** This means delivering exceptional service that allows us to outperform all others and hold a privileged place in the hearts of consumers.

**2. The best infrastructure:** Our comprehensive services go far beyond filling up the tank. Our service stations have a modern infrastructure that creates a comfortable and safe environment; we offer clean restrooms available 24 hours a day; Altoque stores give Colombians a friendly stop along the way and areas created with truckers in mind; our Ziclos car washes are designed so users can quickly and efficiently wash their vehicles; our Deuna refreshment kiosks offer consumers snacks without getting out of their cars; and we have pump islands especially designed for motorcycles.



**3. The best prices:** We offer the most competitive prices in each micro market where we operate.

We adapt this philosophy to each of our businesses to guide their management with the same organizational principles.



We have invested 756 billion COP in these industry associations in the form of membership fees to ANDI, ACP and Naturgas

## (2-28) Memberships and partnerships that create value

### Partnerships

- Agency for Reincorporation and Normalization (ARN)
- Unidad para las víctimas
- Casa Libertad
- Corporación Mundial de la Mujer - CMMC
- Corporación Matamoros
- Acción Interna Foundation
- Arcángeles Foundation
- Office of the Governor of Huila
- Office of the District Secretary of Women
- Soy Oportunidad Foundation
- Gender Parity Initiative at the Ministry of Labor
- Office of the Secretary of Transparency
- Colombian Route to Integrity
- Responsible Business Conduct Community – Bogotá Chamber of Commerce
- Conduce al 50 vive al 100
- Pacto Unidos por un nuevo aire, Secretaría Distrital de Ambiente, Alcaldía mayor de Bogotá
- IBIA
- IATA
- ALTA
- ICONTEC technical committee
- AFE: Association of Corporate Foundations
- RedAmérica: Association of Corporate Foundations of Latin America
- Business Owners for Education

### Initiatives supported and affiliations

- United Nations Global Compact
- Global Compact Network, Colombia
- Colombian Network Against Child Labor
- LGBT Business Chamber
- UN Women
- Women's Empowerment Principles
- Women in Connection
- Colombian Institute of Corporate Governance – ICGC

### Industry Associations

- Colombian Petroleum and Gas Association (ACP)
- National Business Association of Colombia (ANDI)
- Colombian Association of Natural Gas in Colombia (NATURGAS)



(2-6; 3-3)

# Quality products and services



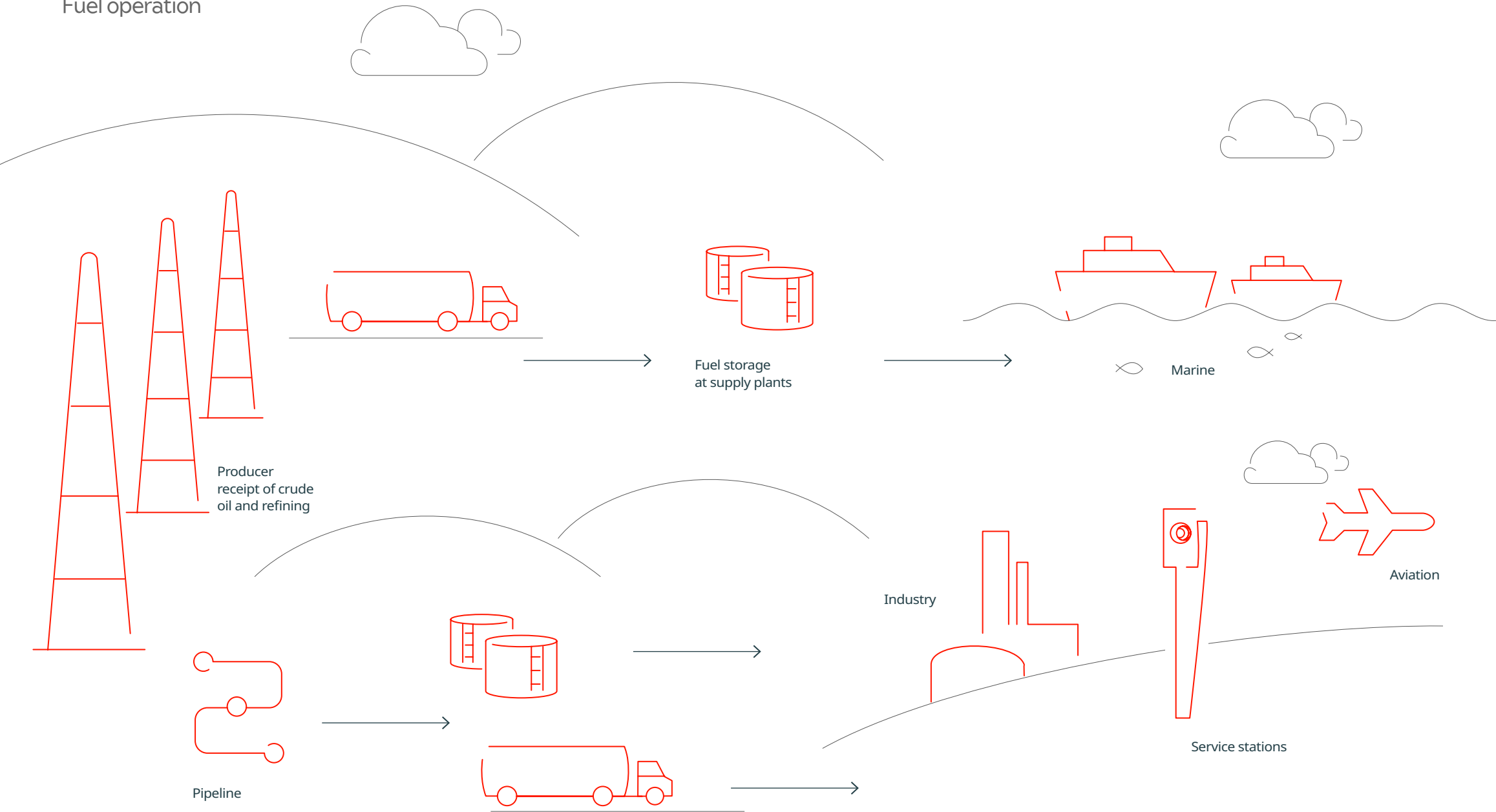


We develop efficient, safe, and innovative products and services that improve our customers' experiences and processes, facilitate their businesses, and promote cleaner operations. Technology and digital transformation are differentiating factors that allow us to operate more efficiently, reliably, and in a timely manner in response to our customers' needs and to changes in our context. We incorporate circular economy principles to offer products and services that increase user well-being and satisfaction, while reducing impacts on the environment.

We are the only company in the country that offers every type of energy Colombians need to stay on the move: liquid fuels, compressed natural gas (CNG), electricity, and liquefied petroleum gas (LPG).



## Fuel operation



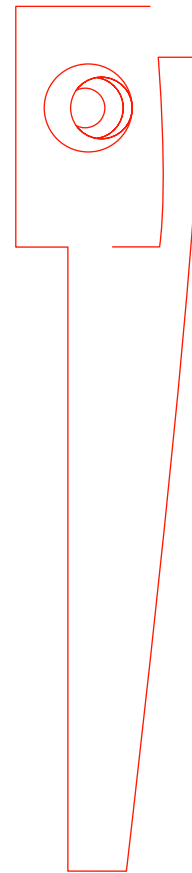
# Fuel operation

## Service Stations

We are known as the nation's most comprehensive network of service stations. Our value proposition focuses on providing our customers with memorable experiences at modern stations with the best infrastructure, the best price, and the best service. We have a network of convenience services that enhance our value proposition at our points of sale (POS).

Our model includes Terpel-owned and affiliated service stations. Terpel-owned stations are owned by Terpel and operated by third parties through franchise agreements, while affiliated stations are owned and operated by independent business owners in alignment with our values, ethics, and commitment to transparency.

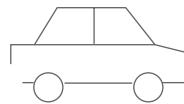
Number of liquid  
fuel stations  
**2,005**



Terpel-  
owned  
**267**

162  
Franchises  
105  
Not franchises

Affiliates  
**1,738**



### Sales Volume

**1,794**

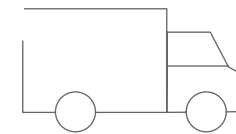
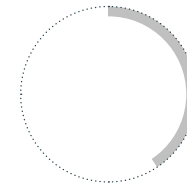
Millions of gallons

### Sales Growth

**10.3%**

### Market share

**44.7%**



## Main initiatives

- In 2022, we organized a **big national Partners Tour** to share with our partners and franchise owners in the 7 regions about our corporate purpose and the main **economic, social, and environmental results, impacts, and commitments** of Organización Terpel.
- We added 58 new affiliates to the network, with 20 banner changes to the Terpel brand, confirming the attractiveness of the brand for investors in this segment.
- We transformed the operating model of the **Strategic Services Center** (CES in Spanish), resulting in annual savings of COP\$800 million and corporate efficiencies in terms of hidden costs in other support areas.

## Business owner network

### Business owners participating in the network during 2022: 365

The Terpel Business Owner Network is Terpel's program to strengthen connections, alignment, and trust between Terpel and its affiliates and franchisees.

The program strengthens relationships and communication with our business owners by providing arenas for advice, training, integration, and innovation, aimed at giving them tools that create value for the consumer.

As part of the Terpel Business Owner Network, we launched a pilot **Big Brother program** in 2022. Through this program, we supported 20 service stations with lower sales levels in 5 different regions to strengthen their work and help them develop their businesses.

- **Regional conferences:** We organized two regional conferences during the year, in the cities of Medellín and Bogotá, where we presented a commercial sample of the programs and agreements that make up Terpel's value proposition.
- **We also held presentations on business-related topics** to share and reinforce best practices at service stations. The conferences were attended by 245 service station business owners.
- **Terpel Business Owner Network - Reliable Service Station Trips:** this activity brought together promoters and managers from every region in Bogotá for classes on what a Reliable Service Station is, and the tools we provide to ensure safe operations at the stations. Forty-two service stations and 79 people participated.



### Growing hand in hand with our network

#### Contracts renewed



180

Service stations

#### Banner changes



20

Service stations

#### Terpel Virtual Network



801

service stations doing business using the Terpel Virtual Network



# Aviation fuels

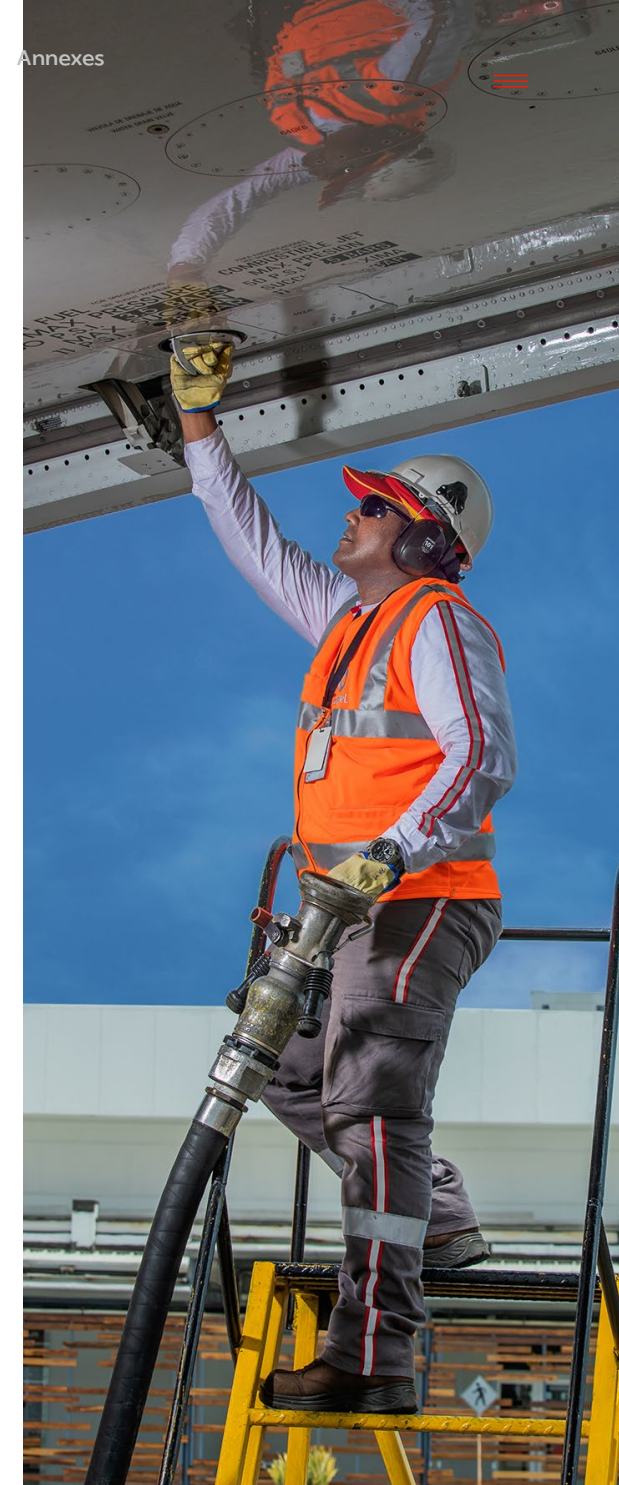
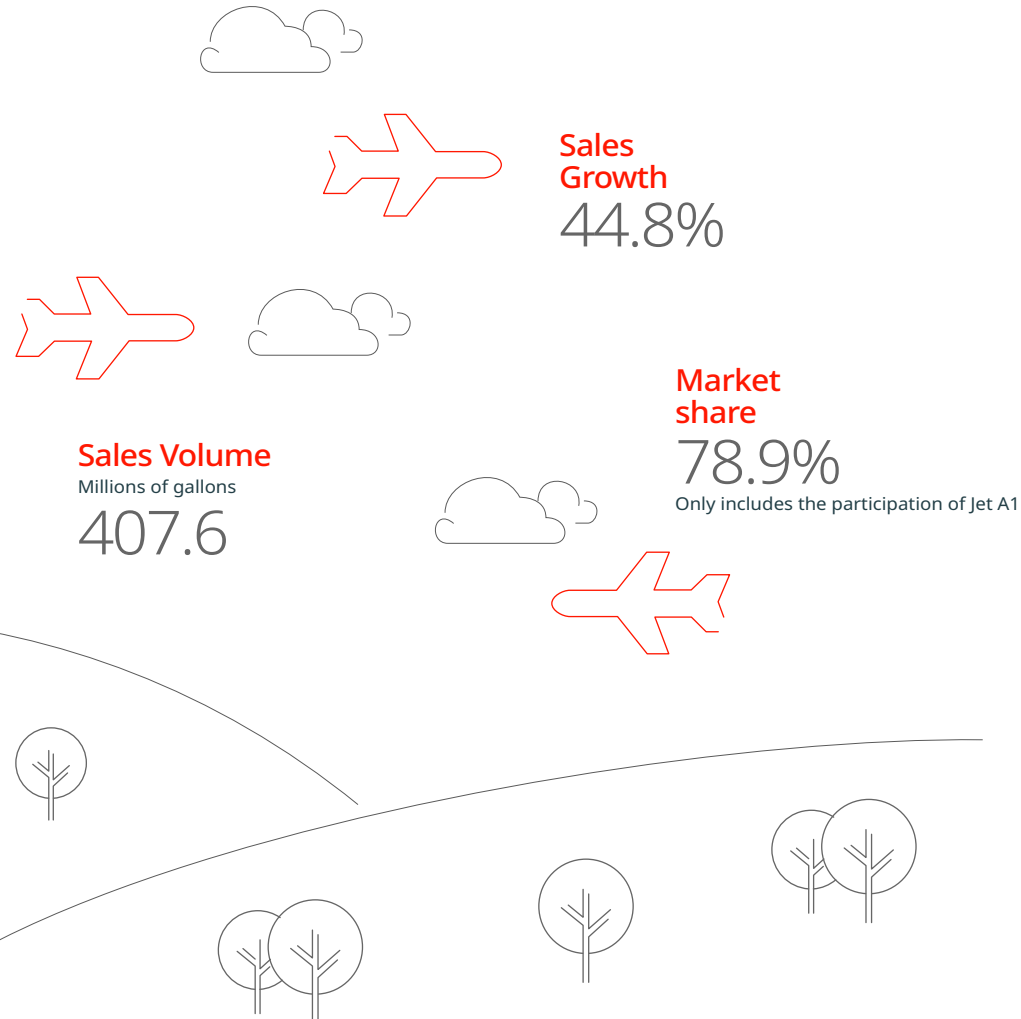
We're the partner on the ground of those who fly high. Through our operations at 21 airports in Colombia, we provide fuel to passenger, cargo, general aviation and government aircraft.

Our value proposition goes beyond fuel: we offer additional services with quality and excellence and a smart network that allows us to connect Latin America and the Caribbean region with the world through a network of 32 airports in the region.

## International presence



[31] This is the number of airports where we are present in Panama. Three of the five are currently operational.





## Main initiatives in 2022

- Our comprehensive service includes the *Terpel Aviation Fuel School* for our customers. It's a free training program to learn best practices in aviation fuel handling. It is currently being offered in a hybrid mode for customers in Colombia and the Dominican Republic. We graduated 136 people (111 in Colombia and 25 in the Dominican Republic) from the Aviation Fuel School.
- We helped decarbonize the industry by implementing technological solutions such as digitalizing Integrated Management System (IMS) forms and records.
- We reduced the cost of exporting by having our subsidiary, Terpel Exportaciones, become an authorized export declarant in 2022. This eliminated the need for customs agency intermediation, achieving operational efficiencies, optimizing resources, and generating significant savings for the business.
- In the Dominican Republic, we achieved record sales of 58 million gallons - a 106% recovery over 2019 - and more than 35,000 aircraft wing fueling operations.
- We were awarded 20% of the volume of a major airline in Panama for the next 2 years, equivalent to 13.5 million gallons.
- In Peru we achieved record sales, selling more than 23 million gallons, primarily to airline customers.
- Our ELA BOT has improved the efficiency of our billing processes and response times. ELA is a robot that takes orders from a variety of inputs and generates invoices for the aviation business in the various airports.  
  
By the end of 2022, ELA had been implemented in all Colombian airports (21) and also 5 airports for the Terpel Exportaciones company.
- We achieved ISO 9001, ISO 45001, ISO 14001, and NORSOK S-006 recertification for our Integrated Management System in Colombia, the Dominican Republic and Peru, as well as the Biosecure Operations certification in Colombia. We have obtained the Icontec biosafety seal at 100% of the airports we operate in Colombia.
- We crossed the border with new services aimed at verifying compliance with international standards for aviation fuel and fueling equipment at some airports in North, Central, and South America.



We consolidated the regional model for the aviation business with sales of more than 500 million gallons. Colombia: 404 million, the Dominican Republic: 58 million, Peru: 23 million, and Panama: 24.7 million.

# Marine fuel

Terpel serves the marine fuel market by supplying fuel to cargo ships, dredges, tugboats, offshore equipment, and barges at Colombian ports. We provide our services to port authorities in Colombia and are members of the IBIA, the International Bunker Industry Association.

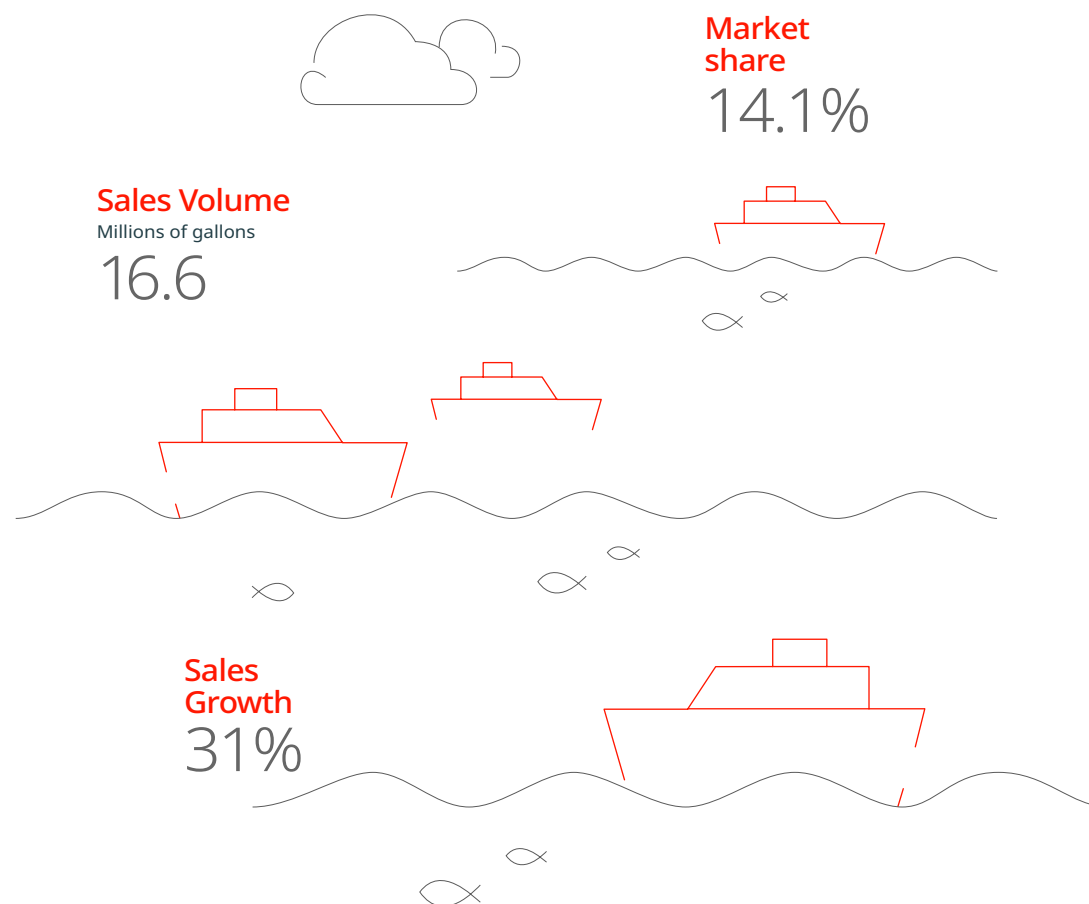
We have the largest marine diesel storage capacity in the country, and we deliver our fuel via high-security delivery trucks or barges, always with quality certifications that support the excellence of our processes.

The marine diesel or marine gas oil we distribute is sold by Ecopetrol from its refinery in Cartagena and dispatched for distribution from the Mamonal plant or directly from the refinery.



Our certifications:

Astivik:	MAR & TER:	OTM:	COMPAS Aguadulce:	COMPAS Cascajal:	Dragados Hidráulico:
100 %	100 %	100 %	97.3 %	97.3 %	100 %



## Main initiatives

- As a result of one of our customer's successful offshore exploration operations in Colombia, we achieved a sales volume of 2,116,200 gallons.
- We achieved significant sales volumes in the marine fueling segment. This was due to the renewal of commercial offers and sales volumes for customers in the marine tugboat segment, where we are the market leader.
- We participated in regional events important to the industry, such as the Wista celebration of World Maritime Day in Peru, Maritime Week Americas in Panama, and the IBIA Annual Convention in Houston.

# Fuels for industry

We are energy that keeps industry moving. We supply fuel and energy to sectors such as oil, construction, mining, agribusiness, transportation, energy, industrial distributors, and industry in general. Our portfolio of products and services includes continuous supply and impeccable logistics for liquids, gases, and lubricants through an extensive supply network, technical, environmental, and regulatory consulting, and knowledge transfer through training programs.



## Sales Volume

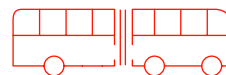
Millions of gallons

187

Does not include  
Rumbo GNV



Sales  
Growth  
19%



## Market share

23.5%<sup>32</sup>

36.4%

without LINIC



[32] Includes LINIC: Large Individual Non-intermediary Consumers at the close of 2022.

## Main initiatives

- We structured an Industry Operator (OpeIn) to serve end users who have lower fuel consumption whom we also want to keep on the move. All the technical and business conditions are now in place to operate a tank truck dedicated to this segment in 2023.
- We developed an APP for check list management for maintenance providers, to ensure customers receive digital reports the same day maintenance is performed.
- We created arenas for engagement with the industrial marketing segment, where we discussed business and market issues and shared information about the carbon tax exemption.
- We managed the nomination of 205,567 tons of CO2 equivalent to 20,408,133 gallons of Bioacem and gasoline by our customers through carbon credits, to reduce their footprints under the carbon tax regulation.
- We generated COP\$3,748 million in revenue from outsourcing operations with 8 customers, an increase of 41% over the end of 2021.





In 2022, our Clean Industry program impacted 624 participants from 169 customers using both face-to-face and virtual formats. We also launched the environmental module.

## Clean Industry

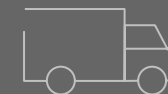
Our Clean Industry program trains the teams who manage fuel at the companies to which we sell our products.

The program's four phases, or modules, promote safe and environmentally sustainable operations through the transfer of knowledge and the sharing of best practices for fuel management:

- Industry school
- Occupational health and safety and the environment
- Training camp
- Inventory administration and control
- We issued 6 Clean Industry Bulletins. Each issue reached 1,029 employees at 387 customers with content related to regulatory changes, incident prevention, and business continuity measures.
- The program includes Green Visits, which are modules taught at customer sites to address the environmental aspects of a fuel operation.



Total green visits  
62



Total industrial customers visited  
47



Total training days  
60



Total occupational health programs  
27



Total industrial customers – Industry School  
60



Total industrial customers – Clean Industry Program  
134



Total training sessions – Clean Industry Program  
278

## Rumbo Terpel

Rumbo is our program for managing and controlling liquid fuel and CNG supply for transportation fleets. There were 161,831 vehicles registered in the program in 2022 (12% more than in 2021). It operates in a network of 770 interconnected service stations (516 liquid fuel and 221 CNG fueling stations).

- **We taught our diploma course on tools and best practices for ground transportation.** With the 133 participants in 2022 from 58 customers, we now have a total of 1,606 graduates. Enhancing drivers' professionalism, we offer this course to our customers as a differentiating factor. Its 6 modules include, among other subjects, road safety, basic English, and digital tools

### Rumbo encompasses 3 initiatives:

- **Rumbo - Pits Caravan:** The purpose of this initiative is to raise awareness among service providers at the point of sale (POS) about the importance of following the sales protocol for our value proposition. **During 2022, we trained 1,687 people from 368 service stations, 9% more than in 2021.**
- **My Business:** This initiative provides benefits and value-added services to small and medium-sized businesses that manage fleets and want to monitor fuel consumption. During 2022, we served an active base of more than 1,900 customers.
- **Large Fleets:** This initiative was created for companies with fleets that travel on the country's main highways and need fuel administration and control for each trip segment. During 2022, we had more than 155,000 vehicles registered for liquid fuels, and more than 6,600 for CNG.

### Moving forward with digital transformation:

- **We enabled the automatic day-end closing option for service stations,** improving accounting close times.
- **We implemented the self-managed revenue recovery module for service stations,** streamlining service station processes and reducing calls to the Strategic Service Center by up to 40% in the first month of operation.

We added two more points to the CNG green corridors: the Palermo service station on the way out of Barranquilla on the way to the center of the country, and the Rio Córdoba service station in Ciénaga, Magdalena. We have thus consolidated our position as the nation's largest interconnected CNG network, serving more than 80 fleets in the freight segment.

[33] Categories defined to classify customers according to the volumes of fuel they purchase. Star: large, focus: intermediate and small (smaller customers).

## Main initiatives

- **We took the Rumbo Pits Caravan experience to more than 3,000 people** at 587 service stations in the 7 regions to reinforce the Rumbo customer service protocol.
- We strengthened customer self-management through the Virtual Channel (Star and Focus customers<sup>33</sup>).
- We processed more than 9 million transactions in Rumbo.
- **We fueled the 130 buses of the Integrated Transport System of Valledupar-SIVA,** through its sole operator Movivalle, with an estimated average consumption of 180,000 M<sup>3</sup> per month.
- **Rumbo supplied a sugar mill's fleet of vehicles** with 75,000 M<sup>3</sup> until its in-house service station went into operation.
- **We enrolled Large Fleet customers in the Vive Terpel corporate loyalty program,** and 27% of total sales came through the loyalty program. This was in addition to the 45% of My Business customer sales coming in under the loyalty program.





# Natural gas operation - CNG and LPG

## Liquefied Petroleum Gas - LPG

In 2022 in Medellín, in line with our purpose of keeping the country on the move with the best energy, Terpel inaugurated the second service station selling liquefied petroleum gas (LPG), also known as autogas, to the public.

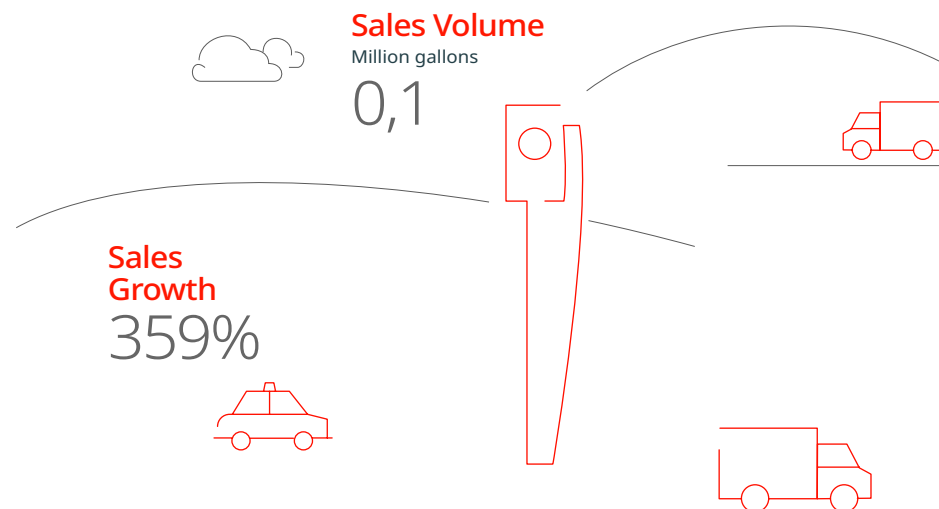
LPG, a blend of propane, butane and other gases in smaller proportions, is characterized by its excellent mileage, low cost, and reduced emissions of harmful

particles. Classified as a transition fuel, it has become a widely-used energy source around the world, used by an estimated 27 million vehicles according to the World LPG Association.

The expansion of LPG is part of Organización Terpel's long-term goal to contribute to the country's transition to a low-carbon energy system. This is because LPG emits 81% less particulate

matter and 21% less CO<sub>2</sub> than other fuels, while providing the same power and performance as a gasoline engine. In addition, in terms of range, a vehicle with 40 liters of autogas can travel approximately 140 kilometers in the city and 350 kilometers on the highway, giving drivers the ability to travel long distances<sup>34</sup>.

Since entering this segment, we have achieved cumulative sales of more than 481,000 liters per year, demonstrating significant acceptance of this new fuel.



[34] Results obtained in tests performed by the WLPGA (World LPG Auto Organization) on vehicles properly maintained and operated, in optimum conditions.



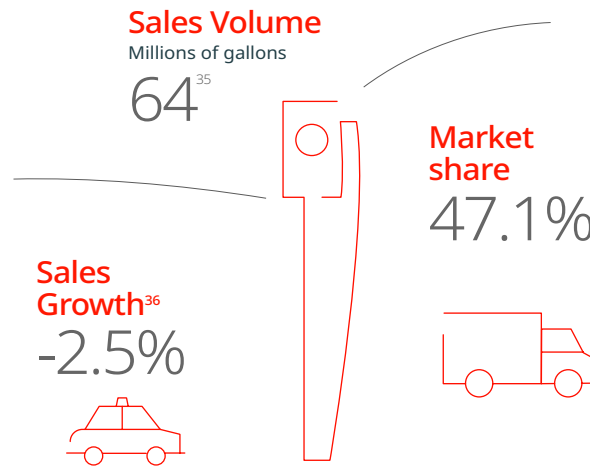
### Vehicle conversions

During 2022, we created incentives for the conversion of **294** vehicles to this technology through alliances with authorized workshops: **148** in Medellín and **146** in Cartagena.

## Compressed Natural Gas - CNG for Vehicles

For 36 years, we have been promoting compressed natural gas (CNG) as an alternative fuel for light-duty and heavy-duty vehicles across the country. We promote the conversion of vehicles to CNG as a way to partner with environmentally-friendly fleets and transportation systems.

Our Gazel brand has 223 CNG service stations, giving us a market share of 47.1%.



## Gazel Territory:

Out of a desire to see the CNG fleet continue to grow, we are committed to promoting CNG conversions through the "Network of Allied Workshops," Terpel's nationwide network of conversion and maintenance shops. During certain seasons, conversions are promoted with offers of special financing.

We implemented a referral plan for conversions to increase the number of customers. The plan gave sales consultants at the conversion centers a financial incentive for each sale, and a financing plan they could offer in exchange for a commitment to use CNG.

## Gazel Club

We offer our customers memorable experiences through our Gazel Club loyalty program. Each Gazel service station, by joining the club, accumulates cubic meters for claiming prizes in accordance with the amount consumed.

In 2022, more than 46,600 customers redeemed their consumption through the Gazel Club, winning more than 161,000 prizes.

## Main initiatives

- We launched a sales promotion for customers overdue for their mandatory vehicle inspection. For completing their inspection, the Vive Terpel program awarded them a 50,000-peso voucher for CNG, plus a 10,000-peso voucher for liquid fuel. More than 700 customers took advantage of the promotion.
- We launched a pilot plan with a specific brand of conversion equipment to reduce the capital investment required for inventory and spare parts, benefiting more than 800 customers.

This strategy resulted in an average of 1,100 conversions per month for a total of 14,372 across the industry. Gazel's network of allied workshops carried out 7,743 of these conversions, of which 3,534 were carried out with Terpel financing.

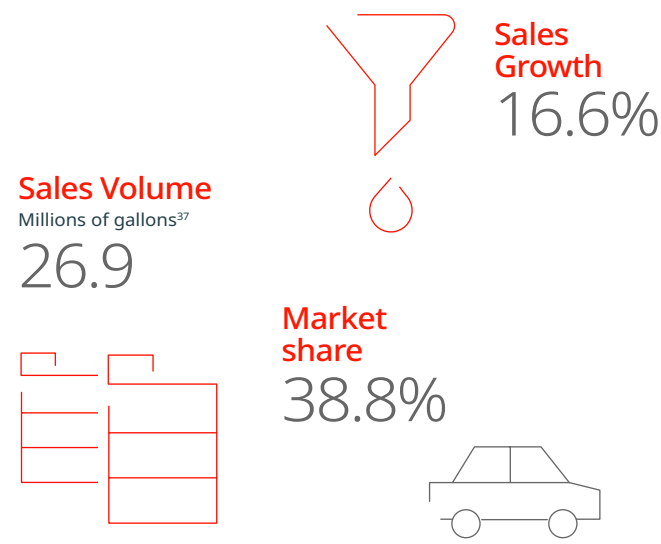
[35] CNG industry included.

[36] Includes the volume from corporate service stations.

# Lubricants operation

We provide lubricants and lubrication services across Colombia. Since 2018, we have offered our customers a complete and balanced line of Mobil and Terpel brand lubricants specialized for the automotive and industry segments.

We produce 100% of the mineral and synthetic lubricating oils for both our brands at our Cartagena plant, which has the capacity to produce 2.7 MM gallons/month under the certificates: ISO 9001, 14001:2015, and OHSAS 18001:2007.



[37] Includes coolants here and in market share.

[38] This initiative is being developed as a project of our subsidiary Terpel Energía.

## Innovation and Technology Center

**Honoring our mission to keep companies and the country on the move with the best energy, in 2022 we inaugurated the first Innovation and technology Center in Colombia. It's a 3,000 m<sup>2</sup> lab that offers the most advanced analysis of lubricants, fuels, greases, and coolants.**

The center provides specialized engineering services, monitors the operations of its industrial customers, and provides them with accurate information. This enables them to improve their productivity, increase the useful life of their equipment, and produce financial benefits, such as significant energy efficiency savings, in addition to helping protect the environment.

The new Innovation and Technology Center is located in Funza and currently serves more than 400 customers from different industrial segments in the country (oil, gas, power, fleets, hydroelectric, paper, transportation, mining, food, manufacturing and agribusiness).

In addition, the Center's Fuel and Lubricant Analysis Laboratory is accredited to ISO 17025, ISO 14000, 45001 and Norsok SWA-006 standards, guaranteeing the quality of its results, conscientious management of resources, and protection of the environment.

A strategic ally to maintenance, the center processes an average of 14,500 lubricant samples per month with more than 30 specialized tests to analyze used lubricant samples collected directly by customers' maintenance teams. For the fuel segment, 40 different tests help guarantee the quality of the product delivered to the market.

## Main initiatives

- As part of our commitment to deliver memorable experiences to our customers, the technical services team led and developed initiatives and projects in the areas of efficiency, quality and service that have resulted in more than 20 billion pesos in savings for our customers.
- Among the actions taken to promote carbon neutrality and contribute to the organization's goals in that area, we installed solar panels that supply 30% of the electricity currently consumed by the factory<sup>38</sup>.



## (3-3; 417-1) Our Products

Our portfolio of Mobil and Terpel brands includes 13 products, all certified with the Icontec seal of quality. All of them remain available for sale to the general public.

Our portfolio includes nine (9) products from different lines that offer environmental benefits. Their low viscosity helps gasoline engines save fuel and protects the systems that scrub exhaust gases, preventing pollution.

We have products with high-tech formulas that deliver energy efficiency to earthmoving equipment.

We launched 4 new products during 2022:

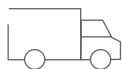
- Mobil Super X4 5W-40
- Mobil Delvac Modern 15W-40 Full Protection Mine
- Mobil Delvac Modern 15W-40 NV Track
- Terpel Celerity 15W-40 Semi-synthetic

## Commercial Agents

Our lubricants portfolio includes the two leading brands in the market, Mobil and Terpel, providing lubrication solutions to meet the needs of every industry and drivers of every type of vehicle. Our dual brand strategy unifies the distribution network with commercial agencies for the Mobil and Terpel brands in the B2C sector. By diversifying our sales channels, we aim to expand the reach of our distribution network.

We have 38,342 points of sale (POS) including commercial agents, garages, car dealerships, industrial customers and superstores.

Industry customers:  
**3,467**



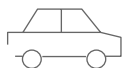
Workshops:  
**9,677**



Superstores:  
**4**



Auto dealerships:  
**15**



(301-3)

## Green Pass Program

Driven by our commitment to be a Country Partner and run a sustainable operation in line with the needs of the environment, we launched Green Pass, our new sustainable lubricants program.

Through the collection and recycling of lubricant containers, bulk sales, and the certification of lube centers and workshops, this project protects the environment, creates incentives for best practices, encourages process innovation, and creates a sustainable model for the distribution and management of MobilTM and Terpel lubricants.

Green Pass brings together three initiatives that involve different parts of the lubricant chain.

1. Certification of points of sale. Certification recognizes points of sale that excel in the implementation of best practices for lubricant handling, customer service, and proper management of both recyclable and hazardous waste products. In the case of waste oil, we verify its delivery to a waste oil handler approved by the Waste Oil Fund, FAU<sup>39</sup>. Certification is in the form of a seal of excellence awarded by Icontec.

As part of that certification, we have performed 1,806 lubricant sample analyses since the program began, 87% of them in 2022. This means we can guarantee the integrity of lubricants at the point of sale, giving our customers great confidence in the performance of our lubricants.

2. Circular economy through the collection, recycling and transformation of containers. Green Pass extends the life of lubricant containers and creates incentives for the correct disposal of waste lubricant. The aim of the program is to extend the life of the plastic packaging by converting it into something new, such as creepers for mechanics.

3. Bulk sales. We introduced innovative 150-gallon packaging to deliver bulk products to customers at POS, ensuring product quality and integrity, building consumer confidence, and reducing the environmental impact of plastic containers. It has already been implemented at 9 POS in the cities of Bogota and Medellin.

At Terpel, we are committed to providing our customers with the best possible lubricants while at the same time having the least possible impact on the environment. The Green Pass model gives us a comprehensive approach to the sale and distribution of our products by involving the distributors, points of sale, and consumers, helping us take care of our surroundings.

By year end, nearly 16 tons of plastic had been collected and transformed into items used in the operation of lubrication centers, such as rolling stools, pallets, and mechanics' creepers.

The program has already enrolled 263 POS, of which 222 are certified, 144 have successfully completed the first follow-up visit, and 49 have successfully completed the second follow-up visit.

[39] The Colombian Oil and Gas Association's Waste Oil Fund is a voluntary initiative of major lubricant companies to promote and encourage organized systems with high environmental standards for corporate self-management of proper handling, use and disposal of used oil.

## Tesos Program

This loyalty program is designed to build and maintain long-term relationships with our lubricators/recommenders. Through memorable experiences and exclusive benefits, we create incentives for them to influence the purchase decisions of consumers of the Mobil and Terpel lubricant brands.

In 2022, we trained 81 recommenders in our Tesos virtual course, covering the different types of engines and the right product for each one, and procedures for measuring oil in cars and motorcycles.

We implemented this program at 235 locations in cities and towns in 24 Departments.

As a result of this work, 34% of all sales came through the loyalty program, we increased the number of program members by 2% compared to 2021, and we were able to increase the coverage of the benefits. Members scored their satisfaction with the program at 81%.

**"Tesos de la Risa" Tour:** This tour is one of the most important events in the business, and for the first time it was attended by 802 affiliates from 10 cities across the country, who gave the event a 4.9/5 satisfaction rating. It offers participants a forum for recreation and humor, as well as many prizes.



Tesos active in the program

1,336



Points of sale where Tesos are located

1,106



Tesos recognized on special dates Events:

- Birthday
- Mother's Day
- Father's Day
- Halloween (for the children of our Tesos)
- Christmas

1,621

**Club for Lubrication Specialists:** this loyalty program is for lubrication technicians who recommend Mobil™ lubricants. Participants have access to a catalog of prizes selected for their ability to improve the quality of life for club members and their families. They also gain access to online training and exclusive events.

## Main initiatives:

- We updated the program's image to build closer relationships with our specialists and their families.
- We achieved a satisfaction score of 76% **from program members**.
- The program runs in 263 regions in 24 Departments. Thanks to the Specialists Club, our affiliates' sales through the **loyalty program** increased by more than 111%.



Club members active in the program

2,035



Points of sale where Club Lubrication Specialists are located

1,520



Club members remembered on special dates

We organize events on dates such as  
-Women's Day  
-St. Valentine's Day  
-Father's Day  
-Halloween  
-Christmas

225

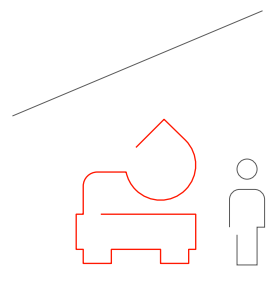
**Masterlub:** Masterlub is our network of lubrication centers at service stations. These lube centers understand the needs of motorcyclists and drivers and help them make changing oil a simple process with Mobil and Terpel lubricant brands.

All Masterlub Centers are Green Pass certified, ensuring:

- Original Mobil and Terpel lubricants
- The right service protocol
- Correct disposal of waste oil

The MasterLub network grew from 5 to 11 locations by the end of 2022 and the goal is to overhaul the entire network using this format.

## Lubrication Centers



11  
Masterlub

18  
Lubriplus

28  
Standard



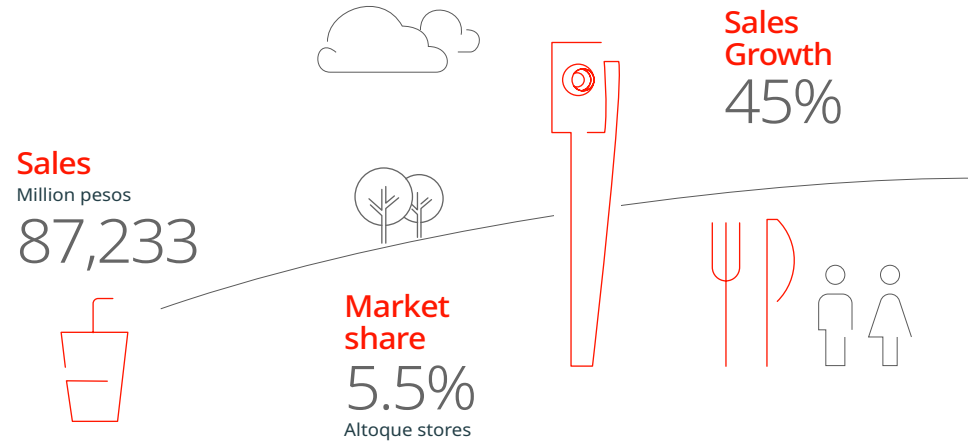
To facilitate interaction with our users, we enabled online appointment requests, access to the record of services performed on vehicles and motorcycles, and a 25-minute service time promise.



# Convenience services operation

## Convenience services

Terpel serves people, not vehicles. That's why we offer convenience services in addition to our fuels and lubricants. The millions of users who visit Terpel service stations every day have access to convenience stores, car washes, and refreshment kiosks that add dynamism to our stations' service.

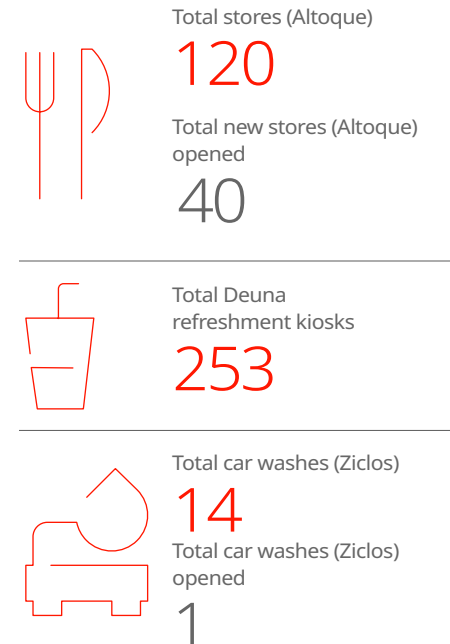


## Altoque stores – the friendly stop on the way for Colombians

In 2022, we empowered our new service model at Altoque convenience stores through the attributes of our value proposition: friendly service, fresh, high-quality products, modern and streamlined operations, and a strong connection with the surrounding environment.



We have now opened more than 100 convenience stores. We achieved 100 stores by introducing an innovative model that is quick and easy to set up.



## Main initiatives

- We gave continued impetus to our refill cup campaign to **reduce the use of disposable cups** by giving a discount on their purchase to customers using the refill cup. As a result of this initiative, we used 171,565 fewer paper cups.
- We set targets for **waste generation by our stores as part of our corporate environmental stance**. We also developed a pilot, in partnership with EatCloud, to dispose of food waste in a "socially responsible" way, benefiting vulnerable population groups and contributing to the goal of zero hunger.
- We opened 45 new Altoque stores, at a rate of four stores per month. To reach this number, we innovated a container-type format that allowed us to expand faster with more efficient investments.
- We launched our own-brand of water - Special Edition **Agua Madre Rosa Altoque** - to honor the more than 22 thousand people who have died of breast cancer in Colombia in the last decade and to promote the prevention of this disease. For every bottle of Agua Madre Rosa water sold, Altoque and Allianz will donate COP\$200 to the Fundayama Foundation, which provides support, companionship, and care for people with breast cancer. As a result of this new initiative, we sold approximately 39,000 units during the year and will donate approximately COP\$8 million.



Agua Madre has produced a total of approximately COP\$59 million in donations.



[40] Taken from: <https://www.minsalud.gov.co/Paginas/Detecte-el-cancer-de-mama-a-tiempo.aspx>



# New energy sources and new mobility operations



## We help our EV customers stay on the move around the country

Climate change is the single greatest threat to our species, and reversing this trend will require the combined efforts of all stakeholders in society. As a country partner, Terpel promotes the energy transition through various strategies that help our stakeholders join this effort so that, together, we can all be part of the solution.

### Terpel Voltex

At Terpel, the consumer is at the center of our decisions. We respond and innovate in light of their needs and interests. We made the decision to enter the electric market in order to support the country and our users in the era of electric mobility.

Our strategy, launched in 2019, focuses on enabling electric vehicle users to travel the country's main highways, unrestricted by their range.

To connect cities and ensure efficient coverage, we installed charging stations on major highways. The more infrastructure grows and develops, the more electric mobility will become a large-scale phenomenon; so our chargers help remove one of the most significant barriers to the expansion of electric mobility in our country.

The fast chargers at our stations provide charging for electric and plug-in hybrid vehicles.

We also work with mass transportation systems and corporate customers through a network of charging stations, to continue to meet our promise to serve and to facilitate electric mobility in the country.

We are committed to interconnecting the country's main roads with electric stations, with an increasingly stronger new mobility strategy, and a greater number of charging stations on the country's main highways and crossroads. The first phase of our strategy brought chargers to the Bogotá-Medellín highway, where 80% of the country's electric vehicles are located.

By the end of 2022, we had 13 fast-charging points at Terpel stations on highways, and we were supplying power to nearly 650 electric buses and 36 heavy freight vehicles.

## Main initiatives

- We made progress building an infrastructure for charging and power supply that will provide greater coverage. We have partnered with a variety of stakeholders, such as shopping malls, supermarkets and public parking lots, to expand Terpel Voltex charging services. Customers can choose from a variety of digitally managed smart chargers and plugs at the charging station.
- We developed a network of fast-charging stations on highways. We have built charging infrastructure to supply energy to public transportation buses and corporate fleets, both inside and outside Terpel's service stations.



# Our subsidiaries

## Terpel Energía (Colombia)

We are a subsidiary of Organización Terpel S.A., established as a public utility to sell natural gas and electricity. Through the company, we buy natural gas for our Gazel network of service stations, selling any surplus using the current regulatory mechanisms, and we buy the electricity required to operate our service stations.

We also purchase electricity from the wholesale energy market for the operation of the service stations that are part of the unregulated market. This trading company gives us access to the market's best prices, enabling us to achieve significant margin savings.

- We launched the Greenmovil operation for Bogotá's STM buses, powering 5 Transmilenio electric mobility yards and serving close to 650 electric buses with approximate monthly consumption of 3.7 GWh. And we built and commissioned 3 new solar plants with a total capacity of 717 kWp.
- In our gas distribution business, we sold 148,257 million cubic meters against a target of 149,219 million cubic meters, or 99% of our target. Likewise, in terms of transportation capacity, we were able to sell 153,613 million m3 compared to the target of \$133,612 million m3, meeting and exceeding the goal by 115%.
- Terpel's target for operating income for the year was COP\$4,779. The final figure for operating income was COP\$8,265 million, meaning the target was met by 173%.
- We recovered COP 1,121 million from the contribution to the Superintendency of Household Public Utilities<sup>41</sup>, which helped us meet our target for net income.

### We closed out 2022 providing power to 5 Transmilenio bus yards.

- We continue to serve customers in both the regulated and unregulated market. At the end of December 2022, we served 151 unregulated market boundaries with a monthly consumption of 135,972 GJ/year and 58 regulated market boundaries with a consumption of 31,464 GJ/year.
- We currently have 5 e-mobility customers with a consumption of 109,119 GJ/year. We also generated 7,560 GJ/year through the wholesale market.

### We continue to grow in self-generation of clean energy.

- To date, we have a total of 14 plants, 3 of which were put into operation in 2022. With these assets, we added 717 kW<sub>p</sub> of installed capacity in 2022, for a total cumulative capacity of 1,350 kW<sub>p</sub>.
- During 2022, we generated 3,816 GJ of self-generated energy compared to 1,699.2 GJ in 2021, which is equivalent to the emission of **134.5 fewer** tons of carbon dioxide into the atmosphere each year.

At the Lubricants Factory in Cartagena, we put into operation a solar power generation system with a capacity of 481 kW<sub>p</sub>, capable of generating approximately 216 GJ/month (approximately 30% of the factory's consumption).

In 2022, we sold 280,800 GJ/year compared to 183,600 GJ/year in 2021 and self-generated 3,816 GJ compared to 1,699.2 GJ in 2021.

[41] Superintendency of Household Public Utilities

## MASSER (Colombia):

A subsidiary of our company in Panama, MASSER manages service stations and Altoque brand convenience stores under a franchise model in Colombia.

Key milestones for 2022 include:

- **We implemented the first Sckuba – POS pilot project at the store in the Main office.** The project was 86% effective and gave a modern feel to the customer's shopping experience through the interaction with the self-checkout machine.
- **The Terpel e-commerce store is now fully up and running.** We implemented the new business model and adapted the SAP processes for its operation, registration and monitoring, improving the product portfolio and the profitability of the business.
- **We designed and implemented a proprietary technological solution for automatic control of cash registers, modernizing the process and ensuring effective control** through database management and tracking of timely revenue management at service stations and convenience stores.
- **For the first time, we conducted a survey to evaluate our work environment,** and 94% of the target population participated. Our Overall Score was 83%, relative to our goal of 90%.

Masser operates throughout the national territory to meet the needs for growth and expansion of Terpel service stations and stores.

During 2022, it employed 1,873 direct employees, of which 957 were men and 916 were women. It also had 183 temporary employees<sup>42</sup>, 40% men and 60% women. This corresponds to 2,056 employees in total (1,030 men and 1,026 women).

Region	Total number of employees
Northern region	549
Antioquia region	81
Central Region	196
Western region	390
Sabana region	391
Southern region	185
Bucaramanga region	174
Administrative Office	90
<b>Total</b>	<b>2.056</b>



Of the total workforce, 34% are under 30 years of age, 44% are between 30 and 40 years of age, 17% are between 41 and 50 years of age, and 5% are 50 years of age and older.

### Seniority at Masser

Less than 3 years	1,251
From 3 to 6 years	434
More than 6 and less than 9 years	281
From 9 to 12 years	49
More than 12 years	41



### New hires and separations

In 2022, 1,611 people were hired - 668 men and 943 women - most of them between the ages of 18 and 40. In that same time, 1,437 people left the company; 43% of them were men and 57% were women.

Number of dismissals during the reporting period	314
Number of people who left their job based on a mutual agreement	2
Number of people who left their job by resignation	893
Number of people who left their job based on retirement	3
Number of people who left their job due to death	4
Number of people who left their job for other reasons	221



The turnover rate was 5.6%, 2% higher than the target.

### Training for our team



Average training hours per employee

16.2

Women

156

Men

168

[42] Does not include 83 apprentices.

## Other subsidiaries

**Inversiones Organización Terpel Chile S.A.:** responsible for investments, for rental purposes and not for sale, in any kind of tangible or intangible assets; development of any activity related to movable or real capital and, in general, the performance of any act or contract and the development of any activity directly or indirectly related to the aforementioned purposes.

**Flux Terpel (Colombia):** responsible for the development, design, construction and operation of installations in the country's photovoltaic market. It ended 2022 with 3 MWp awarded and 1.3 MWp built, with a robust commercial pipeline to continue promoting solar self-generation as part of our customers' energy transition.

**Puertos del Caribe Sociedad Portuaria S.A. (Colombia):** responsible for investments in the construction, expansion, improvement, preservation, maintenance and modernization of a commercial port located in the port area of Cartagena, as well as the execution of all related port activities.

**Terpel Exportaciones CI. S.A.S. (Colombia):** responsible for the marketing and sale abroad of Colombian products purchased in the domestic market or manufactured by partner producers.

**Terpel Ampere S.A.S (Colombia):** responsible for the consulting, design and implementation of projects related to the use of renewable energy, as well as the export, import and sale of all renewable energy products, their storage and technology.

**Stem Terpel S.A.S. (Colombia):** responsible for selling and managing energy storage systems on its own behalf or on behalf of third parties.

**Terpel Comercial Ecuador Cia Ltda.:** responsible for the sale of fuels and other petroleum derivatives.

**Adesgae Cia Ltda. (Ecuador):** responsible for the purchase, sale, distribution, marketing, import and export of all types of fuels and lubricants, as well as the operation and management of service stations and convenience stores.

**Terpel Perú S.A.C.:** responsible for the development, installation, and operation of retail fuel and compressed natural gas (CNG) stations, convenience stores and related motor vehicle services.

**Terpel Aviación del Perú S.R.L.:** responsible for jet fuel service and dispatch at Jorge Chávez International Airport.

**Terpel Comercial del Perú S.R.L.:** responsible for the purchase, import, export, blending, packaging, distribution and sale of all types of fuels, lubricants, greases and related petroleum products and additives.

**PGN Norte S.A.C. (Peru):** responsible for the CNG compression service for the COSAC North Zone system passenger transport units.

**PGN Sur S.A.C. (Peru):** responsible for the CNG compression service for the COSAC South Zone system passenger transport units.

**Organización Terpel Corporation SAC (Peru):** responsible for financial services other than insurance and pensions.

**Terpel República Dominicana SAS:** responsible for the marketing, supply and management of aviation fuels, as well as the supply of fuel to corporate customers.

**Petrolera Nacional S.A. (Panama):** responsible for the purchase, sale, and wholesale distribution of petroleum products such as fuels, lubricants and additives, as well as complementary businesses (dry goods and food retailing), and the commercial procurement and supply of aviation fuels and derivatives.

**Transmarine Transportation & Barging S.A. (Panama):** Company dedicated to the supply and delivery of fuels and derivatives. At the end of 2011, it sold the barge used for this activity and has not been active since 2012.

**Vonport Corp (Panama):** No operations. Owner of 100% of the shares of Operaciones y Servicios de Combustible, S.A.S - Masser, S.A.S.

**Orlyn S.A. (Panama):** responsible for the purchase and retail sale of Terpel brand fuels and lubricants, and complementary businesses (retail sale of dry goods and food).

**Energías Renovables S.A. (Previously Fuel Petroleum Service S.A.) (Panama):** responsible for the generation of electric energy for own consumption and the sale of surplus, for the provision of public electricity services and any other compatible activity authorized by law.





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# Our regional operations



## Peru

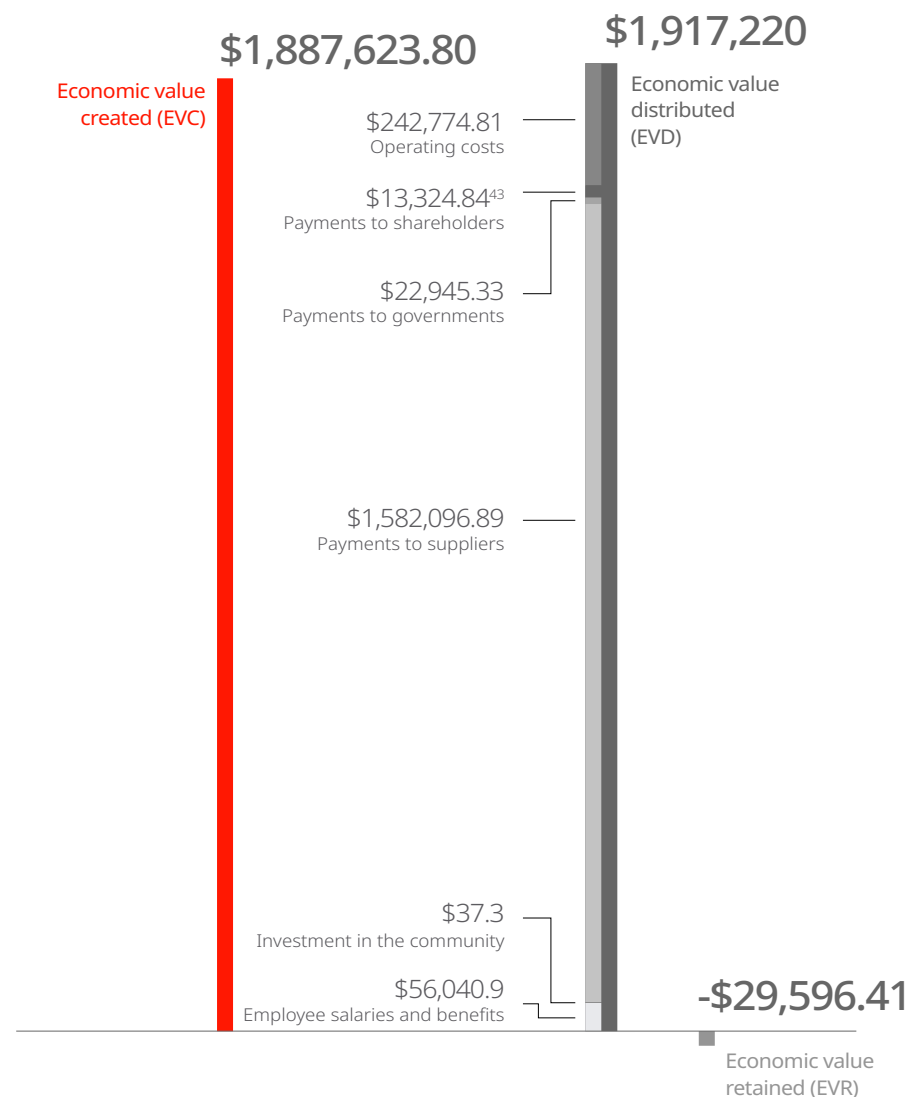
Our operation in Peru includes seven lines of business: liquid fuel service stations, industry fuel, fuel sales to independent stations, CNG sales under the Gazel brand, LPG, convenience stores, aviation fuels, and lubricants.

In 2022, our total sales volume was 84.6 million gallons, with an EBITDA of COP 100,984 million, and net earnings of COP 24,568 million.

During 2022 we purchased US\$314,859,096 from a total of 1,702 suppliers.

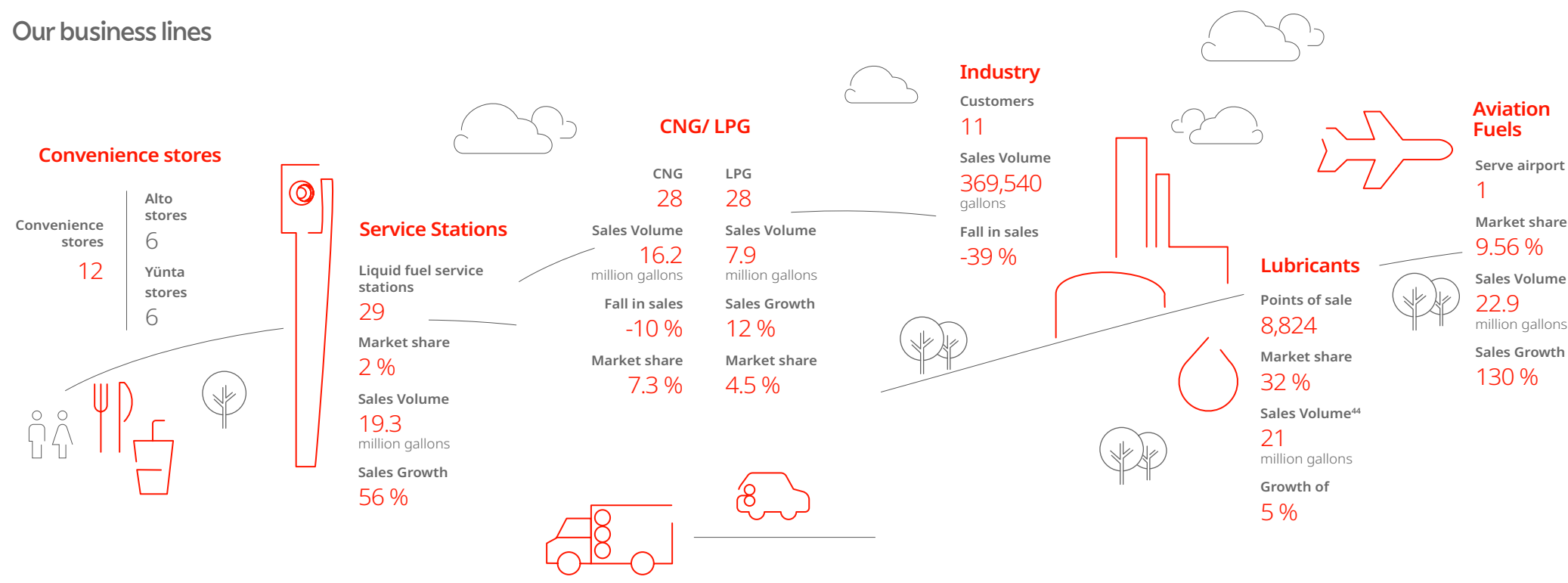
## We create and distribute value

2022 (Figures in millions of pesos) COP



[43] Corresponds to financial expenses.

## Our business lines



We achieved a record figure for sales of liquid fuels in 2022, representing growth of close to 56% over 2021.

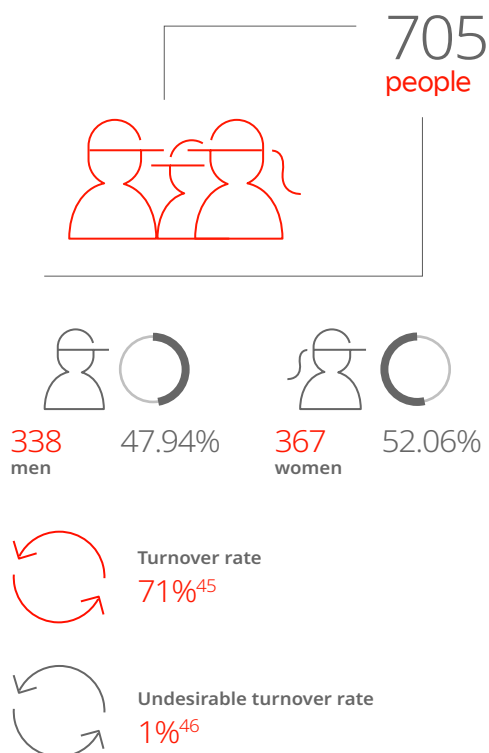
### Main initiatives:

- We received two stars from the Peruvian Ministry of the Environment for our efforts to reduce the carbon footprint of the Callao lubricants plant and for verifying its measurement against the ISO 14064 standard.
- We were selected as the lubricant supplier for a major mining company (21,000 barrels per year). This result consolidates our leadership in the industrial market with a share of more than 60%.
- We obtained our fuel wholesale license. We achieved record liquid fuels sales, with a year-end projection of approximately 20 million gallons (branded + independent stations) compared to 12.3 million gallons in 2021. This represents growth of 63%.

[44] Includes exports to Ecuador.



## Terpel Peru Team



[45] Includes service station promoters.

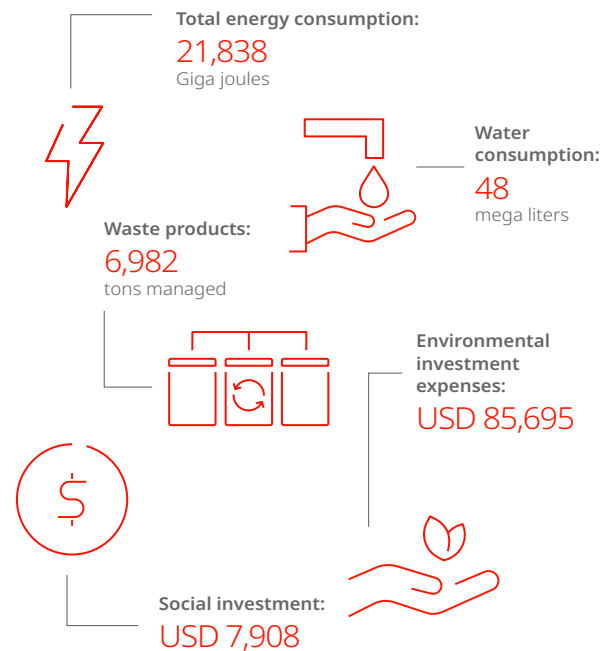
[46] Excluding operator company.

### The work environment:

- We made technological improvements in 2021 before returning to the office, enabling us to **publish our Code of Conduct in 2022**. It reinforces measures such as time outs, which are 15-minute breaks to reinforce guidelines and work-related knowledge.
- In 2022, we implemented the results of the **job evaluation** conducted in 2021 using the HAY methodology.
- We embraced regional initiatives and laid the foundation for inclusion and diversity by **participating in No Labels Week**.
- We relaunched the **SuperT Program**, continued with the Program for recognizing years of service, and maintained the 'Teleapoyo' legal, psychological and nutritional support via telephone for workers and their families.

We provided 18,236 hours of education and training with an investment of US\$300,101.

## Environmental and social management



**Design For Change:** This program facilitated the hiring of a physical education teacher at Maria Reiche School in 2022, with the goal of engaging students in sports and mind-body development to create interest in learning projects.

The improvement in the students' behavior and interpersonal relationships was remarkable, paving the way to good attitudes toward learning.



# Ecuador

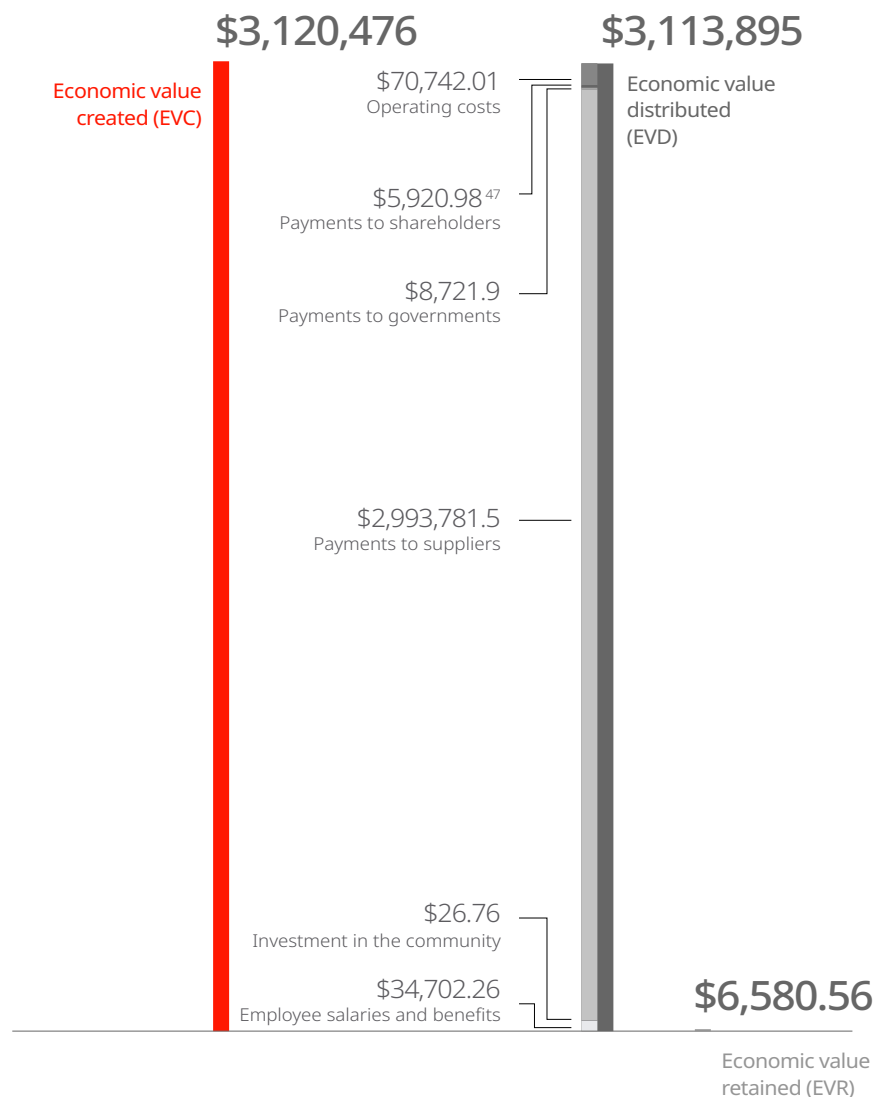
We have four lines of business in Ecuador: liquid fuel service stations (which also have electric charging points), industry fuel, lubricants, and convenience services. During 2022, our operation grew to 101 service stations and 14 convenience stores.

In 2022, our total sales volume was 359 million gallons, with an EBITDA of COP\$33,897 million, and a net loss of -COP\$12,008 million.

During 2022 we made purchases of US\$818,394,599 from a total of 1,418 suppliers.

## We create and distribute value

2022 (Figures in millions of pesos - COP)



[47] Corresponds to financial expenses.

## Our business lines

### Industry

Customers  
150  
Sales Volume  
120  
million gallons  
Sales Growth  
15.1 %



### Convenience stores

Convenience stores  
14  
Sales Volume  
4.3  
million dollars  
Sales Growth  
132 %



### Service stations

Liquid fuel service stations  
101  
Voltex stations  
2  
Market share  
10.5 %  
Sales Volume  
235.5  
million gallons  
Sales Growth  
4.5 %



### Lubricants

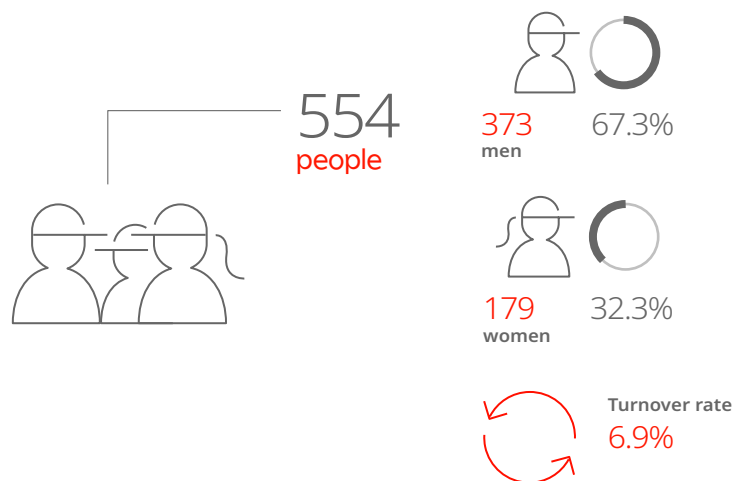
Customers  
6,142  
Market share  
9.5 %  
Sales Volume  
3.38  
million gallons



## Main initiatives:

- **Fuel volume grew by 8.7% over 2021**, maintaining our growth trend and market share with fewer service stations.
- **We sold a record volume of fuel to industry** with a projected closing volume of 121 MGal (16% growth in volume and 42% growth in share over 2021) with a market share of 21%.
- **We launched the My Terpel Network program (for fleets):** Technical and sales integration reached 500 Kgal/month as of December 2022 (5% of the total volume of diesel)
- **Terpel was ranked 85th in the ranking of companies with the best corporate reputation** (Vistazo Magazine) and 100th in the ranking of the most influential brands (América Economía Magazine).
- **In our lubricants business, we made Mobil the market leader** with 10% of the lubricants category in Ecuador, moving up one position and surpassing Texaco by the end of 2021.
- We entered the electric mobility market in Ecuador with the **inauguration of our first "Terpel Voltex" electric charging station in Guayaquil**, with an investment of approximately USD 100,000.

## Terpel Ecuador Team

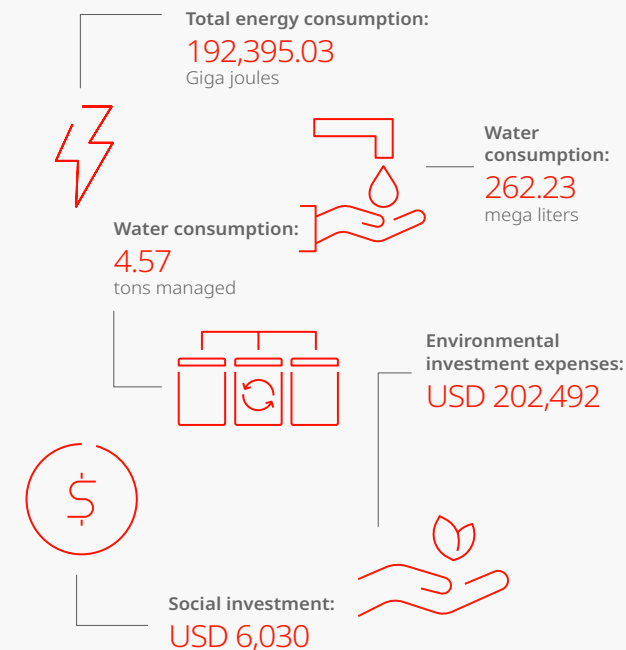


### The work environment:

- A total of 98% of our employees participated in the employee satisfaction survey, which produced a score of 85%.
- We began an evaluation of administrative employees, based on the results of their performance evaluations and a comparison by areas and levels. The process allowed us to identify key talent to define career plans, retention plans, and differentiated raises within the team.

We invested US\$14,080.24 in leadership training for 67 employees.

## Environmental and social management



Education has been the focus of our social investment and work, and during 2022, our target was a public school with 50 children. We trained 30 teachers nationwide, along with 45 volunteers from the organization, and sponsored 3 children and their teacher to represent Ecuador at the 'I Can' International Congress organized by the NGO Design For Change.



## The Dominican Republic

Our operation in the Dominican Republic concentrates on the storage, distribution, and sale of aviation fuels.

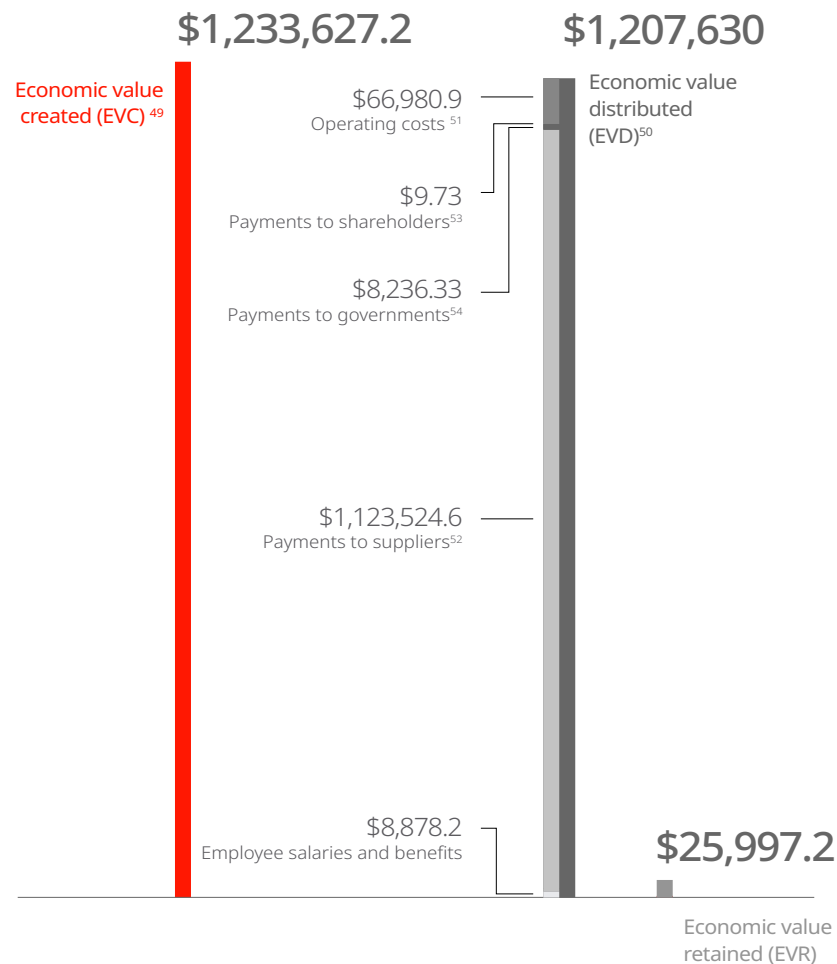
In 2022, our total sales volume was 59.9 million gallons, with an EBITDA of COP\$35,549 million, and net earnings of COP\$20,783 million.



During 2022 we made purchases from 159 suppliers in the amount of US\$282,381,437.

## We create and distribute value

2022 (Figures in millions of pesos - COP)<sup>48</sup>



[48] Corresponds to the information reported in the financial statements (P&L).

[49] Corresponds to the company's income.

[50] Includes payments to suppliers, employee salaries and benefits, payments to the government, and community benefits.

[51] Includes fees, insurance, rent, services, marketing, maintenance, travel, depreciation, and amortization.

[52] Corresponds to costs.

[53] Corresponds to financial expenses.

[54] Corresponds to P&L tax expenses excluding deferred taxes.

## Our business lines



### Aviation Fuels

Serve airports  
5



Cientes  
150

Market share  
30.74 %



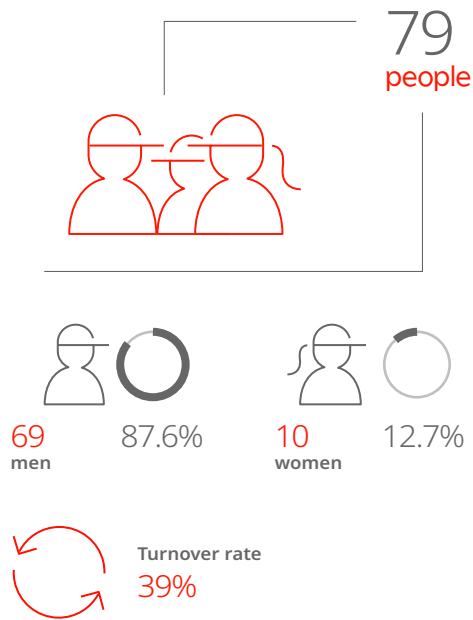
Sales Volume  
59.9  
million gallons

Sales Growth  
28 %



Among our major milestones, we **made history for our operation** in terms of sales and number of refuelings. Sales totaled 59.9 million gal in 2022 (a 110% recovery over 2019) and we performed more than 35,000 aircraft wing fueling operations.

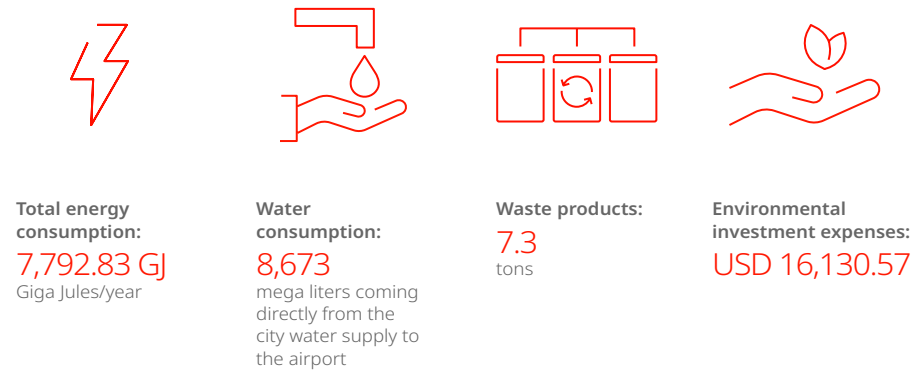
## Terpel Team Dominican Republic



We strengthened the online format of the Terpel Aviation Fuel School. We completed two courses during the year, graduating 26 participants.

We provided 2,154 hours of education and training with an investment of US\$13,092.

## Environmental management and social investment



As part of our commitment to the environment, we measured our carbon footprint for the first time, in line with the rest of the organization.

Our social investments totaled US\$10,855.95. We partnered with the Ser Eco Foundation and CONANI to bring the Design for Change social innovation program to three neighborhoods in Puerto Plata and Boca Chica where Terpel operates.

# Panama

Nuestra operación en Panamá se centra en 6 negocios: estaciones de servicio, servicios de conveniencia, lubricantes, combustibles para industria, aviación y marinos.

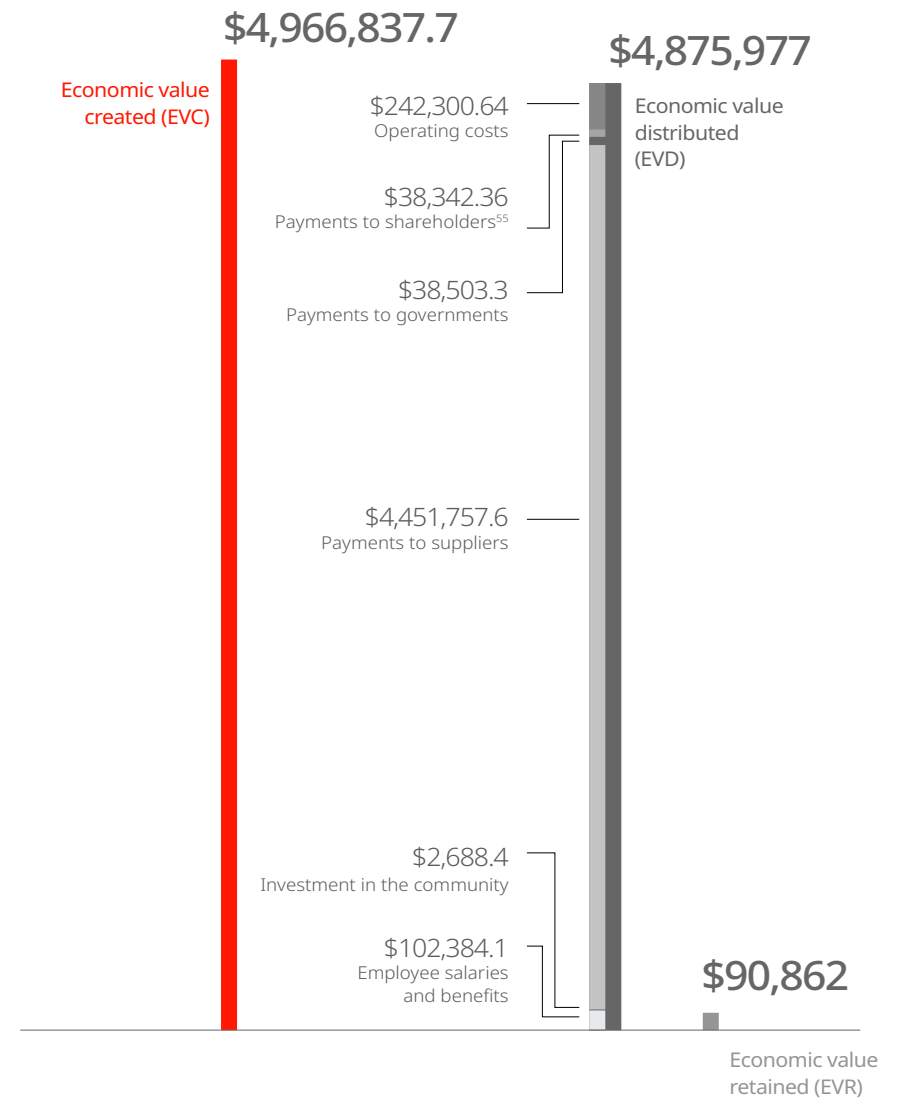
En el 2022 nuestro volumen de ventas total fue de 277 millones de galones con un EBITDA de COP 251.201 millones y una utilidad neta de COP 65.077 millones.

During 2022, we made purchases in the amount of US\$74,082,416 from 1,038 suppliers.



## We create and distribute value

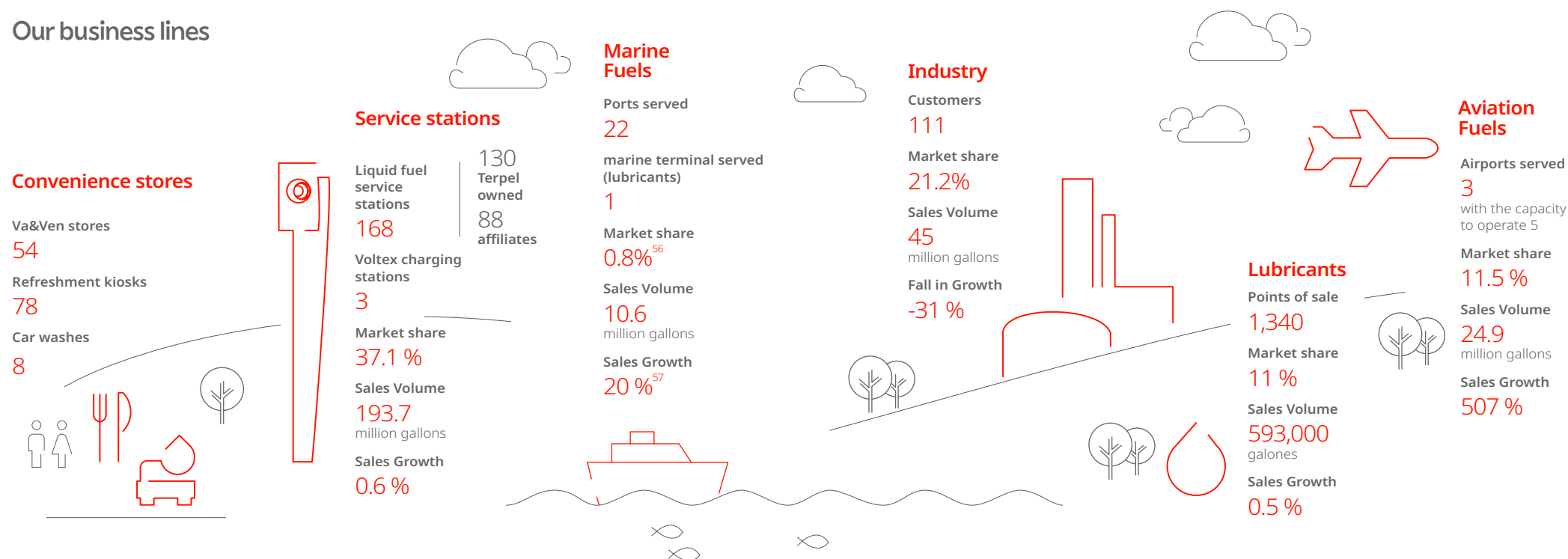
2022 (Figures in millions of pesos - COP)



[55] Corresponds to financial expenses.



## Our business lines



## Main initiatives:

- We ended the year with record EBITDA of approximately 60 million dollars, representing 5%<sup>[58]</sup> growth over 2021.
- We are among the top 15 companies with the best ESG (Environmental, Social and Governance) practices in the MERCO 2022 ranking, in 12th place among the 100 companies evaluated, moving up 15 positions compared to the results obtained in 2021 (in 27th place). This has allowed us to become for the first time **the leader in reputation in the fuel sector in Panama.**

The Terpel Panama Foundation began operations with an investment of US\$370,079.

- We implemented 3 of the 6 Terpel Foundation programs in Panama:
  - ▶ **We launched the country's first interactive classroom** (in the town of Puerto Obaldía, in the Guna Yala region, bordering Colombia).

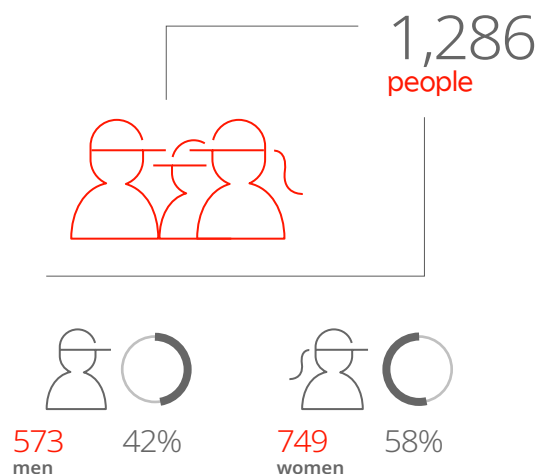
- ▶ **We developed the Design for Change program** in 3 of the country's 10 provinces.
- ▶ **We delivered two libraries through the Adventure with Letters program**, benefiting more than 1,000 students in the Guna Yala region and Panama City.

[56] Figures as of August 2022, compiled by the Panama Maritime Authority.

[57] Bunkering not included.

[58] Without considering the effect of decalage.

## Terpel Panama Team

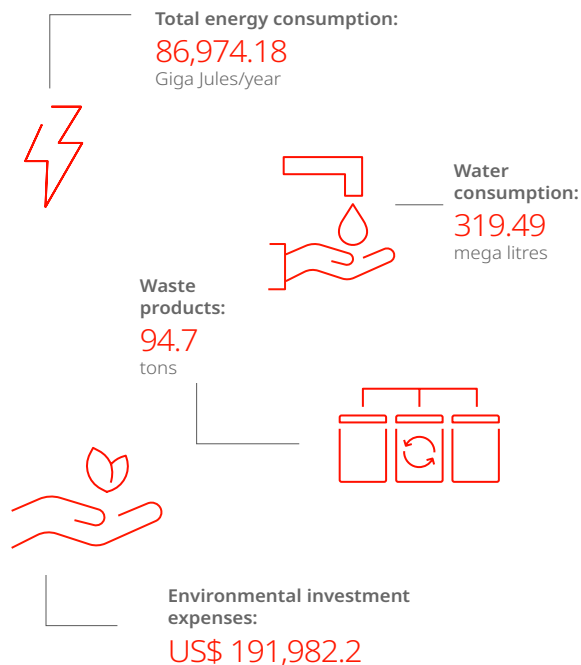


### The work environment:

- 81% of our STEM positions are held by women, underscoring our commitment to and focus on gender equality.
- We expanded the scope of our Super T awards program for retailers, increasing its reach and giving greater visibility to best practices in this segment.
- With a view to strengthening our commitment to diversity, equity and inclusion, we created affinity groups on the Yammer platform to provide safe spaces for employees to connect, learn, and share experiences, stories and best practices.

We provided 9,529.4 hours of education and training with an investment of US\$323,652.5.

## Environmental management and social investment



As part of our commitment to the environment, we measured our carbon footprint for the first time, in line with the rest of the organization.

Our total social investment was US\$755,268.4. This amount includes investments in community infrastructure, education, health, social contributions and the development of Terpel Foundation programs.





# Evolution in the business plan





## List of patents, trademarks, and others

In 2023, Terpel plans to focus its capital investment on the service station business. More than 10 new Terpel-owned services stations will be opened. In addition, we expect to invest in more than 50 new affiliated service stations, more than 20 banner changes, and the renovation of more than 200 affiliated service stations.

The Company expects to maintain investment levels in this segment, renewing annual contracts and investing in an average of 10 new Terpel-owned service stations per year.

In 2023, in the CNG segment, the company will continue to support the development of green corridors by adding new stations and upgrading equipment at existing stations. We will also work to generate more than 3,000 conversions. Depending on market developments, we expect to continue to expand the network of LPG stations.

In terms of convenience services, the projection is to reach - within a maximum of 10 years - 80% of the service station network with at least one convenience service. Specifically in convenience stores, we expect to open between 25 and 35 new points of sale. We also expect to continue to develop new strategic businesses that we can bring to the service station network, such as tire shops.

In the lubricants segment, investments are focused on the development and construction of the coolant plant and the expansion of the factory's storage capacity. Investments are planned for the coming years in the development of fuel and lubricant laboratories, the expansion of capacity, and process automation.

In aviation, investments will be made in refuelers and airport upgrades, including the purchase and installation of firefighting systems. In the coming years, investments will focus on operational maintenance and regulatory compliance.

Investments in new energy and electric mobility will include new charging points at affiliated service stations and freight transportation hubs. Similarly, long-term investments will focus on the expansion of charging points and new energy projects.

On the technology side, we expect to make significant investments in technology infrastructure renewal, applications (SAP upgrades, PR, BI), and IT security.

During the year 2022, the Terpel Business Group complied with the intellectual property laws established in Colombian law. Accordingly, our brands are duly registered in accordance with legal requirements, and our contracts comply with intellectual property laws.

The following trademarks were registered:

- i) Agua Madre Altoque (composite), which identifies bottles of water sold in Altoque stores for social purposes;
- ii) Vive Terpel (composite) is the new trademark for the loyalty program;
- iii) Lube Analytics, for lubricant investigation and analysis services; and
- iv) The new logo for the Terpel Rumbo brand, as part of the rebranding of this line of services.

In addition, all of our companies ensure that intellectual property is properly protected and enforced.

Lastly, in accordance with Law 1676 of 2013, we state for the record that at no time has company management impeded the free circulation of invoices issued by vendors or suppliers and, consequently, we have allowed their free negotiation and collection by their legitimate issuers.

In terms of industrial property, to date there are 29 industrial designs in force for 10 years from the date of filing and 364 registered trademarks in force for 10 years from the date of grant.

# Litigation and judicial proceedings

## (206-1; 417-2; 417-3; 418-1; 419-1;) Compliance with laws and regulations and procedures for prevention of violations

At Terpel, we have strict procedures in place to prevent any failure to comply with the law and to ensure that each business is fully compliant with applicable regulations.

## Compliance with laws and regulations

(416-2; 417-2) In 2022, we did not receive any significant fines or penalties for non-compliance with laws and regulations, or for non-compliance related to product labeling or marketing communications or data subject rights.

We have an ongoing investigation into the rights of data subjects, which at the end of 2022 was at the stage of closing arguments and awaiting a final decision. We also had another investigation underway, in which Terpel was exonerated from the sanction imposed on it for personal data violation.

In the area of unfair competition, we concluded a case that was decided in favor of Organización Terpel in the first and second instances; and another case pending in the preliminary stage.

There is no litigation or judicial or administrative proceeding to which Terpel is a party that could have a significant impact on its operations, financial situation and/or cause changes in its financial situation that are likely to have an unfavorable outcome for Terpel Organización and its subsidiaries.

Organización Terpel considers as material to its operations, financial situation and/or changes in its financial situation any litigation or judicial or administrative proceeding that exceeds 5% of its assets.

During 2022, there were some environmental fines, which are reported below

## (304-2) Environmental sanctions

During 2022, the following environmental sanctions were imposed:

**LA PASTORA service station:** The sanction of planting 370 trees and maintaining them for three years was imposed because a third-party acting on behalf of Terpel cut down 47 trees without authorization from the environmental authority.

**LA 45 service station:** A fine of COP\$379,075,738 was imposed for failure to comply with hazardous waste regulations at the service station.

**Contingencies:** Refer to note 33 of the Separate Financial Statements as at December 31, 2022 - page 83 of the statements.

# Risk management:

## Relevant or material risks to which the issuer and its subsidiaries are exposed and which may affect the development of its corporate purpose, strategy, financial position and/or investment plan.

Managing risk is imperative for running an excellent operation and generating value in the long term. At Terpel, in recognition of our responsibility to have a positive impact on society and the environment, we have integrated sustainability into our business strategy and into our Risk Management System.

This system consists of the policies, guidelines, procedures, frameworks, tools and people that enable the company to manage internal and external environmental, social, economic and corporate governance risks that may impact the strategic objectives of the organization and our stakeholders.

Our system is based on the international standards COSO ERM, ISO 31000 and the Three Lines of Defense model<sup>[59]</sup>. These models and standards describe the policies, parameters, roles, and responsibilities that the risk structure needs to have in place. We have used them to establish the policies and procedures for risk identification, analysis, evaluation, response, and monitoring that will help us prevent the materialization of any risk and manage any potential impact. To this end, we work with the business units, train the teams, and promote our culture of managing risk.

The Risk Management Policy defines risk management guidelines, directives, roles, and responsibilities, establishing the scope of risk management throughout the organization. It has been reviewed and approved by our Audit and Risk Committee, and is updated annually, or as required.

[59] Evaluation process to monitor risks establishing procedures and persons responsible to avoid their materialization.

In line with this process, we formed a Risk Management Department in 2021. It is overseen by the Board of Directors through the Audit and Risk Committee, and the department's objective is to help the areas better identify and manage current and future risks in all our operations.



## Senior management has issued the following general guidelines related to the Risk Management Policy:

1. Risk Management must contribute to achievement of the strategy and to continuous improvement at Organización Terpel and its subsidiaries by identifying risks and taking measures to mitigate their impact and the likelihood of their occurrence.
2. It must promote and develop a culture of risk management at all levels of the organization.
3. It must contribute to ensuring business continuity.
4. The Risk Management System must generate shareholder and stakeholder confidence by transparently reporting on risks and the actions taken to control them.
5. It must help protect the organization's resources and reputation, as well as those of its subsidiaries and their business units.
6. It must define, implement, and promote the coverage of risks in an appropriate environment of risk prevention and management.
7. Key managers at Organización Terpel must actively participate in maintaining the Risk Management System. The leaders of each process are responsible for identifying and managing their risks, in each of the stages defined by the system, with the support of the Risk Management Team.
8. The Risk Management Policy is a centralized policy and it applies to the countries where Organización Terpel operates, and to its subsidiaries and business units.
9. The Risk Management System must be implemented and maintained in all of the company's processes, considering real and potential risk events.



## Main Strategic Risks

The strategic, tactical and operational management of our risks and opportunities is fundamental to the achievement of the company's strategic goals and to the sustainability of the business in the short, medium and long term.

In our process to identify strategic risks, the following have been prioritized:

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<b>Reputational damage to the Terpel brand or any of its brands</b>	<p>The reputation of Terpel and its brands is a valuable asset for the company. Our image with our different stakeholders (customers, partners, investors, employees, etc.) may be affected by circumstances such as product quality issues, fuel shortages, environmental damage, regulatory violations, internal fraud, and cyber-attacks.</p> <p>A negative impact on our reputation could, in turn, become an obstacle to successfully competing for new opportunities, obtaining necessary regulatory approvals, obtaining financing, or attracting talent, or it could reduce demand for our products.</p>	<p><b>1. Definition of crisis scenarios:</b> Identification, description and validation of 23 crisis scenarios and their prioritization, taking into account variables of impact and probability. These scenarios are linked with the strategic risk analysis carried out by the Risk area.</p> <p><b>2. Development of a crisis management manual:</b> Definition and formalization of the management model, organization, roles, responsibilities, internal and external communication plan and key crisis management issues.</p> <p><b>3. Formation of the Crisis Committee:</b> Definition of the structure, objective, roles, and responsibilities of the Crisis Committee.</p> <p><b>4. Training:</b> Training for key personnel on the Crisis Manual and online courses for the entire company on the basic concepts of managing and responding to a potential crisis.</p> <p><b>5. Crisis simulation:</b> Simulation exercises to recreate crisis scenarios in the various businesses to test correct application of the manual.</p>	<p>No risk events materialized in 2022 with a critical impact on our reputation, the development of our corporate purpose, strategy, financial position, investment plan, results of operations, cash flow or business growth prospects.</p>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<div data-bbox="95 646 158 665">(304-2)</div> <div data-bbox="95 667 250 719">Environmental damage</div>	<p>This is damage we could cause to the soil, air, ocean, or water sources in any region or town caused by spills, leaks, overfilling, and loss of containment of our products at any point in our value chain. These events could be caused by, among other things, poor practices by third parties at our facilities, failure by our workers to follow established procedures, lack of equipment maintenance, deficiencies in employee and third-party education and training, failures in the self-inspection culture in our operations, or infrastructure and/or fuel storage and transfer equipment failures.</p> <p>This could result in relevant consequences due to complaints or lawsuits filed by the communities where we operate, fines or sanctions, financial losses, or damage to Terpel's image.</p>	<p><b>1. Comprehensive management system</b> An integrated management system has been implemented using the PDCA methodology. It ensures correct and timely identification and management of environmental risks, and provides training for operations and feedback on lessons learned from accident investigations.</p> <p><b>2. System monitoring and verification</b> Verification of the system in each operation using an online indicator dashboard and internal and external audits.</p> <p><b>3. Reliable Service Stations</b> Identification of health, safety, and environmental risks and the implementation of preventive, corrective and mitigating controls. Verification of the use of best practices in the operations, through periodic inspection visits. Ongoing risk education and training using the training camp. Accident investigation.</p> <p><b>4. Emergency response plan</b> Third-party experts at the national level to provide technical support in the event of a crisis. Crisis management protocols for developing our emergency response at a strategic level.</p> <p><b>5. Certifications and compliance with international standards</b> ISO 14000, 45000 and 9000 certifications for our environmental, occupational health and safety, and quality management systems, respectively, in Aviation, Industry, and in the factory.</p> <p><b>6. Environmental stance</b> Development of our environmental stance and targets and indicators for climate change, circular economy and safe operations.</p>	<p>In 2022, there were 53 fuel leak and spill events, which were fully addressed and remediated.</p>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Social and political risk	<p>The social upheavals in Colombia in 2021, along with the social disparities that were exacerbated by the pandemic, led to increased complaints against and demands on the state. Similarly, in the absence of institutional provisions to meet basic needs, the private sector is experiencing greater demands from communities for social investment.</p> <p>Colombia in 2022 experienced a situation of political and economic uncertainty, given high inflation, the volatility of the dollar, and an increase in interest rates. During the second half of the year, the country's expectations focused on the new administration and its initial decisions on economic, social, and environmental public policy. The new measures are expected to impact the energy mining sector. It will have to adapt to regulatory changes that may act counter to its economic interests. It is also expected that the industry will have to reformulate its relations with outside stakeholders to make its operations viable.</p>	<p><b>1. Plan for social management and sharing information:</b> Whenever Terpel has a project that involves a relationship with the community, it implements a plan for social management and sharing information to meet expectations regarding human rights due diligence.</p> <p><b>2. Contract management</b> Contractual clauses that require contractors to use local labor, goods and services, provided they meet the required profiles and do not compromise the quality of the project. In cases where we are the suppliers, we try to negotiate these clauses to ensure quality.</p> <p><b>3. Contractor training</b> Training plan for civil works contractors on good contracting practices, communication, and identifying and publicizing employment opportunities for the community.</p> <p><b>4. Monitoring job openings</b> Identification of critical operations where it is difficult to fill job openings from the community, in order to prioritize vacancies that can be filled by SENA interns that fit the profile. Follow-up on the hiring process for job openings that have been identified.</p> <p><b>5. Socio-political risk training and education:</b> Strengthening of the training for positions with greater exposure to socio-political risk in all regions, to provide tools and explain concepts for identifying and mitigating socio-political risks. Security guidelines are provided for the operations on an ongoing basis.</p> <p><b>6. Public affairs committee</b> On a quarterly basis, all managers and directors in the different regions and business units participate on this committee that presents current issues, events that have materialized, lessons learned and improvement plans to strengthen the process.</p> <p><b>7. Operations Supply Committee and Crisis Committee</b> Support for the committee with contextual information to keep up on the country's political and social situation. Coordination of support actions with the Crisis Committee.</p> <p><b>8. Updating of the Industry association and government lobbying and advocacy plan</b> Updating of the lobbying and advocacy plan in accordance with the electoral landscape to maintain viability in the places where we operate. Deployment of tactics in 2023.</p>	<p>During 2022, there were no critical socio-political risks for the organization.</p>



Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<p>(201-2)</p> <p><b>Climate change and energy transition</b></p>	<p>Climate change and the energy transition are on the world's agenda. Continued political and social attention on climate change have led to international agreements such as the Paris Agreement, as well as national, regional, and local regulations to limit and mitigate greenhouse gas (GHG) emissions and their impacts on the environment.</p> <p>These agreements and measures could result in future laws and regulations that increase our compliance costs and produce greater restrictions on operations. Currently, regulatory bodies such as the Colombian Financial Superintendent and some customers already require compliance, reporting, and disclosure of information and evidence on our climate change management. Regulators could also seek to limit certain oil or gas projects or make it more difficult for us to obtain the permits required to operate.</p> <p>Climate and ESG regulation is expected to have a significant impact on the hydrocarbon industry, which would have a direct impact on our business model. Likewise, public policy decisions aimed at reducing the use of fossil fuels and promoting the energy transition may also have adverse effects on our sales volumes, revenues and margins.</p>	<p><b>1. Environmental stance</b> Development of our environmental stance and targets and indicators for climate change, circular economy and safe operations.</p> <p>Internal and external communications with stakeholders.</p> <p>Definition of a follow-up strategy on the commitments of the different lines of businesses and reporting entities.</p> <p><b>2. Implementation of the Climate Change Management Model through the TCFD</b> Implementation of the model for climate change management based on the TCFD recommendations: governance, strategy, risk management, and metrics and targets.</p> <p><b>3. Energy efficiency</b> Definition of initiatives to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions from our operations and to transform our energy consumption matrix. This will be done on two fronts:</p> <ol style="list-style-type: none"> <li>1. Develop energy efficiency projects in our operations to rationalize and optimize energy consumption.</li> <li>2. Responsible consumption program</li> </ol> <p><b>4. Circular economy</b> Development of programs and initiatives in the Lubricants and Convenience Stores businesses, where we identified the greatest opportunities to implement circular economy strategies:</p> <ol style="list-style-type: none"> <li>1. Lubricants Green Pass is a sustainable lubricants program designed to properly manage lubricants from their manufacture, through their sale, and all the way to their final disposal.</li> <li>2. TDC Reduction of plastic in processed food packaging materials. Manufacture of Agua Madre water bottles with recycled raw materials. Proper disposal of waste at convenience stores.</li> </ol>	<p>N/A</p>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<p>(201-2)</p> <p><b>Climate change and energy transition</b></p>	<p>Shareholders could divest their resources from fossil fuel companies such as ours, which would affect our share price and our ability to access the capital markets. According to international press reports, some financial institutions in Europe have begun to limit their exposure to fossil fuel projects, which could also serve as an example for financial institutions in Colombia and Latin America. As a result, our ability to obtain financing for these types of future projects may be adversely affected.</p> <p>The physical effects of climate change, such as rising temperatures and sea levels and fluctuations in water levels, could also have repercussions on our operations, assets and supply chains, potentially causing business disruptions or shortages for our customers in different markets.</p>	<p><b>5. New energy sources</b> Development and implementation of projects and alliances with third parties to offer a comprehensive portfolio of new energies to existing and potential new customers, thereby remaining relevant in the lives of our customers and helping the country transform its energy matrix. This will be achieved through a comprehensive energy offer that includes self-generation systems with photovoltaic solar energy, storage systems, energy efficiency, electric chargers and others.</p> <p><b>6. Electric mobility</b> Our Terpel Voltex brand develops and provides electric charging services for electric and plug-in hybrid vehicles, both at Terpel stations and outside them, promoting the adoption of electric vehicles in the country.</p>	<p>N/A</p>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Failures in the culture of ethics and transparency	<p>A culture of ethics and transparency is extremely important, because it reflects the commitment of senior management to accept and assume it as a priority responsibility under which all employees agree to do what is right and to pursue the objectives and values of Organización Terpel. Ethics are foremost in our Code of Conduct, which must be communicated and practiced in our decisions and daily actions.</p> <p>Consistency between what we say and what we do is the key to strengthening our culture of ethics. Our behaviors, actions and decisions must be guided by our values of integrity, respect and reliability and communicated to the organization through the example of our leaders.</p> <p>Failure to foster this culture in the organization could expose us to fraud, corruption and bribery, which could result in financial loss, fines or sanctions, and damage to our reputation.</p>	<p><b>1. Code of Conduct</b> The Organization's Code of Conduct has been drawn up and disseminated. It formally establishes the principles, values and ethical standards by which the company is governed. It addresses core human, labor, and environmental rights, as well as anti-corruption and anti-bribery practices. It also contains guidelines on the relationship between the employees and the company, and the possible sanctions that may be imposed in the event of violations of this Code.</p> <p><b>2. Confidential reporting line</b> Terpel has a confidential reporting line that gives employees, suppliers, contractors, shareholders, and other stakeholders different channels for reporting any situation violating the Code of Conduct or corporate policies and procedures. The confidentiality of the reports is guaranteed.</p> <p><b>3. Culture and training plan</b> Training on our Code of Conduct is included in corporate induction and refresher courses. Internal notices and communications also include reminders about our confidential reporting line.</p> <p><b>4. Ethics committee</b> Committee led by the Company's Senior Management to promote the organization's ethical culture. This body also monitors, manages and sanctions any cases identified that violate our Code of Conduct, reinforcing our values of integrity, respect and reliability.</p> <p><b>5. Labor relations committee</b> The purpose of this committee is to improve the working conditions of the employees and to protect them from possible psychosocial risks that may affect their health in the course of their work. The committee consists of 4 employee representatives and 4 employer representatives.</p> <p><b>6. Metrics and indicators</b> Monitoring of metrics and indicators for cases and complaints reported through the confidential reporting line, by location, classification, etc. This allows us to analyze trends and define action plans to strengthen the ethics culture in the organization.</p>	<p>In 2022, we received a total of 84 complaints through our confidential reporting hotline. In all cases, we followed the correct process of analysis, investigation and disciplinary action (as applicable).</p> <p>In 2 cases, a risk to the organization materialized. In each case we reinforced our corporate policies and procedures to address missing or weak controls, and made the staffing decisions necessary to form a team with a profile required by the organization.</p>



Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Failures in the culture of ethics and transparency		<p><b>7. Conflict of interest policy</b> Our conflict of interest policy defines guidelines and procedures for preventing, managing, disclosing and administering potential conflicts of interest. Each year, all employees complete a conflict of interest disclosure form and our Ethics Committee analyzes and manages the cases identified.</p> <p><b>8. ML/FT and Anticorruption management system</b> We have a system in place to prevent the risks of money laundering, terrorist financing and corruption, based on our Know Your Customer policies, ongoing employee training, and reporting to the authorities as required by law.</p>	
Cyber-attacks, failures in our technological infrastructure or loss of confidential information	<p>Disruptions or breaches in our cybersecurity may affect or target the IT infrastructure that supports our core and business support processes. Any cyber-attack could have a material impact on our business, affecting the continuity of our operations, our relationships with our business partners, and our reputation.</p> <p>Cyber risk has become a constantly evolving systemic risk for Organización Terpel. The drastic increase in remote work, greater reliance on the Internet, pressures related to the digital transformation, critical vulnerabilities in IT infrastructure, and increased state sponsorship of such attacks means our exposure to this risk is increasing.</p>	<p><b>1. Information Security Policy:</b> We update and communicate our Information Security Policy to the organization based on our understanding of new business dynamics and emergent trends in technology.</p> <p><b>2. Vulnerability identification and management:</b> To identify vulnerabilities in IT assets, we have automated tools, industry or knowledge bases, and platform managers. Once vulnerabilities are identified, we apply security patches and track their timely closure.</p> <p><b>3. Strategic Cybersecurity Committee:</b> This committee meets once a month to review critical developments and strategic cybersecurity plans. It is made up of the VP of IT, the IT Manager, the Audit Manager, the Director of Legal Affairs, the Head of Labor Relations and the Country Heads.</p> <p><b>4. Our cybersecurity culture and awareness plan includes educational campaigns, security tips, workshops and training.</b> Every 3 months, we conduct controlled attacks on the organization to determine how many people fall victim to the attack and use this information to strengthen the plan.</p> <p><b>5. Information asset classification:</b> Structuring of a project and definition of the budget at the corporate level to identify, classify, and label information assets in our value chain. Monitoring of information leakage using automated tools that detect files with key and sensitive words in each business unit.</p>	There were no critical cyber risks to the organization in 2022.

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Cyber-attacks, failures in our technological infrastructure or loss of confidential information	<p>Cyber-attacks such as phishing, ransomware, social engineering, global espionage of key systems, and data breaches by employees or others with authorized access can damage the integrity, availability, and confidentiality of information; damage critical production, distribution, and/or storage facilities; delay or prevent delivery of our products to markets; and make it difficult or impossible to accurately account for production and settle transactions in our operations. In addition, our processes may be disrupted, resulting in the loss of sensitive or proprietary information belonging to our customers, employees or third parties.</p> <p>Our systems and procedures designed to protect us from such attacks and to mitigate these risks may prove inadequate in the future due to the speed with which cybercriminals evolve their methods to breach us. And those systems and procedures to protect against such attacks require us to incur significant costs to update or enhance our reasonable defenses in order to mitigate the economic, legal and reputational damage resulting from the sophisticated evolution of attackers.</p>	<p><b>6. We have a disaster recovery plan in place in the event of an information system service failure.</b> We track the performance of the response plan by reviewing reports and conducting tests, and develop a strategic response plan for managing crises.</p> <p><b>7. We have a cyber insurance policy</b> that covers the costs/expenses of investigations, fines, and the general cost of recovering from the attack. Each year, we seek to improve the terms of this policy.</p> <p><b>8. Information security clauses:</b> New and existing contracts when they are renewed include information security clauses in accordance with the guidelines in the cybersecurity policy.</p>	

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Financial risk (market, credit, and liquidity)	<p>The economic, political, and regulatory uncertainty caused by the worldwide health crisis and the change in the presidential administration in Colombia have had a significant impact on our economy. We are currently exposed to historic levels of inflation, greater volatility in interest rates and foreign exchange rates, and increases in the cost of our raw materials.</p> <p>In addition, an economic recession is possible, which would result in higher unemployment and a decrease in the purchasing power of individuals and businesses. There could be regulatory changes, fiscal or tax reforms, or government action regarding the pricing structure for regular and premium gasoline, all of which could reduce our revenues.</p> <p>In addition, if one or more of our customers or partners were to experience the same situation and default on one or more of our financial transactions, this could result in credit and liquidity risks. And if we have higher inventory levels that create cash pressure, or difficulty accessing financing sources on favorable terms, customer concentration or an inadequate cash flow strategy, we could experience a loss of working capital and profitability.</p>	<p><b>1. Monthly P&amp;L monitoring of results in the different business units, validating impacts on volume, margin, and expenses.</b> Strategies aligned with the company's goals are defined to achieve the best possible results in a changing context, maintaining adequate debt levels and profitability for shareholders.</p> <p><b>2. Sales budget, volume pipeline, cost, EBITDA expenses, KAPEX and strategies to achieve volume compliance in the business units are monitored on a regular basis.</b></p> <p><b>3. Volume and market recovery analysis</b> is performed through quarterly projections in all business units. A forecast is made in order to project results and define strategies to recover margins.</p> <p><b>4. Investment projects are monitored through the definition of the CAPEX budget,</b> which seeks to focus the Company's resources on projects that are aligned with our strategy, generate value and the expected return, according to the macro context, and taking care of the leverage indicators monitored by the risk rating agencies. Perform quarterly forecast to adjust investments according to macro events and take care of the company's liquidity and indicators monitored by the rating agency. Methodology, scope and frequency of post-investment analysis, to help us see the impact on the approved profitability of a project, as effects of macro changes.</p> <p><b>5. Lubricant prices are analyzed considering the follow-up of MP costs,</b> as well as the increases reported by suppliers. Similarly, in CNG, the frequency of negotiation is changed from long to short term (from +/- 10 to 1 year), in order to achieve greater accuracy in the contracted gas capacities.</p> <p><b>6. Budget review and definition exercise that seeks to generate efficiencies</b> in all CORE and support areas. Quarterly update of the Company's forecast. Monthly monitoring and control of expenses with all area managers.</p> <p><b>7. Portfolio recovery strategies are defined with high-risk clients or those who have an older portfolio,</b> in order to reach payment agreements and a possible recovery. This is based on an analysis of financial models to determine the best strategy (payment of the debt or recovery via margin in a time projection).</p>	



Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<p><b>(2-27)</b> <b>Regulatory compliance</b></p>	<p>We are exposed to an environment of greater regulatory change due to the political and/or economic instability we are experiencing and the legislative work of the new administration and its institutions. This could lead to changes in laws, rules, and regulations in the areas of fuel distribution, public utilities, or financial, accounting, labor, tax, environmental, or licensing laws, among others. These changes could adversely affect the way Terpel operates if it is not able to anticipate and respond in a timely manner to the most relevant changes related to key areas of its business.</p> <p>We could also be exposed to regulatory compliance risks if the areas responsible for such compliance are not quick to adapt processes and comply with the most relevant or important regulations in the areas of ML/FT, personal data protection, free competition, and others. This could result in fines or financial, criminal, or civil penalties for the company and our employees.</p>	<p><b>1. Regulatory Change Policy</b> a) Our Regulatory Change Policy defines the structure, governance, roles and responsibilities across the organization for managing regulatory change. It is reviewed and updated yearly in accordance with applicable changes. b) This policy is disclosed and disseminated to those responsible for its implementation.</p> <p><b>2. Culture of compliance</b> a) Continuous alignment with the Executive Committee to leverage and reinforce a culture of compliance. b) An annual work plan to raise awareness and educate the organization on managing regulatory change. In this way, leaders learn about the impact of implementing such changes, the importance of anticipating them, and the responsibilities of the areas with respect to the system.</p> <p><b>3. Update of the government and industry lobbying and advocacy plan</b> a) Each year, the lobbying and advocacy plan is updated to reflect the political landscape. This helps ensure we remain viable in the areas where we operate, learn first-hand about regulatory changes, and influence public policy.</p> <p><b>4. Changes in regulatory interpretation</b> Regarding changing regulatory interpretations, legal uncertainties and loopholes, we seek ongoing support from the industry association (ACP) when the impact is general to the industry, or advocate with the authorities if the impact is specific to the company.</p> <p><b>5. Compliance monitoring</b> Continuous tracking and monitoring of regulatory compliance and new regulations that may emerge and have a relevant impact on our business units. The process includes sending alerts to areas, raising awareness, and explaining the importance of implementation. It also includes action plans with implementation dates and the person responsible for enforcing compliance.</p>	<p>There were no material non-compliance events in 2022.</p> <p>The regulatory changes with the greatest impact on the organization were the following:</p> <ol style="list-style-type: none"> <li>1. Resolution 208 of 03-12-2021 (CREG) - Regulation of Transportation by Multiproduct pipeline.</li> <li>2. Decree 1135 of 01-07-22 (MME) - Modification of Sole Regulatory Decree 1073 of 2015</li> <li>3. Resolution 40265 29-07-22 (MME) - Inventory requirements, measures to ensure continuity of fuel supply</li> <li>4. Resolution 1678 of 31-10-22 (MME) - Modifies Resolution 31100 of 2020 SICOM</li> <li>5. Operations Manual for Transporters 05-12-22 (CENIT) - Document applicable to the Multi-product Pipeline Transportation Regulations.</li> <li>6. Resolution 101 029 of 2022 (CREG) - Price adjustment and indexation of energy tariffs</li> <li>7. RESOLUTION No. 102 011 of 2022 (CREG) - Transitional modification (until December 31, 2022) of the events exempting from responsibility contained in CREG Resolution 185 of 2020.</li> <li>8. Law 2191 of 2022 - (Congress of the Republic) - Labor Separation Law</li> </ol>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Interruption of the business	<p>Business continuity may be affected by political and social unrest, cyber-attacks and technological failures, pandemics and epidemics, and supply chain disruptions, including supplier bankruptcies, port closures, and labor strikes.</p> <p>In our case, one of the most important issues is that several of our business units may be significantly dependent on certain suppliers for raw materials and critical inputs. We could experience shortages if strategic suppliers are unable to supply fuel, biofuels, pipeline deliveries, base oils, additives and other lubricant inputs in the quantities and with the frequency we require.</p> <p>We may also be indirectly affected by natural disasters, social factors, or other events in the supply chain.</p>	<p><b>1. Contingency protocol</b> Our contingency protocol defines the general activities and roles for responding to possible shortages, restrictions, or changes in operations.</p> <p><b>2. Training personnel at work centers</b> Training on the application of the contingency plan and response protocol at work centers and plants.</p> <p><b>3. Operations supply committee</b> Daily supply conference call with the regions to assesses the status of the operation and any supply or other needs.</p> <p><b>4. Contingency plans</b> Redundant communication channels. Ability to share Internet with computer equipment from corporate mobile phone system. Redundant receiving and dispatch servers. Ability to redirect demand to be served by the closest facility in the Terpel network.</p> <p><b>5. BCP – Business Continuity Plan</b> We are strengthening our business continuity management to coordinate policies, procedures, structure, governance, and strategies across the organization to anticipate, respond to, and recover from potential disruptions related to shortages, technological failures, operational shutdowns, natural disasters, and other events.</p>	<p><b>Materialized contingency events</b></p> <ol style="list-style-type: none"> <li>1. Arauca: October 2022 road affected by a landslide</li> <li>2. Apiay: Community and USO blockades.</li> <li>3. Mansilla: Community and USO blockades.</li> <li>4. Neiva: Community and USO blockades.</li> <li>5. Puerto Asís: July community blockade.</li> <li>6. Ayacucho: July community blockade.</li> <li>7. Villa del Rosario: February due to public disturbances, March, September, October and November road affected by a landslide.</li> </ol> <p><b>Actions taken:</b></p> <ol style="list-style-type: none"> <li>1. The following plants were activated as contingent plants: Tocancipá, Aguazul and Chimitá.</li> <li>2. Demand was met from Tocancipá and Mansilla.</li> <li>3. Demand was met from Tocancipá.</li> <li>4. Demand was met from Gualanday, Mariquita and Florencia.</li> <li>5. Not necessary to activate contingency supply.</li> <li>6. Demand was met by La Fortuna.</li> <li>7. Demand was met by Chimitá.</li> </ol>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
Physical security and safety risks in our operations	This refers to the risk of accidents or illnesses caused by our operations to our employees or third parties. It also refers to possible insecurity in some of our operations (theft, robbery, or extortion) that could affect the well-being of our employees or third parties, cause damage to our physical infrastructure, or result in loss or damage to our products or inventory.	<p><b>1. Comprehensive management system</b> Implementation of an integrated management system using the PDCA methodology. It ensures correct and timely identification and management of environmental risks, and provides training for operations and feedback on lessons learned from accident investigations.</p> <p><b>2. System monitoring and verification</b> Verification of the system in each operation using an online indicator dashboard and internal and external audits.</p> <p><b>3. Emergency response plan</b> Our emergency response plan includes: Formation and the training of the emergency brigade. Protocol and service pathway Contact with external support agencies.</p> <p><b>4. Insurance policies</b> Affiliation with and coverage by the Labor Risk Administrator ARL.</p> <p><b>5. Control of access to physical facilities:</b> Access to all work centers is controlled. Only the following people can enter: Direct employees, contractors and visitors/customers with prior social security validation (with continuous accompaniment of a direct employee).</p> <p><b>6. Guard services:</b> Security services are contracted through a company approved by the Superintendent of Private Security in the case of work centers that are not located in a protected complex. Guard company supervisor visits to verify normal operations. Support coordinated with supporting institutions such as the police, district attorney, Gaula, and others</p> <p><b>7. Other controls:</b> The work centers have a perimeter fence that secures them and acts as a protective barrier; several work centers have a surveillance system (panic buttons and door-opening sensors); and most have CCTV.</p> <p><b>8. Insurance policies</b> All-risk property damage and extra-contractual liability policies for plants, factories, airports, marine service stations and administrative offices.</p>	<p>In 2022, there were 27 work-related accidents at Terpel, most of which were related to falls, or overexertion or improper movement of the human musculoskeletal system during the supply process.</p> <p>There were also 16 incidents with financial consequences associated with unsafe employee conduct.</p> <p>All incidents were investigated within the established timeframes, and action plans were implemented 100% on schedule.</p>

Risk	Detailed description of the risk	Mechanisms for risk management, mitigation, and monitoring	Risk events materialized in 2022
<b>Increase in price of raw materials / commodities (Lubricants)</b>	<p>Increases in the prices of raw materials and critical inputs can affect our revenues by reducing demand and sales margins, thereby impacting our earnings. This is particularly true in the case of base oils and additives for lubricants.</p> <p>This is mainly due to the high uncertainty in the supply chain after the COVID-19 crisis (global shortage of raw materials and additives, increase in the price of logistics freight, shortage of ships, changes in shipping routes, shortage of containers, and delays in customs clearance at ports), which caused an increase in prices, and volatility in foreign exchange rates.</p>	<p><b>1. Partnership with global hydrocarbon supplier</b> Our alliance with a global supplier to the hydrocarbon industry enables us to purchase raw materials at competitive prices, as they negotiate prices with their suppliers worldwide and pass the savings on to us.</p> <p><b>2. Monitoring market behavior</b> Constant monitoring of market behavior and analysis of how macroeconomic changes and trends affect our customers and competitors. This enables us to have enough information to anticipate and make timely decisions. Accordingly, monitoring of the health of our brands by looking at relevant attributes and purchase frequency.</p> <p><b>3. Income committee</b> This strategic committee analyzes KPIs and marketing studies to understand their impact on our financial plan. It reviews the P&amp;L by product and by customer to define tactics and manage price increases.</p>	<p>This is a risk that materialized during 2022, due to the global shortage of raw materials such as base oils and additives, increases in the price of logistics freight and increases in foreign exchange rates.</p>

## Quantification of probable impact

The following are quantitative estimates of the likely impact of the above prioritized strategic risks. These estimates were made after analyzing the economic dimension of the organization's financial impact matrix, which determined the ranges of impact on EBITDA, equity and net income, considering the following as having a high and critical impact:

- Impact on EBITDA from 5% to 10% or more.
- Equity impact of 2.3% to 5% or more.
- Revenue impact of 2.3% to 5% or more.



Risk	Likelihood	Impact	Quantitative estimate of likely impacts
R7 - Cyber-attacks, failures in our technological infrastructure or loss of confidential information	Likely	High	<p>Cyber-attacks such as phishing, ransomware, social engineering, global espionage of key systems, and data breaches by employees or others with authorized access can damage the integrity, availability, and confidentiality of information; damage critical production, distribution, and/or storage facilities; delay or prevent delivery of our products to markets; and make it difficult or impossible to accurately account for production and settle transactions in our operations. In addition, our processes may be disrupted, resulting in the loss of sensitive or proprietary information belonging to our customers, employees or third parties.</p> <p>With the help of our insurance broker, we use statistical tools (CyberQ) to quantify the maximum probable loss of an event using frequency and severity models. The model determines the impact of the loss should an event occur, and each magnitude is associated with a probability.</p> <p>According to the most recent exercise regarding the maximum probable loss from privacy risks and network disruption, we can determine with 95% confidence that the impact would not exceed 5% of the Company's EBITDA in any one year. According to Cyber Q, the probability of this risk occurring in 50 years is 1%.</p>
R13 - Increase in price of raw materials / commodities	Likely	High	<p>Fluctuations in the cost of selling fuel at the Colombian operations, in the case of gasoline, diesel and jet fuel, may affect the Company's results.</p> <p>For lubricants, since base oils and additives are imported, their price fluctuates with international oil prices, and are negotiated in dollars, the company is exposed to fluctuations in the cost of production inputs. Due to the way the market behaves, these fluctuations are not immediately passed on in full through the price, so that the increase in the price of raw materials and the depreciation of the exchange rate can lead to a temporary reduction in the margin or vice versa, depending on the variables mentioned above.</p> <p>Finally, the Colombian operation may be exposed to devaluation costs impacting the Company's results because the supply and transportation costs in the CNG business are dollar-denominated.</p> <p>The company currently has a risk review model, using the VaR methodology, to regularly monitor variations in fuel and lubricant costs and their impact on the company's gross profit.</p> <p>According to the most recent exercise, the maximum value at risk due to variations in costs would not exceed 13% of the Company's EBITDA in any one year, with a 95% confidence level.</p>
R1 - Reputational damage	Possible	Critical	<p>Reputational risk may result in reduced demand or adversely affect the price of the company's securities traded on the stock exchange.</p> <p>Looking at the stock's performance over the past 3 years, its behavior is mainly driven by market behavior and has little to do with the company's fundamentals. Daily price fluctuations have been less than 10% and are a reflection of the low liquidity of the stock when trading activities are within the normal range.</p> <p>In line with the above, a 1% change in annual demand has an approximate impact of 1.3% on EBITDA and a 1% change in share price has an approximate impact of 1% on the market value of equity.</p>

Risk	Likelihood	Impact	Quantitative estimate of likely impacts
<b>R8 - Financial risk (market, credit, and liquidity)</b>	Possible	High	Refer to the note on financial risk that is in the process of being reviewed and approved by KPMG.
<b>R10 - Interruption of the business</b>	Possible	High	<p>Business interruption risk is the potential loss of revenue due to market shortages or a negative impact on our EBITDA if the event lasts longer than 4 days.</p> <p>In all cases where this type of event has occurred, we have implemented our business continuity plans to redirect demand to the nearest plant in the network or to activate alternate supply sources. The likelihood and impact of this risk is minimal given the organization's diversification across geographies, segments and portfolios/businesses.</p> <p>Considering a full one-day interruption and not taking into account contingency plans, we would estimate a loss of 5% of one month's EBITDA or less than 0.5% of one year's EBITDA - pending review by financial planning.</p>

In addition, we have performed a risk analysis for each of our material issues, as described below:

Material topics	Risks	Material topics	Risks	Material topics	Risks	Material topics	Risks
<b>Diversity, equity, and human talent</b>	R1 - Reputational damage	<b>Alternative energy and climate change</b>	R1 - Reputational damage R5 - Climate change and energy transition R2 - Environmental damage R8 - Financial risk (market, credit, and liquidity) R14 - Proliferation of new technologies potentially disruptive to the sector R12 - Inadequate anticipation of changes in market trends R9 - Regulatory compliance	<b>Supply chain management</b>	R1 - Reputational damage R5 - Climate change and energy transition R13 - Increase in price of raw materials / commodities R2 - Environmental damage R8 - Financial risk (market, credit, and liquidity) R10 - Interruption of the business R14 - Proliferation of new technologies potentially disruptive to the sector R12 - Inadequate anticipation of changes in market trends R9 - Regulatory compliance	<b>Quality products and services</b>	R1 - Reputational damage R5 - Climate change and energy transition R7 - Cyber-attacks, failures in our technological infrastructure or loss of confidential information R2 - Environmental damage R8 - Financial risk (market, credit, and liquidity) R10 - Interruption of the business R14 - Proliferation of new technologies potentially disruptive to the sector R12 - Inadequate anticipation of changes in market trends R9 - Regulatory compliance
<b>Health and safety</b>	R10 - Interruption of the business R12 - Inadequate anticipation of changes in market trends R4 - Difficulties finding, developing, and retaining the best talent R6 - Failures in the culture of ethics and transparency R9 - Regulatory compliance R11 - Physical security and safety risks in our operations			<b>Community relations</b>	R1 - Reputational damage R3 - Social and political risk R2 - Environmental damage R9 - Regulatory compliance		

## The risk management cycle includes the following stages:

- 1. Establish the context:** analyze and understand the organization's internal and external context as a source of threats, opportunities, weaknesses, and strengths.
- 2. Identify the risks:** Work with business units to identify risks and opportunities that could impact business objectives.
- 3. Analyze risks:** Analyze the causes and the impacts of the risks identified.
- 4. Evaluate risks:** Prioritize risks based on defined impact and probability criteria, as well as the risk appetite defined by the Board of Directors.
- 5. Risk treatment:** Establish controls and strategies to mitigate the risks.
- 6. Monitoring:** Engage in continuous monitoring through controls, action plans, and indicators to manage the evolution of risks and their treatment and mitigation strategies.

## The roles of senior management and the board of directors in identifying, assessing, managing and monitoring operational, labor, environmental, human rights and social risks.

<b>Position of the most senior person with dedicated responsibility for risk management at the operational level (non-CEO)</b>	Director of risk management, who reports to the manager of internal audit and risk management.
<b>Name of the most senior person responsible for monitoring and reviewing risk management performance at the operational level (not the CEO)</b>	Catalina Kekessy Hernández
<b>Position of the most senior person responsible for monitoring and reviewing risk management performance at the operational level (not the CEO)</b>	Internal audit and risk management manager
<b>The body to which the most senior person responsible for monitoring and reviewing risk management performance at the operational level reports (not the CEO)</b>	Audit and Risk Committee

## Sensitivity analysis

Each year, the Company conducts a strategic risk identification and assessment process that considers both financial and non-financial risks. Working with the Executive Committee, the process assesses impact and likelihood using criteria defined by the company, including financial impact, business continuity impact, reputational impact, legal or regulatory impact, environmental impact, and others.

With regard to financial risks, the organization conducts a quarterly and annual analysis of the risks associated with the use of financial instruments, such as market risk (foreign exchange and interest rate risk), credit risk and liquidity risk. It analyzes the company's exposure to each of these risks and the actions for managing them.

For other types of non-financial risks such as those related to cybersecurity, we use, through our insurance broker, statistical tools to quantify the maximum probable loss of occurrence of an event, using frequency and severity models. The model determines the impact of the loss should an event occur, and each magnitude is associated with a probability.

For other types of risks related to business interruption, the company conducted an exercise in 2019 to calculate its likely loss as a result of an interruption caused by supply chain events.

## Strategies for promoting a culture of risk control and prevention

At Terpel, we work hard to maintain a solid and proactive culture of risk identification and mitigation. We involve all levels of the organization in risk management through open, transparent communication and the establishment of company-wide protocols for risk identification, assessment and mitigation. We also incorporate risk criteria into product development and approval, fostering innovation within an effective risk culture.

In this spirit, we continuously train in risk prevention and control to ensure the correct and timely identification of events that could affect the operations, finances, reputation and sustainability of the business. We establish processes to regularly evaluate risks and performance in prevention and control to identify opportunities for improvement and to correct deviations, implementing a structured feedback process for each area involved.

Part two

# Stock market and financial performance





# Behavior and performance of the securities in the trading systems in which they are listed



**Variable income:** During 2022, the price of Terpel's ordinary shares, traded on the Colombian Stock Exchange, ranged between a maximum of COP 11,900 and a minimum of COP 8,030. This behavior occurred in the midst of an election year in Colombia and an international geopolitical context affected by an international conflict in Ukraine, which triggered a global energy crisis and, in turn, a general escalation in prices, with global inflation indexes approaching pre-subprime crisis highs.

## Trading performance of common stock

### General Information

Name	Registration date	Shares outstanding	Market capitalization
TERPEL	15-08-2014	181,424,505	1,456,838.77

### Prices

Name	Average daily price
TERPEL	9,552.00

Name	Date	Maximum price in pesos - COP
TERPEL	18-02-2022	11,900.00

Name	Date	Minimum price
TERPEL	22-08-2022	7,510.00

Name	Date	Closing price
TERPEL	29-12-2022	8,030.00

Name	Annual price change
TERPEL	-22.34%

### Trading volume

	Name	Volume
Volume	TERPEL	62,534
Average daily trading volume	TERPEL	255

### Number of transactions

	Name	Number of transactions
Number of transactions	TERPEL	15,481
Average transactions per day	TERPEL	63

**Fixed income:** The unusual increase in inflation in Colombia during 2022, closing the year at 13.12% compared to 5.62% in December 2021, triggered a general devaluation in the secondary market for fixed income securities. In general, all maturities were

exposed to this behavior, with less emphasis on inflation-indexed securities, such as most of Organización Terpel's exchange-traded ordinary bonds.

#### Behavior of Fixed Income Transactions by Trading Price

Name	Description	Maturity date	Base rate	# of transactions	Maximum price	Minimum price	Closing price	Previous closing price
BTPL01139C10	10 years CPI	27/02/23	CPI + 3.09%	27	18.00	9.17	18.00	4.75
BTPL01159D15	15 years CPI	28/02/30	CPI + 4.06%	4	15.71	9.68	15.70	7.35
BTPL1189C005	5 years CPI	7/06/23	CPI + 2.88%	72	18.72	7.43	18.72	5.06
BTPL1189C010	10 years CPI	7/06/28	CPI + 3.60%	39	21.15	9.87	21.07	6.88
BTPL1189C015	15 years CPI	7/06/33	CPI + 3.86%	11	19.58	15.60	19.58	8.48
BTPL1189C025	25 years CPI	7/06/43	CPI + 4.02%	11	21.20	10.35	21.11	8.61
BTPL2209C015	15 years CPI	26/02/35	CPI + 3.01%	7	18.28	13.44	18.01	8.53
BTPL2209C025	25 years CPI	26/02/45	CPI + 3.40%	11	21.12	10.09	21.10	8.02
BTPL220SA005	5 years Fixed rate	26/02/25	5.84% EAR	8	17.15	15.64	17.15	5.80

#### Behavior of Fixed Income Transactions by Clean Price

Name	Description	Maturity date	Base rate	# of transactions	Maximum price	Minimum price	Closing price	Volume
BTPL01139C10	10 years CPI	27/02/23	CPI + 3.09%	27	103.32	100.04	100.27	90,700.94
BTPL01159D15	15 years CPI	28/02/30	CPI + 4.06%	4	103.33	92.46	92.51	3,913.65
BTPL1189C005	5 years CPI	7/06/23	CPI + 2.88%	72	102.73	99.15	99.15	224,307.96
BTPL1189C010	10 years CPI	7/06/28	CPI + 3.60%	39	99.25	88.58	88.79	59,058.40
BTPL1189C015	15 years CPI	7/06/33	CPI + 3.86%	11	88.88	85.17	85.85	58,166.54
BTPL1189C025	25 years CPI	7/06/43	CPI + 4.02%	11	98.26	82.86	83.52	66,348.44
BTPL2209C015	15 years CPI	26/02/35	CPI + 3.01%	7	91.91	80.94	81.95	16,547.18
BTPL2209C025	25 years CPI	26/02/45	CPI + 3.40%	11	90.04	80.79	80.86	40,222.03
BTPL220SA005	5 years Fixed rate	26/02/25	5.84% EAR	8	82.62	81.96	81.96	8,235.02

# Information on the issuer's equity ownership and other material matters with respect to its ownership structure of capital and securities in issue

## Information on share capital as at december 31, 2023- Organización Terpel, S.A

Issuer's outstanding share classes	Number of shareholders	Percentage of share capital by class of shares
Common	7,091	100%

## (ii) Information on beneficial owner:

### Information on the beneficial owners of Organización Terpel S.A. as at december 31, 2022

Name/company name	Share class	% ownership	Company name/ first and last names of shareholder(s)
Organización Terpel S.A.	Common	56.18	Copec S.A.
Copec S.A.	Common	99.99	Empresas Copec
Empresas Copec S. A.	Common	60.82	Antar Chile S.A.
Antar Chile S.A.	Common	63.40	Inversiones Angelini y Compañía Limitada
Inversiones Angelini y Compañía Limitada	Common	19.43	Inversiones Golfo Blanco Limitada
Inversiones Angelini y Compañía Limitada	Common	16.99	Inversiones Arianuova Limitada
Inversiones Angelini y Compañía Limitada	Common	15.60	Inversiones Senda Blanca Limitada
Inversiones Angelini y Compañía Limitada	Common	13.69	Inversiones Rondine Limitada
Inversiones Arianuova Limitada	Common	99	Roberto Angelini Rossi
Inversiones Rondine Limitada	Common	99	Patricia Angelini Rossi
Inversiones Golfo Blanco Limitada	Common	24.99	Maurizio Angelini Amadori
Inversiones Golfo Blanco Limitada	Common	24.99	Daniela Angelini Amadori
Inversiones Golfo Blanco Limitada	Common	24.99	Claudio Angelini Amadori
Inversiones Golfo Blanco Limitada	Common	24.99	Mario Angelini Amadori
Inversiones Senda Blanca Limitada	Common	33.33	Franco Melafe Angelini
Inversiones Senda Blanca Limitada	Common	33.33	Maximiliano Valdes Angelini
Inversiones Senda Blanca Limitada	Common	33.33	Josefina Valdes Angelini

**(iii) Dividend information:****Dividends approved by the general shareholder's assembly**

As recorded in the Minutes No. 47 of the General Shareholders' Meeting of Organización Terpel S.A. held on March 18, 2022, the shareholders approved a distribution of profits in the form of a dividend payment in one installment on March 25, 2022:

**Ordinary Shareholders' Meeting Organización Terpel S.A. March 18, 2022****Profit and reserve at the disposal of the shareholders' meeting**

Net income (loss) for the year, period: January to December 2021:	\$ 375,721,705,997
Untaxed earnings as of December 2016	\$ 225,841,602,541
Untaxed earnings as of December 2017 and thereafter	\$ 527,203,978,191
Reserve for tax provisions constitutes INCRNGO R.T290 (a)	\$ 2,532,051,000
<b>Profit and reserve at the disposal of the Assembly</b>	<b>\$ 1,131,299,337,729</b>

**Profit distribution project as of December 31 2021**

It is proposed to distribute the untaxed profits accrued as of December 2016 For an ordinary untaxed dividend on 181,424,505 outstanding shares, at a rate of \$1,140.66635319 per share, to be paid in the month of March 2022 and paid in cash in one installment on March 25, 2022

Untaxed Earnings Accrued as of December 2016 for future disposition by Shareholders: (**)	\$21,428,825,042
Untaxed Earnings generated since 2017 for future Shareholder disposition:	\$ 902,925,684,188
<b>Subtotal Dividends and Retained Earnings for future disposition by Shareholders</b>	<b>\$ 1,131,299,337,729</b>

(\*) Considering that in the year 2021, the company presented a negative impact of \$38.168M due to the restatement of deferred tax; it is proposed to make an exception to the policy and distribute 55.08% of the profits for the year 2021.

(\*\*) The profits corresponding to this period to be distributed in the future would not be subject to withholdings.



# Financial information for the reporting period in comparison with the immediately preceding period

## Organización Terpel S.A. and subsidiaries

Classified Consolidated Balance Sheet

As of December 31, 2022 and 2021

	Notes	December 31 2022 M\$	December 31 2021 M\$
Assets			
Current Assets:			
Cash & Cash Equivalents	6, 7	582,936,679	705,836,606
Other Current Non-Financial Assets	8	140,138,812	104,191,442
Trade debtors and other current receivables	7, 9	1,548,255,623	1,064,571,638
Current Related Entities Receivables	10a	3,484,421	148,772
Inventories	11	1,764,718,797	1,177,039,780
Current Tax Assets	12	391,850,867	40,830,123
Non-current assets or groups of assets for disposal classified as held for sale	14	394,960	1,653,886
Short Term Contract Assets	15	87,416,604	69,960,111
Total Current Assets		4,519,196,763	3,164,232,358
Non - Current Assets:			
Other Non-Current Financial Assets	7	2,042,921	2,042,452
Other Non-Current Non-Financial Assets	8	3,752,805	4,046,413
Trade debtors and other non-current receivables	7, 9	24,637,261	6,738,644
Investments accounted for using the equity method	13	14,623,785	6,755,906
Intangible assets different to capital gain	16	821,846,155	784,761,797
Capital gain	17	362,704,492	339,602,060
Property, Plant & Equipment	18	4,158,389,576	3,548,287,448
Investment Properties	19	3,171,767	5,450,983
Current Tax Assets	21	60,583,152	32,062,593
Long Term Contract Assets	15	268,000,838	266,539,129
Total Non-Current Assets		5,719,752,752	4,996,287,425
Total Assets		10,238,949,515	8,160,519,783

The accompanying notes are an integral part of these consolidated financial statements.

**Organización Terpel S.A. and subsidiaries**

Classified Consolidated Balance Sheet  
As of December 31, 2022 and 2021

	Notes	December 31 2022 M\$	December 31 2021 M\$
Liabilities			
Current Liabilities:			
Other Current Liabilities	7, 22	1,464,453,680	597,354,766
Trade and Other Payables	7, 23	1,898,960,453	1,358,810,156
Related Entities Payable	10b	775,015	1,928,644
Current Tax Liabilities	12	251,879,822	220,700,373
Employee Benefits Provisions	24	17,912	16,958
Total current liabilities		3,616,086,882	2,178,810,897
Non-Current liabilities:			
Other Non-Current Liabilities	7, 22	3,117,226,522	2,934,723,697
Other Long-term Provisions	25	8,585,625	6,917,502
Deferred tax liability	21	474,933,660	454,594,225
Non-Current Employee Benefits Provisions	24	13,435,150	10,166,217
Total Non-Current Liabilities		3,614,180,957	3,406,401,641
Total Liabilities		7,230,267,839	5,585,212,538
Equity	26		
Issued Capital		195,999,466	195,999,466
Issued Premium		219,365,731	219,365,731
Other shares in Equity		789,689,617	494,847,845
Other reserves		126,824,020	129,356,071
Gains and losses recorded		1,676,396,711	1,535,408,515
Equity Attributable to Owners		3,008,275,545	2,574,977,628
Non-Controlling Interests		406,131	329,617
Equity Attributable to Owners		3,008,681,676	2,575,307,245
Total equity & liabilities		10,238,949,515	8,160,519,783

The accompanying notes are an integral part of these consolidated financial statements.

**Organización Terpel S.A. and subsidiaries**

Consolidated Income Statement, by Function  
For the years concluding on December 31, 2022 and 2021

		As of december 31 2022	As of december 31 2021
	Notes	M\$	M\$
Income from operating activities	28	35,455,548,572	23,142,510,511
Cost of Sales	29	(32,549,846,748)	(20,773,697,872)
Gross Profit		2,905,701,824	2,368,812,639
Distribution Expenses	31 (b)	(1,507,437,191)	(1,237,384,514)
Administrative Expenses	31 (a)	(418,125,758)	(342,821,897)
Operating income before other income and expenses by function		980,138,875	788,606,228
Other incomes, by function	32 (a)	60,537,417	73,106,287
Other Expenses, by function	32 (b)	(132,193,667)	(87,324,726)
Ganancia operacional		908,482,625	774,387,789
Financial Income	33 (a)	8,720,407	13,350,281
Financial Expenses	33 (a)	(391,863,745)	(210,965,508)
Share of profit (losses ) of associates and joint ventures accounted for using the equity method	13	2,657,191	2,860,517
Foreign Exchange Balance	33 (b)	18,506,415	7,377,467
Profit before taxes		546,502,893	587,010,546
Income tax	34	(213,090,508)	(211,276,673)
Net profit		333,412,385	375,733,873
Profit Attributable to:			
Profit, Attributable to owners		333,411,532	375,721,706
Profit, Attributable to non-controlling interests		853	12,167
Net Profit		333,412,385	375,733,873
Basic earnings per share (*)	27	1,837.75	2,071.02

The accompanying notes are an integral part of these consolidated financial statements.

(\*) Expressed in Colombian pesos.

# Management's discussion and analysis of the issuer's results of operations and financial condition on an individual, separate and/or consolidated basis

## (i) Material changes in results of operations

### Cash and cash equivalents

The decrease in cash and cash equivalents is primarily due to the payment of dividends to shareholders, the payment of the 7-year notes and the payment of income taxes; these payments were not made in 2021 due to the public health emergency (see note 6 to the Separate Financial Statements).

### Current tax assets

This increase is primarily due to the VAT credit resulting from the change in the VAT rate for JET A1 from 5% to 19% (see note 13 to the financial statements).

### Other current financial liabilities

The increase in bank loans is due to new fixed-rate loans with Banco Scotiabank Colpatria S.A. for working capital, which are not subject to covenants until December 31, 2022 (see note 22 to the Separate Financial Statements).

The increase in bonds is due to maturity of the 10-year bonds (February 2023) and the 5-year bonds (June 2023). (See Note 22 to the Separate Financial Statements).

### Income from ordinary activities

The total volume of fuels and lubricants sold increased by 15.3% in 2022 compared to 2021. This result is mainly due to the performance of the industrial channel in fuels (including sales to industrial, aviation and marine customers), which grew by 35.4% over the previous year.

This was due primarily to the recovery of the aviation business, which performed well, growing by 44.8%.

The service station segment grew by 9.8%, thanks to the favorable dynamics of cargo transportation, the total reactivation of the main cities and the contribution of the new loyalty program.

Sales in Altoque stores increased by 54.3% compared to the previous year (see note 27 to the Separate Financial Statements).

### Expenses by nature

Administrative expenses and selling expenses in general increased as a result of the growth of the business in 2022 and the economic reactivation after the public health emergency (see note 29 to the Separate Financial Statements).

## (ii) Material changes in liquidity and solvency position

There were no material changes in the organization's liquidity and solvency situation.



### (iii) Trends, events or uncertainties that could materially impact the company's operations, financial position or changes in its financial position.

We are currently operating in a context of high uncertainty and a constantly changing environment. According to the World Economic Forum, global risks for the year 2023 highlight the following 4 megatrends: Macroeconomics, Digitalization, Climate and Sustainability, and People.

At the macroeconomic level, it is a reality that the COVID 19 pandemic, the Russia-Ukraine conflict, and natural disasters and their short-term political, social, and economic effects have led to the highest inflation rates in decades, as well as higher interest rates and currency devaluations. Particularly in Latin America, macroeconomic, social and political events are fueling fears of economic recession and creating uncertainty about the short-term risk outlook and the future growth of organizations.

Changes in Latin American governments create uncertainty regarding public policy decisions on economic, social and environmental issues affecting the energy and mining sector. Our industry will need to adapt to regulatory changes that could affect our economic interests and business model.

Climate change and the energy transition are on the global agenda. Continued political and public attention to climate change issues has led to international agreements and growing regulatory requirements to limit and mitigate greenhouse gas (GHG) emissions and their impact on the environment.

It can be expected that climate and ESG regulation will have an impact on the hydrocarbon industry, which could have direct repercussions on our business model. Likewise, public policy decisions aimed at reducing the use of fossil fuels and accelerating the energy transition may also have effects on our sales volumes, revenues and margins.

An additional aspect is that, in today's business landscape, technology, digitalization and hyper-connectivity play a leading role in a company's efficiency, growth and competitiveness. As organizations move more of their operations into the digital realm and adopt new technologies such as blockchain, machine learning, the Internet of Things, artificial intelligence, metaverse, and robotic process automation, it is critical that they increase their efforts to become more resilient in the face of rapidly and constantly evolving cyber risks, changing regulatory and privacy rights systems, and physical and virtual attacks on valuable information assets, data, and systems.

In this line, Terpel has identified possible situations that could affect the normal development of the company's activities, such as public order situations, natural disasters, health crises, macro-political disruptions and other exceptional situations that could result in partial or temporary closure of some work centers or interruptions of operations.

It is important to emphasize that the risks arising from these situations are no different from the general risks to which the business is exposed and for which the organization has a robust system of prevention, monitoring, and management.

When faced with such a situation, the company activates crisis committees, implements the contingency plans drawn up beforehand and continuously monitors the development of the situation. Some of these action plans include:

1. Adjustment of production quantities in accordance with changes in demand
2. Expense reduction plans
3. Review, reduction, and prioritization of investments
4. Requests for extended payment terms from suppliers
5. Negotiation of terms and conditions for current commitments
6. Definition of health protocols
7. Reconfiguration of businesses and the development of related lines of business

During 2020, with the COVID 19 health situation, the company experienced a 90% drop in income. However, thanks to the quick implementation of action plans, we were able to adapt to the situation, maintaining an adequate level of solvency, and ultimately emerging stronger as a result of the level of efficiency achieved. This is a testament to the organization's maturity in the effective management of risks and exceptional situations.

### Off-balance sheet transactions that could materially affect the company's operations, financial position or changes in financial position

There have been no significant subsequent events between December 31, 2022 and the date of these separate financial statements that could have an impact on them<sup>60</sup>.

[60] Corresponds to note 36 to the consolidated financial statements included in the notes to this report.

# Quantitative and qualitative market risk analysis:

The organization does not hold any instruments for trading purposes. Therefore, the description of the qualitative and quantitative market risk associated with its non-trading instruments focuses on foreign exchange risk, interest rate risk, liquidity risk and credit risk as described below

## Market risk

Risk Management analyzes each exposure identified on an individual basis. This analysis determines whether financial hedges are entered into, whether natural hedging mechanisms exist, or whether the associated risk is simply assumed because it is not considered critical to the business or operations.

## Foreign exchange risk

As at December 31, 2022, the foreign currency transactions in trade and other payables in Colombia (US\$21,581 million), on average, did not exceed the transactions in trade and other receivables (US\$23,718 million), i.e. 100% of these transactions were hedged against each other. As a risk mitigation strategy, the Group monitors the market on a daily basis and purchases foreign currency at the best conditions in order to meet its commitments. To mitigate foreign exchange risk, 100% of foreign currency collections are used to pay suppliers and/or third parties who invoice in dollars and require payment in that currency.

The need for foreign exchange in Colombia varies from month to month; when there are surpluses, reserves are set aside for future payments and/or foreign exchange is sold when the exchange rate is favorable; otherwise, the administration buys foreign exchange at the best market conditions to carry out foreign exchange transactions.

Financial debt is denominated in the local currency of each country to avoid exposure to foreign exchange risk. The company's finance departments in the various countries cover 100% of their activities locally.

The foreign exchange market continues to be affected by the negative sentiment in recent months related to the general increase in inflation, the rise in risk premiums due to the war in Europe and the energy crisis it could generate, and the political situation in South American countries, which has resulted in high volatility of world currencies. As of December 31, 2022, exchange rates in the regions where the Group operates had been affected, resulting in an appreciation of currencies against the US dollar. We have not identified, however, any new foreign exchange risks that could affect the results of the various operations.

The following is the impact of the foreign exchange sensitivity analysis on the reported difference between accounts payable and accounts receivable (US\$2,137 million):

	Impact on income before taxes - Equity	
	Exchange rate Sep-22	Exchange rate Dic-22
	\$ 4,532	\$ 4,810
	M\$	M\$
December 31 2022		
Trade debtors	9,685.38	10,279.77
	<u>9,685.38</u>	<u>10,279.77</u>

## Interest rate risk

At December 31, 2022, the Group's debt amounted to US\$3,515,571,024 million, of which 19% was fixed rate and 81% variable rate. Of the latter, 72% is indexed to CPI, 28% to SOFR and 0.04% to FTD.

Loans with financial institutions are negotiated with a penalty-free prepayment option that allows the debt to be restructured at any time if market conditions change.

Cash surpluses are primarily invested in savings accounts and/or pooled demand portfolios; the interest earned is in line with market rates.

Debt raised through the issuance of bonds represents 72% of the Group's total debt. Ninety-five percent of this debt bears interest at a rate indexed to the Consumer Price Index, which increases or decreases the cost of the debt.

Financial leases have been entered into in Colombia, with a balance of US\$1,228,869 million at December 31, 2022, indexed to the FTD (Note 22b).

The interest rate position of the Group's interest-bearing financial instruments at the end of the reporting period is as follows:

	2022
	M\$
Fixed-income securities:	
Financial liabilities	(660,000,000)
Total	<u>(660,000,000)</u>
Variable-income securities:	
Financial assets	88,673,787
Financial liabilities	<u>(2,855,571,024)</u>
Total	<u>(2,766,897,237)</u>

### Sensitivity analysis for fixed-rate instruments

Fixed rate debt is carried at amortized cost. Therefore, the Group is not exposed to any interest rate risk on these instruments at the end of the reporting period.

Of the total fixed-rate debt, 100% consists of short-term loans and bond issues in Colombia, amounting to US\$660,000,000 million.

### Sensitivity analysis of cash flow for variable rate instruments

La deuda en tasa variable en Colombia está compuesta por Variable rate debt in Colombia consists of bonds representing 72% of the Group's total variable rate debt. The debt related to the issuance of variable rate bonds in Colombia is indexed to the 12-month CPI and amounts to US\$2,062,944,000 million as of December 31, 2022. A variation of 50 basis points in this indicator at the end of the reporting period is considered reasonably possible based on the performance of the index during the year.

The following are the effects associated with the sensitivity analysis of the bonds:

	Impact on income before taxes - Equity	
	Increase 50 BP	Decrease 50 BP
	M\$	M\$
December 31 2022		
Variable-income securities:		
Financial liabilities	2,182,444	(2,311,922)
	<u>2,182,444</u>	<u>(2,311,922)</u>

In the second quarter of 2022, a change in the inflation rate in Colombia resulted in an increase in the basis for interest payments to bondholders in Colombia. This situation, however, as of December 31, 2022, is not considered to be a risk and, according to the markets, a significant increase is not foreseen, given the measures taken by the Colombian Central Bank to stabilize the indicator for the remainder of the year.

The debt incurred in Panama, Peru and Ecuador is indexed to SOFR 3M and is equivalent to US\$791,398,155 million. Petrolera Nacional renewed the debt for another 3 years and Terpel Comercial Perú and Terpel Comercial Ecuador also renewed two loans maturing in December for US\$30,304,260 million and US\$12,506,520 million, respectively.

A variation of 5 basis points in the SOFR3M rate, based on the variation and behavior of the rate in the market, would, according to information from the Central Bank of Colombia, result in the following interest rate variation:

	Impact on income before taxes - Equity	
	Increase 5 BP	Decrease 5 BP
	M\$	M\$
December 31 2022		
Variable-income securities:		
Financial liabilities	99,738	(99,738)
	<u>99,738</u>	<u>(99,738)</u>

The Group continuously monitors the indicators to determine the future economic impact.

In the first quarter of 2022, the subsidiary Terpel Comercial Ecuador Cia. Ltda. contracted two Treasury loans to restructure the debt (\$124,584,180 million) and to obtain new working capital for the operation (\$25,975,080 million); this debt was contracted in Colombian Pesos COP, as, at the time the loans were contracted, a market opportunity arose that made the variable rate the most competitive with respect to the offers received and the context of market rates. At the same time, the subsidiary negotiated a cross currency swap (CCS) that swapped flows in two directions, both the COP-USD exchange rate and the fixed rate/variable rate interest rate. With the derivative, the subsidiary has no foreign exchange exposure, as the principal and interest payments are fixed in COP, and no interest rate exposure, as the interest is paid at a fixed rate.



The amounts and rates contracted and the valuation and effectiveness of the hedge as of December 31, 2022 are detailed below:

Amount COP	Amount USD	Fixed rate	Variable rate	Valuation Dec. 31	Coverage Efficiency
97,767,061,000	25,900,000	7.29%	SOFR 3M + 0.54%	(USD 8,829,589)	153%
20,383,866,000	5,400,000	6.33%	SOFR 3M + 0.29%	(USD 1,542,859)	160%

The increase in the valuation, and therefore in the effectiveness of the hedge, corresponds to the increase in the exchange rate and interest rates affecting the swap curve, which is the main source of the derivative's valuation. However, it is important to note that the contracts established and fixed the exchange rate at which the obligations will be paid at maturity, meaning that exchange rate fluctuations do not increase debt payments.

The interest on the lease debt with financial institutions in Colombia is affected by the FTD rate. As of December 31, 2022, it amounts to \$1,228,869 million and the weighted average periodic rate of the leases is 1.3098%. Considering that the variation observed in the FTD (payment at maturity) for the last quarter of the year was 0.6417%, the following is the impact shown in the sensitivity analysis for these financial leases:

	Impact on income - Equity	
	Variation DTF+0.6417%	Variation DTF+0.6417%
	M\$	M\$
December 31 2022		
Variable-income securities:		
Financial liabilities	35,104	(35,104)
	<u>35,104</u>	<u>(35,104)</u>

## Material transactions with related parties

See note 10 to the separate financial statements as of December 31, 2022, which are included in the notes to this report.

## Certifications

The legal representative of the company has certified that the information reported covers all material aspects of the company's business.

In addition, the "Independent Auditor's Report on Compliance with Paragraphs 1) and 3) of Article 209 of the Commercial Code" includes a section on compliance with the effectiveness of controls over the reporting of financial information in accordance with Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Colombian Superintendent of Finance.

These certifications are included in the Notes to this report.



Part three

# Sustainability and responsible investment practices

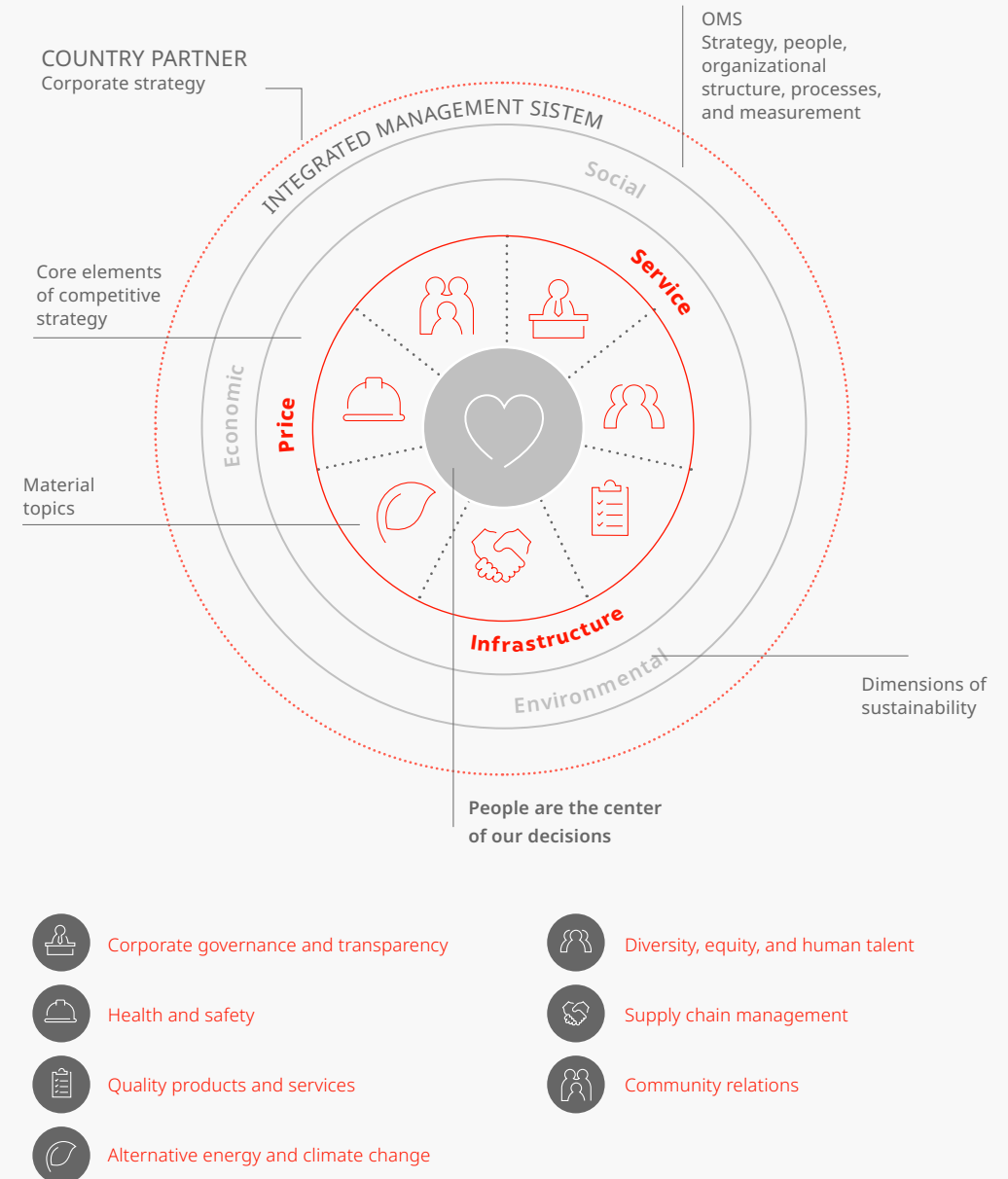


# Our ESG action framework

At Terpel, people are at the heart of our strategy. This is reflected in all our actions and decisions, so integrating environmental, social, and corporate governance issues into our competitive model is fully in line with our purpose and vision of doing business responsibly. Likewise, ESG management has been mainstreamed into the entire business through organizational maturity and alignment with global trends.

At the heart of our sustainability model are people, who are our strategic focus. That core focus is encircled by the key elements of our competitive strategy, and the three ESG dimensions: Environmental, Social, and Corporate Governance, which reflect our commitment to our customers, communities, teams, investors, and other stakeholders. The concentric circles, from the center outward, symbolize the model's relevance to the entire organization and the coordination necessary to promote the sustainable management of all our operations.

The model also illustrates interactions with the organization's stakeholders and their relevance in decision-making.



At Terpel, our commitment to our stakeholders and to generating economic, social and environmental value in the business in the short, medium and long term is embodied in seven material aspects (MA).

### (3-2) List of material topics



These MA are tied to the core elements of our competitive strategy, because they are the basis for offering our customers the best price, the best infrastructure, and excellent service.

### (3-1) Process to determine material topics

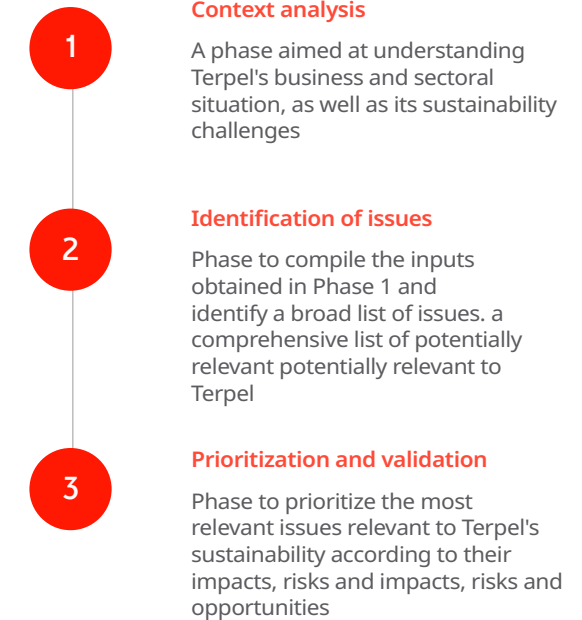
#### Materiality Analysis

Integrating environmental, social and governance (ESG) issues into all our business operations is a priority. Our best practices have made us a global benchmark in sustainability based on the shared value we create through the products and services we offer consumers, the supply chain, and industry. We manage two types of impacts: those we have on society and the planet, and the impacts of our surroundings on our strategy, reputation, and financial sustainability.

In 2020, we conducted a materiality analysis to identify the most relevant issues for the company's sustainability from an internal perspective (business strategy and policies) and an external perspective (stakeholders, sustainability indexes and standards, initiatives, benchmarking, industry associations, and the press).

The methodology for the materiality analysis was based on the following international frameworks: The Global Reporting Initiative, SASB, the Dow Jones Sustainability Index, the Sustainable Development Goals (SDGs), ISO 26000, the Guiding Principles on Human Rights and Business, the OECD, IPIECA, the Global Compact and ISO 20400.

These were the stages of the materiality analysis:



#### Phases

In phase one, we conducted internal interviews, studied company documents and processes, reviewed sustainability standards and guidelines applicable to the retail and oil and gas sectors, and analyzed stakeholder expectations gathered from secondary sources such as the press and social media.



In phase two, we generated a list of 53 potentially relevant topics, which were then grouped into 6 major categories and ranked according to their recurrence. The third phase examined the issues from a more strategic perspective. The Legal and Corporate Affairs vice Presidency team diagnosed the company's current sustainability model and analyzed Terpel Organization's position in the market. The list was narrowed down to 18 topics, which were then prioritized according to their financial and reputational impact. Finally, after a validation exercise with Terpel's management team represented by the Executive Committee, seven issues were selected as priority aspects for the organization.

### Strategic alignment of materiality

At Terpel, materiality analysis is the foundation of our corporate strategy for responsible business management. Each of our pillars and strategic objectives, KPIs, projects, and actions are anchored in the material aspects and integrated into the Balanced Scorecard, forming an integrated system for responsible business management in all areas and for proper identification and management of corporate risks associated with ESG.

At Terpel we recognize and define ourselves as a "Country Partner," so our model is framed within this higher purpose that encompasses every area of our organization. This is reflected in our enduring commitment to people, the planet, and the countries in which we operate, creating high-quality jobs, efficient operations, progress and prosperity for the communities where we operate and economic development for the regions.

In 2023, we plan to update our materiality analysis using a double materiality approach that addresses the following concepts:

- **Financial materiality:** Issues that affect the company's development, performance, and position and relate to the way in which externalities can affect its value.
- **Environmental and social materiality:** Issues related to the impact of the company's activities on its surroundings, in particular on the environment and people.

### (2-29) Our Stakeholders

Terpel identifies the impact of our organization on our stakeholders and the impact of our stakeholders on our organization through an analysis of influence. The exercise has allowed us to prioritize nine groups made up of 32 subgroups. This characterization of stakeholders gives us a high degree of precision that can help us strengthen our relationships of trust in the short, medium, and long term, and thus maximize our positive impact on them.

Stakeholders:

- Shareholders/ Investors
- Customers and consumers
- Partners in the Operation
- Suppliers
- Employees
- Institutions
- Industry associations
- Communities
- Civil society

### (3-7) Stakeholder relations

We have created a Strategic Service Center - CES - to receive, channel and respond to questions and complaints from our stakeholders. And for each stakeholder group, we have a team dedicated to receiving and managing their inquiries. So, for example, we have an Investor Relations team, as well as a similar team for shareholders, communities, employees, suppliers and customers.

Our Corporate Affairs team is also responsible for identifying and responding in a timely manner to all questions and comments from the media, associations, authorities, and other external groups about the company's operations.



We measure ourselves against the highest ESG standards in the world.

### Terpel in the Dow Jones Sustainability Index (DJSI)

For the seventh consecutive year, we participated in the Corporate Sustainability Assessment (CSA). It's a way for us to measure and improve our work by benchmarking our environmental, social and economic practices against the best in the world in the retail industry, the sector in which we are measured.

Starting in 2017, we began a disciplined exercise of diagnosing, reporting and strengthening our practices, aligning ourselves with the highest standards for ESG.

For more than 20 years, the Dow Jones<sup>61</sup> Sustainability Index has evaluated companies in 58 industries and 27 countries based on sustainability criteria. In 2022, it examined the standards of around 7,000 of the world's largest companies by market capitalization.

We use the results of this measurement to develop a gap closure plan, so that we can further strengthen our management in line with the trends and requirements of the ESG environment.

[61] About the DJSI: The Dow Jones Sustainability Index is one of the world's main indicators monitoring the corporate sustainability performance of leading companies. It was launched in 1999 as a collaboration between the S&P Dow Jones Indexes, the organization responsible for evaluating candidates based on the sustainability criteria selected by the index. The DJSI follows a Best-In-Class approach to select leaders across all industries based on pre-defined sustainability criteria associated with the economic, environmental and social dimensions.

## Our commitment to the 2030 agenda

As a signatory of the United Nations Global Compact, which we joined in 2011, we recognize that social progress, environmental balance and economic growth must be developed in harmony. That is why we are committed to helping achieve the Sustainable Development Goals (SDGs) defined by the United Nations, which address humanity's greatest challenges from a cross-sector perspective.

We have identified two arenas for our contribution to the 2030 Agenda and the Sustainable Development Goals. We contribute, on the one hand, through actions directly related to our business, and, on the other hand, through our voluntary actions as a Country Partner. We have given priority to actions targeting the following SDG's:

### Contribution to the SDG's from our business:

- SDG 5 and 8, through our "No Labels" campaign, which develops practices and activities that make Terpel more inclusive.
- SDG 7: Targets 7.2 and 7b through Voltex's new electric mobility services, CNG, and LPG, and the installation of electric charging stations along green corridors on Colombia's strategic routes.

- SDG 8: company-wide through the creation of quality jobs. Target 8.3 in particular with the Restoring Dreams program that supports productive activities, entrepreneurialism, and job creation. And target 8.5 through promoting jobs for disabled people through the "No Labels" program, in partnership with the Best Buddies Foundation.
- SDG 13: targets 13.1 through installation of solar panels at work centers, and 13.3 through the reliable service station program that improves environmental education and raises awareness of environmental issues, including the impacts and effects of climate change.
- SDG 17: Partnerships with institutions such as the Agency for Reincorporation and Normalization and the World Corporation of Women Colombia, the Victims Unit, the Accion Interna Foundation, and Corporacion Matamoros generated opportunities to also make a contribution to SDG 10 in the areas of reconciliation and peace building. We also contribute to SDG 17 as part of G12, the group of companies that works in favor of sustainable development in Colombia.

## Contribution to the SDGs through voluntary actions in the framework of our commitment as a Country Partner:

### Donations of fuel:

- SDG 2 - Target 2.1: Donation to the Food Bank.
- SDG 3 - Targets 3.7 and 3.8: Donations to the Colombian Civil Air Patrol and the Colombian Red Cross to facilitate medical and surgical campaigns, deliver medicine, and care for patients.

### Monetary donations:

- SDG 3 - Target 3.8: Funds donated to foundations that work to provide access to quality basic healthcare for vulnerable population groups, including surgery, medication, and general healthcare services.
- SDG 10 - Target 10.2: Funds donated to support organizations that promote social inclusion.

### Improving education:

- SDG 4: (4.1) promoting quality education through Terpel Foundation programs, namely, 4.a. through the new interactive classrooms and 4.c. through teacher training.

## Our commitment to the Paris Agreement and global climate action

As a Country Partner committed to the ambitious global climate goals of the Paris Agreement, we publicly announce our commitment and strategies to achieve carbon neutrality by 2050. We aim to achieve 50% of this goal by 2030 through initiatives to reduce greenhouse gas (GHG) emissions from our operations and to transform our energy consumption matrix by increasing the use of renewable energy sources such as solar power.

At Terpel, we know that action must be taken to strengthen the planet's resilience and achieve a balance between economic, environmental and social aspects. For that reason, we decided to establish our environmental stance. It lays out a clear path toward carbon neutrality, while continuing to deliver the products Colombians need in an environmentally responsible manner, meeting their expectations for both quality and care for the planet.

### Disclosure of climate-related risks and opportunities

The Colombian Superintendent of Finance issued Circulars 012 of 2022 and 031 of 2021 with instructions on the disclosure of periodic information by issuers. The information must include the performance and management of financially material ESG (Environmental, Social and Corporate Governance) risks in the Colombian securities market, in accordance with the standards of the TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board).

At Terpel we are committed to transparency and the inclusion and disclosure of climate-related risks and opportunities and the financial implications of climate change on our business. In 2022, we drew up a roadmap to comply with the new guidance and move forward in full alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the SASB standards applicable to our business. We will manage these recommendations and metrics throughout 2023, and our performance against them will be included in our regular year-end report, which will be published in March 2024.

We are committed to advancing this agenda, which is important to our strategic stakeholders and to the resilience of our businesses.



# Commitments, policies, and practices

## (2-23) Policy commitments

Organización Terpel's political commitment to responsible business practices is set forth in its internal policies: The Compliance and Ethics, Human Rights, Good Neighbor, and Corporate Affairs Policies. These policies apply to all our stakeholders, including all our subsidiaries, franchise owners and partners, and are implemented in all the regions in which we operate.

These policies were formulated within the framework of the international guidelines of the OECD, the ILO, the UN Guiding Principles on Business and Human Rights, and the SDGs; they integrate due diligence mechanisms and the application of the precautionary principle to prevent or mitigate potential negative impacts for each of our material issues and stakeholders. Each business line is responsible for monitoring the targets and indicators associated with each policy to ensure proper implementation.

### Commitment to human rights

We are committed to respecting and promoting human rights in all our actions, in those of our stakeholders, and in our international operations. Each of these commitments is reflected in the Human Rights Policy, which defines the objective of the policy, its scope, guidelines and lines of action.

This policy was approved by the vice president of corporate and legal affairs, a member of the Sustainability Committee, and by the Executive Committee. It applies to all of Terpel's operations in Colombia and in other countries where it operates, and to stakeholders who act on behalf of the company.

Terpel includes its [Human Rights Policy](#) in the corporate induction for all new employees.

## (2-24) Embedding commitments for responsible business conduct

Employee induction and re-induction is the tool used by the Human Resources and Administrative Division to implement the commitments established in the applicable policies. In addition, in the case of the Human Rights Policy, it is shared with all stakeholders involved in the operation.

The areas of Corporate Affairs, Human Resources, Internal Communications, Suppliers, and Internal Control are responsible for disseminating information about Terpel's progress, changes, or new commitments in human rights. And each year, the annual report also includes results in the area of human rights.

With respect to the good neighbor policy, the vice president of corporate affairs, and more specifically the Public Affairs Office, is responsible for its implementation and the dissemination of information. Terpel shares information about this policy through workshops and/or webinars on socio-political risks and during visits by senior management to regional offices.

## (2-25) Processes to remediate negative impacts

The organization seeks alternatives for participatory solutions with the various business units and the communities, with an eye toward reaching consensus decisions that benefit all parties. It currently has a channel for the submission of petitions, complaints, requests, and claims, which is managed by the Marketing area, and specifically by the Strategic Service Center or CES for the Spanish. A CRM system identifies and channels all of the questions and complaints received through this channel. In addition, questions and complaints from the community are submitted directly to the plants and operations and forwarded to the Public Affairs Office, which is responsible for community relations.

The organization shares information about construction work and projects that may impact communities by systematically organizing forums for discussion and communication prior to the work. These meetings share information about the nature of the work or project, as well as impacts, benefits, and opportunities for local hiring and the supply of goods and services.

## (2-26) Mechanisms for seeking advice and raising concerns

Terpel has a variety of channels for requesting guidance and raising concerns. These include the confidential reporting line and the email address: [reporteconfidencial.terpel@resguarda.com](mailto:reporteconfidencial.terpel@resguarda.com).

These channels can be used to anonymously and confidentially report instances of discrimination, harassment, improper use or safeguarding of assets, violations of intellectual property rights, violations of competition laws, mishandling of information, improper use of funds, undisclosed conflicts of interest, and conduct that jeopardizes environmental protection. The line is managed by Terpel's Internal Audit area.

(3-3)

# Corporate governance and transparency

## Analysis of corporate governance

Our high standards for governance, ethics and transparency are the cornerstone of our strategic framework, business decisions and actions.

Terpel promotes transparent, fair and responsible relationships and conduct that will guarantee the trust of our stakeholders and ensure the sustainability of the business, based on compliance with current regulations, international standards, corporate policies and best practices for our industry.

We are committed to practicing and promoting ethical behavior, including respect, transparency, integrity, trust, fair treatment, and accountability in all our relationships with our stakeholders. We maintain a transparent, timely and authentic dialog with them, fostering an environment of trust that promotes long-term investment, financial stability, business integrity and the triple bottom line of our environmental, social and economic contributions.

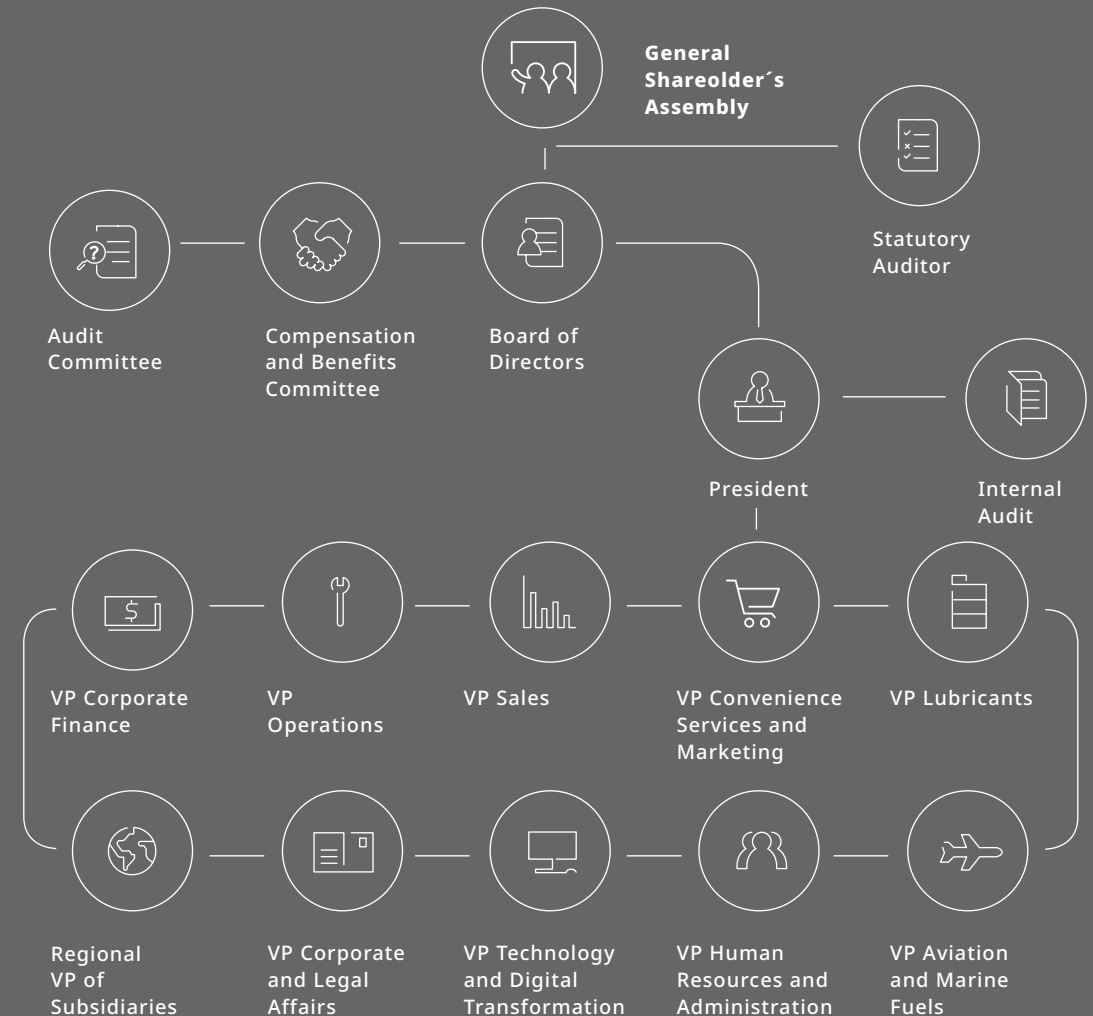
## (2-9) Governance structure and composition

### Terpel's corporate governance structure

Our corporate governance structure is shown below. It demonstrates our professionalism and determination to ensure good corporate governance in accordance with the highest standards for excellence in all our operations.

The Board of Directors is the highest administrative body and is responsible for ensuring that the company operates in a sustainable manner.

### Terpel's Corporate Governance Structure





## General Shareholders' Assembly

### Composition of the highest governance body

The General Shareholders' Assembly is our highest governance body and its regular meeting is held in the first quarter of each year. In 2022, we resumed our in-person shareholders' meeting with real-time streaming for shareholders unable to attend. This Meeting was quorate to deliberate and decide, ensuring the transparency of the decisions made.

Participation at the meeting was 84.32% of the outstanding shares.

### Board of Directors and its committees: highest management body

According to the organization's bylaws, to delegate authority the Assembly's functions include the election of the highest management body, which is the Board of Directors. Our Board of Directors was elected for the 2022-2025 period. It is made up of seven regular members and seven alternates, none of whom is an executive of the organization. In accordance with the legal requirements for issuers of securities, 25% are independent (two members).

**(2-11)** The Chairman of the Board of Directors is elected by a favorable vote from all members and exercises the duties and powers conferred by law, the corporate bylaws, the regulations of the Board of Directors, and the Code of Good Governance.

The Board of Directors is the company's decision-making body and exercises its duties independently of the company's other management bodies. The primary function of the Board of Directors is to oversee and review the day-to-day management of the company.

### **(2-10)** Nomination and selection of the highest management body

Members are elected for a three-year period using the electoral quotient system. The current average tenure of members of the Board of Directors is 10 years.

Based on the average tenure of the Board members and the positions they have held during their careers, it can be concluded that they all have extensive industry experience and knowledge of risk issues.

### Independence criteria for the appointment of directors and members of support committees:

Board members are elected by the electoral quotient mechanism and, in accordance with the legal requirements for securities issuers, 25% (two members) must be independent.

[62] <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas> > corporate policies section.



## (2-9) Composition of the highest management body and its committees:

### Regular members

**1. Lorenzo Gazmuri Schleyer**  
Shareholder-appointed

**2. Jorge Andueza Fouque**  
Shareholder-appointed

**3. Arturo Natho Gamboa**  
Shareholder-appointed

**4. Sylvia Escovar Gómez**  
Shareholder-appointed

**5. Jorge Alberto Bunster Betteley**  
Shareholder-appointed

**6. José Óscar Jaramillo Botero**  
Independent

**7. Bernardo Dyner Rezonow**  
Independent

### Alternate members

**1. Juan Diuana Yunis**  
Shareholder-appointed

**2. Alejandro Palma Rioseco**  
Shareholder-appointed

**3. Jorge Andrés Garcés Jordán**  
Shareholder-appointed

**4. Rodolfo Castillo García**  
Shareholder-appointed

**5. Leonardo Ljubetic Garib**  
Shareholder-appointed

**6. Gabriel Jaramillo**  
Independent

**7. Tulio Rabinovich Manevich**  
Independent

\* Chairman

Shareholder-appointed members are members who are expressly nominated by a shareholder or group of shareholders to serve on the Board of Directors. Summaries of the members' resumes can be consulted on Terpel's website using the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/estructura-y-administracion>

## Description of the Board Structure

Board: 2022-2025 period

Composition:

### Composition of administrative bodies

Total members of the Board of Directors	<b>14</b>	Total members of the Board of Directors - men	<b>13</b>
		Total members of the Board of Directors - women	<b>1</b>
Total number of executive members of the Board of Directors.	<b>0</b>	Total number of executive members of the Board of Directors - men	<b>0</b>
		Total number of executive members of the Board of Directors - women	<b>0</b>
Total number of non-executive members of the Board of Directors (not including independent members).	<b>10</b>	Total number of non-executive members of the Board of Directors (not including independent members) - men	<b>10</b>
		Total number of non-executive members of the Board of Directors (not including independent members) - women	<b>0</b>
Total number of independent members of the Board of Directors.	<b>4</b>	Total number of independent members of the Board of Directors - men	<b>4</b>
		Total number of independent members of the Board of Directors - women	<b>0</b>
Total regular members of the Board of Directors	<b>7</b>	Total regular members of the Board of Directors - men	<b>6</b>
		Total regular members of the Board of Directors - women	<b>1</b>
Total alternate members of the Board of Directors	<b>7</b>	Total alternate members of the Board of Directors - men	<b>7</b>
		Total alternate members of the Board of Directors - women	<b>0</b>

## Years of service on the Board:

2022

### Regular members

Less than 3 years	1
From 3 to 6 years	0
More than 6 and less than 9 years	2
From 9 to 12 years	0
More than 12 years	4

### Alternate members

Less than 3 years	0
From 3 to 6 years	2
More than 6 and less than 9 years	2
From 9 to 12 years	1
More than 12 years	2
Number of board members with disabilities: Regular	0
Number of board members with disabilities: alternates	0

Two of our non-executive or independent directors hold four or fewer board memberships. The limit for membership on other boards for non-executive / independent directors is 5.

Our board members range in age from 41 to 70 years old.

## Compensation of the Board of Directors

### Topic

2022

Salaries for board members	8 current legal minimum salaries for each session attended
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The members of the Board of Directors meet monthly to analyze the company's economic, social and environmental performance, impacts, risks and opportunities. Twelve meetings were held during 2022. These included both in-person and virtual meetings of the Board of Directors. As shown in the attendance table below, attendance per board position (regular member and the alternate) was 100% and the average attendance by individual.

#### Quorum and attendance at board meetings:

##### Regular members:

- Lorenzo Gazmuri Schleyer: 83 %
- Jorge Andueza Fouque: 92 %
- Arturo Natho Gamboa: 92 %
- Sylvia Escovar Gomez: 100 %
- Jorge Alberto Bunster Betteley: 100 %
- José Oscar Jaramillo Botero: 100 %
- Bernardo Dynner Rezonow: 100 %

##### Alternate members:

- Juan Diuana Yunis: 100 %
- Alejandro Palma Rioseco: 100 %
- Jorge Andres Garcés Jordán: 100 %
- Rodolfo Castillo Garcia: 100 %
- Leonardo Ljubetic Garib: 100 %
- Gabriel Jaramillo: 100 %
- Tulio Rabinovich Manevich: 100 %

Risk management issues are presented at all monthly meetings of the Board of Directors, and Internal Audit is invited to participate as required. In addition, the Audit Committee (an auxiliary committee of the Board of Directors) meets on a quarterly basis, with the participation of the president, senior executives, and internal and external audit, to discuss issues related to risk appetite and the progress of audits, including environmental, social and corporate governance aspects.

#### Functions of the Board of Directors

The Board of Directors is the body in charge of directing and supervising the company and making strategic decisions regarding its management. The main functions of the Board of Directors are to decide, in the presence and with the votes of the majority of its members, on the following actions:

- To appoint the president of the company and the officers of any subsidiary, affiliate or branch of the company.
- To carry out the sale of shares owned by the company
- To enter into partnerships or strategic agreements with third parties
- To decide on the alienation, in any form, of its assets and investments.
- To make investments in other companies.
- To issue guarantees with respect to the obligations of the company, its affiliates, or subsidiaries.
- To establish its own bylaws and the company's internal regulations.
- To elect each year the president of the company and his deputy, as well as the legal representative and his deputy.
- To authorize the most significant transactions and investments of the company.
- To evaluate and control the company's strategic, financial, and operational risks.
- To enforce compliance with the laws, rules, and regulations applicable to the company.
- To audit, directly or through a committee, the company's books, accounts, documents, and cash, at its discretion.
- To appoint the members of the Audit and the Compensation and Benefits committees.
- To submit to the General Shareholders' Meeting, with the president of the company, the balance sheet for each financial year and the other annexes and reports referred to in Article 446 of the Code of Commerce, after having been examined by the Audit Committee, and, if deemed appropriate, to propose to the General Shareholders' Meeting any amendments to the corporate bylaws that it deems appropriate.
- To ensure strict compliance with all provisions set forth in these by-laws and such as may be adopted for the proper operation of the company, and to make such decisions as may be necessary to enable the company to fulfill its purposes.

#### Committees of the Board of Directors

Nuestra Junta Directiva cuenta con dos comités formales: el Our Board of Directors has two (2) standing committees, the Compensation and Benefits Committee (made up of two board members and three members of senior management), and the Audit Committee (made up of the independent members of the Board). Both committees were rigorous in performing their functions and presenting their reports and recommendations to the Board of Directors.

The following are the main functions and achievements of the committees of the Board of Directors in the performance of their duties:

**Compensation and Benefits Committee:** The main objective of the Compensation and Benefits Committee is to ensure that human resource management at Organización Terpel S.A. and its related companies is framed within corporate guidelines and modern practices for well-rounded human development. The committee works to maintain a fair and competitive compensation system that attracts and retains the people the company requires to fulfill its mission and strategic objectives.

#### Membership for the 2019-2022 term:

- José Oscar Jaramillo (Independent member of the Board of Directors)
- Jorge Andrés Garcés (Member of the Board of Directors)
- Oscar Bravo Restrepo (President of Organización Terpel S.A.)
- María Mercedes Carrasquilla, (Vice president of human resources and administration)
- María Cristina Romero (Administrative manager)

**Work:** At the first regular meeting of the Compensation and Benefits Committee in 2022, the committee reviewed the results of the People First workplace climate survey. The areas with the highest and lowest scores were reviewed in detail. The committee also approved steps to be taken and the action plans for areas of improvement. Terpel Colombia's results were exceptional, placing us in the top 25 companies evaluated by People First. The company in general, and most of the areas in particular, were positioned in a "virtuous" cycle.

The second regular meeting in 2022 of the Compensation and Benefits committee reviewed the proposal of the "Young Talent" program. The program recruits talented young people from different universities in Colombia to work as interns, integrating them into the value chain and involving them in the organization's development and purpose. It also reviewed in detail the action plans for the lubricants plant, where there are some aspects to improve both in terms of leadership and also in accordance with the results of the work environment survey.

**Quorum and attendance:** Committee members were in sufficient attendance to deliberate and decide.

**Audit Committee:** The main function of the Audit and Risks Committee is to advise the Board of Directors of Organización Terpel S.A. on compliance with its supervisory responsibilities by evaluating accounting procedures, liaising with the Statutory Auditor and, in general, reviewing the Company's control architecture, including auditing the company's risk management system and compliance with the principles of good corporate governance established by law, the competent authorities, and by the company itself.

#### Membership for the 2019-2022 term:

##### Regular members

- Bernardo Dyner Rezonzow (independent)
- José Óscar Jaramillo Botero (independent)
- Juan Diuana Yunis

##### Alternate members

- Tulio Rabinovich Manevich (independent)
- Gabriel Jaramillo (independent)
- Leonardo Ljubetic

**Work:** The Audit and Risk Committee, in the exercise of its duties and in accordance with its internal regulations, (i) reviewed the company's accounts and monitored compliance with generally accepted accounting standards.

In that analysis, it reviewed the annual and regular financial information prior to its submission to the Board of Directors, focusing on changes in accounting methods, accounting estimates, significant adjustments resulting from audits, and evaluations of business continuity and of compliance with the current laws and regulations affecting the company; ii) acted as a channel for communication between Terpel's Board of Directors and the external auditor, supervising the latter's services; (iii) confirmed the adequate performance of the Company's control, risk management and disclosure systems; (iv) verified that the Board of Directors fulfilled its duties and functions, (v) complied with the legal and statutory provisions applicable to it.

It also verified that the transactions between Organización Terpel and its related parties took place under market conditions and did not violate the equality of treatment of shareholders, and (vi) highlighted the importance of continuing to strengthen the internal control and risk management systems of Organización Terpel and of its related companies.

During 2022, the Audit Committee met 4 times, as recorded in the minutes.

**Quorum and attendance:** 100% of the main committee members were in attendance, providing a sufficient quorum to deliberate and make decisions.

**Evaluation of the auxiliary committees:** There is no formal evaluation process for the auxiliary committees; however, they are evaluated annually by the Board of Directors as part of the presentation of their management report.

The Board of Directors has 3 additional auxiliary committees: The Sustainability Committee, the Communications Committee, and the Compliance and Ethics Committee.

#### Additional auxiliary committees<sup>63</sup>

**(2-14) Sustainability committee:** This committee is the highest governing body supervising the management of sustainability (ESG). It is responsible for discussing and approving all activities developed in the materiality framework. The Sustainability Committee meets two or three times a year to review progress, challenges, and the next steps for the most relevant issues associated with the organization's sustainability model and specific initiatives. It also exchanges relevant information throughout the year, as necessary, in order to make decisions as required.

This committee is made up of the company president and the vice presidents of Corporate and Legal Affairs, Human Resources and Administration, Operations, Corporate Finances, Sales, Convenience Services and Marketing, the Director of Corporate Affairs, the Director of the Terpel Foundation, and the Head of Corporate Responsibility. Members of Audit Management and Risk Management, or other key guests, may be invited to attend the meeting, depending on the topics to be discussed.

[63] Auxiliary committees support the Board of Directors, and the standing auxiliary committees are the Compensation and Benefits Committee and the Audit and Risks Committee.



The president of Terpel leads the committee, delegating the functions of planning, management, and communication of the organization's sustainability issues to the vice president of corporate and legal affairs and the Corporate Affairs Department. Directors report to the Sustainability Committee on the organization's sustainability performance, and provide minutes of committee meetings to the Board of Directors to keep it informed about the issues addressed.

**Communications Committee:** This committee is led by the President of Terpel with the participation of one member of the Board of Directors and the Vice Presidents of Corporate and Legal Affairs, Convenience Services and Marketing, Sales, and Human Resources and Administration. It is the highest decision-making body for defining, evaluating and monitoring the strategy for managing reputation as an intangible asset.

**Ethics Committee:** The work of this committee is the responsibility of the managers of Human Resources and Administration, Corporate and Legal Affairs, the Audit department, the compliance officer, the administrative manager, and the head of labor relations. It is responsible for identifying, managing and resolving potential conflicts of interest disclosed by employees, third parties or otherwise brought to the company's attention that may violate the Code of Conduct and other company rules and/or policies.

The committees of the highest management body (the Board of Directors) that are responsible for making decisions and overseeing the management of the company's economic, social and environmental impacts are the Compensation and Benefits Committee, the Audit Committee, the Sustainability Committee, the Communications Committee and the Compliance and Ethics Committee.

#### **(2-12; 2-13) Role in overseeing the management of impacts and delegation of responsibility**

All sustainable development objectives are discussed and approved by the Sustainability Committee as the highest governance body overseeing this area.

The vice president of corporate and legal affairs is the representative from the Executive Committee to leverage the work and provide support for sustainable development processes. Corporate Affairs and the head of sustainability are responsible for presenting to the Executive Committee the organization's due diligence and other processes to address environmental, social, and economic impacts. It is the body responsible for planning, developing, and communicating all matters related to sustainability at the organization. It reports to the Sustainability Committee on the organization's performance in these areas.

The Board's Executive Committee gives final approval to the sustainability report, based on the scope of each division.

#### **(2-15) Conflicts of interest**

Terpel has a variety of mechanisms for detecting conflicts of interest. Members of the Board of Directors are required to file a declaration of compliance at the beginning of each term, disclosing any relationships of a financial, personal, professional, or other nature, in order to manage potential conflicts of interest.

Each year our employees at all levels complete the conflict of interest form to disclose any relationships of a financial, personal, professional, or other nature that could lead to a conflict of interest. The Ethics Committee evaluates the information and reports it to an employee's direct supervisor, who will then manage the conflict in accordance with the committee's instructions.

Our suppliers and customers also complete a declaration included in the information update forms to disclose any situations they believe could affect their contractual relationship with the company.

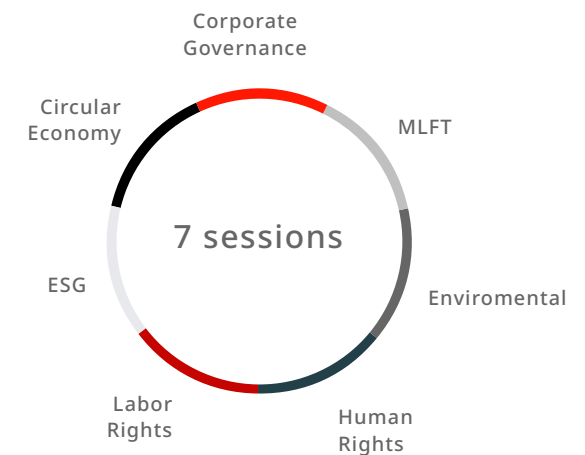
#### **(2-17; 2-18) Evaluation of the performance and collective knowledge of the highest governance body**

Each year, the Board of Directors is evaluated using a tool that measures its knowledge, skills, and experience, and identifies opportunities for improving the Board's work. This evaluation takes place at the end of each term.

For the first time in 2022, we assessed the performance of the highest governance body in overseeing the organization's ESG impacts and shared relevant information with them to keep them up-to-date and strengthen their competencies in this area.

An ESG training plan for all members of the Board of Directors has also been implemented as a recurring practice for the coming years.

As a result of this plan, the Board of Directors received relevant information in the area of ESG. Seven documentary training sessions were organized with the aim of enhancing their knowledge, skills and experience in the area of sustainable development.



## (2-16) Mechanisms in place for related party transactions:

Notwithstanding the independence of each of the companies that make up the conglomerate and the responsibilities of their management bodies, the Group has defined a public, clear and transparent organizational structure for the three levels of governance - Shareholders' Meeting, Board of Directors and senior management - that identifies the key bodies and individual positions, as well as the relationships between them at the Group level.

Terpel engaged in transactions with affiliates, subsidiaries, shareholders and related parties in 2022 in the framework of the applicable regulations.

In development of these transactions and with a view to greater transparency, the vice president of corporate and legal affairs submitted a report each month to the Board of Directors on Related Party Transactions, in order to disclose all transactions between Terpel and/or its related parties with company administrators, and/or their related companies.

This was done in the understanding that, in accordance with current legislation, *"The administrators include the legal representative, the liquidator, the factor, the members of boards or steering committees, and those who, in accordance with the bylaws, exercise or hold those functions."* Likewise, two or more natural or juridical persons are considered to be related parties if one of them participates directly or indirectly in the management, control, or capital of the other. A related party may also be a natural person who exercises control or significant influence over the reporting entity by virtue of their position or who is a member of the reporting entity's key management personnel.

It should be noted that as of December 31, 2022, none of the companies in the Terpel Business Group has any legal restrictions on the development of its corporate purpose, nor have there been any legal convictions that could adversely affect its financial results at the close of 2021.

In addition, due to our strict compliance with the laws and regulations governing our activities, our adherence to free market principles and our continuous respect for consumer rights, there have been no judicial convictions imposing fines or significant sanctions against any of the Group's companies.

There were no transactions between the controlling company or its affiliates or subsidiaries and the respective controlled company, nor were there any transactions between the controlled companies and other companies under the influence of or in the interest of the controlling company, nor were any relevant decisions made or not made by the controlled companies under the influence of or in the interest of the controlling company.

Furthermore, there were no relevant decisions made or not made by the controlling company in the interest of the controlled companies.

**Fees agreed with the statutory auditor or external auditor for the services of statutory auditors, audits and other services contracted for the corresponding period, and approved by the General Shareholders' Assembly.** For the 2022 period, the Assembly approved the amount of COP\$991,448,000 (excluding VAT) for the services of the statutory auditors.

### Functioning of the internal control system, including a description of internal audit mechanisms and committees:

The Internal Audit Department oversees the internal control system of Organización Terpel and its subsidiaries. It does this by reviewing the internal processes and their controls in the annual audit plan approved by the previously mentioned Audit Committee. The system is risk-based and follows a clearly defined methodology.

In addition, it works with the various areas of the organization to follow up on the action plans defined from the audit work, which are determined by the process owners who are ultimately responsible for managing their risks and therefore responsible for implementing the action plans.

Using ACL Robotics to process 100% of the data, the internal audit team takes a continuous audit approach to monitor the organization's key processes with greater frequency through automated auditing.

### Governance structure to ensure equitable treatment of investors and encourage their participation.

Paragraph 1.3 of the Code of Good Governance establishes the "Shareholders' Right to Equality," which states that "The management and administration of Organización Terpel S.A.'s business by the Board of Directors and the Company's Legal Representative shall at all times guarantee the recognition and effective respect of the right to equality of all the Company's shareholders. The members of the Board of Directors and the Legal Representative of the Company must constantly strive to ensure that the equal rights of the shareholders are guaranteed in the decisions made by the company's various governing bodies.

Similarly, Article 47 of the company's bylaws states that it is the duty of the Board of Directors (paragraph 23) "to consider and respond in writing to any proposal submitted and duly substantiated by any shareholder or group of shareholders." The Board of Directors, through the Legal Representative, shall provide a response within sixty (60) calendar days from the date of the request."

In addition, there are a number of channels for communicating with shareholders, as described in the Code of Good Governance:

**Clause 3.4 - Means of informing:** The information to be provided by the Company to its shareholders and investors will be available at the main offices of Organización Terpel S.A. in the city of Bogotá.

**Clause 5.6 - Shareholder / Investor Relations Office.**

The objective of the Shareholder / Investor Relations office is to create a preference for investing in Organización Terpel S.A. through knowledge of the company, the provision of quality information, proper disclosure of its activities and regular contact with the community of shareholders, investors and local and international analysts.

In addition, it will serve as a liaison between shareholders and investors and the company's governing bodies and, in general, will be responsible for learning about their needs, requirements and suggestions. If an investor believes that there has been a violation of these rules, they should send a written communication to the vice president of corporate and legal affairs, Investor Service Office, located at Carrera 7 No. 75 - 51 Office 1301, in the city of Bogotá D.C., or to the following e-mail address: [accionistas@terpel.com](mailto:accionistas@terpel.com). This office will notify the Board of Directors at its next scheduled meeting, at which time the relevant decisions will be made and communicated to the petitioning shareholder.

**Clause 5.7 Website.** The Organización Terpel S.A. website ([www.terpel.com](http://www.terpel.com)) is available to different audiences, presenting information of interest to its shareholders and investors, as well as to other people interested in its operations (customers, analysts, the community, journalists, suppliers, etc.). This Code of Good Governance and the Company's financial statements are published on the website.

This procedure is also described in the "Investor Services Manual", published in both English and Spanish, in which the Company explains to shareholders the channels through which they can submit their requests, claims and proposals, thus facilitating fluid communication, using the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/estructura-y-administracion>.

**Profiles of the organization's Board of Directors**

The professional profiles and experience of the organization's directors and senior management are provided below:

**Jorge Andueza Fouque:** Mr. Fouque holds a degree in civil engineering from the Universidad de Chile, and has been with the Angelini Group for 30 years. He is currently a member of the Board of Directors of Empresas Copec S.A. He has been and continues to be a member of several companies in the energy, forestry, fishing and financial sectors, including Empresas Copec S.A., Compañía de Petróleos de Chile Copec SA, Arauco, Pesquera Orizon, Corpesca and Cruz del Sur.

**Jorge Bunster:** Mr. Bunster graduated in economics from the Universidad Católica de Chile. He holds an MBA from IESE, University of Navarra, Spain. He is the former Minister of Energy and former Vice Minister of Foreign Trade of Chile. He was General Manager of Copec for 19 years, Deputy General Manager of Compañía de Seguros Generales Cruz del Sur S.A., General Manager of Bresler Alimentos S.A. and prior to that General Manager of AFP Alameda S.A. He has been and continues to be a director of companies in the fuel, forestry, fishing, retail, insurance and energy sectors, such as Abastible, Metrogas, Sonacol, Sonamar, Celulosa Arauco, Pesquera Orizon, Eperva, Empresa Eléctrica Guacolda S.A., Seguros Cruz del Sur, and Arco Prime.

**Arturo Natho Gamboa:** Mr. Gamboa earned a degree in industrial civil engineering from the Universidad Católica de Chile. He currently serves as General Manager of Copec S.A. and is also a director of companies in the food, commercial, metal mechanics and architecture sectors, notably Selecta (Brazil), Kabsa, Astilleros Arica and Elemental. He served on the Board of Directors of Terpel from May 2010 to March 2014.

**Lorenzo Gazmuri Scheleyer:** Mr. Gazmuri earned a diploma in electric civil engineering from the Universidad de Chile. He worked for Compañía de Petróleos de Chile - Copec for more than 20 years, holding the positions of general manager and executive vice president, and also serving as assistant manager of commercial planning and sales manager while there. In addition, he has been and continues to be a member of the Board of Directors of companies in the fuel, shipping, transportation and retail sectors, such as Abastible, Metrogas, Sonacol, Sonamar, Transcom, and Arco Prime.

**Sylvia Escovar Gómez:** Ms. Escovar earned a bachelor's degree in economics from the Universidad de los Andes. After a distinguished career in both the public and private sectors, she served as the President of Organización Terpel S.A. for 8 years. Some of the highlights of her professional career have been her positions of leadership in Colombian and international government institutions such as the Colombian National Planning Department, the Colombian Bank of the Republic, the Secretaries of Education and Finance with the Office of the Mayor of Bogotá, and the World Bank.

**Leonardo Ljubetic Garib:** Mr. Ljubetic graduated from the Pontificia Universidad Católica de Valparaíso with a degree in industrial civil engineering. He holds an MBA from the Universidad Adolfo Ibáñez, with advanced studies in the United States. He has extensive experience in the retail, fuel and food sectors. He currently holds the position of corporate manager of development and management at Copec S.A. He is and has been a member of the Board of Directors of several companies, including Abastible, Metrogas, ArcoPrime, and Arco Alimentos. He also participates and has participated in the past in a number of non-profit organizations such as the Copec-UC Foundation, the Council of the School of Industrial Engineering of the PUCV, the Retail Center at the University of Chile and the International Committee of NACS (The Association for Convenience & Fuel Retailing) in the United States.



**Juan Diuana Yunis:** Mr. Diuana holds a degree in civil and industrial electrical engineering from the Universidad Católica de Chile. He is currently the administrative and financial manager of Compañía de Petróleos de Chile Copec and a member of the Board of Directors of Transcom, Sonamar and Via Limpia. With a career of more than 20 years in administrative and financial positions, prior to joining the Copec Group he was corporate finance manager of Ripley Corp. S.A., corporate finance manager of Masisa S.A. and member of the board of directors of Banco Ripley, Mall Concepción and Mall Marina Arauco.

**Jorge Garcés Jordán:** Mr. Garcés earned a degree in psychology from the Universidad Católica de Chile, and served for 20 years as the manager of human resources at Compañía de Petróleos de Chile S.A.

**Alejandro Palma Rioseco:** Mr. Palma graduated with a law degree from the Universidad de Chile, and earned a Master's degree in law from University of Sydney, Australia. He also holds a diploma in human resources and an MBA from the Universidad Católica de Chile. He is currently the legal and corporate affairs manager at Copec S.A., and earlier was the legal manager and then general manager of GNL Chile S.A., an importer and marketer of liquefied natural gas. Prior to that, he was an associate attorney at the law firm Larraín y Asociados. Other activities include being a fellow of the Australia-Latin America Leadership Program in 2009 and president and director of the Chilean-Australian Chamber of Commerce from 2007 to 2015.

**Bernardo Dyner Rezonow:** Mr. Dyner earned a degree as a marketing technologist from the Escuela Superior de Mercadotecnia ESUMER, in San Jose, Costa Rica. He has held various administrative and managerial positions in companies such as Industrias Kent y Sorrento, Aguirre Pelaez Ltda., and has also been a promoter and sponsor of the Moises and Katie M. School of the Las Golondrinas Foundation in Medellin, Antioquia, and the Natasha and Michael School of the Granito de Arena Foundation in Bello Antioquia.

**Tulio Rabinovich Manevich:** Mr. Rabinovich holds a degree in electrical engineering from the Universidad Pontificia Bolivariana de Medellín. He is currently president and partner of Celsa SAS and manager and partner of Saturde SAS, and prior to that was the manager of Productora Electroindustrial. He is the founder of the Museo de Arte Moderno de Medellín and was its director for 10 years.

**José Oscar Jaramillo Botero:** Mr. Jaramillo graduated in agricultural technology from the Politécnico Colombiano in Medellín and has a degree in food engineering from the University of California in the United States. He has been managing partner of Gomar y Cía since 2006. He has had an impressive management career in Colombia working for Vehicaldas S.A., Industrias Normandy S.A., and Mercaldas S.A.

**Rodolfo Castillo García:** A business manager, for more than 28 years Mr. Castillo has been at with Icoharinas SAS, of which he is president and founding partner. He has been and is currently a member of the Board of Directors of several companies in the agribusiness, finance, health, communications and construction sectors, including Agrotropical, Nutra & Foods, Promisión, Promitec Sumas Construcciones and Vanguardia. In the area of business associations, he has served several times on the Board of Directors of ANDI and the Bucaramanga Chamber of Commerce.

**Gabriel Jaramillo Gómez:** Mr. Jaramillo earned an undergraduate degree in business administration, and a Master's degree in multinational business. He has more than 15 years of experience in commercial and strategic management in various sectors of the economy, both in Colombia and abroad. He has served on the Board of Directors of companies in the automotive, food and hydrocarbon sectors - both gas and liquid fuel distribution - such as Organización Terpel S.A., Hidrocarburos de Casanare S.A., Transgas de Occidente S.A., Súper de Alimentos, S.A., Ayura Motor S.A., and others.

Note that some members of the Board of Directors are also members of the governing bodies of companies other than the Issuer, but none of them is a member of more than 5 boards of directors of joint-stock companies at the same time, in accordance with the provisions of the corporate bylaws and the regulations in effect.



## Executive committee

Our Executive Committee is a group of senior executives who are committed to pursuing and achieving the company's goals and commitments:

NAME	POSITION
Oscar Bravo Restrepo	President
José Carlos Barreto Barrios	Vice president of operations
Daniel Perea Villa	Vice president of corporate and legal affairs
Alonso Botero Pardo	Vice president of corporate finance
Johand Patiño Vega	Vice president of sales
Maria Mercedes Carrasquilla Barrera	Vice president of human resources and administration
Liliana Tovar Silva	Vice president of aviation and marine fuels
Nelson Yobani Pabón Caviativa	Vice president of technology and digital transformation
Alejandra Londoño Carulla	Vice president of convenience services and marketing
Rodrigo Marcelo Ferreira Oyaneder	Vice president of lubricants
Kenneth Alexander Siefken Consuegra	Regional vice president of subsidiaries

Structure effective as of December 31, 2022

In 2022, Kenneth Alexander Siefken Consuegra joined the Executive Committee as Regional vice president of subsidiaries.

## Profiles of the organization's senior management

### Óscar Bravo Restrepo, President

A native of Medellín, Mr. Bravo graduated from the Pontificia Universidad Javeriana with a degree in industrial engineering, and went on to earn a master's degree in international management from the University of St. Thomas. He also holds degrees from Harvard University, the University of Pennsylvania, and Thunderbird University. For more than 15 years he served as the vice president of corporate finance at Organización Terpel. Prior to that he held various management positions at Rohm and Haas, most recently as worldwide manager of financial planning and analysis.

**Main responsibilities:** To lead the organization's strategic processes and guide the business units toward the achievement of their objectives, in accordance with the policies established by the Board of Directors, in order to obtain the desired results and generate value for all stakeholders

### José Carlos Barreto, Operations & logistics

Born in Corozal, Sucre, Mr. Barreto holds a degree in civil engineering from the Universidad de los Andes, a diploma in project management from UIS, and an MBA from the Universidad de los Andes. He has served as project manager at Cementos del Caribe, mine manager at Carbones del Caribe, and exploration manager at RTZ. He was also the production manager for Carbones del Cerrejón.

**Main responsibilities:** to establish and regulate the fuel supply chain, construction projects for new service stations and convenience stores, new infrastructure for plants and for safety, health, environment, and quality, in accordance with corporate policies and current regulations, in order to ensure operational and logistical compliance with the value propositions, seeking the most cost-effective solution.

### Daniel Perea Villa, Corporate & legal affairs

Mr. Pera was born in Bogotá and studied law at the Pontificia Universidad Javeriana. He has more than 20 years of experience in managing legal and corporate affairs in national and multinational companies. He holds a Master's degree in business administration and leadership from the EADA Business School in Barcelona, Spain. A specialist in commercial and administrative law, Perea has also served as legal affairs manager at GlaxoSmithKline and as legal compliance officer at Glass Technology Investments.

**Main responsibilities:** To define the reputation strategy and direct the company's ESG strategy, and integrate those strategies into the business in accordance with regulatory requirements and environmental trends.

To lead the Foundation's programs and the company's social impact initiatives, and to manage the organization's intangible assets, including, but not limited to, the strategy for communications, outreach, and interaction with groups outside the organization. To determine the company's legal strategy in accordance with the legal framework, the company's policies, and other applicable regulations or contracts, in order to ensure legal certainty.

**Alonso Botero Pardo,****Corporate finances**

Mr. Botero holds a degree in economics from the Universidad de los Andes and an MBA from the MIT Sloan School of Management. He has more than 25 years of experience in finance, strategy, and new business development. He has pursued his career in local companies and multinationals in the consumer and pharmaceutical sectors. He worked for Tecnoquímicas for 17 years, where he began as the financial planning manager, was promoted to vice president of corporate planning, and was later named vice president of finance and IT.

**Main responsibilities:** To establish and regulate the financial strategy and the organization's system for purchasing and contracting goods and services in accordance with the applicable legal and regulatory framework. To establish guidelines, directives, policies, and procedures to ensure the company's sustainability and operation in the short medium and long-term, in accordance with the requirements and needs of the business.

**Johand Patiño Vega,****Fuel sales**

Born in Bucaramanga, Mr. Patiño holds a degree in marketing engineering from the Universidad Autónoma de Bucaramanga, and an MBA from the Inalde Business School. With more than 25 years of experience in business, strategy, and marketing, he has been working with Terpel for the last 20 years. His career with Terpel began in 2002 in Terpel Bucaramanga as a sales consultant, and he later joined the team responsible for the integration of the seven Terpels into Organización Terpel.

**Main responsibilities:** To manage sales at the national level (service stations and demand for natural gas, electricity, and industry fuels), within the framework of the corporate and competitive strategy, in order to meet targets for sales, coverage, service, and safety, as well as market share and expected profitability.

**María Mercedes Carrasquilla,****Human resources and administration**

Born in Bogotá, Ms. Carrasquilla holds a diploma in high-level management from the Universidad de los Andes and a high government diploma from the same school. With more than 30 years of experience, she has held the positions of administrative and financial director of the coffee-growing census of 1994 the National Federation of Coffee Growers of Colombia, and was twice secretary general of Fedesarrollo, for more than 10 years of her career. She has been director of the donations program at the Universidad de los Andes, regional director of the FES Leadership Institute in Bogotá, manager of government affairs, communications, and regulation at Coltabaco, director of corporate affairs at El Tiempo Casa Editorial and the Consul General of Colombia in Rome, Greece, and Malta.

**Main responsibilities:** To determine the strategy and provide guidance on human resources, administration, wellness, onboarding, training, performance evaluations, leadership, diversity, culture, internal communications, and innovation, to ensure the alignment of the company's strategic framework at the national level. To establish the company as a benchmark of practices for countries in order to create value for employees and for the company

**Nelson Yobany Pabón Caviativa,****Technology & digital transformation**

Mr. Pabon holds a degree in systems engineering from the Escuela Colombiana de Ingeniería and a specialization in project management from the Universidad Piloto de Colombia. He has more than 18 years of experience in technology, in financial sector companies such as Grupo Aval, A Toda Hora, Banco AV Villas, Unisys and Compañía Latinoamericana de Software. During his career he has served in positions such as technology services manager, digital services manager, and project director.

**Main responsibilities:** To lead, advise, regulate and execute the technological and digital transformation strategy and ensure the standardization of the company's applications, communication systems and technological infrastructure in accordance with the applicable legal and regulatory framework, establishing guidelines, directives, policies and procedures for ensuring their proper functioning, proper use of the allocated budget, and the impact on the strategy and needs of Terpel.

**Liliana Tovar Silva,****Aviation & marine fuels**

Born in California, United States, Ms. Tovar earned a degree in industrial engineering from the Universidad Javeriana and has an MBA and a Master's degree in leadership from the EADA Business School. She has more than 25 years of experience at Terpel, and has witnessed the changes in the company since back when it was made up of regional companies. She was a member of the team that designed the competitive strategy of the business units.

**Main responsibilities:** To establish and direct the competitive strategy for the Aviation and Marine Fuel businesses, in accordance with the organization's strategic guidelines, ensuring results in terms of sales, profitability, market share, brand recognition, and service in the segments in which it operates, guaranteeing sustainability and growth for the business.

**Alejandra Londoño Carulla,****Convenience services & marketing**

Ms. Londoño holds a degree in industrial engineering from the Universidad Javeriana and a diploma in marketing from University of Chicago. She has more than 20 years of experience in companies such as Unilever holding positions such as brand and innovation manager, and trade marketing manager for the Colombian and North American markets. At Juan Valdez she served as vice president of marketing and vice president of international sales, developing the brand and operations in different countries.

**Main responsibilities:** To coordinate the sales and operations of convenience services with Terpel's value proposition in order to guarantee the expected market share and profitability by meeting the targets for sales, coverage, and service established in the organization's strategy.

To establish and oversee Terpel's brand strategy, leading its communications and 360 activities for all Organización Terpel businesses. To lead the company's loyalty and data strategies.

#### Rodrigo Marcelo Ferreira, Lubricants

A native of the Valparaíso region in Chile, Mr. Ferreira holds a degree in business administration from the Instituto Profesional de Ciencias y Artes INCA CEA. He studied auditing at Universidad de Viña del Mar. He has worked in the financial sector, holding positions at the National Bank and in the Chilean Navy's finance department, Directemar. He served in the lubricants sales area for more than 20 years at Petróleos de Chile, Copec S.A., and joined the Terpel team in 2017.

**Main responsibilities:** To manage the process of manufacturing, marketing and distribution of lubricants at the national level in accordance with established standards, within the framework of the competitive strategy, in order to achieve targets for sales, market share, expected profitability and brand value.

#### Kenneth Alexánder Siefken, Regional subsidiaries

An industrial engineer from Barranquilla with a specialization in business administration from the Universidad del Norte, another in marketing from the Universidad Javeriana de Cali and an MBA from the Universidad de los Andes, Mr. Siefken is also a certified coach and has taken several classes on leadership in recent years. During his 28-year career, he has worked in a variety of sectors, including the financial sector and public utilities, including companies such as Banco de Bogotá, Gases del Caribe S.A. E.S.P. and Triple A S.A. E.S.P.

**Main responsibilities:** To direct operations in countries outside of Colombia by overseeing the management of the business and establishing objectives in line with the organization's expectations. To transfer best practices from the parent company to subsidiaries to ensure competitive alignment, with adjustments specific to each market and business, enabling compliance with expectations for sales, financial results, and customer experience.

The Executive Committee is evaluated each year, at the same time as the rest of the company. This information is presented in greater detail in the section "Our commitment to people" in this same report.

The compensation and incentive system for members of senior management is defined and approved by the president of the company and the chairman of the Board of Directors. Terpel commissions a salary study to be conducted by an expert compensation consulting firm.

## Our commitment to Corporate Governance

### Listing on the Colombian Stock Exchange (BVC)

We have been listed on the Colombian Stock Exchange (BVC) since 2014, and in 2022, for the 9th consecutive year, we received the IR Issuer Award (Investor Relations), in recognition of our performance and commitment to the disclosure of transparent and reliable information.

Based on our commitment to transparency and the adoption of best practices in corporate governance, we are an active member of the Colombian Institute of Corporate Governance -ICGC- and have served on its Board of Directors. We report our performance in the "Country Code Survey" report on best corporate practices, which is publicly available on our website and is included as an annex to this report.

## Good Governance Code

The purpose of our Good Governance Code is to ensure the proper conduct of our management and administrative bodies, to guarantee the highest levels of reliability and transparency, to improve internal control and corporate responsibility, and to ensure that the rights of our shareholders are respected and guaranteed.

During 2022, we continued to employ a centralized approach from Colombia to monitor and manage high-impact processes such as the prevention of money laundering and the fight against corruption for subsidiaries in Peru, Ecuador, the Dominican Republic, and Panama.

To provide more detail on corporate governance issues, we have included an integrated legal and financial report in the last chapter of this report, as a clear communication of the importance this organization attaches to maintaining high standards of corporate governance.

# Our ethical and transparent business practices

## Transparency and responsible governance

### Human Rights

Terpel is committed to respecting and promoting human rights in all our actions and decisions, as well as in the actions and decisions of our stakeholders and our international operations.

Our human rights policy establishes the scope of our commitments. Its purpose is to establish guidelines for respecting and promoting human rights and to encourage actions to promote their enjoyment inside the company and in relations with stakeholders

To ensure and promote respect for human rights, we adhere to the following standards and principles

- The Universal Declaration of Human Rights
- Recommendations of the United Nations Guiding Principles on Business and Human Rights to "Protect, Respect and Remedy."
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- Principles of the United Nations Global Compact

### Acquired commitments to uphold human rights standards and principles:

- To ensure that all stakeholders in the countries where Terpel operates follow the guidelines described in this Human Rights Policy and incorporate them in their work.
- To respect, promote, and value diversity, inclusion, and equal opportunities. At Terpel, we recognize the competitive advantage and opportunities of learning from differences. That's why we promote the inclusion of people from diverse nationalities, ethnic groups, beliefs, gender identities and expressions, and sexual orientations in our team of employees and in the highest governing body.
- To evaluate the actual and potential human rights impacts of our operation and establish mechanisms for preventing, mitigating, and remediating any possible impacts.
- To promote freedom of association and recognize the right to collective bargaining.
- To prohibit and reject forced labor, child labor, and discrimination throughout our supply chain.
- To establish safe working environments for the well-being of our employees and contractors.
- To respect the culture and customs of communities near our operations.
- To develop plans that contribute to a safe and healthy environment for society.



Because we want to fully embrace our responsibility to respect human rights, we establish and implement plans for continuous improvement to further strengthen the prevention and mitigation of current and potential human rights impacts. We have also formulated a due diligence process in line with the Guiding Principles on Business and Human Rights, which will be updated in 2023, and which includes the following phases:



### Control bodies in the area of human rights

We have established an internal human rights oversight body, called the Ethics Committee.<sup>1</sup> This committee was created to monitor compliance with policies and tools, in order to prevent inappropriate conduct in the areas of ethics, human rights, and transparency. Our risk management system also establishes measures to prevent, detect, respond to and manage compliance and integrity risks, which include human rights risks arising from the organization's direct operations and business relationships with suppliers, partners and franchise owners.

Corporate Affairs, Human Resources, Internal Communications, Suppliers and Internal Control are responsible for disseminating information about Terpel's progress, changes, or new commitments in this area. Each year, the Sustainability Committee evaluates the organization's human rights performance, and the results are included in the organization's Sustainability Report.

### Ethics Management System

We have an Ethics Management System in place at Terpel to ensure transparency, integrity and sustainability in economic, environmental and social aspects.

To this end, we have established an Ethics Committee, made up of the vice president of human resources and administration, the vice president of corporate and legal affairs, the audit manager, the administrative manager, the corporate legal director and the head of labor relations. It meets periodically at the request of its members or when a special case requires.

Its purpose is to ensure the implementation of a culture of ethics and shared responsibility throughout the organization.

### Code of Conduct

Terpel has a Code of Conduct that formally states the principles, values and ethical standards that govern the organization. It also describes the behavior expected of our employees and the policies and possible sanctions in the case of non-compliance.

The Code of Conduct can be viewed at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

Our Code of Conduct covers the following topics:

- Corruption and bribery
- Discrimination
- Confidentiality of information
- Conflicts of interest
- Antitrust / anti-competitive practices
- Money laundering and/or insider-trading
- Environment, health, and safety
- Whistleblowing

The Code of Conduct covers 100% of our employees in the different countries where we operate, **adapting the Colombian Code to the legislation in each country while respecting the corporate policies and commitments defined in Colombia.**

All employees in each country sign a written agreement and receive annual training on the established policies and guidelines. There is currently no systematic mechanism for annual renewal of the commitment.

## Employee training on ethics and compliance

2022

Number of employees covered  
by the Code of Conduct

4,053

\*Does not include Masser, a subsidiary with its own code.

Percentage of employees covered  
by the Code of Conduct

100 %

Number of Code of Conduct training sessions  
provided to employees in the last three years3  
una por año

2020		1
2021		1
2022		1


Percentage of subsidiaries/countries  
covered by the Code of Conduct

100 %

## Employees trained in the Code of Conduct in the last three years (Organización Terpel Colombia)

Topic

2022

2020		1,412
2021		1,439
2022		847 <sup>64</sup>

Number of subsidiaries / countries that signed written  
agreement for the Code of Conduct

0

Number of Code of Conduct training sessions in the last  
three years for subsidiaries / countries.

1

Number of violations  
of the Code of Conduct

34

In 2022, we updated the Code of Conduct with a message from  
our president and clarifications on entertainment and gifts.

## Communication Channels

We have established the following channels for our various  
stakeholders to inform, report and denounce any situation that  
violates the Code of Conduct or our corporate policies.E-mail:  
reporteconfidencial.terpel@resguarda.comConfidential reporting line:  
<https://www.terpel.com/en/reportes-confidenciales/>

Toll-free line: 01-800-752-2222

These channels are managed by an outside firm.

We also have a Labor Relations Committee. This is a safe  
space where work can be done to maintain a good working  
environment and protect our employees.

The cases that can be reported to this committee are:

- ▶ Mistreatment
- ▶ Workplace harassment
- ▶ Workplace discrimination
- ▶ Workplace disruption
- ▶ Workplace inequality
- ▶ Workplace insecurity

Any violation of this policy or harassment may be reported to the  
following email address: comite.convivencia@terpel.com.The Internal Work Rules and the Code of Ethics include a chapter  
that defines and regulates harassment in the workplace. The  
existence of a Labor Relations Committee for reporting suspected  
cases of harassment in the workplace is communicated regularly.During the year 2022, we received notice of the following labor-  
related lawsuits, requirements from the Ministry of Labor, and  
petitions regarding labor issues:

1. Labor disputes: 13 lawsuits
2. Injunctions to protect a constitutional right (*tutela*): 6 injunctions
3. Preventive inspections by the Ministry of Labor: 2 visits
4. Right to petition: 9 petitions related to labor issues

Of these, the following were decided in favor of Terpel:

1. Labor lawsuits: 15 decided in favor of Organización Terpel, either by acquittal, settlement, or conciliation agreement<sup>65</sup>.
2. Injunctions (*tutela*): 6 - all were decided in favor of the company.

[64] Employees trained during annual corporate induction and re-induction

[65] The lawsuits decided in 2022 were not necessarily filed that year.

We received 7 complaints or consultations related to workplace harassment (Law 1010 of 2006). Terpel is not a member of the investigating committee, so the conclusions reached are neither for nor against the company. Complaints to this committee are made against an individual rather than a legal entity (Organización Terpel).

Although we received labor complaints during 2022, no cases of harassment were brought to the attention of the labor relations committee or other applicable bodies.

Employees trained in the area of sexual and workplace harassment: During 2022, we trained 100% of all new hires, a total of 327 people, through our induction process.

**(415-1) Anti-corruption**

At Terpel we have an Anti-Corruption and Bribery Policy that sets high standards for the prevention of money laundering and terrorist financing. It includes guidelines for preventing bribery in any form, in any part of payments under contracts, and soft dollar practices.

It includes guidelines for preventing direct and indirect political contributions, which are also described in the Corporate Affairs Policy.

Our System for Managing the Risk of Money Laundering and Financing of Terrorism -SARLAFT- implements rigorous due diligence across the company, including strict know-your-customer policies (beneficial owners, managers, shareholders, etc.) and sanctions list screening.

We have also implemented the following processes to strengthen our mechanisms for fighting against corruption:

- Communication with 100% of our employees and suppliers about the organization's anti-corruption policies and procedures.
- Annual training sessions and evaluations of 100% of employees on the prevention of MLFT and anti-corruption.
- Massive screening of all counterparties (on sanctions lists) three times a year.
- Programs to update data.
- Matrices that monitor risks and suspicious transactions and report them to the appropriate authorities.
- Strict contractual clauses that establish breach of contract in the event of money laundering crimes.
- Communication of anti-corruption policy guidelines and procedures to our stakeholders.

**(205-1) Operations assessed for risks related to corruption**

The organization assesses the risk of corruption in 100% of its operations and activities, including the 7 regional offices in Colombia, and its subsidiaries in 4 countries: Ecuador, Peru, the Dominican Republic, and Panama.

The procedures include an assessment of practices related to bribery, facilitation payments, fraud, extortion, collusion, money laundering, and offering or receiving gifts, loans, fees, compensation, or other advantages that could induce an action that is dishonest, illegal, or an abuse of trust.

**(205-3)**

There were no confirmed incidents of corruption in 2022.

**(205-2) Communication and training about anti-corruption policies and procedures for senior management**

	Communications	%	Training	%
Governing body				
Senior Management	11	100%	11	100%
Board of Directors				
Employees				
Managers	32	100%	32	100%
Directors	82	100%	82	100%
Heads/ Executives	291	100%	288	98.97%
Analysts/ Supervisors	415	100%	409	98.6%
Technicians/ Assistants	283	100%	282	99.6%
Operations personnel	440	100%	437	99.3%

100% of the employees from the regional offices and suppliers received communications regarding anti-corruption policies and procedures.

**Training in free competition**

Topic	2022
	Invited: 1,577
<div> <div></div> <div>Employees participating in courses on free competition</div> </div>	<b>Webinar:</b> Attendees: 203 <b>Percentage met:</b> 22,1 %

## (207-1; 207-2; 207-3) Tax management and control and tax risk management

Organización Terpel has a tax strategy that is anchored in the Tax Management Policy of each country. It defines the tax principles and framework for each company, its approach to tax planning, the level of risk it is willing to assume and the company's approach to the tax authorities.

The company's tax strategy is compliance-based, and to this end it ensures compliance with the applicable national and district regulations in each country each year.

The organization has a company-wide approach to tax management, and therefore establishes guidelines to ensure that business projects, programs and initiatives are implemented taking into account the tax approach.

Organización Terpel S.A. has systems in place to manage and control tax risks, with levels of approval, penalties, and interest, which can only be authorized by management or higher positions. The tax management process is audited annually by independent third parties to ensure compliance with the existing legal framework.

The Company maintains an ongoing dialogue with industry associations and other stakeholders, monitors current legislative proposals, and analyzes potential future regulatory changes to better manage risks and impacts.

The Board of Directors is the highest governing body for tax policy and approves the tax management policy each year and any adjustments to it.

The vice president of finance, led by the Accounting and Tax office and the Tax Department, is responsible for ensuring compliance with the company's tax strategies.

### The Tax Policy covers the following:

- a. A commitment to comply with both the spirit and the letter of tax laws and regulations in the countries in which the Company operates.
- b. A commitment not to shift value created to low-tax jurisdictions.
- c. The use of tax structures designed to avoid taxation.
- d. The company's approach to transfer pricing.
- e. The use of secrecy jurisdictions or so-called "tax havens."



# Supply chain management

## (3-3) Supply chain

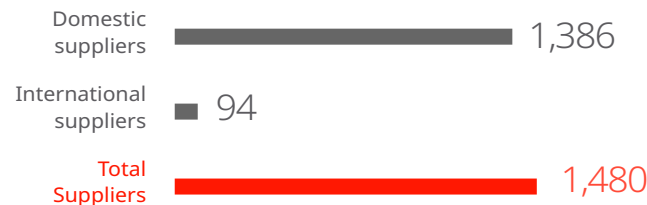
Our commitment to creating environmental, social and governance value extends to our external operations, including our suppliers, partners, allies, franchise owners and affiliates. For that reason, we at Terpel ensure that these external groups comply with our Business Ethics Framework, Code of Conduct and Health, Safety, Environment and Quality (HSEQ) standards.

Our goal is to leverage supply chain management to make it sustainable and turn it into a competitive advantage that allows us to generate greater value. So we evaluate, identify opportunities for improvement, and implement measures to develop our supply chain through assessments and engagement, to ensure the integration of ESG issues into their operations.

(3-3; 414-1) In 2022, we prioritized three areas in our work with suppliers: 1) occupational health and safety, 2) SARLAFT, and 3) data protection.

## Composition of the supply chain

Type of supplier<sup>66</sup>



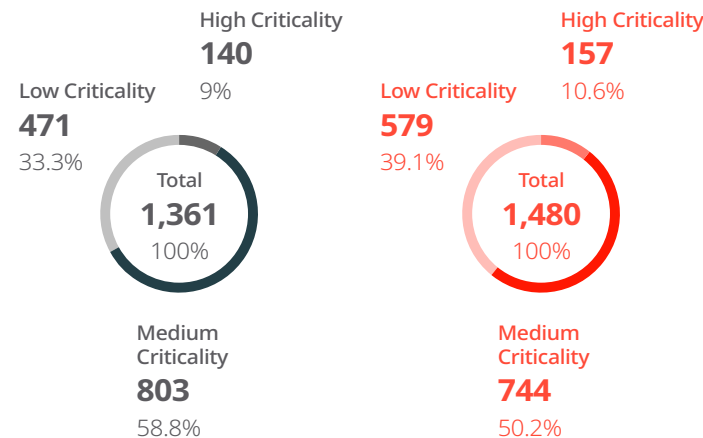
## Criticality analysis

At Terpel we use a criticality analysis (high, medium, and low) to identify our key suppliers. It allows us to understand when products, goods and services, and suppliers in general, have a significant impact on the organization.

Criticality analysis helps us identify, address, and mitigate potential risks and define action plans in case they materialize. Critical suppliers are those that have a high impact on the business and from whom we purchase more than COP\$1,000 million.

In 2022, we had 157 highly critical suppliers, representing 10.6% of all suppliers and 97.3% of the total supplier spend.

### Criticality of Suppliers 2021 2022



## (204-1) Local suppliers

We are committed to strengthening and developing the regions where we operate, so we make it a priority to use local suppliers and local labor, and we encourage our contractors to do the same.

We have 1,386 domestic suppliers in our supplier database, equivalent to 93.6% of all suppliers.

The total expenditure on domestic suppliers in the year 2022 was COP\$25,366,257,768,978.

Type of supplier	% of all suppliers	Annual value of purchases (millions of pesos)	Percentage of total purchases
Domestic suppliers	93.65%	\$25,366	97%
International suppliers	6.35%	\$796.5	3%
<b>Total</b>	<b>100%</b>	<b>\$26,162.80</b>	<b>100%</b>

Domestic purchases of goods and services	\$631.4 million pesos	Purchases of goods and services, domestic suppliers
Domestic purchases for civil works	\$43.7 million pesos	Works, domestic suppliers
Domestic purchases for others	\$20,300 million pesos	Figure corresponds to fuel supply, fuel transportation, transportation of lubricants, inputs, base oils, additives, and natural gas*.

\*Data includes an estimate for December.

[66] The information on total suppliers and criticality corresponds only to suppliers with purchase orders.

## Transportation providers

Ecopetrol is the provider responsible for supplying us with liquid fuel via pipeline. This fuel arrives at Terpel-owned or jointly-owned plants. From there it is distributed via transportation providers to airports and plants not connected to the pipeline system.

It is then distributed by our business lines (Industry, affiliated and Terpel-owned service stations, marine fuels, and aviation fuels). We also transport products coming from our biodiesel and additive suppliers.

In 2022, we worked with 42 transportation providers to move 1,620,555,120 million gallons of fuel across the length and breadth of Colombia.

## Supplier selection

At Terpel, we have a robust supplier selection process that prioritizes transparency, competitiveness and equality. Our procurement policy establishes the requirements for becoming a Terpel supplier.

Furthermore, the Suppliers and Contractors Manual defines the HSEQ guidelines that set the technical requirements and safety standards that Terpel contractors, independent workers, and suppliers must meet.

The manual<sup>[67]</sup> defines the policies and general guidelines for the provision of services and the obligations of a supplier or contractor under a contract with the organization. As part of the supplier creation process, all suppliers must certify in writing their acceptance of the manual and their commitment to comply with all of its provisions.

The company considers the following criteria in the selection process:

- Detailed screening of sanctions lists to ensure compliance in the areas of anti-corruption and MLFT.
- Evaluation of environmental practices.
- Evaluation of criteria for the quality of the service or product, delivery times, after-sales service, and health, safety, the environment, and quality (HSEQ).

In 2022, 141 new suppliers joined the company, representing 0.13% of all purchases for the year. All were evaluated using environmental, social, and corporate governance criteria and comply with the company's policies and other sustainable development practices.

## Supplier evaluation

Each year we conduct a rigorous evaluation process to help us diagnose and identify opportunities for improvement, design action plans, monitor supplier operations, and recognize achievements in our supply chain.

Contract managers - the people who receive the service directly from the supplier - must evaluate their suppliers every year.

The criteria for evaluation are

- Quality of the service or good
- Delivery times
- After-sales service
- Health, safety, environment, and quality (HSEQ)

100% of our suppliers are evaluated each year.

We are enhancing our action plan so that by 2023 we will have an even stronger strategy for managing human rights in our supply chain. We will also update our supplier evaluation process to include ESG criteria, incorporating key industry frameworks, standards and best practices.

[67] Applies to domestic suppliers only.



# Our commitment to the planet

## Environmental Management

In 2022, we expanded the scope of our vision to strategically address environmental challenges, trends, risks and demands in a timely manner.

By coordinating work across the company, we were able to establish a roadmap for implementing our environmental stance, the company's most ambitious commitment in this area to date.

## Our environmental stance

We see ourselves as a key player in environmental protection and the global energy transition. Our environmental stance, therefore, sets out commitments, goals, and actions to ensure that the environmental management of this organization is in line with our focus on competitive, responsible, and sustainable growth. We have defined three pillars:

1. Climate change management and energy efficiency
2. Circular economy and waste management
3. Safe operations

These three pillars describe our environmental commitments based on the current and potential environmental impacts and risks of our operations and the effects of climate change.





We initiated a process to identify climate risks in each line of business and to incorporate them into the organization's risk matrix. This will allow us to have an updated and concrete vision of climate issues and to respond to expectations regarding the dissemination of ESG information and related regulations.

As a result of this exercise, we identified and included the following risks related to climate change:

- Physical and operational risks from storms, hurricanes, and flooding.
- Reputational impact of failure to manage ESG.
- Business continuity risks.
- Infrastructure adaptation costs in response to unavoidable impacts.
- Loss of market due to the energy transition.
- Conflicts with communities and failure to meet stakeholder expectations.
- Market, credit, and liquidity risks.
- Failure to anticipate market trends.
- Increased operating costs.
- Political and legal risks due to regulatory changes, resource restrictions, or increased carbon tax regulations.

Addressing and disclosing climate-related risks and opportunities and the financial impact of climate change is a priority for the company. In 2022, we established our strategy for implementing the recommendations of the Task Force on Climate-related Financial Disclosures - TCFD and the SASB standards that apply to our business

## Monitoring and managing environmental impacts

At Terpel, our integrated framework for environmental monitoring facilitates the tracking of key indicators for analyzing and reporting on impacts and risks. We manage this framework using a platform that measures and manages indicators for energy and water consumption, fuel consumption for operations, and waste generation, evaluating the evolution of these indicators over different periods.

The integrated platform also manages and monitors legal compliance and all management system activities, helping us prevent risks at operating centers. It provides traceability for our environmental management that is much more accurate, timely, and reliable.

## Policy for Occupational Health, Safety, and Quality, and the Environment (HSEQ)

Our HSEQ policy defines the guidelines for identifying, mitigating and compensating for any actual or potential adverse impact on the environment resulting from the operations of Terpel and its affiliated companies. These are some of our key commitments:

- To conduct all our processes and operations in strict compliance with the law, industry regulations and globally recognized international standards.
- To create value through products and services that are designed with people in mind and that meet or exceed their expectations.
- To identify hazards and environmental aspects as we execute our processes, and engage in comprehensive management sufficient to reduce and eliminate risks. We avoid situations that could negatively affect the health of people and the environment, preventing injuries and environmental impacts and maintaining a reliable, responsible, and sustainable image in all our operations.
- To act preventively and to respond to emergencies, contingencies, and crises in an effective and timely manner.

For further information on the HSEQ Policy, see the information in the lower part of this link: <https://www.terpel.com/quienes-somos>.

## Environmental initiatives

In 2022, we implemented several eco-efficiency initiatives that were very important to the organization. Here are a few we would like to highlight:

- Installation of a solar plant at the Palermo service station with a 115.8 kWp capacity and an investment of COP\$450 million.
- Installation of a solar plant at the Doña Manuela service station with a 120.75 kWp capacity and an investment of COP\$432 million.
- Installation of a solar plant at the Cartagena Lubricants Plant with a 480.7 kWp capacity and an investment of COP\$1,618 million.
- Improvements to wastewater and effluent treatment facilities at factories and airports, with an investment of more than COP\$388 million.
- Repair of pavements and dikes in plants and airports, with an investment of more than COP\$871 million.
- Improvements to pavement, trench drains, water treatment systems and tank linings at service stations, with an investment of COP\$9,057 million.



The total environmental investment in 2022 was more than COP\$12,819 million.

## Climate change and energy efficiency

Climate change is considered to be one of the greatest challenges of the century, and at Terpel we know that the planet needs action and concrete, measurable commitment in order to mitigate climate change and adapt to its effects.

As a Country Partner committed to the global climate ambition of the Paris Agreement, our ultimate goal is to achieve carbon neutrality in Scopes 1 and 2 by 2050. Our interim target is a 50% reduction by 2030.

To meet this commitment, we are developing mitigation initiatives focused primarily on the transformation of our energy consumption matrix, through the following actions:

- Developing energy efficiency projects in our operations to rationalize and optimize energy consumption.
- Using renewable energy from solar panel installation projects for self-consumption.
- Participating directly or indirectly in projects that generate carbon credits.
- Supporting sustainable mobility projects, including the use of fuels such as CNG, LPG, and hydrogen.

### Our Scope 1 and 2 carbon neutrality goals.

- Reduce GHG emissions by 10% by 2025.
- Reduce GHG emissions by 50% by 2030.
- Achieve zero emissions by 2050.

## Sustainable mobility

To promote carbon neutrality, we have adapted our fuel business to mitigate the impacts of climate change. We added products with low carbon emissions to our portfolio such as: LPG, electric charging with the Voltex brand, CNG (compressed natural gas) and GT98 extra gasoline.

We recognize we are a strategic actor in the energy transition and in sustainable mobility in Colombia. We have built our charging stations into a network that connects cities and regions, providing an efficient supply of fast charging for electric vehicles. We currently have 13 charging points on the country's different highways, helping remove one of the most significant barriers to the expansion of e-mobility in our country.

With our goal of keeping companies, people, and countries on the move with the best energy, we have set out to increase our participation in fueling LPG and CNG vehicles, in addition to expanding our e-mobility network, staying ahead of customer expectations for sustainable mobility.

With this in mind, we launched a responsible consumption program in 2022 with the following initiatives:

- The gradual conversion of our internal fleet to CNG.
- Promotion of the shared use of vehicles.
- Training for customers on efficient driving for reduced fuel consumption.



(3-3)

# Our work in emissions

## (305-1) Direct (Scope 1) GHG emissions

In metric tons of CO<sub>2</sub> equivalent

CO<sub>2</sub>e emissions  
3,089.19

Emission factor source: decree 926 of 2017

Fuel consumption by Terpel's own fleet, including refuellers at airports and aviation work centers and fuel consumption at power plants and by firefighting systems, are the most significant activities generating direct Scope 1 emissions.

## (305-2) Energy indirect (Scope 2) GHG emissions from power generation

In metric tons of CO<sub>2</sub> equivalent

CO<sub>2</sub>e emissions  
9,760.33

Emission factor source: resolution 000320 of 2022

The most relevant activities generating scope 2 emissions are related to the power consumed by our own processes, plants, airports, lubricants, complementary businesses, offices, and service stations.

## (305-3) Other indirect (Scope 3) GHG emissions

In metric tons of CO<sub>2</sub> equivalent

CO<sub>2</sub>e emissions  
141,677.16

Emission factor source: decree 926 of 2017

The most relevant processes related to scope 3 at Terpel are fuel consumption for contracted transportation (service stations, plants, industry, etc.), transportation for the distribution of lubricants, electricity consumption by the service stations in the affiliated network, and emissions from business travel.

## Total carbon footprint:

Year	Tons of CO <sub>2</sub>
2021	174,318.31
2022	154,526.67

## (305-5) Reduction of GHG emissions

Compared to the baseline established this year, we achieved a total reduction of 264,016 metric tons of CO<sub>2e</sub> compared to previous years by taking the following actions:

- **Converting the vehicle fleet to CNG:** We closed 2022 with 142 vehicles, reducing emissions by 117.3 tons of CO<sub>2</sub>.
- **Installing solar panels at 14 work centers.** In 2022 we installed 3 sets of panels at the previously mentioned work centers: Palermo, Doña Manuela and the Lubricant Factory. With these additional panels we have reduced CO<sub>2</sub> emissions by 133.9 tons.
- **Monitoring power consumption** and using LED lighting at our service stations.





# Our work in energy



## (3-3; 302-1) Energy consumption within the organization

**Total energy consumption<sup>68</sup>** **327,667.09 GJ**

Total consumption of renewable energy: **3,825.79**

Renewable energy generated **14.98**

Total renewable energy purchased **3,810.62**

**Consumption of electricity** **278,866.6**

**Total consumption of fuels from nonrenewable sources** **44,974.71**

Diesel **19,155.5**

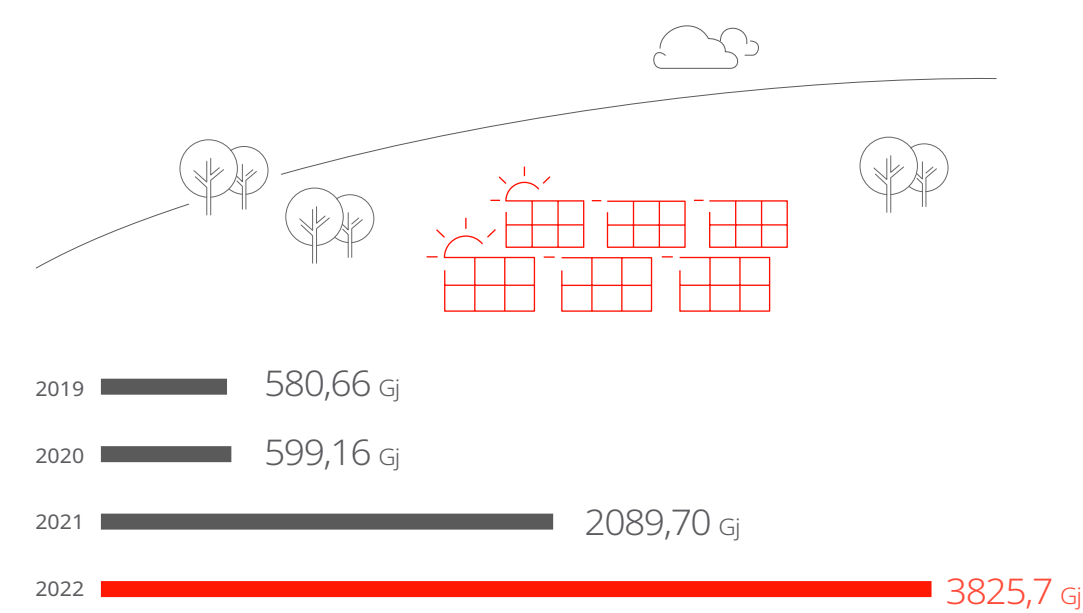
Gasoline **12,260.5**

Jet A1 **9,067.45**

CNG **4,491.26**

[68] December consumption data is projected because actual data is not available.

In recent years, we have increased the use of **renewable energy** in our operations:



(302-3) **Energy Intensity**

Specific parameters selected to calculate the ratio. Example:

GJ / tons of product

131.28

Types of energy included in the intensity ratio (fuel, electricity, heat, cooling, steam, or all).

Electricity and fuel (energy purchased for consumption from the grid + solar panels + fuel) / sales 2,496 million gallons

(302-4) **Reduction of energy consumption**

Reduction of energy consumption achieved as a direct result of conservation and efficiency initiatives

3,825.79 GJ

Terpel's network consumed 3,825.79 fewer gigajoules, replacing it with self-generated solar energy.

**Costs of energy consumption**

Total cost of energy consumption 2021 (COP)

\$74,435 million

Total cost of energy consumption 2022 (COP)

\$101,279 million

Specific parameters (denominator) selected to calculate the ratio. Example: GJ / tons of product

131.28

Types of energy included in the intensity ratio (fuel, electricity, heat, cooling, steam, or all).

Electricity and fuel (energy purchased for consumption from the grid + solar panels + fuel) / sales 2,496 millions



# Work with the circular economy

At Terpel, we are committed to providing increasingly-sustainable quality services by implementing the best environmental practices for the industry, from a life-cycle perspective, inspired by the principles of the circular economy.

We understand how important it is to organize initiatives and programs that will extend the life cycle of our containers and packaging materials. We have identified our greatest opportunities for implementing circular economy strategies in the lubricants and convenience store businesses.

Our environmental stance establishes our ambitions and targets for the rational use of all resources used and waste generated in our operations in order to manage and mitigate impacts.

# Resource management

## (303-1) Water management

Terpel takes action to efficiently use and save water at each work center. We set targets for savings related to the consumption, collection and use of rainwater and the reduction of discharged water, using the average consumption at each site as a basis for comparison.

Each work center has a matrix for identifying environmental aspects, including water consumption. Each also has a program for the efficient use and conservation of water. This includes activities such as identification of consumption points, optimization of consumption, and monthly monitoring to identify leaks or losses of this natural resource in order to make corrections and ensure efficient use.

We work with industry groups and associations to identify new environmental regulations and ensure compliance with environmental laws.

## Key water management indicators

### (303-3; 303-5) Water withdrawal and consumption<sup>69</sup>

Water withdrawal	Mega liters
Groundwater	38.70
Surface Water	7.63
Sea water	0.00
Produced water	0.00
Third party water	513.6
<b>Total water withdrawn from all areas</b>	<b>559.9</b>

The different sources of the water we use are groundwater, surface water, the aqueduct, purchased water and rainwater collection for domestic use, mainly for bathing, washing and cleaning. The organization does not consume water in water-stressed areas.

[69] There is no classification of water consumption information for each work center based on total dissolved solids. The data is compiled from the water consumption records of each operating center and financial records. December consumption data is projected because actual data is not available.

(306-1; 306-2)

# Waste Management

We properly manage the waste produced by our operations and minimize its impact.

We have identified these main processes and activities that produce waste:

- Fuel handling
- Lubricant production, sales, and distribution
- Maintenance activities such as washing tanks, grease traps, and API/ CPI oil-water separators
- Convenience store recyclable and organic waste

## Our responsible waste management

At Terpel, we separate renewable and nonrenewable resources for their proper reuse and processing. As part of our circularity goals and strategies, we have promoted action on the following fronts:

**Containers and packaging:** We implement circular economy strategies at our lubricant centers and Altoque convenience stores. We also encourage source separation at points of sale and work areas by providing collection points and complying with the current regulations in this area.

**Sustainable lubrication:** Our GreenPass program recovers and transforms lubricating oil containers from our manufacturing, sales, and distribution operations. As part of GreenPass, we have committed to collecting 30% of the containers sold through the program's points of sale by 2025.

**Managing plastic:** At Terpel's convenience stores, Altoque, our goal is to eliminate 95% of the plastic used in our food packaging by 2025, and 100% by 2030.

We also set a goal of using 50% recycled content by 2025 and 90% by 2030 in the production of bottles for Agua Madre, Altoque's own line of water.

**Minimize food waste:** We understand the food security implications of carelessly disposing of food waste. With this in mind, we have pledged that by 2025, 80% of the food waste generated by our Altoque store convenience services will be donated. It's just another way to ensure we are implementing sustainable practices that have a social and environmental impact.

In 2022, we conducted a pilot with the company EatCloud to reduce the amount of food waste or "shrink" that goes to landfills from our stores. We focused on 3 stores in the Sabana region, where we used Eatcloud's technology to connect with foundations and social organizations in the area that could receive food that was still fit for human consumption based on its quality and safety conditions.

As a result of the pilot, we were able to donate 14 kg of food to help meet the basic needs of vulnerable population groups.

After the successful pilot, we set a goal to gradually implement the program at our stores across the country. We defined an action plan that will allow us to increase the number of kilograms donated and help eradicate hunger in the towns where we have an impact.

Complementary to this initiative, and in order to achieve our goal, we monitor waste generation at all Altoque stores on a monthly basis, and our target is a maximum of 1.5% of total net sales.

**Waste oil recovery at service stations, lubrication centers, workshops, and industries:** Terpel continues to be committed to the Used Oil Fund – FAU, with an eye on the collective goal of 18.5 million gallons of waste oil recovered by 2023. In 2022, we collected used oil from lubricant points of sale and the industry business through approved environmental handlers.

## Training

We train employees in proper sorting, handling, and storage of waste products, current legislation, and the guidelines for the comprehensive waste management plan at each work center. We also conduct regular inspections of work centers to ensure compliance with defined activities.

## Key waste management indicators:

(306-3; 306-4; 306-5)

Type of waste product	kg
Total weight of hazardous waste	9,499,406.5
Total weight of non-hazardous waste	459,758.80
Total waste	9,959,165.36

## Waste directed to disposal (kg)

Hazardous waste from recovery operations	Hazardous Waste	Non-hazardous Waste
Incineration (without energy recovery);	120,670.28	NA
At facilities		NA
Directed to a landfill;	57,755.22	440,627.29
Other disposal operations	8,296,611.37	NA
Other waste stored by third parties	955,404.31	NA
<b>Total</b>	<b>9,430,441.18</b>	<b>440.627,29</b>

## Waste not directed to disposal

Weight of waste by recovery operation	Hazardous waste	Non hazardous waste
Preparation for reuse	NA	NA
Recycled	NA	19,132 <sup>66</sup>
Other recovery operations	68,965.37 <sup>67</sup>	N/A
Total	85,047.37	19,132.00
<b>Total waste</b>	<b>9,499,406.54</b>	<b>459,759.29</b>

## Spill prevention

We have a program at Terpel for controlling hydrocarbon leaks and spills and properly responding to environmental contingencies. The program establishes strict controls and guidelines for preventing and responding to all incidents that may occur during product transportation and at each work center, to minimize any potential impact on communities or the environment.

## Spills

In 2022, spills occurred at these sites:

- 12 at plants
- 6 at airports
- 10 during transportation
- 2 in industry
- 15 at the Lubricants Factory
- 8 at Terpel-owned service stations

Number of spills	53
Number of service stations in the Reliable Service Station program	1,635
Number of findings	11,841
Number of visits	520
Number of findings closed out	7,141
Major event rate	0.12

The total volume of spills was 59.48 m3, corresponding to gasoline, diesel, lubricants, Jet A1, alcohol and additives. The most negative impact was the soil and surface water contamination resulting from a product transportation event.

## (303-2) Discharges

At Terpel, we implement wastewater treatment systems and water conservation practices and train our employees in the responsible management of wastewater discharges to minimize impacts on water bodies and ecosystems. We also regularly monitor and report our discharges to the corresponding environmental authorities, in strict compliance with our discharge permits.

We made use of 19 wastewater treatment plants at the service stations and convenience stores in 2022, reusing these water resources for watering green areas.

We plan to expand these new projects in 2023, with a focus on wastewater treatment and recirculation.

[70] The recovery of this type of waste took place through partnerships with third parties.

[71] The recovery of this type of waste took place through partnerships with third parties.

# Our commitment to people





# Diversity, equity, and human talent

**At Terpel, people are at the heart of our strategy and decisions. We work hard to be a responsible, progressive and inclusive employer.**

## Human talent

We strive to meet the expectations of our 3,625<sup>72</sup> employees by providing fair and decent work and a safe, healthy and productive work environment. We also offer long-term employment opportunities and support our team members' personal and professional goals in order to encourage their development and potential.

We promote a culture of diversity and inclusion, and focus on our employees' well-being, so they can grow and prosper with the company.

We develop initiatives and processes to ensure our team's personal and professional development, which works in favor of the company's growth and adaptability in an ever-changing environment, while consolidating our commitment to promoting an inclusive, diverse, equitable, and healthy workplace

## Award-winning practices

In 2022, we were recognized as one of the best companies in the country in terms of attracting and retaining talent. This was according to the Merco ranking, in which Terpel was the only private company included from the oil and hydrocarbon distribution sector. These results are based on the ongoing commitment of our team, with support from senior management, to be recognized as the best place to work.

## Conversations with employees: human resources road trips

As it does every year, the office of the vice president of human resources and administration arranged a tour of the different work centers around the country, using our traditional "road trip" format for direct interaction between the office of the VP and employees. The goal was to spend some time together and share experiences on topics important to the organization.

The central theme of the 2022 road trip was our new purpose and its alignment with the personal goals of each employee. It used the Ikigai methodology, a Japanese concept that helps us find our purpose in life and align it with our impact on people and the planet.

**We organized 25 visits in which 760 people participated.**

[72] Includes directly controlled subsidiaries of Organización Terpel S.A.: Terpel Energía, Masser, the Terpel Foundation and Terpel Exportaciones.

## Organización Terpel Colombia


### Talento en cifras

#### (2-7) Organización Terpel Colombia

#### Talent in numbers<sup>73</sup>

Open-ended contract	1,442	Men	920
		Women	522
Fixed-term contract	111	Men	94
		Women	17
Job or work contract	1	Men	1
		Women	0
<b>Total</b>	<b>1,554</b>		
Fee agreement	0	Men	0
		Women	0
Temporary contract	77	Men	53
		Women	24
<b>Total</b>	<b>77</b>		

### Employees by work schedule

Work schedule	2022
 Regular work week	1,553
Part-time work week	1

(202-2) 98% of our managers are members of the local community.

### Employees by diversity

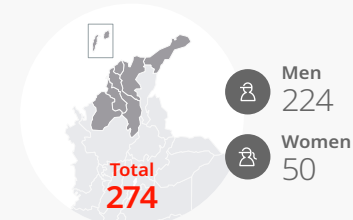
	Men	Women
Younger than 30	138	78
From 30 to 40 years	420	244
From 41 to 50 years	296	170
From 51 to 60 years	154	46
From 61 to 70 years	7	1
Older than 70	0	0
<b>TOTAL</b>	<b>1,015</b>	<b>539</b>

[73] Does not include countries, subsidiaries, Masser, or the Terpel Foundation.

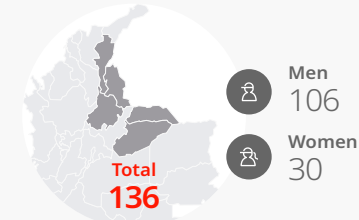
## Our regional presence

Total number of employees: **1,554**

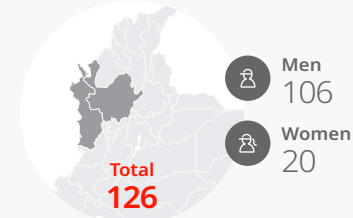
### Northern region



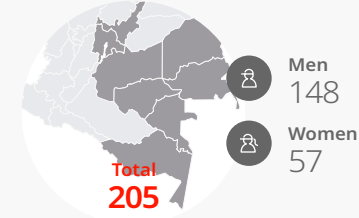
### Bucaramanga region



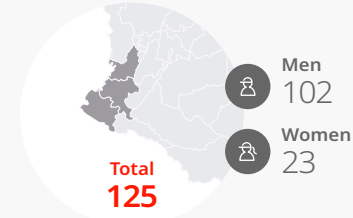
### Antioquia region



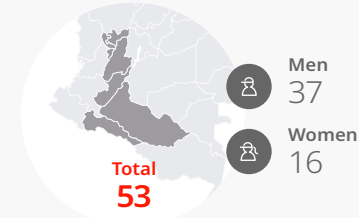
### Sabana region



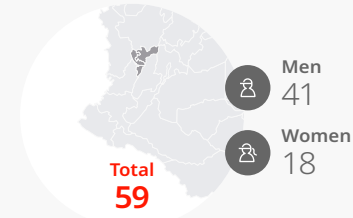
### Western region



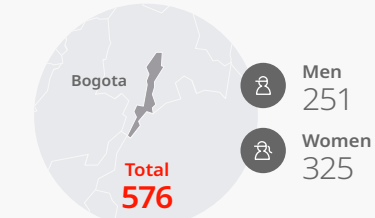
### Southern region



### Central region



### Main Office



Employee data is collected from the resumes in each employee's file in the SuccessFactors - People tool. The data is used with informed consent in accordance with the law protecting the rights of data subjects.

#### (2-8) Workers who are not employees

#### (Employees of our subsidiary Masser)

Open-ended contracts	1,867
Job or work contract	183
Fixed-term contract	6
Apprentices	83
<b>Total</b>	<b>2,139</b>

#### Employees of subsidiaries controlled by Organización Terpel S.A.

Terpel Foundation: 6  
Terpel Energía: 7  
Terpel Exportaciones: 2

#### Seniority at the company

Seniority	2022		
	Men	Women	Total
Less than 3 years	248	140	388
From 3 to 6 years	287	133	420
From 6 to 9 years	104	57	161
From 9 to 12 years	117	64	181
More than 12 years	259	145	404
<b>Total</b>	<b>1,015</b>	<b>539</b>	<b>1,554</b>

We have faith in the knowledge, skills, and professionalism of our team, so we strive to fill vacant positions at all levels of the company with our own Terpel team members.

In 2022, we had 438 job openings, of which 148 were filled by internal hires.

#### (3-3; 401-1) Total new hires

	2022
<b>Total new hires</b>	<b>263</b>
Total new hires - men	172
Total new hires - women	91

Annual new hire rate = 16%

#### New hires by age and gender

	Men	Women	Total	% total
Younger than 30	54	31	85	5.47%
From 30 to 40 years	77	47	124	7.98%
From 41 to 50 years	33	13	46	2.96%
From 51 to 60 years	8	0	8	0.51%
From 61 to 70 years		0	0	0%
Older than 70		0	0	0%
	<b>172</b>	<b>91</b>	<b>263</b>	<b>16.9%</b>

#### New hires by region

Region	Number of new employee hires	Rate of new employee hires %
Northern region	17	1.09%
Antioquia region	13	0.84%
Central Region	3	0.19%
Western region	15	0.97%
Sabana region	48	3.09%
Southern region	2	0.13%
Bucaramanga region	11	0.71%
Main Office	154	9.97%
<b>Total</b>	<b>263</b>	<b>16.9%</b>

The total amount allocated to headhunters and job boards for recruitment was COP\$401,595,515.

#### (3-3; 401-1) Separations from employment

Of the 202 individuals who left their positions, 13 left by mutual agreement, 115 resigned, 7 retired, 45 were dismissed, 1 died, and 21 left for other reasons.

Number of separations	Men	Women	Total
Dismissal	30	15	45
Mutual agreement	10	3	13
Resignation	59	56	115
Retirement	5	2	7
Death	1	0	1
Other reasons	10	11	21
<b>Total</b>	<b>115</b>	<b>87</b>	<b>202</b>

## Employee turnover by job category

	2022
Senior Management	0
Managers	4
Directors	9
Heads/ Executives	43
Analysts/ Supervisors	48
Technicians/ Assistants	43
Operations personnel	55

## Employee turnover by age and gender

Employee turnover by age and gender						2022
	Men	Women	Total	%		% total
Younger than 30	21	26	47	1.3%	1.6%	3.0%
From 30 to 40 years	42	39	81	2.7%	2.5%	5.2%
From 41 to 50 years	31	15	46	1.9%	0.97%	2.9%
From 51 to 60 years	12	7	19	0.77%	0.45%	1.2%
From 61 to 70 years	9	0	9	0.58%	0%	0.58%
Older than 70	0	0	0	0%	0%	0%
<b>Total</b>	<b>115</b>	<b>87</b>	<b>202</b>	<b>7.4%</b>	<b>5.6%</b>	<b>13%</b>

## Turnover for apprentices

	2022
Number of apprentices newly hired as a percentage of total apprentices	9
<b>Total number of apprentices:</b>	<b>111</b>

## Employee turnover by region

Regions	Total separations	Porcentaje
Northern region	20	7.3
Antioquia region	13	11.1
Central Region	4	6.7
Western region	15	12
Sabana region	25	12.2
Southern region	5	9.4
Bucaramanga region	14	9.5
Main Office	106	18.4
<b>Total</b>	<b>202</b>	<b>13%</b>

Our fair remuneration system pays 80 to 120% of the market median. Two years ago we conducted the first regional salary study with the firm Korn Ferry, in pursuit of mechanisms to promote retention, equity and competitiveness.

## (201-3; 401-2; 401-3) Benefits for our team

In our Colombian operations our employees have access to a wide range of benefits, including life insurance, a funeral policy, and home loans. Relative to the work schedule, the company offers compressed work weeks, birthdays off, a day off for the 5-year work anniversary, and additional vacation days. In addition, there are subsidies for education, recreation, sick leave, and the purchase of a prepaid medical plan.

Employees are also entitled to take parental leave (gender-neutral). Fifty of our employees enjoyed this benefit in 2022 (33 men and 17 women), and 100% of those who took leave returned to the organization at the end of the leave. And 100% of them are still working with us one year after their leave.

With a view toward gender equity, our female employees in Colombia who wish to do so can continue to work after the age of 57 and until the age of 62, the legal retirement age for men.

Our *Bienser* program continues to improve the mental health and quality of life of employees and their basic family groups through initiatives that promote work-life balance. The program includes *Teleapoyo BIP*, a hotline employees can call for legal, nutritional, financial, and tax assistance and coaching.

## Talent training

## (404-2) Training initiatives

Comprehensive training helps us strengthen the competencies of the Terpel team, ensuring continuous updating and incorporation of the skills of the future. The training uses three technological tools:

- **Clase-T:** this is our online platform for the corporate university. All training on company topics can be found there.
- **Ubis:** this online training platform has more than 1,000 content modules providing training in both technical and non-technical skills
- **Platzi:** this is a specialized training platform for technology, innovation, and the development of people skills



We also have a virtual platform called *El mercado de saberes* or Knowledge Market. It's an initiative that gives employees different options for personal development, through its collection of articles written by team members, podcasts, corporate talks, and online capsules, all brought together in one place.

## Education and training

(3-3; 404-1) Average hours of training per year per employee<sup>74</sup>



Average hours of training provided to employees

31.4

Our average amount spent per FTE on training and development is 1.343.691,68 COP.

	Men	Women
By gender	33.8	26.9
<b>By Job category</b>		
Senior management (President and Vice Presidents)	16.6	17.6
Managers	30.3	34.2
Directors	26.1	28.2
Heads/ Executives	28.7	25.8
Analysts/ Supervisors	26.4	27.5
Technicians/ Assistants	27	25.1
Operations personnel	39.8	30.7

## Talent in Development

We are always looking for opportunities for growth and development for our team members. We believe in our talent, value their skills, and offer them new professional challenges. Through Talent in Development - an **internal mobility program** - our employees experience new professional challenges within the organization, develop competencies that enrich knowledge of the business, and pursue their careers in-house.

During 2022, 34 people participated in the program, covering the same number of positions.

### Participants by division

	2022
Finance	6
Corporate and Legal Affairs	0
Sales	13
Human Resources and Administration	1
Operations & Logistics	3
Aviation and Marine Fuels	1
Convenience Services and Marketing	1
Technology	0
Lubricants	9
Countries	0

## Talent in Development (by job category)

	2022
Senior Management	0
Managers	0
Directors	1
Heads/ Executives	8
Analysts/ Supervisors	18
Technicians/ Assistants	7
Operations personnel	0

## Career paths and succession plans

Career paths are key at Terpel. We have a process that allows our employees to learn about opportunities for growth, and how to gain the experience, skills, and abilities they need to continue to grow within the company.

We are also implementing succession plans to identify successors for 156 critical positions in the company. By the end of 2022, 79 employees had been identified who can cover critical roles.

We also have a senior management skills development program for employees who move into management and leadership positions.

For middle managers and supervisors, we have a middle management skills development program to strengthen the competencies of leaders in favor of their own development and that of their teams.

[74] Nine people did not receive training for reasons not disclosed to the public.

## Leadership

At Terpel we have a region-wide leadership policy to strengthen the competencies and skills of our employees, promoting the development of the 10 characteristics of a Terpel leader.

## Training Schools

Terpel Schools are training programs for employees, suppliers, franchise owners, partners, and customers. There they learn about our business lines, and can become proficient with techniques and best practices for operations, sales, and safety.

### People trained at schools

People trained at schools	23,787
Pump Island School	9,056
Administrators School	774
Store School	4,586
Aviation School	260
Industry school	664
Drivers School	5,228
Franchise School	55
Reliable Service Stations	3,164
SAP School (in-house)	Not held



In 2022, we developed the corporate program called, "A day in the life of a pump island operator and a host." Its purpose is to connect the Terpel administrative team with the operation of service stations and convenience stores, raising their awareness about the work of promoters (pump island attendants) and hosts as they create products and projects that will have an impact on these employees. A total of 196 administrative employees participated in this program.

### (404-3) Performance evaluation

Our performance evaluation uses the 270° model to provide a holistic analysis of each employee's work and to promote their development and personal and professional growth. The 270° model includes two-way feedback between the employee and his or her manager, a self-assessment process, and random peer feedback for the levels from directors up to senior managers.

The performance evaluation can be accessed from the GenTe platform and covers the following aspects:

- Self-evaluation
- Results-orientation
- Strategic discipline
- Leadership
- Teamwork
- Attitude of service



In 2022, we piloted the peer feedback aspect with vice presidents, directors, and managers, and, for the first time, we developed individual goals for each employee, identifying their specific contribution to the strategic objectives.

Percentage of employees with a performance evaluation <sup>75</sup>	Men	Women
	97%	99%
Senior management (President and Vice Presidents)	100%	100%
Managers	100%	100%
Directors	96%	100%
Heads/ Executives	96%	100%
Analysts/ Supervisors	96%	99%
Technicians/ Assistants	99%	98%
Operations personnel	98%	95%

[75] The percentages above 100% correspond to performance evaluations from people who later withdrew from the organization.

## Our team's satisfaction

In 2022, 90% of our employees participated in the workplace climate survey. We are in a virtuous cycle with a score of 82%. The results for each dimension assessed were:

- Trust 86.8%
- Commitment: 80.7%
- Happiness: 87.5%

The divisions with the best scores were Human Resources and Administration, Fuel Sales, Corporate and Legal Affairs, and Operations and Logistics.

We received 30 reports or claims related to labor practices during the reporting period, of which 21 were resolved in favor of the company. The remaining claims are still pending. Seven complaints were received regarding workplace or sexual harassment.

## SUPER T – Our awards program

Super T is our awards program in Colombia, Peru, Panama, and the Dominican Republic where we publicly recognize and thank our employees for their outstanding attitudes in terms of results-orientation, leadership, service, and corporate values.

We gave out 2,402 awards during 2022 in Colombia. Of those, 1,230 were 'Extraordinary' awards for exceptional efforts, achievements, and/or attitudes above and beyond what is expected and with a demonstrable impact on Terpel's strategy and/or performance. And another 1,172 were 'Daily' awards for outstanding attitudes, behaviors, or actions.

### Super T - Number of 'Extraordinary' awards

1,230

Leadership	10
Results-orientation	283
Inclusion	4
Teamwork	871
Innovation	21
Reliability	2
Respect	0
Attitude of service	29
Integrity	0
Strategic discipline	10

### Super T - Number of 'Daily' awards

1,172

Leadership	37
Results-orientation	100
Inclusion	73
Teamwork	479
Innovation	90
Reliability	15
Respect	1
Attitude of service	276
Integrity	4
Strategic discipline	97

## Unique Program

For Terpel, innovation as a passion that leads us to constantly pursue opportunities that, when transformed into value generation, create connections and strong bonds with our customers. The company defined a strategic innovation model based on the needs of its business, focused on these five priorities: products, services, brand and communications, segments, and networks.

To make innovation a reality within the company, projects are guided by the Innovation Management System based on the National Technical Standard NTC- 5801- 2008, with the goal of ensuring knowledge management and appropriation of the process.

'Unique' is our innovation program. It promotes the short-term creation of innovative ideas by employees with an eye to achieving efficiencies in all the day-to-day processes.



Number of ideas last year	12
Number of ideas this year	47
% implementation of ideas last year	67 %
% implementation of ideas this year	36 %
Number of participants last year	19
Number of participants this year	49

In 2022, we were included in the ANDI Business Innovation Ranking in recognition of our team's research, development and innovation capabilities and our positive impact on the country through the launch of new products and services with a focus on environmental sustainability.

## Team building

At Terpel we are always looking for safe and functional spaces that will encourage employees to work together and to reflect our corporate purpose: **"To power people, companies, and the country with the best energy."** For that reason, we initiated focus groups with people from different areas who were randomly invited to participate, with the goal of learning about and understanding the specific needs of each team at the work centers. The first phase of the project focused on these locations:

- Main Office
- Lubricants Factory in Cartagena
- Rionegro airport in Medellín
- Mansilla Plant in Facatativá

Using the results from these co-creation spaces, we analyzed improvements to the facilities that would make the Terpel team and our customers more comfortable. It's just one of the ways we continue to innovate to find new and better ways to work.

## (2-30; 407-1) Collective employment agreement

Terpel promotes and respects freedom of association. Our collective employment agreement covers 1,373 of our employees (88%), and another 56 employees (3.6%) are affiliated with Unión Sindical Obrera, USO, which is an industry trade union. Of those 56 employees, 52 are men and 4 are women. We did not engage in collective bargaining in 2022.

## Equity, diversity, and inclusion

**At Terpel we respect, promote, and value differences, diversity, inclusion, and equal opportunity. Our corporate and business practices promote a workplace environment free from discrimination, and we are witnesses to the fact that such a setting stimulates the company's productivity, fosters innovation, instills pride, and strengthens employee commitment.**

We identify diversity at Terpel through a workplace survey in which employees anonymously report their identity in terms of gender, race, nationality, ethnicity and religion.

**Diversity, gender equity, and inclusion are at the heart of our operations.**

Initiatives and policies that embrace diversity help transform society by starting with private enterprise, creating a corporate culture that is more open and willing to reduce social inequalities and provide access to knowledge and work.

We are convinced that diversity, equity, and inclusion create value for our business and connect us emotionally with our employees. More than just a corporate responsibility issue, it's the right path to a more empathetic society and a company that is sustainable in the long run. This is another expression of Terpel as Country Partner.



We received the ANDESCO Award in the Inclusion category, based on our efforts to employ people with cognitive disabilities.



### Equity, diversity and inclusion practices that have received recognition

At Terpel, we know companies are called to understand, appreciate and promote inclusion in all its dimensions. At Terpel, our **"Live out Terpel with No Labels"** campaign is a series of actions under our corporate diversity, equality and inclusion policy that demonstrate the company's commitment to equality and respect.

For Terpel, diversity means being aware of the abundance of differences, and inclusion is about accessing that abundance. That's why we see these concepts as fundamental factors for sustainable, responsible, and innovative growth.

We recognize the competitive advantage of learning from differences, offering equal opportunities, and having access to the many ideas of many people on our team.

In 2022, we created a platform to raise awareness, train, and design and take actions in favor of inclusion, diversity, and equity inside the company. Our goal is to create an inclusive work culture that values diversity and creates equal opportunities for all people.

We have a [Human Talent Policy and a Diversity, Equity and Inclusion Policy](#) that guide and reinforce our commitment to the well-being of everyone. Through these policies, we promote a culture of respect and acceptance of diversity, gender equity and inclusion of vulnerable groups in the workplace, and we guarantee equal opportunities for all Terpel employees.

We are also committed to the highest standards for employee recruitment, training, management, and personal and professional development.

## Main actions in 2022

### Live out Terpel with No Labels

**No Labels** is a campaign that puts Terpel's corporate diversity, equity, and inclusion policy into practice. Our goal with this program is to raise employee awareness about the importance of using company-provided tools to promote the inclusion of people with different abilities in the workplace. We have reinforced this message throughout the team through training in sign language, unconscious bias, inclusive communication, voice equity, inclusive hiring and blind interviewing, among others.

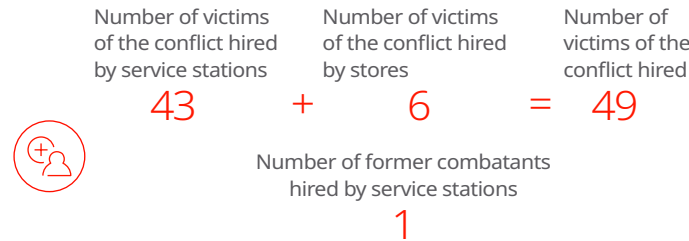
No Labels is regional in scope, implemented in the five countries where we operate: Colombia, Ecuador, Panama, Peru, and the Dominican Republic.

Inclusion is a pillar of our human talent management. We have two important initiatives in this area:

- **Best Buddies**, in alliance with the **Best Buddies Foundation**, to provide job opportunities for people with cognitive disabilities.

Total number of people with some type of cognitive disability: 9 and with visual disabilities: 1.

- **Restoring Dreams**, through which we give a second chance at a job to people who are victims of the conflict, former members of illegal armed groups and/or ex-offenders, through our subsidiary Masser.



### Training:

#### DEI Indicators (Diversity, gender equity, and inclusion)

Number of training sessions for leaders and the Diversity, Equity, and Inclusion Committee	17
Number of hours of training on diversity, equity, and inclusion topics	2,018
% of employees participating in DEI awareness training	85 %

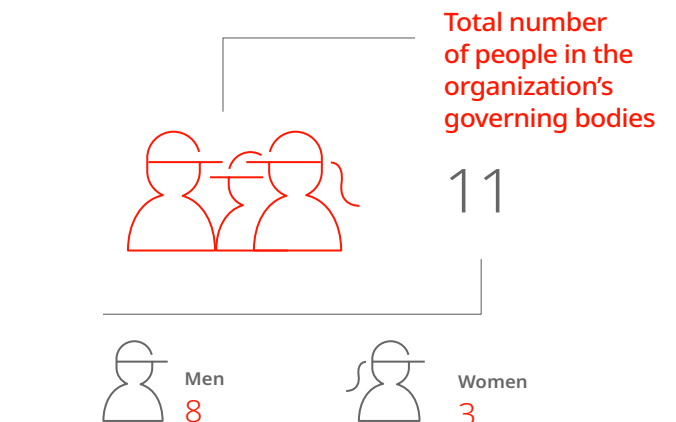
### Participation by women at Terpel

Indicator	2021	2022
% women on the Terpel team	36 %	34,9 %
% women in senior management	30 %	30 %
% women in management	40 %	40,8 %
% women in lower management	43 %	42,4 %
% women in revenue-generating management positions	31 %	33,7 %
No. of women who filled vacancies in STEM-related positions <sup>76</sup>	37	22

### (3-3; 406-1) Discrimination cases

During 2022 there were three cases related to discrimination. The actions taken consisted in the accompaniment of the Vice-Presidency of the business to the complainant worker in conjunction with Human and Administrative Management and their teams, for the definition of action plans. Of these three cases, two are still under investigation and are pending an action plan or corrective measures.

### (3-3; 405-1) Diversity of governance bodies and employees



**Note:** This information includes the positions of vice president and president.

[76] An acronym for professions associated with Science, Technology, Engineering, and Mathematics.



(3-3; 403-1; 403-8)

# Health and safety

**We prevent and control the risks associated with our operation by implementing policies and practices that provide a safe working environment and promote the well being, health, and safety of our employees, contractors, and neighboring communities.**

We are committed to ensuring optimal working conditions on a daily basis, so we work closely with our teams and supply chain to mitigate any impacts on the health, safety and well-being of our employees and contractors.

Our Occupational Health and Safety Management System (OHSMS) applies to all activities in the areas where we operate, ensuring 100% coverage of our employees and contractors. Our system has been validated to be 100% compliant by ARL Bolívar and it meets the international standards in ISO 45001 and in Resolution 312 of 2109, certified by the ARL.

We work hard to train and ensure the active participation of our team members in health and safety issues through the Joint Occupational Health and Safety Committee (Copasst), the Labor Relations Committee, emergency brigades, the Road Safety Committee, and training programs.

Our full compliance in 2022 with the regulations in force built trust and credibility with our stakeholders. We received 2,404 queries related to work at heights, personal protective equipment, workplace environment measurements, accident rates, audit results, medical examinations, and others. The Joint Health and Safety Committee, made up of four employee representatives and four company representatives and their alternates, responded to 100% of all queries.



We reduced absenteeism by 20%, a factor related to increased labor productivity.

#### (403-2) Identification of occupational hazards and evaluation and assessment of occupational risks

Our Occupational Health and Safety Management System (OHSMS) incorporates an internal process to identify risks and hazards. With the participation and commitment of qualified personnel and employees from all the work centers, we apply the matrix of hazards and controls in accordance with the GTC 45 methodology. An online corporate platform makes information available to facilitate the processes to assess risks, raise awareness, and define controls.

We also conduct regular hazard and risk identification workshops with workers, work center supervisors, occupational health and safety supervisors, and, occasionally, with technical experts. This team identifies and evaluates risks, and defines controls to be implemented, along with action plans that are prioritized according to the results of the risk assessment. To ensure compliance, we set quantifiable targets for the risks we address.

We also update the Occupational Health & Safety risk identification process annually, or in response to the following circumstances:

- Significant changes to infrastructure or processes
- The occurrence of a work-related accident or occupational illness that requires adjustments to the risk or its control measures
- Identification of an un-recognized hazard

The process for **investigating work-related accidents and incidents** is as follows:

- Gather information related to the accident or incident that occurred.
- Analyze the causes in light of supporting information and evidence.
- Define action plans, including corrections and/or improvements to the operational process or management system to prevent a similar event from occurring.
- Carry out the plans using the safety dashboard.

**Our employees can report hazards or risk situations by e-mail or telephone to:**

- Their direct supervisor
- The HSE supervisor or analyst for the region or the work center
- The Joint Management-worker Occupational Health and Safety Committee (COPASST)
- The head of occupational health and safety
- Through behavior-based safety observations
- During safety inspections

In 2022, we identified 65 risk activities. A total of 700 employees participated in the risk identification process.

#### (403-3) Risk prevention and mitigation

Terpel proactively manages any risks that arise. We constantly update and monitor our measures through the following actions:

- Training in hazard identification and risk assessment
- Verification of timely and correct implementation of measures
- Review of the compliance indicators for the Occupational Health and Safety Management System in forums and meetings with the operating committees of the various businesses
- Joint analysis with the businesses of trends in accident and/or illness rates and confirmation of the implementation of controls to prevent their occurrence or recurrence
- Dissemination of lessons learned bulletins about incidents that resulted in injuries or damage to infrastructure, as well as events that occurred in operations outside of Terpel
- Verification of compliance with the OHSMS through internal and external audits at Terpel work centers
- Evaluation of compliance with the OHSMS through audits of contractors that manage critical risks or have personnel working inside Terpel's operations

#### (403-6) The health of our employees

Terpel provides access to high-quality healthcare services to all employees:

- We provide a subsidy for joining a prepaid medical plan.
- We provide counseling from external occupational physicians who can guide employees through the various health services offered by the company.



We also have a multidisciplinary team of professional advisors who can provide healthcare guidance and promote the integral health (mental, emotional, physical, at the workplace and outside of it) of our employees through the programs available. They have the specific training and experience to understand each program and provide comprehensive orientation.

- **Dynamic People:** This program prevents cardiovascular risks and musculoskeletal disorders among our employees through promotion, prevention, and rehabilitation.

The activities focus on physical exercise, conditioning, workshops, cognitive breaks, the promotion of healthy lifestyles, monitoring, remote work, and a review of ergonomics and workstation conditions.

- **Comprehensive Health Program:** comprehensive monitoring of health with an emphasis on preventive and occupational medicine for the workers targeted, with a special focus on self-care.
- **Psychosocial risk monitoring system:** This program, with its off-the-job approach, gives employees self-management tools to identify situations the employee perceives as threatening.
- **Executive health program:** Promotes healthy lifestyles for the organization's senior management.

In 2022, we conducted 4 independent external health, safety, and welfare audits in compliance with the ISO 45001 standard. We do this on a regular basis, once a year, and as needed when there are significant changes to infrastructure or processes.

## Individual psychosocial risk interventions

We organize individual sessions to help people manage emotions, stress, and challenging situations, among other issues. We were able to provide this support to 210 employees in a total of 517 sessions.

### (403-5; 403-6) Main initiatives

#### Cognitive training

As part of our mental health program, we innovated with a training program to improve cognitive functions (such as concentration, memory, speed, and attention) with three groups of employees from different areas.

#### Psychosocial risk group activities

- We organized discussions on priority areas of psychosocial risk to promote communication, leadership, and good interpersonal relationships.
- We conducted workshops and interactive activities on the proper management of stress, emotions, and sleep, as a tool for improving and maintaining good mental health

**Guidance and support from occupational therapists:** We extended the comprehensive visits by occupational therapists to work centers outside the major cities. These visits included workshops, training sessions, active breaks and inspections.

**Emergency training in real-life scenarios:** We started conducting emergency response drills to reinforce knowledge and the correct use of the resources and specific infrastructure at each work center.

**(403-7) Contractor audits:** We increased the number of external audits of contractors and suppliers from 30 in 2021 to 60 in 2022, a 100% increase in coverage. We were thus able to validate implementation of the occupational health and safety management system, resuming face-to-face audits of critical suppliers.

### (403-4) Methods for dissemination and consultation in health, safety, and quality:

- We began sending out a "Health, Safety, and Quality Bulletin" as a tool to ensure good dissemination of and access to management system prevention and promotion topics.
- We expanded the scope of the technological tool to improve assurance of risk assessment processes and work-related accident investigations

### Development of a comprehensive health program exclusively for senior management:

We now offer treatment strategies, capsules, and follow-up for managers and decision-makers with a focus on the results of their executive checkups.

### Programs strengthened in line with legal and regulatory updates:

- We updated the chemical risk program with a greater emphasis on lubricants and laboratories.
- We updated the fall protection and prevention program.
- We carried out activities to promote safe highway driving in the various businesses.
- We reinforced the training process and responsibilities for the work permit program.

**In-person assistance and guidance from technical experts:**

- We continued to conduct workplace measurements of noise, lighting, temperature, and chemical exposure.
- We validated conditions at work centers to strengthen the content of the hazard identification and risk assessment process

**Health and Safety Committee**

Our **Terpel Copasst 2022-2024** Health and Safety Committee is made up of 16 people who represent the company and employees. Four regular members and 4 alternates represent Terpel management, and 4 regular members and 4 alternates represent the employees.

The main functions of **Copasst Terpel 2022-2024** are:

- Participating in OHS activities and training
- Monitoring the development of HSEQ activities
- Doing HSEQ inspections
- Assisting with the analysis of causes of occupational accidents and illnesses

The committee meets once a month, and can meet on an ad hoc basis as needed.

**(403-8; 403-9) Occupational Health and Safety Indicators – Terpel Employees**

Work-related accidents	Employees	Contractors
Total hours worked by employees	4,351,735	5,026,632
Work-related fatalities among employees	0	1
Work-related fatalities	0	0
Number of injuries from work-related accidents with serious consequences (excluding fatalities).	1	0
Rate of injuries from work-related accidents with serious consequences (excluding fatalities).	0	0
Number of recordable work-related injuries	26	8
Number of recordable work-related injuries with lost time	11	8
Number of recordable work-related injuries without lost time	15	0
Rate of recordable work-related injuries	0	0
(DJSI). Lost time injury frequency rate (LTIFR)	2.5	1.6
Number of days lost due to work-related accidents	117	39

**Occupational Health and Safety Indicators for Employees**

	2020	2021	2022
Total hours worked by employees	4,670,505	4,893,858	4,351,735
Work-related fatalities among employees	0	0	0
Total injuries with lost time	6	6	11
Total recordable injuries (with or without lost time) for employees		24	26
Days lost for employees from accidents	189	50	117
(DJSI). Lost time injury frequency rate (LTIFR)	1.3	1.2	2.5

In 2022, most of the work-related accidents at Terpel were related to same-level falls and overexertion or improper movements during the supply process.

The hazard that caused the most serious accident was exposure to a hot surface.

We took the following actions to eliminate the hazard:

- Corrected the defect that caused the refueller to overheat (replacing the valve that activates the fan clutch).
- Gave feedback to work center personnel about the risks associated with the weekly inspection of the refueling trucks.
- Made change to include the risk of burns in the activities of the work center (weekly inspection of refueling trucks)
- Updated and distributed the hazards and risk assessment matrix.
- Informed operating personnel about the repairs and/or adjustments made to the trucks by the maintenance area and its suppliers.
- Installed prevention and/or warning stickers on the vehicle cover or close to the radiator about the risk of contact with hot elements.
- Disseminated lessons learned bulletin (BLA)



The most common work-related accidents involving contractors were same-level falls, being struck by equipment, and splashes.

There was also one fatality on the road when a loaded tanker overturned, resulting in the death of the driver and the incineration of the vehicle.

**(403-10)** In terms of occupational illness, there were no cases or fatalities among direct employees or contractors.

### **(403-5) Health and Safety Training**

The training topics in 2022 were related to:

- Updating and legal compliance in the area of occupational health and safety
- Active breaks
- Postural health and ergonomics in the workplace
- Road safety for heavy vehicles
- Safe work at heights and the transportation of hazardous merchandise
- Workshops on managing emotions, managing stress, and healthy sleeping habits

We received no fines or penalties in 2022 for non-compliance with regulations or voluntary codes related to occupational health and safety.



(3-3; 413-1)

# Community relations

**We contribute to the progress and well-being of the communities where we operate through a variety of programs and actions that enhance their skills. We work with governments, local stakeholders, and beneficiaries to maximize the impact of our programs and ensure their sustainability.**

## Being a country partner and a good neighbor

In addition to structured plans and policies for outreach, listening to people with empathy - placing them at the heart of our decisions - is an essential element for building healthy relationships in our operating environments.

Recognizing that they require attention and have needs and expectations is necessary to create a climate of understanding. Although it sounds simple, it requires a great deal of intuition, sensitivity, and knowledge of the community to form a creative and close relationship between the company and its neighbors that goes well beyond a regulatory framework. It also requires a willingness to engage in dialogue and active listening, and to have an open mind and a genuine desire to reach agreements and resolve complex situations that result in a "win-win" for all involved.





We are convinced that as a private company, we have a commitment to improve the lives of the communities involved in our activities, and we do that in the framework of a concept that defines us, that of Country Partner.



Terpel has the will, determination, and commitment to build quality relationships with the communities close to our operations. We take on causes that are relevant to their well-being.

**(203-2) Being a good neighbor is more than a statement of intent.** It consists of specific behaviors and actions, such as being empathetic, respectful, and supportive. It means knowing and understanding the environment and the people who live in it, maintaining open and transparent communication based on respect. It's about keeping your promises, responding in a timely manner, and knowing and addressing the impacts of your operations.

We understand there are a variety of risks in our surroundings, and with this in mind, we conduct fieldwork to increase our knowledge of the particularities of each region. Based on these findings, we develop plans and proposals that create value for the community. In this way, we are able to operate in complex social contexts and manage risks to avoid the occurrence of critical situations. That way, we help transform community realities, and fulfill, in good measure, our role as Country Partner.

**Being a good neighbor allows us to occupy a place in the hearts of the people close to our operations, sometimes through humanitarian aid or other times based on the priority we give to hiring local labor. At other times we find a place in their hearts by offering sustainable alternatives for generating income through productive projects aimed at transforming the lives of the participants.**

### Communicating and engaging with our communities

We manage stakeholder relations through our Corporate Affairs Policy and our Good Neighbor Policy, which have three dimensions: sustainability, external communications, and public affairs. Those policies make our commitment to the communities explicit and allow us to formalize the importance of the relationship.

We focus on contributing to the progress and well-being of the communities where we have a direct influence, through a variety of programs and actions. Our evolving commitment has made us a partner in their development, strengthening their skills and promoting their integration into the labor market. To achieve this, we work together with governments, local stakeholders, and beneficiaries to maximize the impact of our programs and ensure their sustainability.

We recognize that we have an impact on the communities near our operations. For that reason, we are willing, committed, and determined to be a good neighbor. In that sense, our policy establishes parameters and guidelines for the relationship of Terpel, its affiliates, and its business partners with the communities near the company's operations with the purpose of protecting, as a good neighbor, its license to operate.

As part of this Good Neighbor Policy, we keep channels of communication open with the communities surrounding our facilities. This allows us to learn about their expectations and their perceptions of our operation. We take a tailored approach to proactively manage the relationship, taking into account the individual characteristics of the communities. And we apply the best practices for engagement that are part of the company's culture and corporate identity.

**(413-2) We conduct sociopolitical risk identification exercises to help determine potential negative impacts on the communities where we operate. We then take the results of those exercises and define action plans that allow us to address situations in a timely manner in which Terpel could be having an adverse impact on the communities and/or vice versa.**

We weigh the impact and likelihood variables for risks associated with significant adverse impacts on local communities, giving us a regularly updated perspective on the status of community relations, risks, and impacts.

We continuously monitor the environment and identify potential sociopolitical risks that could also trigger environmental and operational risks, among others. By analyzing these risks and understanding the scenarios, we are able to analyze the variables and define action plans to mitigate and manage the risks identified.

#### Responding to community requests, complaints, and needs

We maintain open lines of communication with the communities. To do this, we have a Strategic Service Center – CES, for receiving inquiries, complaints, claims, and requests. We respond to each inquiry via email or phone in timeframes estimated according to the type of complaint or request. We also send a request for feedback that allows us to determine the effectiveness of the solution provided.

Complementing this, we conduct socio-political engagement in the form of direct outreach to communities, authorities and other external stakeholders to analyze whether we are efficiently and effectively resolving third-party complaints and claims. We are also designing a follow-up matrix to standardize case monitoring, and we regularly meet with petitioners to encourage direct interaction with our stakeholders.

Through these communication channels, we received 8 requests from mayors' offices and communities related to local labor, supply issues, and requests for donations, and we fully responded to all of them through direct communication, informational meetings, and social contributions to the communities.

**We act as a Country Partner when we foment the growth and well-being of the places and communities where we operate.**

#### Productive projects in operational settings

When our operations do not require us to hire employees, we respond to community expectations about job opportunities by inviting them to implement a self-sustaining project, using a community participation methodology. These projects can generate income to improve their quality of life and that of their families.

In the process, we transfer information on service culture and best practices, accounting skills, human resources management, and budget execution, among other aspects associated with the development of these business units.

These productive projects enable us to be present in the communities, in tune with their needs, while promoting continuous activity at our work centers in an environment of good neighborliness. Taken together, all these actions contribute to Terpel being recognized as a partner in the development of communities and regions.

As part of our commitment as a Country Partner, we have found that our voluntary implementation of productive projects we co-design with the communities strengthens our relationships while helping weave the social fabric where we operate. Although we are aware that external factors may affect the success and sustainability of these projects in the long-term, we work continuously to continue to accompany our communities and create spaces of shared value that enhance our relationship.

We have implemented productive projects in 2 of our operating environments: Neiva, Huila and Cimitarra, Santander.

**We act as a Country Partner when we work in favor of reconciliation and peace-building.**

#### Restoring Dreams program

This program groups together the current initiatives in the area of reconciliation and peacebuilding. Restoring Dreams promotes spaces and opportunities for victims, signatories of the peace accords, ex-offenders, and military personnel wounded in combat, and their families, to improve their quality of life through a second chance.

### The work has 4 fronts:

- **Productive projects:** Working with our strategic partner, the World Women's Corporation, and in coordination with the National Agency for Reincorporation and Normalization (ARN), the Matamoros Corporation, the Victims Unit, and the Internal Action Foundation, we organized a program that provides a diagnosis, training, and capital injection for the entrepreneurs involved with these entities. The goal is to help them strengthen their productive projects and businesses, and develop technical and soft skills that will promote their sustainability.

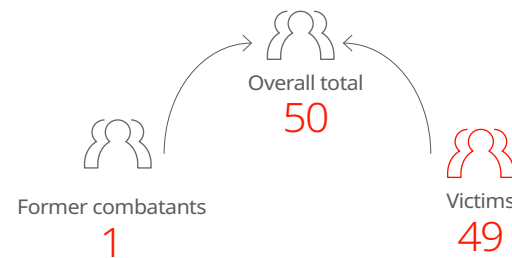
In 2022, we supported the first interdisciplinary group of 8 entrepreneurs with diverse talents and skills in gastronomy, clothing manufacture, and art and ancestral knowledge. At the end of their process, they will receive seed capital to help them specialize their businesses to reach more customers and take their productive unit to the next level.

**One of these entrepreneurs is the widow of a soldier who died in combat. The Matamoros Corporation and Terpel helped her start a business selling cakes and desserts in Bogotá.**

And in the same way we helped her, we have supported 30 entrepreneurs across the country since the start of the program, giving them a second chance at living in peace.

- **Employability:** Over the last six years, we have created job opportunities at our Altoque stores and service stations for more than 200 people who are former combatants, victims of armed conflict, or ex-offenders. In 2022, we filled 52 positions through Masser (our operator of Terpel-owned service stations and convenience stores) at our Altoque stores and service stations throughout the country.

### Second chance communities – Masser



- **Supply:** We understand that for us to grow sustainably, we must grow in tandem with our value chain, and, most importantly, with a sense of social responsibility. We therefore set up Sustainable Display Cases at our Altoque stores, as part of our strategy to use our convenience service business to make connections with our surroundings by involving local entrepreneurs. The program sets aside a special display case for the products of local small-scale producers and entrepreneurs.
- **Reconciliation fairs:** We organize commercial arenas for entrepreneurs who have been reintegrated or are victims of the armed conflict to exhibit and sell their goods and services. To date we have organized 13 reconciliation fairs.

In 2022, we invested more than COP\$122 million in Restoring Dreams, for a total investment of COP\$297 million from the program's start in 2016.

**(203-1) We act as a Country Partner when we help improve education infrastructure.**

We share in a vision that believes education has the power to mobilize socio-economic forces to overcome poverty. Our volunteer efforts focus on impacting schools across the country, working shoulder to shoulder with employees, partners, customers, suppliers, and the educational community at each school.

Our initiative consists of two phases:

The first is to improve the classrooms, restrooms, floors, walls and other areas of these schools that are in poor condition and hamper students' learning and quality of life. Once that first phase has concluded, we spend a day beautifying these spaces by painting the exteriors and the classrooms, planting plants and landscaping the yards, and improving the recreational areas. We always work with the community on these projects.

The end result of these projects is to give the educational communities the tools they need to create a friendly, safe, comfortable, and appropriate learning environment for everyone.

## Corporate volunteerism

Number of participants      Volunteer hours      Average volunteer hours per participant

194      1,854      9.5

**We act as a Country Partner when we contribute to the communities with the most urgent and critical needs throughout Colombia.**

Colombian Civil Air Patrol (PAC): Our donations helped the PAC conduct 21 health campaigns in 17 communities in Colombia, reaching more than 14,000 patients and providing 22,000 medical and surgical treatments. We flew 400 hours to travel 75,000 nautical miles around Colombia, the equivalent of going around the world three times.

## Donations

- We delivered **more than COP\$570 million** in fuel to organizations such as the Colombian Red Cross, the Colombian Civil Air Patrol - PAC, the Colombian Association of Food Banks - ABACO, the National Mining Agency, and the Florencia Fire Department to transport medicines, provide medical care, distribute food and manage social projects throughout the country.
- We continued to keep the Colombian Civil Air Patrol – PAC on the move with a donation of 100% of the fuel they needed for their medical and surgical campaigns in the most remote regions of the country.
- We delivered more than COP\$280 million to support social organizations, schools, and government programs and institutions.



## Social investment 2022<sup>77</sup>

Category	Amount
Humanitarian Assistance	\$15,934,600
Circular economy	\$68,792,180
Education	\$4,647,455,221
Inclusion	\$579,123,851
Commercial initiative with social purpose	\$20,000,000
Reconciliation and peacebuilding	\$64,000,000
Community Outreach	\$61,300,000
Institutional engagement	\$22,038,000
Health	\$435,046,707
<b>Overall total</b>	<b>\$5,913,690,559</b>

Type of investment	Amount
Donations to charity	\$1,095,590,716
Commercial initiatives	\$72,000,000
Community investments	\$4,746,099,843
<b>Overall total</b>	<b>\$5,913,690,559</b>

Eight percent of our donations are in kind, and 92% are in funds.

[77] This information includes the amounts reflected in the Donations, Marketing and Corporate Responsibility accounts. It does not include the operating expenses of the Terpel Foundation which amount to COP\$1,462,169,193 million. Likewise, the information does not match the information reported for the indicator 201-1 for Colombia in Community Investment, because the amount reported in this table includes only the donation delivered to the Terpel Foundation, while indicator 201-1 includes the money donated by Terpel to the Foundation and therefore includes different items. It does not include the social investment of Masser.





## Terpel foundation, "educating to transform lives"

The Terpel Foundation is our main vehicle for realizing our social commitment as a Country Partner. We believe it is possible, by strengthening the quality of education, to improve people's well-being, develop innovative solutions to major problems, and even break the cycle of poverty. Education can lead the way to a more equitable, better educated, and highly competitive country in which a new generation of leaders can be formed.

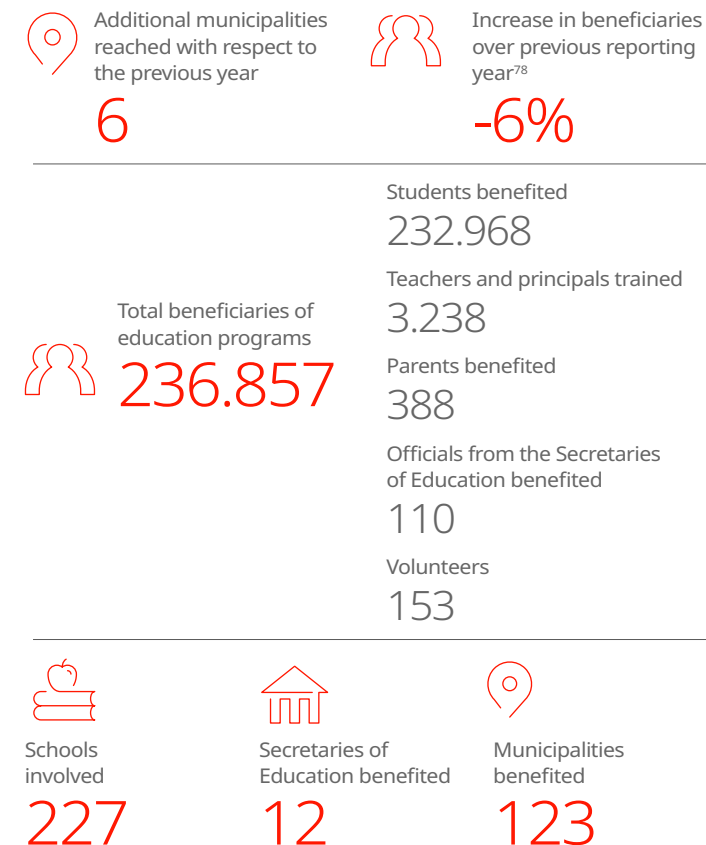
We believe that education is the most effective platform for a country's development, which is why we focus our social investments in this area.

For the past 18 years we have consolidated our position as a Country Partner, helping improve the quality of education and benefiting more than 1 million people.

We have focused on six high-impact programs to achieve our mission of strengthening the basic and leadership skills of children and youth in vulnerable situations.

By 2025, we want the Terpel Foundation to have improved the quality of education for more than 2 million beneficiaries in 100% of the country's Departments.

## Our work in 2021



In 2022, our investment in Terpel Foundation programs was COP\$4,620 million<sup>79</sup>.

[78] The 6% decrease in the number of beneficiaries relative to the previous year is due to the decision by Organización Terpel and the Foundation to target the most remote regions of the country with our Interactive Classrooms program. Schools in rural areas tend to have fewer students and teachers.

[79] Excludes operating and administrative expenses of COP\$1,462 million, and a surplus of COP\$533,147,069 from the previous year.


## Foundation programs:


**Design for Change®:** This worldwide social innovation movement originated in India and its methodology focuses on design thinking. Through this initiative, school children, guided by their teachers, implement projects related to realities of their own environment that affect them in some way. Through the project, they are able to express their own ideas, put them into practice, and have a positive impact on their surroundings.


### Main program advances:


- We trained 1120 teachers in design thinking applied to education to develop creativity, social innovation, and basic and socio-emotional competencies in students.
- We took the program to remote communities such as Puerto Carreño (Vichada) and Hato Nuevo (Guajira). In total, we reached 54 municipalities.
- We expanded the dissemination of the program with the support of 7 new partners, including foundations, secretaries of education, and schools. We also strengthened our image in publicity and the media.
- We designed and successfully implemented new teacher training workshops in both face-to-face and online modes.


Investment in the program **\$ 513,795,066**

 Students involved **62,195** → Goal: 61,338  
Percentage of goal met 101%

 Teachers participating in the program **736** → Goal: 707  
Percentage of goal met 104%

 Schools invited **99** → Goal: 100  
Percentage of goal met 99%

 Projects implemented **125** → Goal: 110  
Percentage of goal met 114%

 Student leaders **3,450** → Goal: 3,338  
Percentage of goal met 103%

Municipalities where the program is in place

**54**

Departments where the program is in place

**23**

**Escuelas que aprenden®:** This comprehensive strategy improves schools in the areas of management, academics, instruction, and community issues, with a focus on improving basic skills in math and language.

### Main program advances:


- The PROMIGAS Foundation granted us the intellectual property rights to the program.
- We updated the 6 modules of the program's training components.
- We successfully completed the training and support phases in the cities of Pasto and Sincelejo.
- The school community and the Secretaries of Education expressed their satisfaction with the program's contribution to improving the quality of life in those cities.


### We are making a difference


In Language Arts, results show a 24% increase in the number of third and fifth graders who scored at the highest proficiency level on the test in comprehension of a variety of texts (narrative and informational).


In math, the results show a 19% increase in the number of third and fifth graders who scored at the highest proficiency level on the test.


Investment in the program **\$ 992,105,375**

 Students benefited **50,538** → Goal: 47,000  
Percentage of goal met 108%


 Teachers trained **1,746** → Goal: 1,520  
Percentage of goal met 115%

 Parents trained **388** → Goal: 357  
Percentage of goal met 109%

 Principals trained **52** → Goal: 48  
Percentage of goal met 108%

 Officials from the Secretaries of Education trained **110** → Goal: 113  
Percentage of goal met 107%

 Schools involved **44** → Goal: 43  
Percentage of goal met 102%






 Secretaries of Education involved **4** → Goal: 4  
Percentage of goal met 100%

**Líder en Mí@:** this initiative applies the leadership model based on Franklin Covey's Seven Habits of Effective Management to strengthen the leadership skills of students and teachers.

#### Main program advances:

- Teams have been consolidated at the schools involved in the program, and they have been able to articulate the program with the curriculum and achieve recognition of the program's school-wide impact.
- The program has been launched in the cities of Pasto and Sincelejo, and the beneficiary schools were selected where the leadership habits and skills of more than 100 teachers and 24,000 students in the two cities will be developed.
- 360 teachers and 46 principals continue to receive training in leadership and socio-emotional skills to strengthen dialogue and effective communication as conflict resolution mechanisms, in order to promote healthy relationships between students and teachers.

Investment in the program **\$874,399,127**

	Students benefited <b>107,176</b> →	Goal: 100,000 Percentage of goal met 107%
	Teachers trained <b>360</b> →	Goal: 450 Percentage of goal met 80%
	Schools involved <b>68</b> →	Goal: 68 Percentage of goal met 100%
	Principals trained <b>46</b> →	Goal: 66 Percentage of goal met 70%
	Secretaries of Education involved <b>6</b> →	Goal: 6 Percentage of goal met 100%

**Aventura de letras:** The purpose of this program is to improve communication skills and critical thinking in children and adolescents. It provides libraries for public schools and organizes activities that will encourage reading.

#### Main program advances:

- We successfully concluded the training and support process for the schools in Ibagué and Valledupar. In both cities, we established the literacy and oral skills plan, which will pave the way for the development of good communication skills. We also strengthened library services and reading practices, and put sustainability factors in place to guarantee the continuity of the program.
- In Bucaramanga, Santa Marta, Cumaribo and Providencia we delivered a total of 3,999 books from a variety of literary genres. The collection was selected with a differentiated approach, taking into account the specific characteristics of each region.
- The training and support activities were fully implemented for 233 school principals and teachers in each of the cities, achieving the objectives set.

#### Volunteer events in different areas of the country:

**"Stories on demand":** Employees from Terpel Colombia, Terpel Ecuador, Terpel Panama, Terpel Peru and Copec participated in this volunteer program to make phone calls to share stories with children and their families in different cities of the country. Twenty-four volunteers participated in this experience to promote reading.


**Cumaribo Volunteer program:** The purpose of this program was to renovate the recreation area for children in the El Sejal community, giving them a beautiful playground with murals on the walls and paths for an interactive classroom.

**Providencia Volunteer program:** This program renovated the school's entry hall, painted interior and exterior walls, improved walkways, and planted ornamental plants.







Investment in the program **\$ 418,326,327**


 Students benefited **9,457** → Goal: 7,589  
Percentage of goal met 125%

 Teachers involved **225** → Goal: 233  
Percentage of goal met 97%

 Volunteers involved **153** → Goal: 102  
Percentage of goal met 150%

 Principals involved **8** → Goal: 8  
Percentage of goal met 100%

 Secretaries of Education benefited **8** → Goal: 8  
Percentage of goal met 100%

 Schools involved **10** → Goal: 10  
Percentage of goal met 100%

Libraries delivered **4** 




**Mi futuro ahora:** This initiative helps our service station promoters, Altoque hosts, and their children, receive technical, technological, and vocational training. We fund 80% of the total cost of their education and mentor the beneficiaries until they graduate, helping them achieve their dreams.

#### Main program advances:


- We organized meetings to share information about the program with Terpel-owned service station promoters and Altoque hosts, describing the benefits of the My Future Now program and how to access it. A total of 2,836 people attended.
- Terpel employees across the nation volunteered as mentors to help students in the program with topics such as teamwork, leadership, creativity, time management, and adapting to change. Twenty mentor-student pairs successfully completed the process, providing effective guidance to students on both personal and professional issues.
- 270 students graduated with technical and technological degrees. During the year, 47 new students joined the education fund.
- With support from Human Resources and Administration, job fairs were organized for students in the My Future Now program with the aim of providing them with information and encouraging them to apply for job openings at Terpel.


Investment in the program **\$ 432,703,800**


 Estudiantes vinculados **416** → Goal: 550  
Percentage of goal met 76%

Students from affiliated service stations involved **154** 

Students from Terpel-owned service stations involved **262** 

Municipalities benefited **91** 

New students involved **47** 

Students graduated **270** 








**Interactive classrooms program:** This program promotes social development through an innovative solution that brings together education, infrastructure, and energy in benefit to the educational community. By helping teachers make their classes more engaging and dynamic, and by sparking students' curiosity, the program helps close the learning gap.

It consists of providing schools in remote areas of the country with environmentally friendly, technology-enabled spaces for children and youth to learn. Teachers receive training and guidance to strengthen their digital skills and teaching practices through the use of active learning methodologies and innovation.

#### Main program advances:

- We built and delivered two fully equipped interactive classrooms in the municipalities of Cumaribo and Providencia.
- We inaugurated the classrooms with the participation of the communities, the regional government, and Terpel partners.
- We began the process to train 65 principals and teachers in classroom practices and innovation, with the participation of teachers and principals from 4 beneficiary schools.
- In partnership with the Colombian Ministry of Education and the regional Secretaries of Education, we carried out a process to select new classrooms in Mitú and Puerto Inírida and share the results with the communities

Investment in the program **\$ 1,389,470,148**

	Students benefited <b>3,186</b>	→	Goal: 2,050 Percentage of goal met 155%
	Teachers involved <b>61</b>	→	Goal: 35 Percentage of goal met 174%
	Secretaries of Education benefited <b>4</b>	→	Goal: 4 Percentage of goal met 100%
	Schools involved <b>6</b>	→	Goal: 6 Percentage of goal met 100%
	Classrooms delivered <b>2</b>		



### Terpel Foundation Panama

Crossing borders, we took our programs to Panama to contribute to the quality of education in that country, where we also have operations.

- In Puerto Obaldía, on the border with Colombia, we delivered an Interactive Classroom that provides students and teachers with technological and educational tools.
- Through our Adventures with Letters program, we donated two school libraries, one as part of the Interactive Classroom, and the other at a school in Panama City.
- We trained teachers in Design for Change in 3 of the country's 10 provinces, and participants submitted 11 projects. The winner attended the international Design for Change meeting in Uruguay.
- We had a total of 1,102 beneficiaries, including students and teachers, with an investment of US\$368,097.

# Customer relations

Terpel is at the service of its customers and consumers. We offer memorable experiences and the highest standards for quality in all our business lines.

During 2022, we launched the corporate advertising campaign, "You are the reason that drives us." It uses digital channels, banners and billboards, radio spots, and other media to showcase the various initiatives of our business lines and sustainability programs.

As a result of the campaign, we were able to strengthen our Country Partner attribute and reinforce the public's perception that we are a company committed to the economic, environmental, and social development of Colombia

## We innovate to win consumer preference

We know that to reach our customers and consumers in the most timely and efficient way, we need to use the best tools that technology can give us to create differentiated, direct and friendly interactions while at the same time delivering a better service experience.

We are committed to being a modern and agile organization. In 2022, we moved ahead with our digital transformation by optimizing processes and creating products and services that drive the evolution of the users' physical and digital experience. In doing so, we achieved our corporate targets and created value for our customers and partners.



As part of these efforts, we developed strategies to build consumer loyalty through the following programs:

### ViveTerpel

With the goal of giving our users an easy, friendly, and accessible experience, we launched **ViveTerpel**. It's our loyalty program that allows consumers to obtain benefits by accumulating points with each purchase of fuel or in Altoque stores. The points can be redeemed for company products at 1,062 participating service stations and 104 stores. The program can be accessed using the brand app or the website [www.viveterpel.com](http://www.viveterpel.com).

In addition to accessing **ViveTerpel**, customers can use the brand app to obtain updated information about the location of service stations and fuel prices, in addition to checking on the points accumulated with each purchase. The app also makes it easy to redeem these points from a catalog with a wide variety of products.

This is the first app designed specifically for the fuel distribution segment in Colombia, giving Terpel a competitive advantage in the market in terms of digital transformation and customer experience.

These figures are higher than the 1.5 million customers that Club Terpel had in five years. **ViveTerpel** achieved this number of members in 11 months, demonstrating the power of our brand and the importance of offering consumers simple and immediate benefits.

### Resultados ViveTerpel

Customers signed up  
1,937,078

Customers active<sup>80</sup>  
55%

Participating service stations  
1,062

Participating Altoque stores  
120

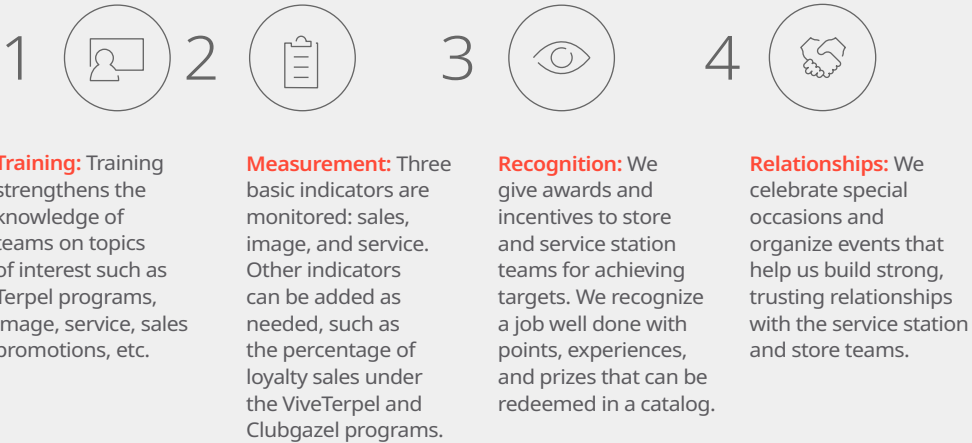
Service stations loyalty program  
36.8%

Stores loyalty program  
31.8%

### PITS program

PITS is the loyalty program for the service station and convenience store channels. It aims to standardize the user experience at the point of sale and encourage the achievement of sales targets.

It consists of 4 phases:



[80] Customers who have made a loyalty purchase in the last 30 days (a frequent customer).



## Clubgazel

This is the loyalty program for CNG users, which gives them 1 point for every m3 they purchase under the program. A catalog of prizes includes free fill-ups, Altoque products, lubricants, and other items that can be redeemed with their points.

Customers signed up 376,739

Active customers 102,228

Sales under loyalty program 65%

Customers redeeming points 49,650

Number of prizes claimed 161,810

## Digital transformation and cyber security

One of the most important challenges for our company is to embrace new technologies that help us create memorable experiences for our users. This is the road we have been traveling since 2020. Our desire is to improve processes, respond quickly, and create more value and benefits for our customers and users.

The digital age has empowered users, who demand from companies innovative services that are tailored to their needs and desires. We are facing a new consumer with a different lifestyle and new consumption habits. For that reason, the company is working to determine ways we can digitally transform each business and create solutions that are more effective, friendlier, more efficient, and timelier, with the goal of providing a better service experience.

Internally, we seek to streamline processes, so that employees can spend more time generating ideas and less time executing operational processes.

### Main initiatives

- **We added 240 service stations to our TerpelPOS service platform**, positioning them for our full range of services.
- **We opened our first renovated convenience store with the Sckuba information system** – in alliance with COPEC – allowing us to offer self-service checkout at these points of sale.
- **We strengthened the Partners' Digital Channel and the Rumbo program** to offer digital alternatives to our business customers.
- **We grew in order to provide better service:** We consolidated the Technology and the Digital Transformation divisions. We created two new offices (Technology Operation and Digital Transformation) and two additional divisions (Countries and B2C applications), which allows us to better serve our users and strengthen regional management.
- **We strengthened the internal team** through training programs on digital platforms.
- **We improved our internal processes** by standardizing our process architecture. We implemented *DevSecOps* for application lifecycle processes based on globally accepted market practices. Using the tool has reduced rework time, improved quality, and accelerated the delivery of value to the business on a continuous basis for digital products.
- **We implemented the Aris tool at the regional level** to model processes and publish policies, instructions and forms for the organization.
- **We implemented and commissioned 10 robots** for 8 of the company's processes to improve operations and generate efficiencies.
- **We launched the Terpel Voltex App** as a fundamental part of the e-mobility strategy. It is a 100% digital and self-managed sales channel for users.
- **We implemented the Warehouse Management System (WMS) in the additives warehouse.** The information system manages inventories, stores, and warehouses, reducing losses and lead times.
- **We relaunched our website**, using the latest technologies to create a digital channel for engagement with our entire audience.
- **We launched Move to Cloud:** We conducted an analysis to define the best cloud for Terpel. We then prepared our personnel by training them to operate Cloud platform technology. We also activated a platform with all of our applications to take full advantage of the benefits of the Cloud model, from cost optimization to scalability and rapid availability of resources.

[81] TerpelPOS is the entry point for Terpel's digital transformation. It consists of a software and hardware solution that focuses on optimizing times for operational processes, providing coverage for our programs, and reducing T2M (time to market) for our initiatives.



## Terpel Store

The Terpel store is an online store designed to give our partners and franchise owners everything they need to run their businesses. It guarantees quality, competitive prices, multiple payment options, a portfolio of new products and services, and an efficient logistics chain with optimal delivery times.

## Main initiatives

- We transformed the **Terpel Store business model** to improve the operation and profitability of the business.
- **In 2022, an average of 214 customers per month used our e-services solutions.** That number indicates that 27% of Terpel Store customers make more than one purchase per month.

Online services generated revenues of COP\$2116 million<sup>82</sup>, representing a growth in sales of 23% over the year 2021. The target for the year was COP\$2,005 million<sup>83</sup>, which means we achieved 106% of the target.

- We carried out promotional activities with discounts of 20% and 30% on our premium gasoline GT98 and Estilo Terpel; we participated in global events such as Black Friday, offering a 25% discount in various categories and generating more than 560 clicks on the Terpel Store page and **an increase in sales of 1,707%.**
- We offered a 40% discount on GT98, Estilo Terpel, and Gazel and saw a **399% increase in sales.**

[82] Before VAT.

[83] Ibid.

## Online network

**The Online Network is what has enabled the digital transformation of the organization. It consists of a series of projects for transformation, technological renovation, and innovation for Organización Terpel that cover all the existing business units as well as those that will be created as a result of this transformation process.**

The Online Network aims at impacting customers and sales channels by using technology to generate efficiencies, expand digital strategies, and adapt to new trends, such as no physical contact with the promoter or host.

The Online Network will create an ecosystem of technological solutions that will allow us to:

- Have effective and detailed communication
- Have a platform that allows us to better interact and engage with our customers and partners.
- Manage both in-person and online points of sale with greater efficiency.

## Results of the Online Network during 2022

- We have implemented 127 functionalities in our Terpel POS product, including the following:
  - ▶ Rumbo
  - ▶ Vive Terpel
  - ▶ POS Invoicing
  - ▶ Refreshment kiosk purchase order adjustments and inventory
  - ▶ Mobile POS for refreshment kiosks
  - ▶ Sale of products shopping basket
  - ▶ Vehicle identification with Go Pass

- **Digital Rumbo:** we deployed Digital Rumbo in 100% of our franchised and affiliated service stations for self-managed sales recovery. As a result, 96% of the network made timely repurchase payments on average.

### 144 Functionalities

Developed, certified, and deployed during 2022

### 6 refreshment kiosks

at service stations with the system, ready for activation

### 225 service stations

with the TerpelPOS system covering the 7 regions in Colombia

### 810 service stations

with Lazo Express hardware installed

### 621 Service Stations + 145 Kiosks

with an agreement signed and ready for implementation

### 87% of the volume

of Rumbo at affiliates guaranteed with Pep systematization

As of December 31, 2022, TerpelPOS had been fully installed in 225 service stations, and the hardware had been installed in another 810 service stations, 6 refreshment kiosks, and 1 convenience store at the Main Office

## Partners' digital channel

The purpose of our digital transformation is to improve the experience of our network of partners. We developed the Partners digital channel, a platform through which the company's various business units can manage their account status, track their orders, make payments and reconciliations online, and obtain timely information to facilitate their operations. The platform also includes an e-commerce solution for lubricants.

The partners' digital channel leads to a streamlined, unique, and innovative experience that optimizes processes in benefit of our customers.

## Partnership with GO PASS

To offer consumers a digital and contactless payment option, Terpel partnered with Gopass in 2021 to implement smart fuel payments at service stations. It's a fast, effective, and secure alternative. This partnership not only revolutionizes the way people pay at service stations, but this new experience also makes it easy for users to keep on the move by allowing them to manage their fuel consumption, along with other features offered by the platform.

## Highlighted results for 2022

- 69 service stations with hardware installed, 45 active
- COP\$671 million in transactions each month
- 7,500 transactions processed
- More than 5,000 active users
- Increases achieved
  - ▶ 117% increase in transaction amount per month (370 million more than in 2021)
  - ▶ 82% increase in users carrying out transactions (2,200 more than in 2021)
  - ▶ 94% increase in successful transactions (3,700 more than in 2021)
  - ▶ 102% increase in fuel volume purchased (34,000 gallons more than in 2021)
- We launched an incentive plan for promoters

## Outstanding results in 2022

- Active service stations: 99% (1,579 of 1,601)
- Channel usage: 80% (1,261 of 1,579)
- Active customers other fuel businesses: 185
- Payments made by PSE total more than 70%, for an amount of more than COP\$140,000 million (December) out of a total of COP\$200,365 million. That 70% represents the proportion of e-payments using the PSE buttons and Rumbo.
- Active lubricant customers: 54 with 55% usage.
- 320,000 gallons purchased through e-commerce
- We ran the first Terpel promotion, receiving 1,855 orders for a total amount of COP\$849 million.

## TERPEL APP

- Installed base of more than 955,000 users
- 800,000 sessions per month
- More than 300,000 active users per month
- 4.15/5.0 rating in app stores



[84] Number of service stations connecting monthly, and monthly transactions.



## Satisfaction for our customers

As part of our strategy, we evaluate customer satisfaction with our products, service, attention, and overall experience. These results allow us to create action plans to continue to meet our customers' expectations and to comply with regulatory and certification requirements.









At Terpel, we have been analyzing our customers' satisfaction for more than 10 years to identify the most relevant issues and gain a clear idea of where to focus our efforts and resources in order to improve.

Our Strategic Service Center (CES) receives, channels, and handles all inquiries, complaints, requests, and claims from a variety of customer service channels that customers can use to get in touch with us. It is the central contact point for our B2B customers and consumers. The Center's objective is to provide first contact (or escalation) solutions and to support the internal and external operations of all the lines of business.

In 2022, we received 503,000 cases including inquiries, complaints, requests, and claims, and responded to all of them.

With the goal of improving customer satisfaction, we closed out the year by implementing an automated online satisfaction rating. This allowed us to streamline the evaluation process and more efficiently obtain a score for the service, speed, and friendliness of the agent and of the CES in general.

### Canales de atención:

-  Telephone line: #462,
-  Corporate email: [servicioalcliente@terpel.com](mailto:servicioalcliente@terpel.com)
- Official social media:
-  Twitter: [@TerpelCol](https://twitter.com/TerpelCol)
-  Facebook: [@Terpel](https://www.facebook.com/Terpel)
-  Instagram: [@TerpelCol](https://www.instagram.com/TerpelCol)
-  LinkedIn: [@OrganizacionTerpel](https://www.linkedin.com/company/OrganizacionTerpel)
-  Web page: [www.terpel.com](http://www.terpel.com)
-  Chat WhatsApp



We also changed the evaluation methodology and created the "Voice of the Customer," which is designed to help us understand our customers' perceptions of our service.

In addition to the monthly evaluation by an "undercover" inspector who checks compliance with protocols, customers who visit us can rate the service using a variety of tools such as the email for the ViveTerpel program, regular or certified mail, or a text or QR code.

We measure a variety of elements to make sure we have a comprehensive understanding of our customers' satisfaction

- **Image score:** We conduct an audit of brand guidelines for infrastructure at service stations.
- **Service survey:** We ask how consumers and expert customers perceive our service, on a scale from 0 to 5.
- **Percentage satisfaction:** Total number of customers surveyed who classified themselves as satisfied - with a score of 9 or 10 - on a scale from 0 to 10.

#### We obtained the following results:

Image survey score (KPI)	4.5/5
Goal for image for 2022	4.5/5
Percentage of goal met for image 2022	100%
Goal for image for 2023	4.5
Service survey score (KPI)	4.5/5
Goal for service for 2022	4.0/5
Percentage of goal met for service 2022	113%
Goal for service for 2023	4.5/5

#### Service station customer satisfaction score (liquid fuels)



8.7/10

Percentage met: 99 %

Service station customer satisfaction score (liquid fuels) for 2022

8.8/10

Suggested goal for service station customer satisfaction score (liquid fuels) for 2023

8.8/10

#### CNG customer satisfaction score



8.8

Percentage met: 100 %

CNG customer satisfaction score for 2022

8.8/10

Suggested goal for CNG customer satisfaction score for 2023

8.9/10

#### Lubricant customer satisfaction score



8.0/10

Percentage met: 91 %

Lubricant customer satisfaction score for 2022

8.8/10

Suggested goal for lubricant customer satisfaction score for 2023

8.9/10

#### Lubricant distributor customer satisfaction score



9.1/10

Percentage met: 100 %

Lubricant distributor customer satisfaction score for 2022

9.1/10

Suggested goal for lubricant distributor customer satisfaction score for 2023

9.1/10

#### Lubricant for industry customer satisfaction score



8.1/10

Percentage met: 90 %

Lubricant for industry customer satisfaction score for 2022

9.0/10

Suggested goal for lubricants for industry customer satisfaction score for 2023

8.8/10



## Aviation customer satisfaction score



8.7/10

A single survey was conducted for operations in Colombia, the Dominican Republic, Panama and Peru.

Results by country:  
Colombia 8.6/10  
the Dominican Republic 8.3/10  
Panama 8.2/10  
Peru 8.4/10

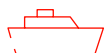
Goal for Aviation customer satisfaction score for 2022

9.2/10

Suggested goal for Aviation customer satisfaction score for 2023

9.0/10

## Marine fuels customer satisfaction score



9,4

Percentage met: 102 %

Marine fuels customer satisfaction score for 2022

9.2/10

Suggested goal for Marine fuels customer satisfaction score for 2023

9.4/10

## Industry customer satisfaction score



8.8/10

Percentage met: 98 %

Industry customer satisfaction score for 2022

9.0/10

Suggested goal for Industry customer satisfaction score for 2023

9.0/10

Overall customer satisfaction score

8.7/10

Goal for customer satisfaction score for 2022

8.8/10

Compliance with goal set for customer satisfaction for the reporting year

99%

Goal for customer satisfaction score for 2023

8.8/10

(418-1)

# Cybersecurity and data protection

Embracing digital transformation and new technologies brings great opportunities, but also enormous challenges. It has become imperative to ensure the integrity of information and protect data in order to act responsibly toward our stakeholders.

Terpel has the necessary bodies, policies, and procedures in place to make sure our initiatives meet the parameters for security and quality.

And we have a structure set up to ensure that our cybersecurity strategy is followed. We have a CIO (chief information officer), who, together with the chief information security officer (CISO) enforces full compliance with all our cybersecurity measures.

We also have a Tactical Committee to define strategic cyber security objectives and identify global risks and threats; a Cybersecurity Committee to which those risks are presented and that is responsible for reviewing compliance with cybersecurity policies; and a Corporate Committee, which is convened only in the case of a violation of cyber security policies in connection with people. Cybersecurity personnel participate on project, change, and personal data protection committees. They provide technical approval for the development of new initiatives and projects.

All cybersecurity projects must be approved by members of our senior management, who are directly informed of the strategy and its results through the Corporate Cybersecurity Committee. This committee is accountable to the business, shareholders and the Board of Directors for ensuring ongoing development of cybersecurity and compliance with the annual strategies.

Each semester the committee submits a progress report and the status of the controls to the Board of Directors for approval. It also informs the Audit Department and the Risk Office of key aspects of controls, findings, breaches, and critical events that impact the business.

The Cybersecurity Policy includes special procedures and is based on best practices and standards such as ISO 27001 NIST, ISO 31000, ISO 22301, applicable legislation in the area of security, and key locally defined conditions. The policy is automated under a SOAR (Security Orchestration, Automation and Response) and a TDR (Threat Detection and Response).

To ensure business continuity, we have a DRP (Disaster Recovery Plan) that consists of an infrastructure in Google Cloud that backs up all business, corporate, and support applications, so that, in the event of an emergency, Organización Terpel and its businesses can continue to operate normally. We test this plan every six months to ensure the functionality of each application critical to our operations.

Main initiatives:

- **We strengthened cyber security.** Our automation and artificial intelligence model now analyzes local and foreign threats, and has prevented more than 222 ransomware attacks. It went from taking up to four hours to respond to events to a response time of 2.5 milliseconds, without human intervention.
- Despite identifying 227,055 threats in 2022, no risks materialized.

Cyber security breaches/incidents	289
Risks materialized	0
Cyber security incidents controlled	4
Number of critical and high level vulnerabilities	1,048
Number of vulnerabilities remediated in a timely manner	5,076
Total leaks	1,336
Total number of leaks controlled	1,336
% effectiveness of information control	100%

Cyber security is everyone's responsibility

To promote security awareness for our entire team, we constantly train and raise awareness through workshops, educational videos, and training sessions that are part of the organization's training plan.

Our security campaigns include tips sent out to the entire organization, campaigns to raise awareness, and email Phishing campaigns to measure the level of cyber security culture among employees.

We work with the organization's technology department to organize Operating Committees and teach them about new trends in security risks, cyber-attacks, and other valuable information for the work.

Data privacy

Protecting our information and that of our customers is a priority. To make sure we take all necessary steps to protect and safeguard information, we have a data protection committee and data protection officers who are responsible for ensuring the proper use of the information we manage.

We regularly monitor the regulations related to the rights of data subjects, and provide timely notice of data protection laws and changes as part of the consent process. We also clearly and explicitly inform the data subject in advance of the authorization being granted and their rights as data subjects.

In 2022, we received 531 requests to exercise data subject rights, including requests for updating, erasure, rectification, and/or provision of information.

We did not receive or note any type of claims related to data breaches or data leaks, nor were we fined or penalized for data leakage or data loss.

With respect to claims by regulatory authorities, in 2021 we had 2 ongoing investigations by the Superintendent of Industry and Commerce. To date, no penalties have been imposed.

In terms of training, we continuously reinforce our employees' knowledge and best practices regarding data protection and our commitments and obligations.





Part four:

# Annexes



# Annex 1. Integrated report – legal aspects

From the time Organización Terpel S.A. (hereinafter referred to as "Terpel") and its subsidiaries were registered as a business group, we have focused on achieving specific and systematic objectives under a shared purpose and common management through Terpel's leadership as the parent company, notwithstanding the individual development of the business purpose and activity of each subsidiary. As of December 31, 2022, the companies in the group are:

- Terpel Comercial Ecuador CIA Ltda.
- Administración Estratégica de Gasolinera del Ecuador - Adesgae S.A.
- Terpel Perú S.A.C.
- Inversiones Organización Terpel Chile S.A.
- Organización Terpel República Dominicana S.A.S.
- Organización Terpel Corporation S.A.C.
- Petrolera Nacional S.A.
- Terpel Energía S.A.S. E.S.P.
- Vonport Corp.
- Orlyn S.A.
- Transmarine Transportation & Barging S.A.
- Energías Renovables S.A.
- Masser S.A.S.
- Terpel Aviación del Peru S.R.L.
- Terpel Comercial del Peru S. R. L.
- Puertos del Caribe Sociedad Portuaria S. A.
- Terpel Exportaciones C.I. S.A.S.
- Stem Terpel S.A.S.
- Terpel Ampere S.A.S

At the beginning of the first quarter of 2022, the commercial company Terpel Ampere S.A.S. was created as part of the diversification of Terpel's energy offer, with the purpose of leading the transition toward the use of renewable energy. Organización Terpel S. A. holds 51% of the share capital of its subsidiary Terpel Ampere S. A. S.

On August 12, 2022, Organización Terpel S.A. extended the corporate guarantee in the amount of US\$82,325,000 in favor of its subsidiary Petrolera Nacional (located in Panama) to refinance a long-term loan with Scotiabank (effective until August 2025). Both the guarantee and the loan replaced existing obligations with the same financial institution and for the same amount. The extension of this guarantee did not have any adverse financial or legal consequences for Terpel, and its initial constitution was reported to the public securities market through the relevant disclosure mechanism on August 16, 2019.





## A. Business Group Relations

Without prejudice to the independence of each of the companies making up the conglomerate and the responsibilities of their management bodies, the Group has defined a public, clear and transparent organizational structure for the three levels of governance - Shareholders' Meeting, Board of Directors and senior management - that identifies the key bodies and individual positions, as well as the relationships between them at the Group level, as shown in the following table:

	Bodies from	Receives information			Informs		
Parent Company	Shareholder's Assembly	Board of Directors	President				
	Statutory Auditor	Receives information at the group level			Assembly	Board of Directors	Audit Committee
	Board of Directors	Audit Committee	Compensation Committee	President	Assembly		
	Comité de Auditoría	Statutory Auditor	Internal Auditor	President	Board of Directors		
	Compensation and Benefits Committee	President	Vice Presidents		Board of Directors		
	President	Vice Presidents	Managers	Country Managers	Assembly	Board of Directors	Audit Committee
	Internal Auditor	Vice Presidents	Managers		Audit Committee	President	
	Vice Presidents	Managers			Board of Directors		
	Managers	Receives information from the offices they manage			Vice Presidents		
	Country Shareholder's Assembly	Country Board of Directors			Board of Directors		
Group Affiliates	Country Board of Directors	Country Managers			Country Assembly		
	Country Managers	Receives information in accordance with the areas they manage			Country Board of Directors	President	

In the year 2022, Terpel engaged in transactions with affiliates, subsidiaries, shareholders, and related parties in the framework of the laws currently in effect. In development of these transactions and in favor of increased transparency, the vice president of corporate and legal affairs submitted a report each month to the Board of Directors on Related Party Transactions. The report discloses all transactions entered into between Terpel and/or its related parties with company administrators, and/or their related companies, in accordance with the rules established in the company's internal corporate documents and described in the chapter, "Mechanisms implemented to engage in transactions with related parties" in this regular year-end report.

## B. Foreign expenses, expenditures, and obligations

With regard to the reports described in Article 446 of the Code of Commerce – Expenses – and in Article 29 of Law 222 of 1995 – Business Groups, this information was made available to the shareholders during the period established by the laws in effect for the exercise of the Right of Inspection prior to the Shareholders' Assembly.

We have therefore included below a consolidated statement of expenses for salaries, fees, per diems, entertainment expenses, bonuses, benefits in cash and in kind, transportation expenses, and any other type of remuneration received by the directors of Organización Terpel S.A., as well as expenses for those same line items received by consultants or managers associated with the company either under an employment contract or not, when their main function was to engage in procedures with public or private entities, or to provide advice about or prepare studies for the performance of those procedures. It also lists advertising and public relations expenses, funds or other assets held by the company abroad, and foreign currency obligations and investments in other companies, domestic or foreign, as follows:

- 1) In the year 2022, travel and entertainment expenses for the company's managers totaled COP\$514,947,385.
- 2) The fees paid to the Board of Directors for board attendance during the year 2022 totaled COP\$1,294,299,078.
- 3) Fees paid to consultants during the year 2022 are broken down as follows: legal consulting COP\$2,694,854,270, financial consulting COP\$1,925,472,671, tax consulting COP\$300,883,647 and technical consulting COP\$28,957,470,496.
- 4) Transfers of money and other assets were made for no consideration in favor of the following juridical persons:

Identification	name	Amount MM\$	Donation
8909007625	Asociación Nacional de Empresarios	11,655,378	Money
9004168401	Fundación Naciones	2,000,000	Money
8301240321	Fundación Best Buddies Colombia	43,423,851	Money
8000653948	Corporación Mundial de la Mujer	64,000,000	Money
9007349625	Fundación para el Desarrollo Integral a la Comunidad	330,000,000	Money
8301327692	Fundación Terpel	6,660,000,000	Money
8600764776	Patrulla Aérea Civil	290,954,707	In kind
9007539221	Fundación Grit	56,932,044	In kind
9004421862	Fundación de Apoyo a la Población con Necesidades Especiales - PONES	15,769,615	In kind
9003264561	Asociación de Bancos	15,070,000	In kind
8999990253	Sociedad Nacional de la Cruz Roja	14,770,000	In kind
8902039836	Asociación Voluntaria Apoyo Integral	2,908,848	In kind
9014409095	Fundación y Albergue Temporal Manantial de Vida	2,271,555	In kind
<b>Total</b>		<b>7,509,755,998</b>	

- 5) Advertising and publicity expenses for the year 2022 totaled COP\$61,512,682 million.
- 6) Organización Terpel S.A.'s funds and obligations abroad for the year 2022 (includes accounts abroad) totaled COP\$15,964,131,256.

Identification	Entity	Amount	Amount COP
133379014	JP Morgan Chase Bank	333,074,634	15,964,131,256

- 7) The company's investments as at December 31, 2022 totaled \$1,902,573,026 million and were the following:

Identification	Name	% ownership	Investment
1019-225-108400 Dv-92.	Petrolera	100 %	552,640,643
761276123	Inversiones Organización Terpel Chile S.A.	100 %	66,903,633
130780331	Terpel República Dominicana SRL	100 %	37,103,207
9004330329	Terpel Energía S.A.S. E.S.P.	100 %	16,418,954
1944745	Organización Terpel Corporation	100 %	1,177,733,304
901.210.452-5	Terpel Exportaciones CI. S.A.S.	100 %	30,947,289
901045599	Sociedad Portuaria S. A.	90 %	1,068,920
901367440-1	Stem Terpel S.A.S.	51 %	127,795
9014658554	Flux Terpel S.A.S.	40 %	6,258,064
990962170001	Terpel Comercial Ecuador CÍA. Ltda.	39 %	40,158,246
20511995028	Terpel Perú S. A. C.	36 %	-30,905,988
20521921618	PGN Norte S. A. C.	25 %	2,632,094
20521021880	PGN Sur S. A. C.	25 %	1,486,865
<b>Total</b>			<b>1,902,573,026</b>

## C. Good Governance Report

Organización Terpel S.A. is committed to adopting best practices for corporate governance in accordance with the highest standards established for securities issuers in External Circular 028 of 2014 issued by the Financial Superintendent of Colombia. Terpel considers corporate governance to be its most important tool to promote its corporate strategy, vision, and principles of respect, integrity, trust, and fair treatment in all its relations with its various stakeholders and the company's management bodies.

Organización Terpel S.A. filled out and submitted the Corporate Best Practices Report called "Country Code Survey," which is available for consultation both on the company's website, and as an annex and integral part of this report. As a result of these best practices in corporate governance, Terpel has once again received the IR Award for Issuers from the Colombian Stock Exchange for best practices in information disclosure and investor relations by providing sufficient and timely information through appropriate communication channels.

Lastly, Terpel continued as an active member of the Colombian Institute of Corporate Governance – ICGC. The purpose of the Institute is to promote the development and adoption of best practices in corporate governance in Colombia, thereby helping to improve the management and performance of organizations.

### C.1. The company's ownership structure

There were no changes to the **capital structure** in 2022, maintaining a total of 195,999,466 common shares, 14,574,961 of which have been repurchased, for a total of 181,424,505 common shares outstanding. As at December 31, 2022, 58.51% was held by the majority shareholder Compañía de Petróleos de Chile Copec S.A., (56.18% held directly, corresponding to 101,930,028 common shares, and 2.33% held indirectly through its related company Copec Overseas with 4,230,457 common shares of Organización Terpel S.A.).

Except in the case of disputes between shareholders, or between shareholders and the company or its Board of Directors, which by express legal provision must necessarily be settled in the ordinary jurisdiction, the company's bylaws include **mechanisms for settling disputes**, such as direct agreement, amiable composition, conciliation, or arbitration.

We would like to report that during the year 2022, in accordance with the provisions of the Code of Good Governance, no agreements have been reported between shareholders, nor were there negotiations of shares and/or securities issued by the company on the part of the members of the Board of Directors, senior management, or other administrators. Nor were there any conflicts between shareholders that led them to use the mechanisms for settling disputes indicated in the company's bylaws.

During the same period there were no situations of **conflict of interest** that had to be evaluated by the Board of Directors or placed at the consideration of the General Shareholders Assembly. In this respect, during 2022 we developed an online form for the prevention of conflicts of interest, available to all team members, with the aim of maintaining transparent relationships in all transactions. The forms are analyzed by the Compliance Committee, the body made up of the Vice President of Human Resources and Administration, the Administrative Manager, the Internal Audit Manager, the Compliance Officer, and the Head of Labor Relations. That committee then makes the recommendations necessary to manage potential conflicts of interest, and communicates them to both the direct supervisor and the reporting employee.

Company employees are therefore expected to act with due diligence and loyalty in reporting situations involving conflicts of interest, while maintaining confidentiality. All of the company's activities are characterized by integrity, respect, and reliability, as well as adherence to the rules of business ethics and good faith, and respect for laws and business customs. We focus on fulfilling the corporate purpose while emphasizing and giving priority to the common good and service to the community. A company

employee who is faced with an occasional conflict of interest must follow the following procedure: 1. Report the conflict in writing to the employee's supervisor, with details about the situation. The supervisor will determine whether the employee must continue with the respective process; 2. Refrain from direct or indirect intervention in the activities and decisions related to the company's determinations regarding the conflict, or cease all actions in the case of knowledge of a conflict of interest; 3. Decisions or actions by managers at Organización Terpel S.A. must pursue the satisfaction of the company's interests and respect for the rights of shareholders, and must not be motivated by considerations of a personal nature; 4. Relationships of kinship, friendship, or expectations relative to current or potential suppliers, contractors, customers, or competitors must not affect their independence and good judgment in their protection of the interests of Organización Terpel S.A. When the conflict of interest faced by a company employee is ongoing, he or she must use the following procedure: 1. Inform his or her supervisor and immediately abstain from taking actions and from intervening, directly or indirectly, in activities and decisions related to the company's determinations regarding the conflict; 2. The supervisor must immediately report the conflict of interest to the Compliance Committee, which will make the decisions necessary. If the conflict of interest arises at the level of the Board of Directors, the provisions contained in the Board of Directors' Internal Regulations shall apply.

Decisions or actions by managers at Organización Terpel must pursue the satisfaction of the company's interests and respect for the rights of shareholders, and must not be motivated by considerations of a personal nature. Relationships of kinship, friendship, or expectations relative to current or potential suppliers, contractors, customers, or competitors must not affect their independence and good judgment in their protection of the interests of Organización Terpel S.A. and its business group. Doubts as to which actions constitute a conflict of interest do not relieve an employee of the obligation to abstain from participating in such activities until a final decision has been made by the corresponding body.

## C.2. Composition of the Board of Directors and Senior Management

This information is provided in more detail in the chapter "Profiles of the organization's senior management" in this Annual Report.

## C.3. Functions of the Board of Directors and Senior Management

Terpel's vision is "By 2025, a highly inspirational team will make Terpel the #1 brand in service, recognized as a Country partner," and its purpose is "to power people, companies, and the country with the best energy." It is clear from this that governance of the company is inspired by achieving our business strategy and objectives and by carrying out the important functions involved in our corporate purpose. With this perspective and in order to meet this goal, the Board of Directors holds the following powers: 1.- To establish its own bylaws and determine the company's internal regulations; 2.- To cooperate with the President in the administration and management of the company's business, and to delegate to the President or any other employee any functions it deems convenient; 3.- To, each year, elect the Chairman of the Board and an alternate, as well as the Legal Representative and an alternate; 4.- To order, when deemed appropriate, the formation of advisory or technical committees composed of the number of members it assigns to advise the President on determined matters, and to create other positions it may deem necessary for the good service of the company, and to determine their functions and remuneration; 5.- To designate the members of the Audit Committee; 6.- With the President of the company, to present to the General Shareholders' Assembly the balance sheet for each fiscal year, and the other annexes and reports referred to in article four hundred and forty-six (446) of the Code of Commerce, after they have been considered by the Audit Committee. In addition, when deemed convenient, to propose to the General Shareholders' Assembly any amendments it deems appropriate to the bylaws; 7.- To advise the President, upon request, in connection with legal actions to be filed or prosecuted; 8.- To call a special session of the General Shareholders' Assembly whenever deemed convenient, or when



requested by a number of shareholders representing at least one fourth of the subscribed shares; 9.- To give an advisory vote when the General Shareholders' Assembly so requests or when so determined by the bylaws; 10.- When it sees fit, to examine, either directly or through a committee, the company's books, accounts, documents, and cash; 11.- To approve the acquisition of other companies, sell them, or propose to the General Shareholders' Assembly their incorporation or merger with another company; 12.- To establish or eliminate branches or agencies inside or outside of the country, to regulate their operations, and to establish at all times the powers and duties of the administrators; 13.- To regulate placements of common shares the company has in reserve; 14.- To determine headings to be taken to special funds; 15.- To interpret any bylaws on which there are doubts and establish their meaning until the next General Shareholders' Assembly can be convened to address the matter; 16.- To authorize the President to enter into any act or contract in an amount greater than three million dollars (US\$3,000,000), except for the acquisition, sale, distribution, supply, and transportation of products derived from petroleum, natural gas, LPG, and biofuels, the purchase, sale, or acquisition under any title, import, export, production, storage, packaging, transportation, supply, and distribution of synthetic lubricant base oils and synthetic lubricants; the purchase, sale, acquisition under any title and distribution of electric energy and/or any other alternative energy to vehicles, through service stations and/or any other location and/or means of supply; the assembly, construction, operation, business development, storage, sale, distribution, dispensing, manufacture, assembly, purchase or sale, import, export, commercialization, and supply of parts, accessories, devices, machinery, and equipment for electric charging stations or any other electric vehicle charging system, as well as the provision of consulting services related to the above activities, which are not subject to the above restriction; 17.- To watch over strict compliance with all the provisions set forth in these bylaws and those established for the proper operation of the company, and to make all decisions necessary in order for the company to fulfill its purposes that do not correspond to the Assembly or any other body of the company;. 18.- To authorize the Legal Representative of all the affiliate and/or subordinate

companies to enter into any act or contract of an amount greater than three million dollars (US\$3,000,000); exempted from this provision are the acquisition and sale of products derived from petroleum, gas, and biofuels, the purchase, sale, distribution, supply, and transportation of products derived from petroleum, natural gas, LPG, and biofuels, the purchase, sale, acquisition under any title, import, export, production, storage, packaging, transportation, supply, and distribution of synthetic lubricant base oils and synthetic lubricants; the purchase, sale, acquisition under any title, and distribution of electric energy and/or any other alternative energy to vehicles through service stations and/or any other location and/or means of supply; the assembly, construction, operation, business development, storage, sale, distribution, dispensing, manufacture, assembly, purchase and sale, import, export, commercialization, and supply of parts, accessories, devices, machinery, and equipment for electric vehicle charging stations or any other electric vehicle charging system, as well as the provision of consulting services related to these activities; which are not subject to the stated restriction; 19.- To approve the issuance of securities, including, but not limited to the preparation and approval of the corresponding Issuance and Placement Regulations, and the determination of other terms and conditions deemed pertinent to undertake the issuance of the securities, and to delegate the power to the legal representative to take, either directly or through a proxy, all actions necessary for the successful placement of the securities; 20.- To create and/or modify the Code of Good Governance; 21.- To approve the acquisition of shares of the company; 22.- To designate from among the legal representatives or the legal representative, the person responsible for timely disclosure of the company's relevant information; 23.- To consider and respond in writing to proposals submitted and justified in a clear manner by any shareholder or group of shareholders. The Board of Directors shall provide a response through the Legal Representative within sixty (60) calendar days from the date of the request. In addition to the above, the Board of Directors shall have the power: 24.- To appoint the President of the company, and executives of subsidiaries, affiliates, or branches of the company, 25.- To sell shares owned by the company, 26.- To form strategic partnerships or any other type of equivalent agreement

with third parties, (iv) to dispose of assets and investments under any title, 27.- To make investments in other companies 28.- To take out guarantees to secure the company's obligations, and (vi) to guarantee obligations of the Company or its affiliates or subsidiaries.

None of the members of Terpel's Board of Directors are legal representatives or members of the company's senior management. Likewise, in accordance with the prohibition contained in Article twenty-six of the Internal Regulations of the Board of Directors, the person acting as the company's legal representative may not serve as the Chairman of the Board of Directors.

The Chairman of the Board of Directors is responsible for directing the activities of Terpel's Board of Directors and the Secretary is responsible for coordinating them. Therefore, in the Internal Regulations of the Board of Directors, the following are the ordinary powers of the Chairman of the Board of Directors: 1.- To ensure that the Board of Directors establishes and efficiently implements the company's strategic direction; 2.- To promote corporate governance, acting as a liaison between the shareholders and the Board of Directors; 3.- To coordinate and plan the operation of the Board of Directors by establishing an annual work plan based on the functions assigned; 4.- To call meetings, either directly or through the Secretary of the Board of Directors; 5.- To prepare the agenda for the meetings, in coordination with the President of the company, the Secretary of the Board of Directors, and the other members; among other powers. For the 2022-2025 term, Mr. Arturo Natho Gamboa will serve as Chairman.

The powers of the Secretary of the Board of Directors are the following: 1. To give the members of the Board of Directors all assistance and information necessary to perform their duties; 2. To save corporate documentation; 3. To prepare the minutes of the meetings, taking special care to faithfully reflect the content of the meetings and to identify the supporting documents for the decisions made, as well as the reasons for either agreement or disagreement stated by those present; 4. To bear witness to the resolutions of the Board of Directors; 5. To deliver all information required by the members of the Board of Directors at least two (2) calendar days prior to the meetings, in accordance with the agenda items indicated in the notice of the meeting; 6. To send to all the regular and alternate members copies of the minutes of each board meeting as soon as they are approved; and; 7. To make available to first-time elected members of the Board of Directors, as well as alternate numbers, sufficient information to have specific knowledge about the company and the sector in which it operates. For the 2022-2025 term, the Vice President of Corporate and Legal Affairs will serve as the Secretary of the Board.

#### C.4. Committees of the Board of Directors

This information is provided in greater detail in the chapter "Compensation and Benefits Committee" and "Audit and Risks Committee" in this regular year-end report.

### D. General Shareholders' Assembly

We held our Shareholders' Assembly on the eighteenth day of March, two thousand and twenty-two (2022) at eight o'clock in the morning (8:00 a.m.), with sufficient quorum to deliberate and make decisions, guaranteeing the transparency of the decisions. The invitation to attend was sent on February 15, 2022, and the meeting was held in person with real-time streaming for those shareholders unable to attend.

With respect to **control systems**, the company has fully complied with the regulations applicable to the rights of data subjects. Terpel also has an effective manual for the management and prevention of the risks of money laundering, financing of terrorism, and corruption related to our activities as an issuer of securities, port operator, customs user, and ground cargo transporter, and we have strictly complied with the rules and regulations applicable to the prevention and control of the **risk of money laundering and financing of terrorism**. In fact, in 2022, we worked to strengthen these policies and procedures, creating a separate department to manage these issues. It prepares the relevant reports for the competent authorities, especially the Financial Information and Analysis Unit (UIAF in Spanish). We also continued to train all company employees in this area.

On the topic of **rights of data subjects**, we would like to highlight our compliance with these rules, the training we have provided for company employees, and the registration of our databases with the competent authority.

In terms of **regulatory changes of importance** to the company's activities, the following should be mentioned: (i) Law 2277 of 2022, which approved a tax reform for equality and social justice, among other provisions. This law introduced changes in the taxes, bases, and rates for which the company is responsible; (ii) Law 2273 of 2022, which approved the Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and the Caribbean (Escazú), which regulates matters related to environmental democracy and citizen participation; (iii) Law 2195 of 2022, which adopted measures related to transparency, and the prevention of and fight against corruption; and; (iv) Decree 1135 of 2022,

issued by the Ministry of Mines and Energy, which modified some sections of Decree 1073 -2015 related to requirements and obligations for the transportation of fuel.

### E. Intellectual Property

This information is provided in greater detail in the chapter "List of patents, trademarks, licenses, franchises and other intellectual property rights owned by the Company and essential to the development of its business, and the identification of associated risks and corresponding controls" in this regular year-end report.



Annex 2:

# Country code

Report on implementation  
of best corporate practices,  
Country Code Survey - 2022

# Introduction

Issuers are required to report to the Financial Superintendent of Colombia (SFC) on the implementation of the recommendations of the new Colombian Code of Best Corporate Practices, through this "Report on the Implementation of Best Corporate Practices."

The purpose of this report is to inform the securities market about each issuer's implementation or non-implementation of the Code's recommendations. For this purpose, next to each recommendation there are three boxes corresponding to YES, NO and N.A., and a space to complete the answer as follows:

If the answer is "yes", the issuer should briefly describe how it has implemented the recommendation. If the answer is "no", the issuer should explain the reasons why it has not implemented the recommendation.

The issuer may answer "N.A." only in cases where it is not legally possible for the issuer to adopt the recommendation. In this case, the issuer must indicate the precise rule that prevents it from doing so.

Given that some recommendations are made up of a series of specific aspects, it is important to emphasize that they are considered to have been implemented only if all the aspects that make them up have been implemented, unless the reason for not adopting some of them is of a legal nature, which must be indicated.

Each recommendation has a box to indicate the date on which it was first implemented by the issuer. There is also a box to indicate the dates on which changes have been made.

Finally, when the issuer, by its nature, does not have the specific body to which the recommendation refers, it is understood that the recommendation refers to the body that is equivalent to, or takes its place within the company.



# Rights and equitable treatment of shareholders

## Measure No. 1

### Principle of equal treatment

#### 1.1

**The Company provides equal treatment** to all shareholders who are in the same situation within the same class of shares, without this implying that some shareholders receive privileged information compared to others.

#### 1.1 Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

Paragraph 1.3 of the Code of Good Governance establishes the "Shareholders' Right to Equality," which states that "The management and administration of Organización Terpel S.A.'s business by the Board of Directors and the Company's Legal Representative shall at all times guarantee the recognition and effective respect of the right to equality of all the Company's shareholders. The members of the Board of Directors and the Legal Representative of the company must constantly strive to ensure that the equal rights of the shareholders are guaranteed in the decisions made by the company's various governing bodies.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2001  
Dates of modifications 2015

#### 1.2

**The Board of Directors has approved a specific procedure** that defines the Company's practices **for engaging with shareholders in different circumstances, such as access to information, resolution** of requests for information, and communication channels and forms of interaction between shareholders and the Company, its Board of Directors and other administrators.

#### 1.2 Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

Article 47 of the company's articles of incorporation states that it is the duty of the Board of Directors "23. To consider and respond in writing to any proposal submitted and duly substantiated by any shareholder or group of shareholders. The Board of Directors shall provide a response through the Legal

Representative within sixty (60) calendar days from the date of the request." In addition, there are a number of channels for communicating with shareholders established in the Code of Good Governance:" 3.4 "Means of information: The information to be provided by the Company to its shareholders and investors will be available at the main offices of Organización Terpel S.A. in the city of Bogotá; "5.6. "SHAREHOLDER / INVESTOR RELATIONS OFFICE. The objective of the Shareholder / Investor Relations office is to create a preference for investing in Organización Terpel S.A. through knowledge of the company, the provision of quality information, proper disclosure of its activities and regular contact with the community of shareholders, investors, and local and international analysts. In addition, it will serve as a liaison between shareholders and investors and the company's governing bodies and, in general, will be responsible for learning about their needs, requirements and suggestions. If an investor believes that there has been a violation of these rules, they should send a written communication to the Vice President of Corporate and Legal Affairs, Investor Service Office, located at Carrera 7 No. 75 - 51 Office 13-01, in the city of Bogotá D.C., or to the following e-mail address: accionistas@terpel.com. This office will notify the Board of Directors at the next scheduled meeting, at which time the relevant decisions will be made and communicated to the petitioning shareholder; 5.7. WEB PAGE. The Organización Terpel S.A. website ([www.terpel.com](http://www.terpel.com)) is available

to different audiences, presenting information of interest to its shareholders and investors, as well as to other people interested in its operations (customers, analysts, the community, journalists, suppliers, etc.). This Code of Good Governance and the Company's financial statements are published on the website.

This procedure is also described in the "Investor Services Manual," published in both English and Spanish, in which the Company explains to shareholders the channels they can use to submit their requests, claims and proposals, further facilitating fluid communication, using the following link: <https://www.terpel.com/accionistas-e-inversionistas/servicios/servicios-al-inversionista>

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2001  
Dates of modifications 2009

## Measure No. 2:

### Share information.

#### 2.1

Through its website, **the company clearly, accurately and fully discloses to the public the different classes of shares issued** by the company, the number of shares issued for each class and the number of shares in reserve, as well as the rights and obligations attaching to each class of shares.

#### 2.1. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

This information is available on the company's website under "Shareholders and Investors" - "Company information" and then under "Summary of OT share capital." This is the link for direct access: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/estructura-y-administracion>

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	20/11/2012
Dates of modifications	N/A

## Measure No. 3:

### No dilution of capital.

#### 3.1

In the case of **transactions that may result in a dilution of the capital** of minority shareholders (including, but not limited to, a capital increase with a waiver of subscription rights, a merger, a spin-off or a demerger), **the Company explains them in detail to the shareholders** on the basis of a prior report from the Board of Directors and an fairness opinion on the terms of the transaction from an independent external advisor of recognized standing appointed by the Board of Directors. These reports will be made available to the shareholders in advance of the meeting within the time limits for exercising the right of inspection.

#### 3.1. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

During the reporting period, no transactions were approved that would result in capital dilution; however, in the event of such a transaction and in compliance with legal requirements, the Company would make available to the shareholders, within the scope of their right to inspect, all documents that would explain the transaction in detail (for example, in the case of a merger transaction, the Merger Agreement with all its annexes and other relevant information would be made available).

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## Measure No. 4:

### Information and communication with shareholders.

#### 4.1

**The company has a corporate website**, in Spanish and English, with a link to Corporate Governance or Shareholders and Investor Relations, or its equivalent, that contains financial and non-financial information in accordance with recommendations 32.3 and 33.3. In no case will it contain confidential information of the company or information related to trade secrets or information the disclosure of which could be used to the detriment of the company.

#### 4.1. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

The company has a corporate website, in Spanish and English, with a section dedicated to corporate governance and investor relations, which includes financial and non-financial information under the terms proposed in Recommendation 32.3 and most of the components of Recommendation 33.3. This website is the main channel for the exchange of information between the company, its shareholders and the general public.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

#### 4.2

**The company has shareholder-exclusive mechanisms for continuous access and use**, such as a link on the website exclusively for shareholders, or an office for shareholder and investor relations, or periodic information meetings, so that shareholders can express their opinions, concerns or suggestions regarding the company's development or related to their status as shareholders, among other things.

#### 4.2. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

Terpel has an Office for Attention to Shareholders that shareholders can use to communicate by e-mail, telephone and/or in person. It also holds regular meetings to present quarterly financial results with the active participation of shareholders and investors. This is in accordance with paragraphs 5.6 and 5.7 of the Good Governance Code.

It has also published the "Investor Services Manual," in both English and Spanish, in which the company explains to shareholders the procedures and channels for submitting their requests, claims, and proposals, further facilitating fluid communication.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2013
Dates of modifications	2017

### 4.3

The company organizes quarterly results presentations for its shareholders and market analysts, which may be held in person or by means of remote communication (conference call, videoconference, etc.).

#### 4.3. Implements the Measure

YES

☒

NO

N/A

##### YES. Brief description:

Paragraph 1.4.3 of the Good Governance Code states that the company has the duty to provide information on its management and the results of the company's investments, in terms of quantity, quality and timeliness, under equal conditions for all shareholders. Likewise, committed to best corporate governance practices, Terpel fully complies with the strict guidelines established by the Colombian Stock Exchange, which has awarded it the IR Issuer Award.

So the company delivers quarterly results using a technological platform that provides access to shareholders and potential investors, and prepares reports that are published on the company's website, on the "Shareholders and Investors" tab, in both English and Spanish. This page of the site is particularly active and highly participatory.

##### NO. Explain:

##### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2013

Dates of modifications

N/A

### 4.4

The company organizes or participates in fixed income presentations, events or forums, mainly for debt investors and market analysts, where the issuer's business indicators, debt management, financial policies, ratings, and performance with respect to covenants, etc. are updated.

#### 4.4. Implements the Measure

YES

☒

NO

N/A

##### YES. Brief description:

Since its incorporation as a securities issuer, the company has presented its quarterly results in both English and Spanish using a technological platform that provides access to all shareholders and potential investors from anywhere in the world. This is an active event with a high level of participation. Reports on the event are published on the company's website on the "Shareholders and Investors" tab. This is in accordance with the provisions of paragraph 1.4.3 of the Corporate Governance Code.

Likewise, committed to best corporate governance practices, Terpel fully complies with the strict guidelines established by the Colombian Stock Exchange for information disclosure and transparency, for which it has been awarded the IR Issuer Award.

In addition to the above, the company participates in forums and events organized by market analysts and stockbrokers where fixed income issuers (among others) provide updates on the issuer's business indicators, management of its debts, financial policy, ratings, and behavior with respect to covenants, etc.

The above can be consulted via the following link: <https://www.terpel.com/accionistas-e-inversionistas/resultados-y-comunicaciones/resultados-trimestrales>

##### NO. Explain:

##### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2013

Dates of modifications

N/A

### 4.5

The company's Articles of Incorporation provide that a shareholder or group of shareholders representing at least five percent (5%) of the capital may request the performance of special audits on matters other than those audited by the company's statutory auditors. Depending on its capital structure, the company may set a percentage lower than five percent (5%).

#### 4.5. Implements the Measure

YES

☒

NO

N/A

##### YES. Brief description:

In effect, Article Eight of the company's corporate bylaws provide that a shareholder or group of shareholders representing at least five percent (5%) of the capital stock may request the performance of special audits on matters other than those audited by the statutory auditor. Such a request must be addressed to the Chairman of the Board of Directors and signed by all interested shareholders, specifying the considerations and questions to be resolved. The Board of Directors, through the Legal



Representative, shall report the results of the audit within the following sixty (60) calendar days. Management may reject audit requests out of hand if they are unclear or involve matters for which the Statutory Auditor is responsible.

##### NO. Explain:

##### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2015

Dates of modifications

N/A

### 4.6

The company has a written procedure for exercising this right, with the particulars described in Recommendation 4.6.

#### 4.6. Implements the Measure

YES

NO

☒

N/A

##### YES. Brief description:

##### NO. Explain:

Although Article Eight of the corporate bylaws establishes the right of shareholders to request the performance of special audits on matters other than those audited by the statutory auditor when requested by a shareholder or group of shareholders representing at least five percent (5%) of the share capital, and this document establishes the most relevant aspects of the procedure for requesting and conducting such audits, the company has not considered it appropriate to include an exhaustive procedure in the body of the bylaws. But the elements of this recommendation are complemented in point 4 of paragraph 1.2 of the Company's Good Governance Code.

Therefore, despite the fact that the Company establishes a procedure for such audits, because it is located in two of the corporate documents and not only in the corporate bylaws, the answer is 'No.'

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 5:

Actions to be taken by senior management in the event of a change or takeover of control of the company.

5.1

The members of the Board of Directors and senior management have expressly accepted in their letters of acceptance or contracts that there will be periods during which they will refrain from trading, directly, or indirectly through intermediaries, in the shares of the company, at such a time as they become aware of the submission of a takeover bid or other relevant transactions such as mergers or spin-offs.

5.1. Implements the Measure

YES	NO	<input checked="" type="checkbox"/>	N/A
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YES. Brief description:

**NO. Explain:**  
In view of the importance of this issue for the company, it did not consider the establishment of this commitment in the letters of acceptance of the members of the Board of Directors and of senior management to be sufficient. In fact, it is the Good Governance Code, and in particular paragraphs 4.2.2.4, 4.2.2.5 and 5.2.2.2.2, that establishes the prohibition on the acquisition, trading or sale of the company's shares by company administrators, either directly or through an intermediary, during their term of office, in the case of transactions for speculative purposes. In those cases in which the administrators wish to acquire or dispose of shares of the company for reasons

other than speculation, they may carry out the corresponding transaction provided that they have previously obtained the approval of two-thirds (2/3) of the members of the Board of Directors of the company, excluding the vote of the applicant.

In those cases in which half plus one of the total number of members of the Board of Directors wishes to sell or acquire shares of the Company for reasons other than speculation, the authorization to carry out such transaction shall be granted by the General Shareholders' Assembly with the affirmative vote of the ordinary majority provided for in the corporate bylaws, excluding the vote of the applicants. The person interested in carrying out the transaction must submit a written request for authorization to the Vice President of Corporate and Legal Affairs at least 5 business days prior to the meeting of the Board of Directors or the convening of the ordinary or extraordinary General Shareholders' Assembly at which the request is to be considered, containing at least the information set forth in paragraph 4.2.2.5 of the Company's Good Governance Code.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 6:

Listing of companies included in conglomerates.

6.1

Notwithstanding the independence of each company included in the conglomerate and the responsibilities of its administrative bodies, **there is an organizational structure** of the conglomerate that defines, for the three (3) levels of governance - shareholders' meeting, board of directors and senior management - the key individual bodies and positions, as well as the relationships among them, that is public, clear and transparent, that allows for the establishment of clear lines of responsibility and communication, and that facilitates the strategic direction, supervision, control and effective management of the conglomerate.

6.1. Implements the Measure

YES	NO	<input checked="" type="checkbox"/>	N/A
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YES. Brief description:

**NO. Explain:**  
In the "Shareholders and Investors" module, there is an organizational structure that identifies the 3 levels of governance for each company in a subordinate relationship and the lines of responsibility.

The organizational chart can be consulted using the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/estructura-y-administracion>

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A



6.2

The parent company and its main subsidiaries have established a reference framework for their intercompany relations through the signing of a public agreement, approved by the Board of Directors of each of these companies, that regulates the matters referred to in Recommendation 6.2.

6.2. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
All transactions carried out by the company with related parties comply with the regulations in force, taking into account and managing any situation that may give rise to a conflict of interest. In addition, all transactions with related parties are presented to the Board of Directors on a monthly basis, taking advantage of any synergies but maintaining full transparency regarding these transactions.

Now, Terpel has incorporated the items of the recommendation into a variety of corporate documents. However, because these guidelines are not contained in a single document, and because they are for internal use only and have not been published, the answer must be 'no.'

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 7:  
Dispute resolution.

7.1

Except in the case of disputes between shareholders, or between shareholders and the company or its Board of Directors, which by express legal provision must necessarily be settled in the ordinary jurisdiction, **the company's bylaws include mechanisms for settling disputes, such as direct agreement, amiable composition, conciliation, or arbitration.**

7.1. Implements the Measure

YES ☒ NO N/A

**YES. Brief description:**  
According to article seventy-two (72) of the company's bylaws, any differences that arise at any time, even during the liquidation period, between the shareholders or between one or more of them and the company, in connection with the corporate agreement may be resolved: (i) by direct agreement between the parties within thirty (60) calendar days of the written notice of the party claiming the existence of the dispute. (ii) If no direct agreement is reached within such period, either party may convene an arbitration tribunal, which shall be governed by the following rules: The arbitration panel shall be composed of three (3) arbitrators appointed by mutual agreement of the parties. If the parties do not agree, in whole or in part, on the appointment of the arbitrators, either party may request the Arbitration and Conciliation Center at the Bogotá Chamber of Commerce to make the appointment.

The arbitrators appointed must be Colombian citizens, registered lawyers, who shall produce a remedy at law. The appointment of the arbitrators shall be made within thirty (30) days from the date on which one of the parties notifies the other in writing of the differences subject to arbitration. The arbitration court shall be held in the city of Bogotá, D.C., in accordance with the rules of the Bogotá Chamber of Commerce. The rules of the Code of Commerce shall apply in all matters not provided for herein.

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2009

I. GENERAL SHAREHOLDERS' ASSEMBLY

Measure No. 8:  
Functions and Responsibilities.

8.1

In addition to the other functions assigned to the General Shareholders' Assembly by law, **the Bylaws expressly include the functions of the General Shareholders' Assembly as indicated in Recommendation 8.1**, emphasizing their exclusive and non-delegable nature.

8.1. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
In Article Thirty-nine (39) of its bylaws, the Company has regulated as non-delegable functions of the Shareholders' Assembly the assignment of fees to the members of the Board of Directors, the manner of their election, and the disposition of company assets. However, since the remuneration of the Board of Directors and senior management does not include components that are linked to variations in share value, although this is considered to be a good practice, the literal wording of the recommendation is not implemented, so in this case, the answer is 'no.'

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 9:  
Regulations of the General Shareholders' Assembly.

9.1

The company has regulations for the General Shareholders' Assembly, which regulate all matters relating to the General Shareholders' Assembly, from the convening of the Assembly to the preparation of the information to be sent to the shareholders, to the attendance, development and exercise of the voting rights of the shareholders, so that the shareholders are fully informed about the entire system for the development of the General Shareholders' Assembly.

9.1. Implements the Measure

YES

☒

NO

N/A

**YES. Brief description:**  
The Regulations are published on the website and regulate all matters related to the holding of the Shareholders' Assembly (from the convening of the meeting, to the requirements for valid deliberation and decision, etc.).

The following link provides access to the Regulations for the General Shareholders' Assembly: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2008

Dates of modifications

2015

Measure No. 10:  
Convening of the Assembly.

10.1

In order to facilitate the exercise of the shareholders' right to information, the bylaws establish that ordinary General Shareholders' Assemblies must be convened at least thirty (30) calendar days in advance, and extraordinary assemblies must be convened at least fifteen (15) calendar days in advance. This is without prejudice to legal deadlines established for corporate reorganizations (e.g. merger, spin-off or transformation).

10.1. Implements the Measure

YES

☒

NO

N/A

**YES. Brief description:**  
Article thirty-one (31) of the bylaws establishes that ordinary General Shareholders' Assemblies must be convened at least thirty (30) calendar days in advance, and extraordinary assemblies must be convened at least fifteen (15) calendar days in advance.

The company's bylaws can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2015

Dates of modifications

N/A

10.2

In addition to the traditional and mandatory means provided for in the legal framework, the company ensures maximum dissemination and publicity of the notification of the Assembly by using electronic media such as the corporate website, alerts through personalized e-mails and, when deemed appropriate, social media.

10.2. Implements the Measure

YES

☒

NO

N/A

**YES. Brief description:**  
In addition to being published in a newspaper with national circulation, notice is sent by e-mail to all shareholders who have registered their e-mail addresses. Simultaneously, it is published on the Company's website on the "Shareholders and Investors" tab, and on the website of the Superintendent of Finance of Colombia (SIMEV).

Paragraph 2.1.5 of the Good Governance Code, in turn, establishes that "*Organización Terpel S.A. shall publish on its website the meeting agenda and the proposals of management (...) Shareholders who register their e-mail address shall be sent the agenda and the content of the proposals.*

For the purpose of ensuring maximum dissemination and publicity of the notice of the assembly, Terpel published the notice of the 2022 General Shareholders' Assembly in the following link <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/asamblea-accionistas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation

2013

Dates of modifications

N/A

10.3

In order to increase the transparency of the decision-making process at the General Assembly, the company has established that, in addition to an agenda with a list of items to be discussed, the proposals of the Board of Directors to be submitted to the General Assembly for each item on the agenda are made available to the shareholders at the same time as the meeting is convened or at least fifteen (15) days prior to the meeting.

10.3. Implements the Measure

YES

☒

NO

N/A

**YES. Brief description:**  
A link is included below to the company's bylaws, the Good Governance Code and the Internal Regulations for the General Shareholders' Assembly (public documents on Terpel's website), which establish the formal provisions that allow shareholders, through the right of inspection (15 days prior to the General Shareholders' Assembly), to review point by point the issues to be discussed.

Thus, Article 8 of the company's bylaws, "Rights of shareholders." states: (...) 4.- The right to freely inspect the company's books and records within fifteen (15) working days prior to the General Shareholders' Assembly at which the annual financial statements are to be examined. In turn, Chapter 1, Paragraph 2.1.4 of the Good Governance Code states: "The Board of

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Directors shall allow the shareholders or their representatives to exercise the right to inspect the company's books and records during the fifteen (15) business days prior to the meeting, during which time the shareholders may request clarifications and/or ask questions regarding the items included in the convening notice. The administration will respond by the same means by which the requests were submitted until the business day prior to the meeting. The Administration may refuse consultations not related to the agenda of the meeting. Likewise, during the fifteen (15) business days prior to the meeting in which a possible merger, spin-off, transformation of the company or cancellation of the registration of the shares, in the event that the company trades the shares publicly on the stock exchange, is to be discussed, the shareholders shall have the right to inspect the projects, as the case may be, through the Company's Vice President for Corporate and Legal Affairs and/or Terpel's website"; also section 3.4. Ibid "Means of Information. The information to be provided by the Company to its shareholders and investors will be available at the main offices of Organización Terpel S.A. in the city of Bogotá."

In addition, Article 4 of the Internal Regulations for the Assembly establishes that "Organización Terpel S.A. shall publish on the website the agenda of the meeting and the proposals of the administration at least fifteen (15) business days prior to the date of the Ordinary General Assembly. Likewise, when the purpose is to approve year-end balance sheets, the notice shall be published on the website no less than fifteen (15) business days in advance."

In this regard, see:

1. Good Governance Code  
<https://www.terpel.com/Global/Accionistas/2022/codigo-de-buen-gobierno-corporativo-2022.pdf>

2. Corporate bylaws  
<https://www.terpel.com/Global/estatutos-sociales-organizacion-terpel-compilados-a-marzo-31-2021.pdf>

3. Assembly Internal Regulations  
<https://www.terpel.com/Global/Reglamento-interno-de-la-asamblea-general-de-accionistas-reforma-280315.pdf>

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	2013

## 10.4

**A partial spin-off can only be considered and approved by the shareholders' assembly** when this item is expressly included in the notice of the assembly.

**10.4. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

The corporate bylaws establish in "ARTICLE FIFTY-NINE - PUBLICITY: Any proposal for a spin-off, merger or transformation must be made available to the shareholders at the offices where the administration of the corporation is carried out at its main domicile, at least fifteen (15) business days prior to the meeting at which the respective proposal is to be considered. When convening such a meeting, the agenda must include the item relating to the spin-off, merger, transformation or deregistration and expressly state that the shareholders may exercise their right of withdrawal. In addition to the above, article 4 of the Internal Regulations of

the General Shareholders' Assembly establishes that the notice of the General Shareholders' Assembly at which the spin-off of the company is to be discussed must explicitly mention the spin-off and must be sent 30 days in advance.

In addition, article thirty-nine of the company's corporate bylaws establishes that "the functions of the General Shareholders' Assembly are as follows 1.- To consider and approve amendments to the bylaws (...)", as in the case of a spin-off.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	N/A

## 10.5

**The agenda proposed by the Board of Directors shall state the precise content of the business to be discussed**, and shall avoid concealing or obscuring important matters under vague, generic, overly general or broad terms such as "other business" or "proposals and miscellaneous."

**10.5. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

In accordance with the corporate bylaws (Article 31) and current legislation (Code of Commerce Articles 424 and following), "The notice of meeting must contain the day, time and place where the General Shareholders' Assembly is to meet, as well as the purpose of the convening (...)."

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	N/A

## 10.6

**In the case of amendments to the bylaws**, each substantially independent article or group of articles shall be voted on separately. In any event, an article shall be voted on separately if a shareholder or group of shareholders representing at least five percent (5%) of the share capital so requests during the meeting, a right which shall be announced to the shareholders in advance.

**10.6. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

In fact, during the period under review, the General Shareholders' Assembly voted separately on each of the articles of the reform of the bylaws, in accordance with the best governance practices of this agreement, all of which are recorded in the minutes of the General Shareholders' Assembly.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2018
Dates of modifications	N/A

10.7

Without prejudice to the provisions of article 182 of the Code of Commerce, in order to strengthen and guarantee the right of shareholders to inspect and be informed prior to the General Shareholders' Meeting, **the bylaws recognize the right of shareholders, regardless of the size of their shareholding, to propose the inclusion of one or more items to be discussed on the agenda** of the General Shareholders' Meeting, within reasonable limits and provided that the request for new items is accompanied by a justification. The request by the shareholders must be made within five (5) calendar days following the publication of the notice of the meeting.

10.7. Implements the Measure

YESNO☒N/A

YES. Brief description:

**NO. Explain:**  
Notwithstanding what is described above, the provisions of Article 31 of the company's bylaws establish that "**ARTICLE THIRTY-ONE. - CONVOCAION:** (...) Paragraph. The Board of Directors shall allow the shareholders or their representatives to exercise the right to inspect the company's books and records during the fifteen (15) business days prior to the meeting, during which time the shareholders may request clarifications and/or ask questions regarding the items included in the convening notice. The administration will respond by the same means by which the requests were submitted until the business day prior to the meeting. The Administration may refuse consultations not related to the agenda of the meeting. It is important to note that any item in addition to what is on the agenda will be presented to the meeting under the "Proposals and Other Business" item.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A  
Dates of modificationsN/A

10.8

If the Board of Directors rejects the request, **it must respond in writing** to those requests that are supported by at least five percent (5%) of the share capital, or a lower percentage established by the company based on the degree of concentration of ownership, **explaining the reasons for its decision** and informing the shareholders of their right to present their proposals during the meeting in accordance with the provisions of the aforementioned Article 182 of the Code of Commerce.

10.8. Implements the Measure

YESNO☒N/A

YES. Brief description:

**NO. Explain:**  
In accordance with the paragraph of Article thirty-one and paragraph 23 of Article forty-seven of the bylaws, the administrators will give a reasoned response in writing to any shareholder who requests the inclusion of new items on the agenda of the General Shareholders' Assembly, regardless of the percentage of its participation in the share capital, and they will be instructed to present the proposal during the General Shareholders' Meeting.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A  
Dates of modificationsN/A

10.9

When the Board of Directors accepts the request, **a supplement to the notice of meeting is published at least fifteen (15) calendar days prior to the General Shareholders' Assembly**, once the period for shareholders to propose items in accordance with the foregoing recommendations has expired.

10.9. Implements the Measure

YESNO☒N/A

YES. Brief description:

**NO. Explain:**  
The shareholder is informed that their new item must be submitted to the consideration of the Shareholders' Assembly during the course of the meeting, under the item "Proposals and other business." The Assembly shall deliberate and decide whether to include the proposed item once the agenda has been completed and as long as the legislation so permits (depending on the type of meeting and the topic suggested).

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A  
Dates of modificationsN/A

10.10

**Shareholders may also submit new, substantiated proposals for resolutions on matters** already included in the agenda within the same time limit as stated in section 10.7. The Board of Directors deals with such proposals in a manner similar to that described in sections 10.8 and 10.9 above.

10.10. Implements the Measure

YESNO☒N/A

YES. Brief description:

**NO. Explain:**  
Shareholders may express their views on any item on the agenda during the General Assembly, where they are free to express their opinions, complaints or suggestions. However, in the case of an agreement between shareholders, the procedure established in the bylaws will be followed: "ARTICLE SEVENTY-FOUR. - AGREEMENTS BETWEEN SHAREHOLDERS: Two or more shareholders who are not directors of the company may enter into agreements by which they undertake to vote in the same way or in a specific way at shareholders' meetings. Such an agreement may include a provision allowing one or more of them or a third party to represent all of them at the meeting or meetings of the General Shareholders' Assembly.

This agreement shall be effective with respect to the company, the parties, the other shareholders and third parties only if it is in writing, delivered to the legal representative for filing at the offices where the administration of the company is carried out, and published in the National Register of Securities and Issuers. Otherwise, neither the company nor the other shareholders shall be liable for failure to comply with the terms of the agreement.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A  
Dates of modificationsN/A



## 10.11

The Company is required to use electronic means of communication, in particular the company's website, to which shareholders have exclusive access, in order to provide them with the documents and information associated with each item on the agenda of the Shareholders' Assembly.

### 10.11. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

The information associated with each item on the agenda is included on the "Shareholders and Investors" page of the website as public information. Terpel thus ensures that shareholders and potential investors are aware of the decisions that will be presented to the General Assembly for consideration. This is in compliance with the provisions of the Good Governance Code, which in its paragraph 2.1.5. establishes that "The company will publish the agenda of the meeting and the proposals of the administration on the website at least fifteen (15) working days prior to the date of the General Shareholders' Assembly. When the purpose is to approve year-end balance sheets, the notice shall be published on the website no less than fifteen (15) business days in advance.

The agenda and the content of the proposals will be sent to shareholders who have registered their e-mail address in the "Shareholder Access" application on the company's website.

### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2013
Dates of modifications	2017

## 10.12

The company's bylaws recognize the right of shareholders to request, in a timely manner and through traditional channels and/or, where applicable, using new technologies, any information or clarification they deem relevant or to submit in writing any questions they deem necessary with respect to the matters on the agenda, the documents they have received or the public information provided by the company. Depending on the date chosen by the company for convening the General Shareholders' Assembly, the company shall determine the period during which the shareholders may exercise this right.

### 10.12. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

In effect, in accordance with article thirty-one (31) of the bylaws, the shareholders or their representatives may, during the fifteen (15) business days prior to the meeting, request clarifications and/or ask questions regarding the items included in the notice of the meeting. The administration will respond using the same means by which the requests are submitted until the business day prior to the Assembly. The Administration may refuse consultations not related to the agenda for the meeting.

### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2015

## 10.13

The company has established that the information requested may be refused if, in accordance with internal procedures, it can be characterized as: i) unreasonable; ii) irrelevant to understanding the progress or interests of the company; iii) confidential, including privileged information in the area of the securities market, industrial secrets, ongoing transactions whose success for the company depends substantially on the secrecy of their negotiation; and iv) other information, the disclosure of which would pose an imminent and serious threat to the competitiveness of the company.

### 10.13. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

Article Thirty-One (31) of the company's bylaws states: "(...) **The Administration may refuse consultations not related to the agenda for the meeting.**" (Underlined and bold not in original text). Likewise, point 7 of the Code of Conduct states that it is not possible to provide information that is strategic and/or privileged information, which is defined as follows:

- Strategic information: commercial, financial, operational, and technical information, know-how, new projects, agreements with customers and suppliers, records of customers, investors, employees and litigation, among other information that may provide Terpel with competitive advantages, the appropriateness of which will be evaluated on a case-by-case basis. It is complemented by the provisions of the Information Policy in the Good Governance Code (article 3.1), which state that reserved information is understood to be information of general use that is not classified as confidential or that forms part of the Company's industrial, commercial or professional secrets. Secondly, it is material the use and disposal of which corresponds to the Company's administrators, including communications or material that may pose a risk to the Company's activities.

- Privileged information: According to Article 75 of Law 45 of 1990, "privileged information is information of a specific nature which has not been disclosed to the public and which, if it had been disclosed, would have been taken into account by a reasonably diligent and prudent investor in trading the relevant securities." Privileged information may be known and/or used only with the authorization of the President, a Vice President or whomever they directly and expressly designate. Unauthorized disclosure or use of such information may cause external damage to Terpel, with legal, economic and reputational consequences.

The bylaws, Good Governance Code and Code of Conduct are published on the following link <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2015

10.14

When the answer given to a shareholder may give him an advantage, the **company guarantees other shareholders access to this answer** at the same time and under the same conditions, in accordance with the mechanisms established for this purpose.

10.14. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

Article 2 of the "Investor Services Manual" states that "When the company considers that the response to a shareholder's request, claim or proposal may give an advantage to that shareholder, the company shall guarantee the other shareholders immediate access to that response, in accordance with the mechanisms it has established for that purpose and under the same economic conditions." (bold not in original text).

This manual can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/servicios/servicios-al-inversionista>

This is in coordination with Paragraph 1.3 of the Code of Good Governance, "Shareholders' Right to Equality," which states that "The management and administration of Organización Terpel S.A.'s business by the Board of Directors and the Company's Legal Representative shall at all times guarantee the recognition and effective respect of the right to equality of all the company's shareholders. The members of the Board of Directors and the Legal Representative of the company must constantly strive to ensure that the equal rights of the shareholders are guaranteed in the decisions made by the company's various governing bodies. Link to the Good Governance Code <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	N/A

Measure No. 11:

Regulation of representation.

11.1

Notwithstanding the limitations established in Article 185 of the Code of Commerce, External Circular 24 of 2010, and any regulations that may modify, add to or replace them, **the company does not limit the shareholder's right to be represented at the General Assembly** and the shareholder may delegate their vote to any person, whether or not such person is a shareholder.

11.1. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

Article twenty-four (24) of the company's bylaws states, "shareholders may be represented at the General Shareholders' Assembly by means of a written proxy granted to any natural or juridical person. That proxy must indicate: the name of the proxy, the name of the person for whom the proxy may be substituted, if any, the date or time of the meeting or meetings for which the proxy is granted, and, in all cases, must comply with the legal provisions. Said proxies can be sent to the company via fax. Proxies granted abroad shall require only the formalities established herein."

Without prejudice to the above, the Board of Directors, in a meeting prior to the Shareholders Assembly, instructs management to strictly comply with Article 185 of the Code of Commerce and External Circular 24 of 2010, which is published on the company's website and as relevant information on the website of the Superintendent of Finance of Colombia (SIMEV).

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	N/A

11.2

**The company minimizes the use of blank proxies without voting instructions** by actively promoting the use of a standard proxy form that the company itself sends to shareholders or publishes on its website. The standard form contains the items on the Agenda and the corresponding proposals determined in accordance with the procedure already established, which will be presented to the shareholders for their consideration, so that the shareholder may, as they deem convenient, indicate to the proxy how they wish to vote in each case.

11.2. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

Although the company publishes proxy forms for both natural and juridical persons on its website, and publishes in the same place the agenda to be discussed at the corresponding Assembly, a document containing both guidelines has not yet been implemented.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 12:

Attendance of persons other than shareholders.

12.1	
With the objective of enhancing the role of the General Assembly in shaping the will of the company and making it a much more participatory body, the internal regulations of the company's assembly require that the members of the Board of Directors and, in particular, the Chairmen of the Board Committees, as well as the President of the company, attend the Assembly in order to respond to the concerns of shareholders.	
12.1. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
YES. Brief description:	
NO. Explain:	
Although article 12 of the Internal Regulations for the Assembly establishes that "(...) The members of the Board of Directors, the Secretary of the Shareholders' Assembly, the President of the company, the statutory auditor, the special auditors that have been authorized, the candidates for the elections to be decided at the respective meeting, the administrative personnel that are required, and any public authority legally authorized to do so, may attend the meetings. The Chairman of the Assembly may authorize people to join the Assembly if this does not affect the normal course of the meeting." Therefore, the persons listed in the Recommendation	

are authorized to attend the Shareholders Assembly, but this is not a requirement, as the Recommendation establishes.	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	N/A
Dates of modifications	N/A

II. BOARD OF DIRECTORS	
Measure No. 13:	
Functions of the Board of Directors.	
13.1	
The bylaws specifically identify the functions that may not be delegated to senior management, including those described in Recommendation 13.1.	
13.1. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
YES. Brief description:	
NO. Explain:	
The recommendation suggests that functions are determined in the bylaws for the Board of Directors that cannot be delegated to members of senior management (vice presidents, managers, directors). The answer is therefore 'NO,' because some of the 32 activities that the recommendation recommends making non-delegable to the Board, have been delegated to senior management. Furthermore, the recommendation does not permit this rule to be contained in documents other than the bylaws.	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	N/A
Dates of modifications	N/A

13.2	
Without prejudice to the autonomy of the governing bodies of subsidiary companies, when the company acts as the parent	

company of a conglomerate, these functions of the Board of Directors have a group approach and are developed through general policies, guidelines, or requests for information that respect the balance between the interests of the parent company, of the subsidiary companies, and of the conglomerate as a whole.	
13.2. Implements the Measure	
YES	<input checked="" type="checkbox"/> NO N/A
YES. Brief description:	
There is a systematic focus to the functions of the Board of Directors in accordance with the structure of the control situation (parent and subsidiary companies), in all cases respecting the independence of the management of each affiliated company. This recommendation is covered in Article Forty-six of the bylaws, when they indicate that " <i>The Board of Directors may deliberate and decide in the presence and with the votes of the majority of its members, including when making decisions regarding (i) the appointment of the President of the company and of the executive officers of subsidiaries, affiliates, or branches of the company, and (vi) the guarantee of the obligations of the Company or its affiliates or subsidiaries.</i> " It also observes that the unity of purpose and direction of the parent company with its subsidiaries is expressed by the declaration that has been made and that appears in the company's certificate of legal establishment and legal representation, as well as in paragraphs 11, 12, and 18 of article forty-seven of the corporate bylaws.	
NO. Explain:	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	2001
Dates of modifications	N/A

Measure No. 14:

Rules of the Board of Directors.

14.1	
<p>The Board of Directors has adopted internal regulations governing its organization and functioning, as well as the functions and responsibilities of its members, the Chairman and the Secretary of the Board of Directors, and their duties and rights. These regulations are distributed to the shareholders and are binding on the members of the Board of Directors.</p>	
14.1. Implements the Measure	
YES	<input checked="" type="checkbox"/> NO N/A
<p><b>YES. Brief description:</b></p> <p>The regulations are published on the company's website and define the functions and responsibilities of the Board Members, the Chairman and the Secretary. Article 2 of the regulations state, "(...) They are applicable to the members of the Board of Directors and their contents are binding."</p> <p>The Rules of Procedure for the Board of Directors can be consulted at the following link: <a href="https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas">https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas</a></p>	
<p><b>NO. Explain:</b></p>	
<p><b>N.A. Specify the rules that prevent adoption of the recommendation:</b></p>	
Date of implementation	2008
Dates of modifications	N/A

Measure No. 15:

Size of the Board of Directors.

15.1	
<p>The company has chosen to establish in its bylaws to not designate alternate members of the Board of Directors.</p>	
15.1. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
<p><b>YES. Brief description:</b></p>	
<p><b>NO. Explain:</b></p> <p>It is the practice of the company's Board of Directors to have both regular and alternate members attend all meetings in order to ensure the continuity of the information and knowledge of all issues.</p>	
<p><b>N.A. Specify the rules that prevent adoption of the recommendation:</b></p>	
Date of implementation	N/A
Dates of modifications	N/A

16.1	
<p>Measure No. 16:</p> <p>Composition of the Board of Directors.</p>	
<p>Based on the premise that, once elected, all members of the Board of Directors act in the interest of the company, in an exercise of maximum transparency, the company identifies the background of the members of the Board in accordance with the arrangement defined in Recommendation 16.1.</p>	
16.1. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
<p><b>YES. Brief description:</b></p>	
<p><b>NO. Explain:</b></p> <p>Article forty-one (41) of the bylaws states that the company's Board of Directors is made up of 7 regular members, with their respective alternates, of which 25% must be independent. Therefore, a distinction is made between independent and shareholder-appointed (non-independent) members. There are no executive members, as this is not considered to be a good practice.</p>	
<p><b>N.A. Specify the rules that prevent adoption of the recommendation:</b></p>	
Date of implementation	N/A
Dates of modifications	N/A

16.2	
<p>The company has a procedure in place, articulated through the Appointments and Remuneration Committee or some other committee that fulfills those functions, that allows the Board of Directors, through its own actions and conclusions from annual evaluations, to achieve the objectives described in Recommendation 16.2.</p>	
16.2. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
<p><b>YES. Brief description:</b></p>	
<p><b>NO. Explain:</b></p> <p>There is no procedure in place under the terms of Recommendation 16.2.</p>	
<p><b>N.A. Specify the rules that prevent adoption of the recommendation:</b></p>	
Date of implementation	N/A
Dates of modifications	N/A

16.3	
<p>The Board of Directors communicates to the shareholders the professional profiles identified as necessary, in such a way that the various stakeholders, mainly controlling, major, and institutional shareholders, as applicable, as well as families of shareholders and groups of shareholders, and the Board of Directors itself, are in a position to identify the most suitable candidates.</p>	



16.3. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
Although the Board of Directors has not defined the professional profiles that are necessary, Article Five of the Internal Regulations of the Board of Directors indicates the requirements to be met by the people who are designated as members of this collegiate body. Given that this document is permanently available on the company's webpage, controlling, major, and institutional shareholders, as well as families and groups of shareholders, have the capacity to identify the most suitable candidates, a decision that is made solely by the General Shareholders Assembly. The resumes of the members are also published on the webpage.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

16.4

The company believes that shareholder evaluation of resumes is not sufficient to determine the suitability of candidates. It therefore **has an internal procedure to evaluate legal incompatibilities and disqualifications and confirm how well the candidate meets the needs of the Board of Directors**, through the evaluation of a set of criteria that must be met by the functional and personal profiles of candidates, and verification of compliance with certain objective requirements for Board membership, and other additional requirements for being an independent member.

16.4. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
Candidates for appointment to the Board of Directors present their resumes to the General Shareholders Assembly, and those who are to be independent certify their independent status.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

16.5

In addition to the requirements for independence already established in Law 964 of 2005, **the company has voluntarily adopted a more rigorous definition of independence** than that established in the cited law. This definition has been adopted as a reference framework by the Rules of Procedure of the Board of Directors, and includes, among other requirements that must be assessed, the relationships or ties of any nature of the independent candidate with controlling or major shareholders and their related parties, both domestic and foreign, and requires a double declaration of independence: (i) of the candidate from the company, its shareholders, and members of senior management, declared in the member's Letter of Acceptance and, (ii) of the Board of Directors, with respect to the candidate's independence.

16.5. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
The Board of Directors' Internal Regulations adopt in full the legal requirements for independence in Law 964 of 2005.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

16.6

**The bylaws of the company establish that the Board of Directors, through its Chairman and with the support of the Appointments and Remuneration Committee, or the body that fulfills those functions, is the most appropriate body to centralize and coordinate the process of forming the administrative body prior to the General Shareholders Assembly.** In this way, shareholders who aspire to be part of the Board of Directors based on their shareholdings can become familiar with the needs of the Board of Directors and can express their ambition, negotiate shareholder equity and its distribution among the different categories of members, present their candidates and agree to have the suitability of their candidates evaluated by the Appointments and Remuneration Committee prior to the vote at the General Shareholders' Assembly.

16.6. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
The slates of candidates for the Board of Directors are proposed by the shareholders on the day of the Assembly at which their appointment is decided. Their resumes and independent status are published accordingly.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

16.7

**The Internal Regulations of the Board of Directors establish that the suitability of candidates should be evaluated prior to the General Meeting,** so that shareholders have sufficient information (personal qualities, suitability, career path, experience, integrity, etc.) on the candidates to the Board, in advance, that will enable them to make a proper evaluation.

16.7. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
As a general rule, the slate of candidates for the Board of Directors is presented at the General Shareholders Assembly. If a slate is submitted prior to the General Shareholders Assembly, however, it is included in the right of inspection, along with their resumes.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## Measure No. 17:

### Functional structure of the Board of Directors.

#### 17.1

The Rules of Procedure of the Board of Directors stipulate that **independent and shareholder-appointed members shall always have a majority over executive members**, whose number, in the event they are appointed to the Board of Directors, shall be the minimum necessary to meet the needs for information and coordination between the Board of Directors and the company's senior management.

#### 17.1. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

The Internal Regulations of the Board of Directors do not include executive members in the composition of this collegial body. Twenty-five percent of the members are independent, in accordance with Law 964 of 2005.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

#### 17.2

With the establishment by Law 964 of 2005 of a minimum percentage of twenty-five percent (25%) for independent members, **the company analyzes and voluntarily adjusts upward the number of independent members**, taking into account, among other things, that the number of independent members is proportional to the floating capital.

#### 17.2. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

The Internal Regulations of the Board of Directors stipulate that 25% of the board members must be independent, in accordance with Law 964 of 2005.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## Measure No. 18:

### Organization of the Board of Directors.

#### 18.1

**The duties of the Chairman of the Board of Directors are indicated in the bylaws**, and his main responsibilities are those described in Recommendation 18.1.

#### 18.1. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

In effect, article Forty-three (43) of the bylaws contains the functions proposed in the recommendation for the Board of Directors. The company's bylaws can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2015
Dates of modifications	N/A

#### 18.2

The company's internal regulations provide for the possibility that the **Chairman of the Board of Directors may be treated differently than the other members** both in terms of obligations and in compensation, due to the scope of his specific responsibilities and the greater time commitment required.

#### 18.2. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

Article 26 of the regulations of the Board of Directors establishes a difference with respect to his functions, but not with respect to his compensation.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

#### 18.3

**The bylaws contain the rules for appointing the Secretary of the Board of Directors**, including those indicated in Recommendation 18.3.

#### 18.3. Implements the Measure

YES NO ☒ N/A

#### YES. Brief description:

#### NO. Explain:

Article forty-three (43) of the bylaws establishes that the Board of Directors "shall have a Secretary, who shall be the Vice President of Corporate and Legal Affairs, or such other person as the Board may designate, who need not be a member of the Board of Directors, in which case, that person shall be appointed by a majority vote." Based on this, since the Secretary is a member of senior management, that person is appointed directly by the President of the company.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

**18.4**

The regulations of the Board of Directors establish the duties of the Secretary, including those described in Recommendation 18.4.

**18.4. Implements the Measure**

YES ☒ NO N/A

**YES. Brief description:**

Article twenty-seven (27) of the regulations of the Board of Directors includes the duties of this Recommendation.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2008
Dates of modifications	N/A

**18.5**

The Board of Directors has created an Appointment and Remuneration Committee

**18.5. Implements the Measure**

YES NO ☒ N/A

**YES. Brief description:****NO. Explain:**

In accordance with the Good Governance Code, Article 2.2.8.2, there is a Compensation and Benefits Committee. Its functions are similar to those established in the Recommendation, except for those related to the appointment of members of the Board of Directors.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

**18.6**

The Board of Directors has created a Risks Committee.

**18.6. Implements the Measure**

YES ☒ NO N/A

**YES. Brief description:**

The standing committees of the Board of Directors include the Audit and Risk Committee. This committee performs functions related to managing the internal control system, and the analysis of business risks, as established in paragraph 4 of the regulations of the Audit and Risk Committee, which can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2022
Dates of modifications	N/A

**18.7**

The Board of Directors has created a Corporate Governance Committee.

**18.7. Implements the Measure**

YES NO ☒ N/A

**YES. Brief description:****NO. Explain:**

The Good Governance Code establishes an Audit and Risk Committee that has, among others, functions related to follow-up and management of good corporate governance.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

**18.8**

Where the company has determined that it is not necessary to establish all of these committees, their functions have been distributed among the existing committees or have been assumed fully by the Board of Directors.

**18.8. Implements the Measure**

YES ☒ NO N/A

**YES. Brief description:**

In support to the Board of Directors, the company has created an Audit and Risk Committee and a Compensation and Benefits Committee, which encompass functions of governance, risk, audit, and compensation and/or remuneration.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2008
Dates of modifications	N/A

**18.9**

Each committee of the Board of Directors has its own internal regulations that regulate the details of its formation, and the subjects and functions on which it is to work, and its operation, with particular attention to the channels for communication between the Committees and the Board of Directors and, in the case of conglomerates, to the mechanisms for the Board Committees of the parent company to relate to and coordinate with those of subordinate companies, if such companies exist.

**18.9. Implements the Measure**

YES ☒ NO N/A

**YES. Brief description:**

In effect, each of the committees has its own regulations that regulate the details of its creation, subjects to be discussed and functions to be performed by the Committee, and its operation, paying particular attention to channels for communication between the Committees and the Board of Directors. It should be noted, however, that there are no Board Committees in the companies under its control.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2008
Dates of modifications	N/A

18.10

The committees of the Board of Directors are made up exclusively of independent or shareholder-appointed members, with a minimum of three (3) members, and presided over by an independent member. In the case of the Appointments and Remuneration Committee, the independent members always constitute the majority.

18.10. Implements the Measure

YES

NO

N/A

YES. Brief description:

**NO. Explain:**  
Both the Audit and Risk Committee and the Compensation and Benefits Committee are made up of members of the Board of Directors. In compliance with the rules applicable to its operations, the Audit and Risk Committee has a majority of independent members. The Compensation and Benefits Committee is comprised of both members of the Board of Directors and members of management, the latter being the majority.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

N/A

Dates of modifications

N/A

18.11

The Committees of the Board of Directors may be assisted on an ad hoc or ongoing basis by members of senior management with experience in matters within their purview and/or by outside experts.

18.11. Implements the Measure

YES

NO

N/A

**YES. Brief description:**  
The ongoing support of the members of senior management to the Board of Directors is ensured by their participation in these Committees. In effect, the President and the Vice President of Corporate Finance participate on the Audit and Risk Committee and the Vice President of Human Resources participates on the Compensation and Benefits Committee, among others.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2008

Dates of modifications

N/A

18.12

In the composition of its committees, the Board takes into account the profile, knowledge, and professional experience of the members relative to the subject matter of the Committee.

18.12. Implements the Measure

YES

NO

N/A

**YES. Brief description:**  
Yes, in accordance with the requirements established in the regulations of the corresponding Committees.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2008

Dates of modifications

N/A

18.13

Minutes are taken of the meetings of Committees, a copy of which is sent to all the members of the Board of Directors of the Company. If the Committees have been delegated decision-making powers, the minutes comply with the requirements of Articles 189 and 431 of the Code of Commerce.

18.13. Implements the Measure

YES

NO

N/A

**YES. Brief description:**  
In effect, minutes are kept for the Committee meetings and sent to all members of the Board of Directors. They comply with the requirements of article 189 and 431 of the Code of Commerce, as established in paragraph 2 of the regulations of the Audit and Risks Committee, and paragraph 3 of the regulations of the Compensation and Benefits Committee.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2008

Dates of modifications

N/A

18.14

In the case of conglomerates, the Internal Regulations provide that, unless the applicable legal or regulatory framework requires their creation, the Boards of Directors of the subsidiary companies may decide not to create specific committees to deal with certain matters and that these functions may be assumed by the Committees of the Board of Directors of the Parent Company, without this implying a transfer of the responsibility of the Boards of Directors of the subsidiary companies to the Parent Company.

18.14. Implements the Measure

YES

NO

N/A

**YES. Brief description:**

**NO. Explain:**  
The subsidiaries and sub-subsidiaries have elected not to form committees, but these functions are not performed by the parent company's committees.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

N/A

Dates of modifications

N/A

18.15

The main function of the Audit and Risks Committee is to assist the Board of Directors with its supervisory responsibilities by evaluating accounting procedures, liaising with the Statutory Auditor and, in general, reviewing the Company's control architecture, including auditing the company's risk management system.

18.15. Implements the Measure

YES

NO

N/A

**YES. Brief description:**  
In accordance with the provisions of the Audit Committee Regulations, paragraphs 3 and 4.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2008

Dates of modifications

N/A



## 18.16

**The members of the Audit and Risk Committee have a knowledge of accounting,** financial and other related matters that enables them to make rigorous judgments on matters within the Committee's purview at a level sufficient to understand their scope and complexity.

### 18.16. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

According to paragraph 2 of the regulations of the Audit Committee, "The members of the Committee must have the experience to fully perform their functions."

The professional profiles and knowledge of the members of the Audit and Risk Committee and the Compensation and Benefits Committee are presented below.

#### Compensation and Benefits Committee:

##### Regular members

**1. Jose Oscar Jaramillo:** member of the Board of Directors of Organización Terpel S. A. for more than 10 years, he graduated as an agricultural technologist from Politécnico Colombiano in Medellín and has a degree in food engineering from the University of California in the United States. Starting in 2006 and to date, he has worked as a managing partner of Gomar y Cia. He has had an impressive managerial career in Colombia working for Vehicaldas S.A., Industrias Normandy S.A., and Mercaldas S.A.

**2. Jorge Andrés Garcés Jordán:** member of the Board of Directors of Organización Terpel S. A. for more than 10 years, he graduated with a degree in psychology from

Universidad Católica de Chile, and served for 20 years as the manager of human resources at Compañía de Petróleos de Chile S.A.

**3. Oscar Bravo:** For more than 15 years Bravo served as the Vice President of Corporate Finances at Terpel. Prior to joining the company, he held a variety of positions with Rohm and Haas, most recently as Finance Manager of Global Planning to the parent company. Oscar Bravo studied industrial engineering at Pontificia Universidad Javeriana and earned a Master's in international management (MIM) from Universidad de St. Thomas-Minnesota, in addition to concluding a general management program (GMP) from Harvard in the United States. The new president's academic background and experience, as well as his in-depth knowledge of the company, will ensure continuity in the implementation of the company's strategy of serving people.

**4. María Mercedes Carrasquilla:** Ms. Carrasquilla has more than 30 years of work experience, holding the positions of Administrative and Financial Director of the 1990 Coffee Growers Census at the National Federation of Coffee Growers of Colombia, Secretary General of Fedesarrollo on two occasions, totaling more than 10 years of her professional career, Director of the Donations Program at the Universidad de los Andes, Regional Director of the FES Leadership Institute in Bogota, Manager of Government Affairs, Communications and Regulation at Coltabaco (a Philip Morris International company), Director of Corporate Affairs at El Tiempo Casa Editorial and Consul General of Colombia in Rome (Italy), among others. She has also done consulting work for private and state entities.

**5. María Cristina Romero:** With 10 years of experience in the division of Human and Organizational Management at Organización Terpel S.A., Romero earned a degree in business administration from the Universidad Santo Tomas de Aquino and has completed senior management courses at the Universidad de los Andes.

#### Audit Committee:

**1. Bernardo Dyner Rezonow:** Earned a degree as a marketing technologist from Escuela Superior de Mercadotecnia ESUMER, in San Jose, Costa Rica. He has held various administrative and managerial positions in companies such as Industrias Kent y Sorrento, Aguirre Pelaez Ltda., and has also been a promoter and sponsor of the Moises and Katie M. School of the Las Golondrinas Foundation in Medellin, Antioquia, and the Natasha and Michael School of the Granito de Arena Foundation in Bello Antioquia.

**1. Tulio Rabinovich Manevich:** holds a degree in electrical engineering from the Universidad Pontificia Bolivariana de Medellín. He is currently president and partner of Celsa SAS and manager and partner of Saturde SAS, and prior to that was the manager of Productora Electroindustrial. He was previously a manager at Productora Electroindustrial. He is the founder of the Museo de Arte Moderno de Medellín and was its director for 10 years.

**2. Jose Oscar Jaramillo Botero:** graduated as an agricultural technologist from Politécnico Colombiano in Medellín and has a degree in food engineering from the University of California in the United States. Starting in 2006 and to date, he has worked as a managing partner of Gomar y Cia. He has had an impressive managerial career in Colombia working for Vehicaldas S.A., Industrias Normandy S.A., and Mercaldas S.A.

**2. Gabriel Jaramillo:** With a degree in business administration, and a Master's in multinational business, Jaramillo has more than 15 years of experience in commercial and strategic management in different sectors of the economy, both in Colombia and abroad. He has served on the boards of directors of companies in the automotive, food and hydrocarbon sectors - both gas and liquid fuel distribution - such as Organización Terpel S.A., Hidrocarburos de Casanare S.A., Transgas de Occidente S.A., Súper de Alimentos, S.A., Ayura Motor S.A., and others.

**3. Juan Diuana Yunis:** holds a degree in Civil and Industrial Electrical Engineering from the Universidad Católica de Chile. He currently serves as administration and finance manager of

**3. Leonardo Ljubetic Garib:** Ljubetic earned a degree in industrial civil engineering from Pontificia Universidad Católica de Valparaíso, and an MBA from Universidad Adolfo Ibáñez, with post-

Compañía de Petróleos de Chile Copec and is a member of the Board of Directors of Transcom, Sonamar and Via Limpia. He has more than 20 years of experience in administrative and financial positions. Before joining the Copec group he was the Corporate Manager of Finance for Ripley Corp. S.A., Corporate Manager of Finance at Masisa S.A., and a member of the board of directors at Banco Ripley, Mall Concepción and Mall Marina Arauco.

graduate studies in the United States. He has extensive experience in the retail, fuel and food sectors. He currently holds the position of corporate manager of development and management at Copec S.A. He is and has been a member of the Board of Directors of several companies, including Abastible, Metrogas, ArcoPrime, and Arco Alimentos. He also participates and has participated in the past in a number of non-profit organizations such as the Copec-UC Foundation, the Council of the School of Industrial Engineering of the PUCV, the Retail Center at the University of Chile and the International Committee of NACS (The Association for Convenience & Fuel Retailing) in the United States.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2008

Dates of modifications

N/A

**18.17**

At the request of the **Chairman of the Assembly, the Chairman of the Audit Committee reports to the General Shareholders' Assembly** on specific aspects of the Committee's work, such as the analysis of the scope and content of the Statutory Auditors' report.

**18.17. Implements the Measure**

YES

☒

NO

N/A

**YES. Brief description:**

According to the authority of the Chairman of the General Shareholders Assembly, the Chairman of the Audit and Risk Committee may inform the Assembly regarding concrete aspects in the event the Chairman of the Assembly so requires, in application of article 14 of the Regulations of the General Shareholders Assembly authority.

Recommendation 18.17 is followed through the application of Article 14 of the Regulations of the General Shareholders' Assembly, whereby the Chairman shall moderate the remarks of the participants, and by safeguarding the rights of the shareholders to participate in said Assembly (Article 13 ibid. and the Good Governance Code (Article 1.1), in addition to the fulfillment of the duty of the Audit and Risk Committee (article 3, paragraph 1) to present to the General Assembly a report on its management and results, including the Management Report, rather than through the formality of having a set of internal regulations that assigns this responsibility to the Chairman of the Committee.

It must be reiterated that both the Audit and Risk Committee and the Compensation and Benefits Committee (Recommendation 18.21) present the specific aspects of each committee's work through an annual management report.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

2015

Dates of modifications

N/A

**18.18**

**The Internal Regulations of the Audit and Risk Committee assign to it the functions described in Recommendation 18.18.**

**18.18. Implements the Measure**

YES

NO

☒

N/A

**YES. Brief description:**

**NO. Explain:**

The Audit and Risk Committee is responsible for several of the functions established in this recommendation. It fulfils all the functions established by Law 964 of 2005.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

N/A

Dates of modifications

N/A

**18.19**

**The primary purpose of the Appointments and Remuneration Committee is to assist the Board in exercising its decision-making or advisory functions with respect to the appointment and remuneration** of members of the Board and senior management, and to oversee compliance with corporate governance rules and periodically review compliance with

such rules, recommendations and principles (where such function is not specifically assigned to another committee of the Company).

**18.19. Implements the Measure**

YES

NO

☒

N/A

**YES. Brief description:**

**NO. Explain:**

According to paragraphs 1 and 4 of the Regulations of the Compensation and Benefits Committee, its main purpose is to support the Board of Directors in the exercise of its decision-making or advisory functions related to the appointment and compensation of senior management. With regard to compliance with corporate governance rules, this function has been assigned to the Audit and Risk Committee.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation

N/A

Dates of modifications

N/A

**18.20**

Some members of the Appointments and Remuneration Committee have expertise in strategy, human resources (recruitment and selection, hiring, training, and personnel administration or management), compensation policy and related matters, sufficient to understand the scope and complexity of these matters in the company.

**18.20. Implements the Measure**

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**

These functions are carried out by the Compensation and Benefits Committee, whose members fully meet these requirements. For the 2019 - 2022 term, the members of this Committee are Jorge Garces Jordán, José Oscar Jaramillo, María Mercedes Carrasquilla, María Cristina Romero and Oscar Bravo.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation 2019  
Dates of modifications N/A

**18.21**

At the request of the Chairman of the Assembly, the Chairman of the Appointments and Remunerations Committee may brief the General Shareholders Assembly on specific aspects of the Committee's work, such as its oversight of the compensation policies for the Board and senior management.

**18.21. Implements the Measure**

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**

Subject to the authority of the Chairman of the General Shareholders Assembly, the Chairman of the Committee may inform the Assembly on specific aspects if the Chairman of the Assembly so requests, in application of article 14 of the Regulations of the General Shareholders Assembly.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation 2008  
Dates of modifications N/A

**18.22**

The Internal Regulations of the Appointment and Remunerations Committee assign to it the functions described in Recommendation 18.22.

**18.22. Implements the Measure**

YES ☐ NO ☒ N/A ☐

**YES. Brief description:****NO. Explain:**

Although the Compensation and Benefits Committee assumes the functions of the appointment and remuneration committee, and carries out a variety of the functions of this Recommendation, it does not carry out all of them.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation N/A  
Dates of modifications N/A

**18.23**

The primary objective of the **Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to risk management.**

**18.23. Implements the Measure**

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**

The company has created an Audit and Risks Committee, and by virtue of paragraph 1 of its Internal Regulations, its main function is to advise the Board of Directors in the exercise of its supervisory responsibilities by evaluating accounting procedures, liaising with the Statutory Auditor and, in general, reviewing the company's control architecture, including auditing the company's risk management system and compliance with the principles of good corporate governance established by law, the competent authorities and by the company itself.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation 2022  
Dates of modifications N/A

**18.24**

At the petition of **the Chairman of the Assembly, the Chairman of the Risk Committee may brief the General Shareholders' Assembly** on specific aspects of the Committee's work.

**18.24. Implements the Measure**

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**

Subject to the authority of the Chairman of the General Shareholders Assembly, the Chairman of the Committee may inform the Assembly on specific aspects if the Chairman of the Assembly so requests, in application of article 14 of the Regulations of the General Shareholders Assembly.

**NO. Explain:****N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation 2022  
Dates of modifications N/A

**18.25**

With the necessary adjustments to distinguish between companies belonging to the financial sector and those belonging to the real sector of the economy, and without prejudice to the functions assigned to this Committee by current regulations, **the Internal Regulations of the Risk Committee assign to it the functions described in Recommendation 18.25.**

**18.25. Implements the Measure**

YES ☐ NO ☒ N/A ☐

**YES. Brief description:****NO. Explain:**

The Audit and Risks Committee carries out a variety of the functions described in this Recommendation, but not all of them.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation N/A  
Dates of modifications N/A

18.26

The primary function of the Corporate Governance Committee is to **assist the Board of Directors in its role of proposing and monitoring corporate governance measures** adopted by the company.

18.26. Implements the Measure

YESNO☒N/A

YES. Brief description:

NO. Explain:  
This function has been expressly delegated to the Audit and Risk Committee in accordance with paragraph 1 of the Committee's Internal Regulations, which can be consulted at <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A

Dates of modificationsN/A

18.27

The Internal Regulations of the Corporate Governance Committee assign to it the functions described in Recommendation 18.27.

18.27. Implements the Measure

YESNO☒N/A

YES. Brief description:

NO. Explain:  
The Audit and Risks Committee carries out a variety of these functions, but has not adopted all of them.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementationN/A

Dates of modificationsN/A

Measure No. 19:  
Functioning of the Board of Directors.

19.1

The Chairman of the Board of Directors, with the assistance of the Secretary and the President of the company, **prepares a work plan for the Board of Directors** for the period under review, as a tool to facilitate the determination of the appropriate number of regular meetings per year and their estimated duration.

19.1. Implements the Measure

YES☒NON/A

YES. Brief description:  
In effect, in accordance with paragraph 3 of Article Twenty-six (26) of the bylaws of the Board of Directors, it is the duty of the Chairman of the Board of Directors to coordinate and plan the functioning of the Board of Directors by establishing an annual work plan based on the assigned tasks. In this regard, the last meeting of the Board establishes, among other things, a calendar for meetings.

In addition to this, in light of the function of the Chairman of the Board of Directors to coordinate and plan the work of the Board by establishing an annual work plan based on the assigned tasks, the support received by the Secretary is evident in paragraph 1 of Article Twenty-seven, which indicates that the Secretary shall give members of the Board of Directors all the advice and information they need to perform their duties.

This is in addition to paragraph 3 of Article Twenty-six (26) of the regulations of the Board of Directors, where it is the duty of the Chairman of the Board of Directors to coordinate and plan the work of the Board by establishing an annual work plan based on the assigned tasks, with support from the Secretary. The Good Governance Code, in its article 2.3.2 also establishes that "(...) The legal representative of the company shall exercise his functions and responsibilities of administration and management of the company's business as indicated in the corporate bylaws, the Good Governance Code, and any other applicable laws. In addition to these principles, the work of the legal representative shall take into account: (...) 3. - The provision of the information necessary for the proper exercise of the functions and the adoption of decisions corresponding to the Board of Directors (...)", such as the need to prepare an annual work plan.

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation2001

Dates of modificationsN/A



## 19.2

Except for regulated entities that are required to hold at least one (1) meeting per month, **the company's Board of Directors holds between eight (8) and twelve (12) regular meetings per year.**

### 19.2. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

The Board holds a minimum of 12 assemblies per year, in application of Article Eight (8) of the Internal Regulations of the Board of Directors.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2001  
Dates of modifications N/A

## 19.3

One (1) or two (2) Board meetings per year **have a clear focus on setting and monitoring the company's strategy.**

### 19.3. Implements the Measure

YES ☐ NO ☒ N/A ☐

#### YES. Brief description:

#### NO. Explain:

Terpel holds at least 12 regular meetings per year, at which the Board of Directors guides, defines, and monitors the company's strategy. The Chairman of the Board carefully monitors

its work to ensure that it is fully completed, in accordance with paragraph 1) of Article Forty-three of the bylaws: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

## 19.4

**The Board of Directors approves a specific calendar of regular meetings**, without prejudice to the possibility of meeting exceptionally, as often as necessary.

### 19.4. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

At the last meeting of the Board of Directors during the year, it determines the date and place where the regular meetings of the Board of Directors will be held during the following year, without prejudice to special meetings in accordance with needs that arise, as established in Article Eight (8) of the Regulations of the Board of Directors.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2001  
Dates of modifications N/A

## 19.5

**Together with the notice of the meeting, and at least five (5) calendar days in advance, documents** or information relating to each item on the agenda are sent to the members of the Board of Directors so that they can actively participate and make informed decisions.

### 19.5. Implements the Measure

YES ☐ NO ☒ N/A ☐

#### YES. Brief description:

#### NO. Explain:

In accordance with Article Nine of the Regulations of the Board of Directors, the notice of the meeting and the information associated with the items on the Agenda are sent 2 calendar days in advance.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

## 19.6

The Chairman of the Board of Directors, assisted by the Secretary of the Board of Directors, has the ultimate responsibility for ensuring that members receive the information sufficiently in advance and that the information is useful, in such a way that quality takes precedence over quantity, in the set of documents provided (the dashboard of the Board of Directors).

### 19.6. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

In accordance with paragraph 6 of Article Twenty-six (26) of the Regulations of the Board of Directors, this is the responsibility of the Chairman of the Board of Directors and of the President of the company (with support from the Secretary of the Board of Directors).

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2001  
Dates of modifications N/A

## 19.7

**Final responsibility for the preparation of the Agenda for meetings of the Board of Directors rests with the Chairman of the Board** and not the President of the company, and the Agenda is structured in accordance with certain parameters that provide a logical order for the presentation of topics and discussions.

### 19.7. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

In accordance with paragraph 5 of Article Twenty-six (26) of the Regulations of the Board of Directors, this is the responsibility of the Chairman of the Board of Directors and of the President of the company (with support from the Secretary of the Board of Directors).

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	N/A

19.8

The company publishes information in the annual Corporate Governance Report and on the company's website on the attendance of members at the meetings of the Board of Directors and its Committees.

19.8. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:  
The Management Report is published each year with the information established in article 446 of the Code of Commerce and articles 46 and 47 of Law 222 of 1995. In addition, in line with Circular 012, details on assistance at Committees will be published starting in the year 2023.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

19.9

Each year, the Board of Directors evaluates the effectiveness of its work as a body, that of its Committees, and that of the members individually considered – including a peer assessment. It also evaluates the reasonableness of its internal rules, and the dedication and performance of its members. It then proposes, as necessary, any modifications to its organization and functioning as deemed pertinent In the case of conglomerates, the Board of Directors of the parent company requires an evaluation in the Boards of Directors of the subordinate companies.

19.9. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:  
Although the Board of Directors constantly reviews the development of its functions and follows up on its commitments and obligations, this review is not done specifically under the terms of this Recommendation. In 2018, however, with the support of an external agent, the results of the first evaluation of the Board of Directors were presented.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

19.10

The Board of Directors alternates between internal self-evaluation and external evaluation by independent consultants.

19.10. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:  
Although the Board of Directors constantly reviews the development of its functions and follows up on its commitments and obligations, this review is not done specifically under the terms of this measure.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 20:  
Duties and Rights of the members of the Board of Directors.

20.1

The Regulations of the Board of Directors complement what is established in the legal framework regarding the duties and rights of the members of the Board of Directors.

20.1. Implements the Measure

YES ☒ NO N/A

YES. Brief description:  
In accordance with Chapter Two and Three of the Regulations of the Board of Directors, this recommendation is followed.

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2008
Dates of modifications	N/A

20.2

The regulations of the Board of Directors develop the company's understanding of the duties of the members of the Board of Directors as described in Recommendation 20.2.

## 20.2. Implements the Measure

YES ☒ NO N/A

### YES. Brief description:

In effect, Chapter Two of the Regulations of the Board of Directors describes all of the duties described in this Recommendation.

### NO. Explain:

### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2008
Dates of modifications	N/A

## 20.3

**The regulations of the Board of Directors develop the content of the rights of the members of the Board of Directors as described in Recommendation 20.3.**

## 20.3. Implements the Measure

YES ☒ NO N/A

### YES. Brief description:

In effect, Chapter Three of the Regulations of the Board of Directors describes all of the rights described in this Recommendation.

### NO. Explain:

### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2008
Dates of modifications	N/A

## Measure No. 21:

## Conflicts of interest.

### 21.1

**The company has defined and formalized in its internal regulations a policy and a procedure for the identification, management, and resolution of situations of conflict of interest**, whether direct or indirect through related parties, that may affect the members of the Board of Directors and other administrators.

### 21.1. Implements the Measure

YES ☒ NO N/A

### YES. Brief description:

In effect, the Good Governance Code establishes the guidelines and the procedure to be followed in the case of a conflict of interest, as follows:

### 5.1 Conflicts of interest – System for Administrators, Legal Representatives, and Officers

#### 5.1.1. Definition

The decisions and actions of all members of the Board of Directors and of the company's employees shall always be oriented toward satisfying the best interests of the company, and must not be motivated by considerations of a personal nature. Relationships of kinship, friendship, or expectations in connection with current or potential suppliers, contractors, customers, competitors, or regulators must not impair the independence of the company's employees and directors.

No employee or member of the Board of Directors may participate in any contract or negotiation in which they have a conflict of interest or in which a relative up to the fourth degree of consanguinity, the second degree of

affinity, or the first-degree of a civil relationship, has an interest. As soon as the employee becomes aware of a conflict of interest, they must immediately report it to their supervisor so that the supervisor can instruct the employee on how to continue with the process, in accordance with the company's policies on this matter.

Employees who contract or negotiate with the company by virtue of a legal obligation, or do so in order to use goods or services provided by the company to anyone who requests them, are not involved in a situation of conflict of interest. In all cases, members of the Board of Directors, administrators, and company employees are considered to be in a situation of conflict of interest when, based on their job functions, the person who must make a decision, or take an action or omit to take an action, is able to choose between the interest of the company, customer, user, or supplier of the situation in question, and their own interest or that of a third-party, in such a way that by choosing either of the latter two they would obtain an improper financial and/or non-financial benefit they would otherwise not receive, thus failing to comply with a legal, contractual, statutory, and/or ethical obligation.

Situations of conflict of interest may be either occasional or permanent, depending on their duration in time. An occasional conflict of interest is one that arises in connection with a specific transaction, and the procedure will be used that as established in this Code. On the other hand, a permanent conflict of interest is one that arises for an indefinite period of time in the performance of the employee's or administrator's job functions and that cannot be resolved over time, a fact that will be grounds for resignation. Terpel's Code of Conduct complements the definition and provides examples of behaviors that can potentially generate conflicts of interest.

### 5.1.2. Resolution of Conflicts of Interest

Company employees are expected to act with due diligence and loyalty, communicating situations in which there is a conflict of interest, while respecting confidentiality.

All of the company's activities are governed by the values and principles described in this Code, the rules of business ethics and good faith, and respect for laws and business customs. We focus on fulfilling the corporate purpose while emphasizing and giving priority to the common good and service to the community.

A company employee facing an occasional conflict of interest must use the following procedure:

1. Report the conflict in writing to the employee's supervisor, with details about the situation. The supervisor will determine whether the employee must continue with the respective process.

2. Refrain from direct or indirect intervention in the activities and decisions related to the company's determinations regarding the conflict, or cease all actions in the case of knowledge of a conflict of interest.

3. Decisions or actions by managers at Organización Terpel S.A. must pursue the satisfaction of the company's interests and respect for the rights of shareholders, and must not be motivated by considerations of a personal nature

4. Relationships of kinship, friendship, or expectations relative to current or potential suppliers, contractors, customers, or competitors must not impair their independence and good judgment in their protection of the interests of Organización Terpel S.A.

A company employee facing a permanent conflict of interest must use the following procedure:

1. Inform his or her supervisor and immediately abstain from taking actions and from intervening, directly or indirectly, in activities and decisions related to the company's determinations regarding the conflict.
2. The supervisor must immediately report the conflict of interest to the Compliance Committee, which will make the decisions necessary.

In the event the conflict of interest occurs at the level of the Board of Directors, the provisions contained in the Internal Regulations of the Board of Directors shall apply.

Any doubt as to which actions may constitute a conflict of interest shall not relieve the employee of the obligation to abstain from participating in the respective activities until a final decision has been made by the corresponding body."

In addition, the Internal Regulations of the Board of Directors expressly establish the regulations in this area, as follows:

**Article Twenty. Conflicts of interest.** *A conflict of interest exists when it is not possible to satisfy two interests at the same time: that of the members of the Board of Directors, and that of the company. In addition to fulfilling the duties of the members of the Board of Directors that have been established in these regulations, in the law, in the corporate bylaws, and in the Good Governance Code, each member of the Board of Directors must study every situation that could imply a conflict of interest or an action in competition with the company. It is the legal duty of a member of the Board of Directors to inform the Board of the occurrence of*

*a conflict of interest and provide the Board with details of the case. A report of the conflict of interest by the member of the Board of Directors does not relieve that member of the obligation to abstain from participating in the respective activities. Similarly, the member must abstain from attending and participating in deliberations and decisions concerning matters in which they have a personal interest."*

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2008
Dates of modifications	N/A

### 21.2

**The procedure for managing conflicts of interest makes a distinction** between occasional and permanent conflicts of interest. If the conflict of interest is occasional, the applicable procedure indicates the rules and steps to be followed, which should be relatively easy to manage and difficult for the affected party to avoid. In the case of permanent conflicts of interest, the procedure considers that if the situation affects the company's operations as a whole, it must be understood as a reason for mandatory resignation of the affected party, since it makes it impossible for the employee to exercise the position.

**21.2. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

In effect, article 5.2.2 of the Good Governance Code makes a distinction between the procedure for occasional conflicts of interest and the

procedure for permanent conflicts of interest. The Code can be consulted at the following link <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2019
Dates of modifications	N/A

### 21.3

**Members of the Board of Directors, legal representatives, members of senior management, and other company administrators regularly report to the Board of Directors on direct and indirect relationships** they maintain among themselves, or with other entities or structures belonging to the conglomerate of which the issuer is a part, or with the issuer, or with suppliers, customers, or any other stakeholder that could give rise to situations of conflict of interest or have an influence on the direction of their opinion or vote, thus creating a "Related Parties Map" for administrators.

**21.3. Implements the Measure**

YES	NO	<input checked="" type="checkbox"/>	N/A
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**YES. Brief description:**

**NO. Explain:**

In accordance with the Good Governance Code, company administrators must immediately report any situation that may constitute a conflict of interest. If there is no conflict of interest, no declaration is made. It is also worth mentioning that there is no "Related Parties Map" as described in the terms of the Recommendation.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

### 21.4

The company discloses **material conflicts** of interest involving members of the Board of Directors or other administrators in its annual **public disclosure published** on its website. **Material conflicts of interest are defined** as situations that would require the affected party to abstain from a meeting and/or a vote.

**21.4. Implements the Measure**

YES	NO	<input checked="" type="checkbox"/>	N/A
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**YES. Brief description:**

**NO. Explain:**

This information is presented, as applicable, to the responsible body, in accordance with the procedure for resolving conflicts of interest contained in the Good Governance Code and the Internal Regulations of the Board of Directors.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A



## 21.5

For these purposes, the company's definition of a related party is consistent with International Accounting Standard No. 24 (IAS 24).

### 21.5. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

In effect, Terpel reports its financial statements in accordance with international practices, and in particular in accordance with the definition of related party contained in IAS 24.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2014
Dates of modifications	N/A

## Measure No. 22:

## Transactions with related parties.

## 22.1

The company has a policy that establishes a specific procedure for the evaluation, approval, and disclosure of transactions with related parties, including outstanding balances and the relationships between them, except for those transactions that are covered by a specific regulation.

### 22.1. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

In effect, article 5.2.2.1 of the Good Governance Code, indicates: "All transactions by the company with its shareholders, administrators, key directors and related companies shall be conducted in accordance with the following policy:

1. Evaluation: The Audit and Risk Committee is responsible for knowledge and valuation of the transaction, and must report transactions to the Board of Directors. The following should be considered: (i) qualitative or quantitative criteria for determining the materiality of the transaction, (ii) the transaction's compliance with the principle of equal treatment of shareholders, (iii) the price or value of the transaction and compliance with market conditions; and (iv) the timing of the disclosure.

2. Approval: related party transactions are approved by the Board of Directors, excluding the interested party, depending on the volume or the complexity of the transaction. The absence of any objection to the related party

transaction constitutes approval. Approval of these transactions requires, in addition to the report described above, a qualified majority of the Board of Directors, at least for the most significant transactions. This majority must consist of three quarters (3/4) of the Board of Directors and the affirmative vote of the independent members.

3. Disclosure: For the subsequent disclosure of recurring and arm's length related party transactions, the company provides the market with information in addition to that required by IFRS, at least annually through the financial statements.

4. Materiality: Material transactions are those that exceed 10% of the company's total assets, are not at arm's length and are not in the ordinary course of business. Transactions meeting these criteria must be approved unanimously by the members present at the meeting.

5. Recurring transactions with related parties that are part of the ordinary course of business, and which are carried out on the basis of adhesion contracts or general framework contracts, the terms and conditions of which are perfectly standardized, applied on a large scale and carried out at market prices, generally fixed by the party acting as supplier of the goods or services in question, and the individual amount of which is not relevant to the company, do not require express authorization by the Board of Directors and are therefore considered to be freely negotiable."

The Code can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2019
Dates of modifications	N/A

## 22.2

The company's policies on related party transactions covers the aspects described in Recommendation 22.2.

### 22.2. Implements the Measure

YES ☒ NO N/A

#### YES. Brief description:

In effect, article 5.2.2.1 of the Good Governance Code covers the aspects dealt with in this Recommendation. The Code can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2019
Dates of modifications	N/A

22.3

The policy establishes that recurring transactions with related parties that are part of the ordinary course of business, and which are carried out on the basis of adhesion contracts or general framework contracts, the terms and conditions of which are perfectly standardized, applied on a large scale and carried out at market prices, generally fixed by the party acting as supplier of the goods or services in question, and the individual amount of which is not relevant for the company, do not require express authorization by the Board of Directors."

22.3. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

In effect, article 5.2.2.1 of the Good Governance Code covers the aspects dealt with in this Recommendation. The Code can be consulted at the following link: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2019
Dates of modifications	N/A

Measure No. 23:  
Compensation for the members of the Board of Directors.

23.1

The company has a policy for the remuneration of the Board of Directors, which is approved at the General Shareholders Assembly and reviewed each year. It identifies all of the components of remuneration that can effectively be paid. These components may be fixed or variable. They may include fixed fees for membership on the Board of Directors, fees for attending meetings of the Board and/or its Committees, and other compensation of any type, in cash or in kind, accrued during the year, regardless of the cause, as well as the company's obligations with respect to pensions or the payment of life insurance premiums or other line items, both with respect to past and present Board members, and the company's insurance premiums for directors and officers (D&O insurance) contracted by the company on behalf of the members of the Board of Directors.

23.1. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

There is no policy per se that is reviewed each year and that includes all of the elements described in the Recommendation, for example: insurance policies, compensation of former members, bonuses, pensions, etc. However, the Shareholders Assembly approves the fixed compensation of the members of the Board of

Directors, in accordance with their attendance at the meetings of that corporate body during the year.

Article Twenty-four of the Internal Regulations of the Board of Directors and article 2.2.2 of the Good Governance Code, establish the following:

"2.2.2. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS  
The members of the Board of Directors are remunerated in accordance with the system of fees and compensation approved by the General Shareholders Assembly.  
The remuneration of the members of the Board of Directors shall be proportionate to the time devoted by each one of them to the activities of the Board of Directors, and to their participation in the Board meetings and the special internal committees of the Board."

Likewise, article thirty-nine of the corporate bylaws states: "The functions of the General Shareholders Assembly are (...)

7. - To appoint and remove members of the Board of Directors, and the main and alternate Statutory Auditors, and to determine their remuneration."

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

23.2

If the company adopts compensation systems that establish a variable component linked to the good performance of the company in the medium and long-term, the remuneration policy includes limits on the amount the Board of Directors may distribute and, if the variable component is linked to the company's profit or other management indicators at the close of the period under review, it must take into account any reservations contained in the report from the Statutory Auditor that could reduce the profit for the period.

23.2. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

To date, the remuneration for the Board of Directors does not have a variable component.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

23.3

Shareholder-appointed and Independent members of the Board of Directors are expressly excluded from compensation systems that include stock options or variable compensation linked to an absolute change in the share price.

23.3. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
No policy exists in line with the terms of the Recommendation. The Assembly approves the compensation of all members of the Board of Directors, which to date has not included any variable compensation or stock options.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

23.4

For each period reviewed, the General Shareholders Assembly approves, in the framework of the compensation policy, a maximum cost for the Board of Directors for all the compensation components approved.  
**23.4. Implements the Measure**

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
As mentioned above, no compensation policy has been implemented. In any case, the Assembly approves the fees of the members of the Board of Directors, but only for their attendance.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

23.5

The total effective cost of the Board of Directors during the period reviewed, which includes all compensation components paid to the members of the Board of Directors, as well as the reimbursement of expenses, is known to the shareholders and published on the company's website, with the level of disaggregation and detail approved by the Board of Directors.

23.5. Implements the Measure

YES ☒ NO N/A

**YES. Brief description:**  
In effect, this information is available in the Management Report presented annually to the General Shareholders Assembly and published on the company's website.

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	N/A

Measure No. 24:  
**The president of the company and senior management.**

24.1

The company's governance model establishes an effective separation between the management or governance of the company (represented by the Board of Directors) and the ordinary course of business (conducted by senior management with leadership from the President of the company).

24.1. Implements the Measure

YES ☒ NO N/A

**YES. Brief description:**  
In effect, Terpel's corporate system establishes a separation between the members of the Board of Directors appointed by the General Shareholders Assembly, and the President of the company, who acts as the company's legal representative, and to whom the Board of Directors has delegated the functions of managing the company in its ordinary course of business. The President of the company is responsible for direct appointment of the Vice Presidents (senior management) and their teams, as well as for determining their remuneration, and is therefore independent from them and from the Board of Directors.

This topic is extensively regulated in the company's bylaws, the Good Governance Code, and specific regulations. The most relevant regulations are the following:

CORPORATE BYLAWS

“ARTICLE FORTY-NINE. - PRESIDENT - LEGAL REPRESENTATION AND JUDICIAL LEGAL REPRESENTATION: The company shall have a President, who shall be its legal representative. He shall be responsible for administering and managing the corporate business subject to the law, these bylaws, and the regulations and resolutions of the General Shareholders Assembly and of the Board of Directors. He shall have four (4) deputies, who shall replace him in case of absolute, temporary, or accidental absence. (...) ARTICLE FIFTY-TWO. POWERS OF THE PRESIDENT, OF THE LEGAL JUDICIAL REPRESENTATIVE, AND OF THE DEPUTIES: The President shall exercise the functions and powers pertaining to his office, and, in particular, the following: 1. To represent the company judicially and extrajudicially before associates, third parties, and all types of judicial and administrative authorities, with the power to appoint agents to represent him as necessary; 2. To carry out the agreements and resolutions of the General Shareholders Assembly and of the Board of Directors; 3. To do and enter into such acts and contracts as may serve the purposes of the company. Prior authorization shall be required, however, from the Board of Directors for any act or contract of an amount greater than the equivalent of three million dollars (USD\$ 3,000,000); excluded from this provision are the purchase and sale, distribution, supply, and transportation of products derived from petroleum, natural gas, LPG, and biofuels, the purchase, sale, acquisition under any title, import, export, production, storage, packaging, transportation, supply, and distribution of synthetic lubricant base oils and synthetic lubricants; the purchase, sale, acquisition under any title, and distribution of electric energy and/or any other alternative energy to vehicles through service stations and/or any other location and/or means of supply; the assembly, construction, operation,

business development, storage, sale, distribution, dispensing, manufacture, assembly, purchase and sale, import, export, commercialization, and supply of parts, accessories, devices, machinery, and equipment for electric vehicle charging stations or any other electric vehicle charging system, as well as the provision of consulting services related to these activities; which do not require authorization from the Board of Directors, regardless of the amount of those acquisitions and/or sales.; 4. To convene the General Shareholders Assembly and the Board of Directors in accordance with the provisions of these bylaws; 5. To submit to the General Shareholders Assembly, together with the Board of Directors, the balance sheet for each financial year, the management report, and the other annexes and reports referred to in article four hundred and forty-six (446) of the Code of Commerce; 6. To submit to arbitration or to settle the company's disputes with third parties, subject to the limitations established in paragraph 3 above; 7. To appoint and remove company employees whose appointment or removal does not correspond to the General Shareholders Assembly or to the Board of Directors; 8. To delegate certain functions of his position, within the limits established in the corporate bylaws; 9. To take care of the collection and investment of the company's funds; 10. To ensure that all employees of the company strictly comply with their duties, including the systems for the disclosure and control of financial information, and to report to the General Shareholders Assembly or the Board of Directors any irregularities or serious infractions that occur relative to this particular, and; 11. To certify that the financial statements and other reports relevant to the public do not contain any omissions, inaccuracies, or errors that prevent knowledge of the true financial situation or the operations of the company. 12. - To exercise any other function delegated by law, the General Shareholders Assembly and the Board of Directors. PARAGRAPH: The legal

judicial representative is exclusively responsible for the functions indicated in the paragraph of article forty-nine of these bylaws and in the first paragraph of this article.

Good Governance Code

“2.3.2. EXERCISE OF THE FUNCTIONS OF THE LEGAL REPRESENTATIVE  
The legal representative of Organización Terpel S.A. shall exercise his functions and responsibilities for administering and managing the corporate affairs of the company as indicated in the corporate bylaws, the Good Governance Code, and the regulations that govern it.  
In addition to these principles, the work of the legal representative shall: 1. - Watch over the integrity of the company's accounting systems and financial statements, including the implementation of appropriate control systems. 2. - Organize the structure and tools necessary to communicate relevant information about the company's business performance. 3. - Deliver the information necessary for the proper exercise of the functions and the adoption of the decisions that are the responsibility of the Board of Directors, and 4.- Adopt the corresponding measures so that the company's control bodies have access to the information necessary to perform their functions.”

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2008

24.2

In general, it is the policy of the Board of Directors to delegate the day-to-day management of the business to the team of senior management, focusing its activities on the general functions of strategy, supervision, governance, and control.

24.2. Implements the Measure

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**  
As indicated in the previous point and as established in the corporate bylaws, the Good Governance Code, and the regulations. The corporate bylaws specifically indicate that it is the responsibility of the President "(...) To administer and manage the company's business subject to the law, these bylaws, and the regulations and resolutions of the General Shareholders Assembly and of the Board of Directors." (Article Forty-nine). The Board of Directors, however, is fully empowered to intervene in such business dealings/decisions/operations as it may determine.



Article Forty-seven of the corporate bylaws indicates that the Board of Directors shall perform, among others, the following functions, which demonstrate this intent: “2. - To cooperate with the President in the administration and direction of the company's business, and to delegate to the President or to any other employee the functions it deems convenient (...); 7. - To advise the President, at his request, on legal actions to be initiated or pursued; (...) 17. - To ensure the strict observance of all the provisions laid down in these by-laws and such as may be adopted for the proper operation of the company, and to make such decisions as may be necessary to enable the company to fulfill its purposes that are not the responsibility of the Assembly or any other body of the company.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	2009

### 24.3

As a general rule, members of senior management are identified, evaluated, and appointed directly by the President of the company, since they report directly to him. Alternatively, **the company may choose to have members of senior management that are designated by the Board of Directors upon the recommendation of the company's President.** Regardless of who makes the final appointment, candidates for key executive positions at the company are known to and evaluated by the Appointments and Remunerations Committee of the Board of Directors, which is required to issue an opinion.

#### 24.3. Implements the Measure

YES                      NO ☒                      N/A

**YES. Brief description:**

**NO. Explain:**  
As a general rule, the members of senior management are appointed by the President of the company, although this provision is not for mandatory compliance. The General Shareholders' Assembly, the Board of Directors and/or the President can choose to have them appointed by a different body when they deem it convenient, and the candidate need not be proposed by the President. It should also be noted that the functions of the Board of Directors indicated in its internal regulations do not include the function of evaluating members of senior management, and therefore that power has not been delegated to any committee.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

### 24.4

**The company has a clear policy for delegating functions** approved by the Board of Directors and/or a chart of authority that shows the level of authority of the company's President and of other members of senior management.

#### 24.4. Implements the Measure

YES ☒                      NO                      N/A

**YES. Brief description:**  
Article Twenty-two (22) of the corporate bylaws classifies the company's management, administrative, and supervisory bodies, each of which has been assigned its respective functions. It includes a clear definition of their functions, scope, and powers for the best fulfillment of the company's vision. The company has also appointed legal representatives, judicial legal representatives, and agents with clearly defined limits.

Note that Terpel's corporate bylaws establish limits on the contracting powers of its legal representatives, who must obtain express authorization from the Board of Directors to enter into transactions or contracts for amounts greater than USD \$3,000,000.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	N/A

### 24.5

**Each year, the Board of Directors**, through the Appointments and Remunerations Committee, or the body fulfilling that function, **evaluates the performance of the President of the company** and has knowledge of the evaluations of the other members of senior management.

#### 24.5. Implements the Measure

YES                      NO ☒                      N/A

**YES. Brief description:**

**NO. Explain:**  
The evaluation of the company's President is conducted by the Chairman of the Board of Directors. The evaluation of the members of senior management is usually conducted by the President of the company.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

### 24.6

**The company has a compensation policy for the President of the company and for the other members of senior management.** That policy is approved by the Board of Directors, and identifies all of the components of compensation that can be effectively achieved and that are tied to the achievement of long-term goals and risk levels.

#### 24.6. Implements the Measure

YES                      NO ☒                      N/A

**YES. Brief description:**

**NO. Explain:**  
The President of the company determines the compensation for senior management in accordance with market standards. In turn, the compensation for the President is defined by the Chairman of the Board of Directors based on market standards. And variable compensation is approved by the Compensation and Benefits Committee, when applicable.

The Good Governance Code indicates:

2.3.3 REMUNERATION OF THE LEGAL REPRESENTATIVE

The compensation of the legal representative will be established in accordance with what is authorized by the Board of Directors.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

24.7

When the compensation for the President of the company includes a fixed and a variable component, its technical design and method for calculation prevents the variable component from exceeding a maximum limit established by the Board of Directors.

24.7. Implements the Measure

YES	NO	<input checked="" type="checkbox"/>	N/A
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YES. Brief description:

NO. Explain:

The Board of Directors has not established limits as described in the Recommendation.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

III. CONTROL ARCHITECTURE

Measure No. 25:  
Control Environment.

25.1

The Board of Directors is ultimately responsible for ensuring that the company has a robust control environment, appropriate to the company's nature, size, complexity, and risks, in such a way that it meets the requirements of Recommendation 25.1.

25.1. Implements the Measure

YES	NO	<input checked="" type="checkbox"/>	N/A
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YES. Brief description:

NO. Explain:

Terpel understands that, although the Board of Directors has delegated the functions related to compliance and review of the control environment to the Audit and Risk Committee, it is the Board that is ultimately responsible for the existence of a control environment at the company, a power that it exercises through that delegated body.

Within the company, each area promotes knowledge of its business risks, which empowers each Vice President and their managers to be directly responsible for identifying, assessing, managing, monitoring, and reporting the risks to which they are exposed. The work is evaluated through the implementation and execution of the audit plan approved by the Audit Committee. The results of these evaluations are presented to the Audit Committee on a quarterly basis.

As of January 2021, the company has incorporated a Risk Management Department into its corporate structure, which is in charge of consolidating all the

risks from the different areas of the company and providing continuous support for risk follow-up, evaluation, and monitoring.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

25.2

In the case of conglomerates, the Board of Directors of the parent company promotes the existence of a control architecture with a consolidated, formal scope that covers all the subordinate companies, establishes responsibilities for the relevant policies and guidelines at the conglomerate level, and defines clear reporting lines that provide a consolidated view of the risks to which the conglomerate is exposed and the control measures that are in place.

25.2. Implements the Measure

YES	NO	<input checked="" type="checkbox"/>	N/A
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YES. Brief description:

NO. Explain:

With the creation of the Risk Management Department in 2021, the Risk Management Policy of Organización Terpel has been formalized and disseminated. That policy defines the objectives, structure, roles, and responsibilities of risk management in the organization. The Board of Directors, through the Audit and Risk Committee, monitors compliance with the guidelines of this process on a quarterly basis.

Based on this policy, the company has defined actions to strengthen its risk culture through training and discussions with members of the Board of Directors, the Executive Committee, and managers and directors of key business areas.

Similarly, the risks derived from the business strategy were assessed and described in detail in accordance with the methodology and the risk appetite approved and updated annually. These risks were analyzed by each business area in order to define strategies and action plans to prevent and control key risks.

On a monthly basis, the board of Directors also reviews the performance of its affiliates and subsidiaries and their compliance with the internal policies of Organización Terpel, such as the Good Governance Code and the Ethics Code. In addition, the Audit and Risk Committee and the Internal Audit Department prepare an annual risk-focused audit plan covering Terpel and all its subsidiaries, which is presented to the Board of Directors.

Lastly, as the parent company of the business group, the company constantly directs the management of all its subsidiaries and evaluates their performance on a monthly basis. This situation, in addition to being registered in the Commercial Registry, is published on our website under "Corporate Structure" in the chapter on Corporate Governance, and has been disclosed to the stock market at the proper time, using the Relevant Information mechanism of the Financial Superintendent.

- Corporate bylaws: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>
- Corporate structure: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/estructura-y-administracion>

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 26:

## 26: Risk Management:

### 26.1

The company's **objectives for risk management** are as described in Recommendation 26.1.

**26.1. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**  
In the framework of its risk culture, philosophy, and policy, the company manages risks both at Terpel and at its subsidiaries (countries). This process is led by the Board of Directors at its monthly meetings, through the Audit and Risk Committee and through the Internal Audit and Risk Management departments. In addition, the most relevant risk management policies for each business segment or activity are identified and continuously monitored by each business leader.

Thus, with the creation of the Risk Department, the risk management policy has been formalized and includes the objectives of risk management, which are: i) identifying the risks derived from the company's strategy; ii) assessing the risks and measuring the degree of exposure to them; iii) effectively managing the risks, which includes making decisions regarding their management in terms of avoiding, controlling, mitigating, sharing, or accepting them; iv) monitoring the risks, understood as evaluating that decisions to accept risk are consistent with the risk policy approved by the Board of Directors and with the maximum exposure limits established by it; and v) periodically reporting to the Board of Directors and senior management on risk management.

The policy is published at the following link on the website (see policies) <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2021
Dates of modifications	N/A

### 26.2

**The company has a risk map**, which is a tool for identifying and monitoring the financial and non-financial risks to which the company is exposed.

**26.2. Implements the Measure**

YES	NO	<input checked="" type="checkbox"/>	N/A
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**YES. Brief description:**  
**NO. Explain:**  
In the framework of its risk culture, philosophy, and policy, the company prepares risk-focused audit plans for Terpel and for its subsidiaries (countries). This process is led by the Internal Audit and Risk Management Department.

In addition, the new Risk Department will strengthen the tools for identifying and monitoring the financial and non-financial risks to which the company is exposed.

The company has a strategic risk map that is updated each year with the participation of the Audit and Risk Committee and the Executive Committee, as well as an operational risk map for each process that is constantly updated.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

### 26.3

**The Board of Directors is responsible for defining the risk management policy**, and for setting maximum exposure limits for each risk identified.

**26.3. Implements the Measure**

YES	NO	<input checked="" type="checkbox"/>	N/A
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**YES. Brief description:**  
**NO. Explain:**  
The Board of Directors, both as a whole and through its committees, defines the risks and their maximum exposure limits. Each year, they update the risk appetite and the inherent and residual risk rating of the strategic risks with the participation of the board members who are members of the Audit and Risk Committee.

The current risk management policy was approved by the Board of Directors through the Audit and Risk Committee, and each update is approved by the same body: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

### 26.4

**The Board of Directors keeps abreast of and periodically monitors** the company's effective exposure to the established risk limits and proposes corrective and follow-up actions in the event of deviations.

**26.4. Implements the Measure**

YES	NO	<input checked="" type="checkbox"/>	N/A
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**YES. Brief description:**  
**NO. Explain:**  
The Board of Directors carries out this function through the Audit and Risk Committee, a body responsible for knowing the company's actual exposure to the various risks defined by the leaders of each area or segment, under the terms of its regulations. This function is also performed by the Statutory Auditors in the course of their audit work. This committee meets every three months (or more often if necessary) and its reports and decisions are recorded in the minutes.

According to Chapter 2 of the regulations of the Audit and Risk Committee, "the reports that are recorded in the minutes shall be submitted to the Board of Directors at least once (1) a year, or in a shorter period if the Board so requests. The Secretary General of the company shall issue the notice of meetings of the Committee five (5) days prior to the meeting."

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

26.5

As part of the risk management policy, **senior managers own the processes and are responsible for managing risks**, i.e. identifying, assessing, measuring, controlling, monitoring, and reporting risks, as well as defining methodologies and ensuring that the risk management is consistent with the strategy, the established risk policy, and the approved limits.

26.5. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
Although senior managers are responsible for risk management in each area, each business or a segment manager is in charge of determining and managing their own risks and reporting them as part of their duties as administrators. The risk department works with each business line to ensure that these measures are incorporated into the risk management policy.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

26.6

**The company has a risk delegation policy**, approved by the Board of Directors, which establishes the risk limits that can be directly managed by each level of the company.

26.6. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
There is no formal risk delegation policy approved by the Board of Directors under the terms described in the Recommendation. Each person who manages or directs each business segment, however, manages the risks in accordance with their knowledge and experience, and discloses them in accordance with the organizational culture. Operational risk matrices and controls are in place for key processes, with a responsible person assigned to each control.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

26.7

**In conglomerates, risk management is done at the consolidated level in** such a way that it contributes to the cohesion and control of the companies that make up the conglomerate.

26.7. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
Terpel promotes consistency of practices by having the Board of Directors of the parent company implement controls, particularly in relation to transaction amounts. The Audit and Risk Committee also performs its functions, while respecting the independence of the related parties. Those functions include: "2. *Annually review with the Statutory Auditor, the Audit and Risk Management Manager, and the Vice President of Corporate and Legal Affairs the results of monitoring compliance with the policy on conflicts of interest and good governance, and report to the Board of Directors.*"

The risk management department consolidates the strategic risks for both Terpel Colombia and subsidiaries. In addition, the same methodology is used to identify operational risks and controls at all subsidiaries as at the parent company, and the risks are consolidated in the same information system.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

26.8

If the company has a complex and diverse structure of businesses and operations, **it has a position of Chief Risk Officer (CRO)**. This person is responsible at the conglomerate level in the case of integrated companies in control situations and/or business groups.

26.8. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
At the level of the conglomerate, in accordance with the definition of a business group, there is a Risk Office that is part of the structure of the Audit and Risk Management Department. The purpose of this office is to centralize and strengthen the company's risk management system.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A



Measure No. 27:

Control Activities.

27.1

The Board of Directors is responsible for ensuring that an appropriate system for internal control is in place, appropriate for the company and its complexity, and consistent with the current risk management system.

27.1. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
The Board of Directors is responsible for ensuring that a proper internal control system is in place through the development of the functions of the Audit Committee, which is composed of members of that same Board. The Audit and Risk Committee is required to report regularly to the Board of Directors on its activities and decisions.

In effect, Chapter 2 of the regulations of the Audit and Risk Committee indicates: "The main function of the Audit and Risk Committee and Good Governance Committee (the "Committee") is to advise the Board of Directors of Organización Terpel S.A. (the "company") in the exercise of its oversight and control responsibilities. The functions and responsibilities of the Committee are approved by the Board of Directors.  
The Audit and Risk and Corporate Governance Committee supervises compliance with the internal audit program, which considers risks to the business and comprehensively evaluates all of the company's processes and procedures. It must also ensure that the preparation, presentation, and disclosure of financial information complies with the provisions

of the law, providing a channel of communication between the Statutory Auditor, the Audit and Risk Management Departments, management, and the Board of Directors. It must also monitor compliance with the principles of good governance established both by the competent authorities and by the company itself."

Similarly, Chapter 4 of the regulations, relative to "Ongoing Activities," indicates that the Audit and Risk Committee must:

- "1. Oversee compliance with the internal audit program, which must consider the risks to the business, and comprehensively evaluate all areas of the company, and the internal control reports. (...)
- 9. Inquire of management, the Statutory Auditor, and the head of Audit and Risk Management regarding significant threats and risks and evaluate the steps taken by management to minimize those risks.
- 10. Periodically report to the Board of Directors on the significant results of the activities carried out.

Terpel has mechanisms in place to ensure a sound control environment, and its strengthening, standardization, and monitoring. Those mechanisms are independent but coordinated with the Risk Management Department, in order to ensure consistency in risk management.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

27.2

The Board of Directors is responsible for overseeing the effectiveness and adequacy of the internal control system, which may be delegated to the Audit Committee without the Board relinquishing its oversight responsibilities.

27.2. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

**NO. Explain:**  
The Board of Directors supervises the Audit Committee on a regular basis, and the Audit Committee is required to report regularly on its activities. According to Chapter 2 of the regulations of the Audit and Risk Committee, "the reports, which shall be recorded in the minutes, shall be submitted to the Board of Directors at least once (1) a year, or at shorter intervals if the Board of Directors so requests. (...)"

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

27.3

The principle of self-control is applied and required at the company, where self-control is understood as, "The ability of the people involved in the various processes to consider control as an inherent part of their responsibilities, fields of action, and decision-making."

27.3. Implements the Measure

YES ☒ NO N/A

**YES. Brief description:**  
In effect, the principle of self-control is applied inside the company as a key element of risk management. As has been indicated, each leader of a segment or business area performs the risk management and control function inside that area as an inherent part of their responsibility.

The company has a risk culture, philosophy, and policies led by the Board of Directors through its Audit Committee and executed by the company's Internal Audit Department, and these bodies exercise their functions in the framework of the business group.

In addition, in accordance with the regulations of the Audit and Good Governance Committee, which can be found on our website, the following are the objectives: "1. OBJECTIVES. (...) In general, to review the company's control architecture, including the audit of the risk management system (...) and the principles of good governance established by law, the competent authorities, and the company itself."

In addition, as part of that committee's work, the Audit Department submits annual management reports and carries out annual audit plans at the country level, the objective of which is "(...) To watch over the organization's internal control system by auditing internal processes and also those of its subsidiaries, using a methodology defined to achieve this objective. "Together with the above, that Department works "(...) with the various areas of the organization to follow up on the action plans defined from the audit work, which are determined by the process owners, who are ultimately responsible for their implementation."

This culture and philosophy is put into practice in accordance with the respective risk matrices for internal use.

In addition, the Risk Management Department, which reports to the Audit and Risk Management Department, carries out regular activities to strengthen the risk management and self-control culture.

- Regulations of the Audit and Good Governance Committee <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	2008

Measure No. 26:  
**Information and communication.**

**28.1**

**The risk culture, philosophy and policies, as well as the approved exposure limits, are communicated downwards and horizontally throughout the company** so that the entire organization considers the risks and control activities in its business.

**28.1. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

The risk culture and philosophy is communicated at different levels of the company. Each area and/ or segment leader is responsible for managing the risk in their area based on their knowledge and experience. The risk and control matrices for each sub process are built by the process owners with support from the risk management department and are distributed to the personnel who perform functions and/or controls within the process.

In addition, the risk management policy is published in Aris and available for consultation by any employee.

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	N/A

**28.2**

The company **has a mechanism for reporting information upward** (to the Board of Directors and senior management) that is accurate, understandable, and complete, in such a way that it supports and enables informed decision-making, risk management and control.

**28.2. Implements the Measure**

YES	<input checked="" type="checkbox"/>	NO	N/A
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**YES. Brief description:**

In effect, the company facilitates the upward flow of information by empowering the leaders of each area and segment. They manage and facilitate risk management and report to senior management, which in turn reports to the Board of Directors, as appropriate.

In addition, there are a number of mechanisms for making informed decisions within the various corporate bodies. It is the responsibility of the Board of Directors and of the legal representatives, the committees and the Statutory Auditor to report in detail on their work in the company. This is in accordance with paragraphs 10 and 17 of article forty-seven (47), paragraph five (5) of article fifty-two (52), subparagraphs a) to h) of letter B of article fifty-five (55), and others.

For verification, these are the links to the above-mentioned documents:

- Corporate bylaws, paragraphs 10 and 17 of article forty-seven (47), paragraph five (5) of article fifty-two (52), and subparagraphs a) to h) of letter B of article fifty-five (55). <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas> (ver estatutos)
- Good Governance Code: <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas>
- Internal regulations of the Board of Directors, article fourteen : <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas> (ver políticas corporativas).

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	2008

28.3

The company's **mechanism for communicating and reporting information** enables: i. Senior management to involve the entire company by emphasizing their responsibility for managing risk and defining controls, and ii. the company's employees to understand their role in managing risk and defining controls, as well as their individual contribution relative to the work of others.

28.3. Implements the Measure

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**  
As indicated in the previous point, the company has internal mechanisms for reporting situations, for reporting suspicious transactions in connection with money laundering and terrorist financing, and for risk management, in cooperation with the company's Audit and Risk Management Department.

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2008

28.4

**Internal whistleblower hotlines are available** for employees to anonymously report illegal or unethical conduct or behaviors inconsistent with the company's risk management and control culture. Such reports are made to the company's Board of Directors.

28.4. Implements the Measure

YES ☐ NO ☒ N/A ☐

YES. Brief description:

**NO. Explain:**  
We have channels for employees, suppliers, customers, etc. to report incidents on a confidential basis. However, this report is submitted to the Audit Committee.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

Measure No. 29:  
Monitoring the Control Architecture.

29.1

**At the company, the Board of Directors, through the Audit Committee, is responsible for overseeing the effectiveness of the various components of the Control Architecture.**

29.1. Implements the Measure

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**  
Yes. It is the responsibility of the Board of Directors, through the Audit Committee, to oversee the various components of the company's control system. According to the Regulations of the Audit and Good Governance Committee: "(...) *The main function of the Audit and Good Governance Committee (the "Committee") is to advise the Board of Directors of Organización Terpel S.A. (the "company") in the exercise of its oversight and control responsibilities. The functions and responsibilities of the Committee are approved by the Board of Directors. The Audit and Corporate Governance Committee supervises compliance with the internal audit program, which considers risks to the business and comprehensively evaluates all of the company's processes and procedures. It must also ensure that the preparation, presentation, and disclosure of financial information comply with legal requirements and provide a channel of communication between the Statutory Auditor, the Audit and Risk Management Departments, the administration, and the Board of Directors. It must also monitor compliance with the principles of good governance established both by the competent authorities and by the company itself.*

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2008

29.2

The company's **monitoring activities, which are designed to provide assurance regarding the effectiveness of the Control Architecture**, are primarily the responsibility of **Internal Audit, in cooperation with the Statutory Auditor** on matters within the latter's competence, and, in particular, with regard to the company's financial information.

29.2. Implements the Measure

YES ☒ NO ☐ N/A ☐

**YES. Brief description:**  
In effect, both Internal Audit and the Statutory Auditor are involved in the work of monitoring. The functions of the Audit Committee are contained in the Regulations of the Audit Committee and those of the Statutory Auditor are contained in the corporate bylaws.

Regulations of the Audit and Risk Committee

"(...) The Audit and Corporate Governance Committee oversees compliance with the internal audit program, which considers risks to the business and comprehensively evaluates all of the company's processes and procedures. It must also ensure that the preparation, presentation, and disclosure of financial information comply with legal requirements and provide a channel of communication between the Statutory Auditor, the Audit and Risk Management

Departments, management, and the Board of Directors. It must also monitor compliance with the principles of good governance established both by the competent authorities and by the company itself. (...)"

#### Corporate bylaws

"ARTICLE FIFTY-FIVE B) FUNCTIONS: The following are the functions of the Audit Committee: a) Oversee compliance with the internal audit program, which must consider the risks to the business, and comprehensively evaluate all areas of the company, and the internal control reports; b) Ensure that the preparation, presentation, and disclosure of financial information are in line with legal requirements; c) Issue an opinion regarding the company's financial statements before their submission to the Board of Directors and to the General Shareholders Assembly; d) Consolidate the information from the issuer's control bodies for the presentation to the Board of Directors; e) Issue an opinion regarding possible transactions with related parties; f) Request the reports it deems appropriate for the proper development of its functions; g) Adopt its own regulations; h) All others functions provided for in the bylaws and the law."

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2008

## 29.3

**The company's internal audit function has Internal Audit Regulations**, approved by the Audit Committee, which explicitly establish the scope of its responsibilities in this area, which should include the topics described in Recommendation 29.3.

#### 29.3. Implements the Measure

YES	NO <input checked="" type="checkbox"/>	N/A
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#### YES. Brief description:

#### NO. Explain:

Although there are internal documents, such as the Internal Audit Manual, that define the audit functions, there are no internal audit regulations approved by the audit committee that contains all the topics covered by the Recommendation.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## 29.4

**The head of internal audit is professionally independent** from the senior management of the company or conglomerate that employs him, through his exclusive functional dependence on the Audit Committee.

#### 29.4. Implements the Measure

YES	NO <input checked="" type="checkbox"/>	N/A
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#### YES. Brief description:

#### NO. Explain:

The Audit and Risk Manager is responsible for managing internal audit and reports to the Audit Committee and the President of the company.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## 29.5

**The Board of Directors, acting on a proposal from the Audit Committee, is responsible for the appointment and dismissal of the head of internal audit**, and the market is informed of the appointment or dismissal.

#### 29.5. Implements the Measure

YES	NO <input checked="" type="checkbox"/>	N/A
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#### YES. Brief description:

#### NO. Explain:

Although the Head of Internal Audit reports to the President and to the Audit Committee, the position is not appointed by the Board of Directors.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

## 29.6

**The Statutory Auditor of the company or conglomerate has a clear independence from the company or conglomerate**, a fact that must be stated in the respective audit report.

#### 29.6. Implements the Measure

YES <input checked="" type="checkbox"/>	NO	N/A
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#### YES. Brief description:

Terpel's Statutory Auditor is always an external and independent third party. According to article fifty-three and following of the corporate bylaws: The Statutory Auditor must be a certified public accountant and is elected by the General Assembly of Shareholders for a period of one (1) year. The Statutory Auditor must be completely independent because article forty-four of the corporate bylaws states that, "*Employees of the company, its parent companies or subsidiaries, as well as those related by marriage or affinity within the fourth degree of consanguinity, the first degree of civil affinity or the second degree of affinity, or those who are partners of the administrators and executive officers, the cashier, auditor or accountant of the company, as well as those who work in the company or in its subsidiaries in any other position, may not be the Statutory Auditor.*"

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	N/A



29.7

If the company acts as the parent company of a conglomerate, **the Statutory Auditor is the same for all of the companies, including offshore companies.**

29.7. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

In effect, the General Shareholders Assembly elects a statutory audit company to audit both Terpel and its subsidiaries.

In this sense, article 2.4.1.2 of the Good Governance Code stipulates that: *"The Statutory Auditor must to be a firm of recognized prestige that meets the requirements of the law and the corporate bylaws. As far as possible, the Statutory Auditor should be the same for the subsidiaries of Organización Terpel S.A. Organización Terpel S. A. and its subsidiaries may not enter into an agreement with the Statutory Auditor for services other than those of auditing. There must be an agreement to rotate the persons who carry out the audit function with a periodicity of five (5) years."*

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2001
Dates of modifications	2008

29.8

**The company has a policy for the appointment of the Statutory Auditor,** approved by the Board of Directors and disclosed to the shareholders, which includes the provisions of Recommendation 29.8.

29.8. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

The company has a formal policy for the appointment of the Statutory Auditor. The Shareholders' Assembly appoints the Statutory Auditor each year at its regular meeting, under the terms of articles fifty-three and fifty-four of the corporate bylaws, the Good Governance Code, and with attention to the relevant provisions of the Code of Commerce.

Those documents can be consulted <https://www.terpel.com/accionistas-e-inversionistas/gobierno-corporativo/buenas-practicas> (Good Governance Code and compiled corporate bylaws).

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2015
Dates of modifications	N/A

29.9

In order to limit the ties created between the company and the Statutory Audit firm and/or its teams, and to maintain its independence, **the company establishes a maximum contract term of five (5) to ten (10) years.** In the case of a Statutory Auditor who is a **natural person not associated with a firm,** the maximum term of the contract is five (5) years.

29.9. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

The company has a policy regarding the maximum term of the Statutory Auditor. In accordance with article fifty-three of Terpel's corporate bylaws, the Statutory Auditor is elected by the General Shareholders Assembly for a term of one (1) year, and may be reelected indefinitely or freely removed before the expiration of the term. The Statutory Auditor may have up to seven (7) alternates to replace him in the case of permanent or temporary absence. According to article 2.4.1.2 of the Good Governance Code: *"The Statutory Auditor must be a firm of recognized reput that meets the requirements of the law and the corporate bylaws. (...)"*

Although not contractually agreed in the commercial offer, the current Statutory Auditor rotates the individuals who perform the audit with a maximum periodicity of five (5) years

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

29.10

During the maximum term of the contract, the company **encourages mid-term rotation of the partner of the Audit Firm assigned to the company,** and his audit teams. At the end of the term, rotation of the firm is mandatory.

29.10. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

Despite the fact that the regulations for the Statutory Auditor on this matter do not include a mandatory mid-term rotation of the partner of the Statutory Audit firm, over the years, the assigned partner has effectively been rotated.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

29.11

In addition to the current prohibition on hiring professional services from the Statutory Auditor other than financial audit services and other functions recognized under the current laws, the company also extends this restriction to the people or agencies connected with the Statutory Audit firm, including the companies in its group, as well as companies in which there are many partners and/or administrators who coincide with those of the Statutory Auditor.

29.11. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

The company does not engage the Statutory Auditor for any services other than those defined for the external audit, in accordance with "Article 2.4.1.2 of the Good Governance Code: " (..)

*Organización Terpel S. A. and its subsidiaries may not enter into any contract with the Statutory Auditor for services other than those related to the audit of the financial statements."*

NO. Explain:

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	2008
Dates of modifications	N/A

29.12

The company discloses in its public filings the total amount of the contract with the Statutory Auditor and the percentage of the firm's total revenues represented by the fees paid by the company for the statutory audit.

29.12. Implements the Measure

YES NO ☒ N/A

YES. Brief description:

NO. Explain:

There is no specific publication on this matter, but the appointment of the Statutory Auditor by the General Shareholders Assembly is disclosed to the market as relevant information. In addition, all expenses of the company, including the cost of the Statutory Audit, are included in the financial statements approved by the Assembly, published on the website, and sent to the Superintendent of Finance on a quarterly basis. The proportion of the payment made to the Statutory Auditor in relation to other fees received from third parties is not known.

N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation	N/A
Dates of modifications	N/A

IV. TRANSPARENCY AND FINANCIAL AND NON-FINANCIAL INFORMATION

Measure No. 30:  
Information disclosure policy.

30.1

The Board of Directors has approved an information disclosure policy that identifies, at a minimum, the information covered in this Recommendation.

30.1. Implements the Measure

YES ☒ NO N/A

YES. Brief description:

In effect, the Board of Directors has approved the information policy in the Good Governance Code, which is complemented by the company's Conduct Manual.

Good Governance Code:

"3.1. INFORMATION POLICY  
It is the policy of Organización Terpel S.A. to provide timely information on its activities, projects, results of operations, and financial situation.  
The members of the Board of Directors and the legal representative must exercise special care in the treatment and use of the information that is known to them and is considered reserved and confidential, especially those aspects related to their activities as investors.  
The administrators of Organización Terpel S.A. are legally and contractually bound to use the information to which they have access exclusively for the purposes and for the exclusive benefit of

the company's business operations.  
The information of Organización Terpel S.A. is classified as 1. - General and 2. - Reserved.  
The first of these categories is information of general use that is not classified as reserved, and is not part of the company's industrial, commercial, or professional secrets. The second category is material whose use and disposal corresponds to the company's administrators, including communications or material that may pose a risk to its activities.

3.2. PROVISION OF INFORMATION  
The company provides the general information it is required to disclose to its shareholders, the general public, and the stock market in accordance with the information standards established by the stock exchange regime, in a complete, reliable, and timely manner, and in accordance with the professional criteria and practices for its preparation. The company may request authorization from the Financial Superintendent of Colombia to not disclose an event of Relevant Information, under the terms of article 1.1.2.20 of Resolution 400 of 1995 issued by the Superintendent.

Conduct Manual

(...)  
"7. INFORMATION HANDLING

CHARACTERISTICS OF THE INFORMATION  
Information can be classified as confidential or general, in accordance with the following definitions:  
• Reserved information is any information whose dissemination is not authorized and whose use and disclosure corresponds to the administrators of TERPEL. It includes, but is not limited to, communications or materials in any form of media that contain this type of information. It, in turn, can be divided into:

a) Strategic information: commercial, financial, operational, and technical information, know-how, new projects, agreements with customers and suppliers, records of customers, investors, employees and litigation, among other information that may provide TERPEL with competitive advantages, the appropriateness of which will be evaluated on a case-by-case basis.

b) Privileged information: According to Article 75 of Law 45 of 1990, "privileged information is information of a specific nature which has not been disclosed to the public and which, if it had been disclosed, would have been taken into account by a reasonably diligent and prudent investor in trading the relevant securities."

- Information is considered to be specific in nature if it indicates a set of circumstances that exists or may reasonably be expected to exist, or an event that has occurred or may reasonably be expected to occur, when such information is sufficiently specific to permit an inference to be drawn about the possible effect of that set of circumstances or event on the price or listing of one or more securities.

- Information that a reasonable investor would take into account is any information that, if made public, would or could affect the price or listing of one or more securities. The following information could also be taken into account by a reasonable investor when making investment decisions, including but not limited to: i) information directly related to the structuring, issuance, and placement of securities on the primary market; ii) information directly related to corporate reorganization processes, such as mergers, spinoffs, acquisitions, sales, assignment of assets, liabilities, and contracts, and the liquidation of companies; iii) information that is required to be disclosed to the market as relevant information in accordance with article 5.4.1.5 of Decree 2555/2010 or any laws that complement it or replace it; iv) risk ratings.

- Privileged information may be disclosed and/or used only with the authorization of the President, a Vice President or whomever they directly and expressly designate. Unauthorized disclosure or use of such information may cause external damage to TERPEL, causing legal, economic and reputational consequences.

- General information is that information not included in the above definitions, which TERPEL administrators and employees and those of its subsidiaries must handle with proper care in its use and safekeeping.

(...)

**PERSONS RESPONSIBLE**

The Vice President of Corporate and Legal Affairs, or, in his absence, the Manager of Industry Legal Affairs and/or the Director of Legal and Corporate Affairs, is responsible for determining the use to be made of information classified as privileged and for enforcing the provisions of these instructions.

30.2

**In the case of conglomerates, the disclosure of information to third parties is comprehensive and group-wide**, allowing external third parties to form an informed opinion on the reality, organization, complexity, activity, size, and governance model of the conglomerate.

**30.2. Implements the Measure**

YES

☒

NO

N/A

**YES. Brief description:**

Terpel currently complies with the legal requirements regarding the disclosure of information of its controlled companies.

Under Colombian law, companies that have subsidiaries must present, among other information, the financial position, results of operations, and changes in equity on a consolidated basis (as if they were a single entity). In addition, a monthly report on related party transactions is submitted to the Board of Directors. The consolidated financial statements and related party transactions are public information and can be found on the website. In addition, the Management Report contains a detailed chapter on related party transactions. Finally, Note 3(k) was added to the Consolidated Financial Statements 2020, which states: "A related party is a person or entity that is related to the Group. It can be a person if that person, in the exercise of his or her functions, has control or significant influence over the reporting entity or is a member of its key management personnel. The Group discloses information about related parties, transactions, outstanding balances, including commitments,

and eliminations in the consolidated financial statements."

**NO. Explain:**

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	2001
Dates of modifications	2020

Measure No. 31:

Financial Statements.

31.1	
If there are any <i>reservations</i> in the auditor's report, these and the measures the company intends to take to remedy the situation shall be the subject of a statement by the Chairman of the Audit Committee to the shareholders at the Annual Shareholders' Meeting.	
31.1. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
YES. Brief description:	
NO. Explain:	
In such a situation, the Statutory Auditor himself, and not the Chairman of the Audit Committee, presents the reservations at the General Shareholders Assembly. Management is responsible for presenting the corresponding measures in case of reservations.	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	N/A
Dates of modifications	N/A

31.2	
If, in response to the <i>reservations</i> and/or <i>emphasis paragraphs</i> of the Statutory Auditors, the Board of Directors considers that it should maintain its criteria, this position is duly explained and justified in a written report to the General Shareholders Assembly, specifying the content and the scope of the disagreement.	
31.2. Implements the Measure	
YES	NO <input checked="" type="checkbox"/> N/A
YES. Brief description:	
NO. Explain:	
In effect, when the Board of Directors, in response to the <i>reservations</i> and/or <i>emphasis paragraphs</i> of the Statutory Auditors, considers that it should maintain its criteria, it duly explains and justifies its position to the General Shareholders Assembly, specifying the content and the scope of the discrepancy, but not in a written report.	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	N/A
Dates of modifications	N/A

31.3	
Transactions with or between related parties, including transactions between companies of the conglomerate, that are considered by the company to be material on the basis of objective parameters such as the volume of the transaction, percentage of assets, turnover, or other indicators, shall be disclosed in detail in the public financial information, including mention of offshore transactions.	
31.3. Implements the Measure	
YES <input checked="" type="checkbox"/>	NO N/A
YES. Brief description:	
This information is explicitly stated in the company's management report. It is also disclosed in cases where the nature of the information requires its disclosure to the public market because it is relevant information.	
NO. Explain:	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	2001
Dates of modifications	2013

Measure No. 32:	
Información a los mercados	
32.1	
As part of the disclosure policy, the Board of Directors (or the Audit Committee), adopts measures necessary to ensure that all financial and non-financial information about the company required by current legislation is communicated to the financial and capital markets, in addition to any other information it deems relevant to investors and customers.	
32.1. Implements the Measure	
YES <input checked="" type="checkbox"/>	NO N/A
YES. Brief description:	
Terpel complies with this obligation in accordance with the Good Governance Code. The Board of Directors has taken the necessary measures by approving the Code and defining the responsibilities for information disclosure.	
NO. Explain:	
N.A. Specify the rules that prevent adoption of the recommendation:	
Date of implementation	2001
Dates of modifications	2008



## 32.2

The company's website is organized in a **user-friendly manner** so that users can easily access information associated with or related to corporate governance.

### 32.2. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

Terpel has a user-friendly website that is easy to navigate and use to access information.

Article 5.7 of the Good Governance Code indicates:

- a. WEBSITE. The Organización Terpel S.A. website ([www.terpel.com](http://www.terpel.com)) is available to different audiences, presenting information of interest to its shareholders and investors, as well as to other people interested in its activities (customers, analysts, the community, journalists, suppliers, etc.). This Code of Good Governance and the Company's financial statements are published on the website.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2013  
Dates of modifications N/A

## 32.3

The company's website contains, at the least, the links referred to in Recommendation 32.3.

### 32.3. Implements the Measure

YES ☐ NO ☒ N/A ☐

#### YES. Brief description:

#### NO. Explain:

The company has provided links on its website to the information contained in the Recommendation, with the exception of the Annual Report on Corporate Governance, the reports of the Committees of the Board of Directors, and copies of the last five (5) completed Country Code surveys.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

## 32.4

The documents that the company generally uses to communicate information to the market are documents that can be downloaded, printed, and shared.

### 32.4. Implements the Measure

YES ☒ NO ☐ N/A ☐

#### YES. Brief description:

In effect, information is disseminated to the markets via the website, from which these documents can be downloaded, printed, and shared.

#### NO. Explain:

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation 2013  
Dates of modifications N/A

## 32.5

In the case of a large and complex company, it publishes an explanatory report each year on its website about the organization, methods, and procedures of the Control Architecture implemented with the aim of providing accurate and reliable financial and non-financial information to safeguard the company's assets and ensure the efficiency and security of its operations. The information on the Control Architecture is complemented by a risk management report.

### 32.5. Implements the Measure

YES ☐ NO ☒ N/A ☐

#### YES. Brief description:

#### NO. Explain:

Although a report on the company's control architecture is prepared annually, it is not published.

#### N.A. Specify the rules that prevent adoption of the recommendation:

Date of implementation N/A  
Dates of modifications N/A

#### Measure No. 33:

## Annual Report on Corporate Governance.

## 33.1

Each year the company prepares a Report on Corporate Governance. The Board of Directors is responsible for its content, based on the review and positive report of the Audit Committee, and it is presented together with the other year-end documents.

### 33.1. Implements the Measure

YES ☐ NO ☒ N/A ☐

#### YES. Brief description:

#### NO. Explain:

The company does not publish an annual Report on Corporate Governance. However, a management report is presented every year that includes the relevant issues concerning Terpel's corporate governance. Article 5.3 of the Good Governance Code indicates:

#### "5.3. ANNUAL REPORT TO THE SHAREHOLDERS

In accordance with the law and the corporate bylaws, each year the President and the Board of Directors of Organización Terpel S.A. present to the General Shareholders Assembly a report on the previous year's activities. It includes financial information, the main operational and administrative activities, the results of investments in other companies, and the main projects to be developed in the current year.

This report includes a detailed chapter on "Good Corporate Governance."

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

## 33.2

**The company's Annual Report on Corporate Governance does not simply cite the corporate governance rules** contained in the bylaws, internal regulations, codes of good governance, or other company documents. Its purpose, rather than describing the company's governance model, is to explain the reality of its operation and any relevant changes during the year.

**33.2. Implements the Measure**

YES NO ☒ N/A

**YES. Brief description:**

**NO. Explain:**

Not applicable as explained in the previous Recommendation.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

## 33.3

**The company's Annual Report on Corporate Governance** contains year-end information describing how the company has complied with the corporate governance recommendations adopted during the year and any significant changes.

The structure of the company's Annual Report on Corporate Governance follows the structure established in Recommendation 33.3.

**33.3. Implements the Measure**

YES NO ☒ N/A

**YES. Brief description:**

**NO. Explain:**

As indicated in the previous point.

**N.A. Specify the rules that prevent adoption of the recommendation:**

Date of implementation	N/A
Dates of modifications	N/A

## Annex 3:

(207-4)

## Tax approach

## Reporting for the Dominican Republic

i. The names of the organizations domiciled in the country;	
ii. The principal activities of the organization;	Aviation (sale of Jet fuel)
iii. The number of employees and the basis for calculating that number;	79
iv. Income from sales to third parties;	US\$282,075,490.12
v. Income from intra-group transactions with other tax jurisdictions;	Not applicable.
vi. Profit or loss before income taxes;	US\$6,740,751.99
vii. Property, plant, and equipment other than cash and cash equivalents;	US\$6,201,080.36
viii. Income taxes paid;	US\$832,700.31
ix. Income taxes accrued on profits or losses;	US\$1,681,929.66
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.	Advance payment 0.15 paid during the year on income before taxes. This amount is calculated and discounted from the 27% income tax; there is also a difference with the deferred tax.

## Reporting for Ecuador

i. The names of the organizations domiciled in the country;	Terpel Comercial Ecuador Cía. Ltda. Administración Estratégica de Gasolineras del Ecuador Adesgae Cía. Ltda.
ii. The principal activities of the organization;	Wholesale of liquid fuels and hydrocarbon derivatives
iii. The number of employees and the basis for calculating that number;	565
iv. Income from sales to third parties;	US\$611,783,591
v. Income from intra-group transactions with other tax jurisdictions;	US\$112,826,857
vi. Profit or loss before income taxes;	US\$2,790,708
vii. Property, plant, and equipment other than cash and cash equivalents;	US\$42,627,387.95
viii. Income taxes paid;	0
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.	The result for 2022 was a loss for both companies in Ecuador. Therefore, there was no income tax for the year and no corresponding tax loss.

**Reporting for Panama**

i. The names of the organizations domiciled in the country;	Petrolera Nacional SA and subsidiaries and Masser
ii. The principal activities of the organization;	Wholesale and retail of fuels and lubricants.
iii. The number of employees and the basis for calculating that number;	
iv. Income from sales to third parties;	US\$1,544,647,820
v. Income from intra-group transactions with other tax jurisdictions;	0
vi. Profit or loss before income taxes;	US\$21,358,365
vii. Property, plant, and equipment other than cash and cash equivalents;	US\$388,992,723
viii. Income taxes paid;	US\$7,000,838
ix. Income taxes accrued on profits or losses;	US\$5,034,334
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.	In the year 2022, estimated income taxes were prepaid, reducing the taxes due at the end of 2022, which will be recognized in March 2023. There is also a credit balance available at the end of 2023.

**Reporting for Peru****TERPEL COMERCIAL DEL PERU SRL**

i. The names of the organizations domiciled in the country;	Terpel Comercial del Perú SRL
ii. The principal activities of the organization;	The manufacture, distribution, and sale of lubricants and Turbo Jet A1 fuel
iii. The number of employees and the basis for calculating that number;	145 employees
iv. Income from sales to third parties;	US\$283,024,872
v. Income from intra-group transactions with other tax jurisdictions;	US\$30,679,649
vi. Profit or loss before income taxes;	US\$8,307,192
vii. Property, plant, and equipment other than cash and cash equivalents;	US\$84,554,511
viii. Income taxes paid;	US\$3,371,617
ix. Income taxes accrued on profits or losses;	US\$3,289,892
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.	Items that result in a difference in tax rates: Fines and penalties, equity method investment in Terpel Peru SAC, other administrative expenses, and sales not recognized for tax purposes.



Reporting for Peru		TERPEL AVIACION DEL PERU SRL
i. The names of the organizations domiciled in the country;		Terpel Aviación del Perú SRL
ii. The principal activities of the organization;		Airport fuel storage and dispensing services
iii. The number of employees and the basis for calculating that number;		74 employees
iv. Income from sales to third parties;		US\$29,374,518
v. Income from intra-group transactions with other tax jurisdictions;		0
vi. Profit or loss before income taxes;		US\$2,447,509
vii. Property, plant, and equipment other than cash and cash equivalents;		US\$28,547
viii. Income taxes paid;		US\$1,284,743
ix. Income taxes accrued on profits or losses;		US\$987,361
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.		Items that result in a difference in tax rates: Equity method investment in Terpel Peru SAC, other administrative expenses, and sales not recognized for tax purposes.

Reporting for Peru		TERPEL PERU S.A.C
i. The names of the organizations domiciled in the country;		Terpel Perú S.A.C.
ii. The principal activities of the organization;		Dedicated to the development, installation and operation of fuel and compressed natural gas (CNG) service stations, convenience stores and related motor vehicle services. The company has a wholesale license effective August 2022.
iii. The number of employees and the basis for calculating that number;		471 employees
iv. Income from sales to third parties;		US\$104,030,516
v. Income from intra-group transactions with other tax jurisdictions;		0
vi. Profit or loss before income taxes;		-US\$4,384,504
vii. Property, plant, and equipment other than cash and cash equivalents;		US\$56,050,924
viii. Income taxes paid;		US\$24,534
ix. Income taxes accrued on profits or losses;		-US\$1,323,597
x. Reasons for the difference between the income tax accrued on the profit or loss and the tax calculated by applying the statutory tax rate to the profit or loss before tax.		Items that generate a difference in tax rates: Fines and penalties, equity method investment in Gasnorte and Gasur, other administrative expenses, and sales not recognized for tax purposes.

# GRI index

## Statement of use

The Terpel S.A. organization has communicated the information cited in this GRI content index for the period from January to December 2022 with reference to the GRI Standards.

## GRI1. used

GRI 1: Foundation 2021

				Omission		
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements		Explanation
					Reason	
GRI 2: General content 2021	2-1 Organizational details	Page 5				
	2-2 Entities included in the organization's sustainability reporting	Page 5				
	2-3 Reporting period, frequency and contact point	Page 5				
	2-4 Restatements of information	Page 5				
	2-5 External assurance	Page 5				
	2-6 Activities, value chain and other business relationships	Page 20 - 53				
	2-7 Employees	Page 124				
	2-8 Workers who are not employees	Page 125				
	2-9 Governance structure and composition	Page 94 - 96				
	2-10 Nomination and selection of the highest governance body	Page 95				
	2-11 Chair of the highest governance body	Page 95				
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 99				
	2-13 Delegation of responsibility for managing impacts	Page 99				
	2-14 Role of the highest governance body in sustainability reporting	Page 98				

				Omission		
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
GRI 2: General content 2021	2-15 Conflicts of interest	Page 99				
	2-16 Communication of critical concerns	Page 100				
	2-17 Collective knowledge of the highest governance body	Page 99				
	2-18 Evaluation of the performance of the highest governance body	Page 99				
	2-19 Remuneration policies			X	Confidentiality restrictions	It has been defined as confidential information of the company.
	2-20 Process to determine remuneration			X	Confidentiality restrictions	It has been defined as confidential information of the company.
	2-21 Annual total compensation ratio			X	Confidentiality restrictions	It has been defined as confidential information of the company.
	2-22 Statement on sustainable development strategy	Page 6				
	2-23 Policy commitments	Page 93				
	2-24 Embedding policy commitments	Page 93				
	2-25 Processes to remediate negative impacts	Page 93				
	2-26 Mechanisms for seeking advice and raising concerns	Page 93				
	2-27 Compliance with laws and regulations	Page 66				
	2-28 Membership associations	Page 19				
	2-29 Approach to stakeholder engagement	Page 90				
	2-30 Collective bargaining agreements	Page 130				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 89				
	3-2 List of material topics	Page 89				

					Omission	
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Economic Performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 94	Material Issue: Corporate governance and transparency			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 15 - 17				
	201-2 Financial implications and other risks and opportunities due to climate change	Page 61 y 62				
	201-3 Defined benefit plan obligations and other retirement plans	Page 126				
	201-4 Financial assistance received from government			X	Confidentiality restrictions	It has been defined as confidential information of the company.
Market Presence						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			X	Confidentiality restrictions	It has been defined as confidential information of the company.
	202-2 Proportion of senior management hired from the local community	Page 124				
Indirect Economic Impacts						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 141	It is a measure of the organization's capital contribution to the economy and society through social facilities for the community.			
	203-2 Significant indirect economic impacts	Page 139	The mission associated with the commitment as a good neighbor and country ally is reported and work will be done to deepen the work with the indirect impacts associated with the company's activity.			



				Omission		
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Procurement Practices						
GRI 204: Procurement Practiceso 2016	204-1 Proportion of spending on local suppliers	Page 111				
Anti-corruption						
	205-1 Operations assessed for risks related to corruption	Page 109				
GRI 205: Anti- corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Page 109				
	205-3 Confirmed incidents of corruption and actions taken	Page 109				
Anti-competitive Behavior						
GRI 206: Anti- competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 56				
Tax						
	207-1 Approach to tax	Page 110				
	207-2 Tax governance, control, and risk management	Page 110				
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Page 110				
	207-4 Country-by-country reporting	Annexe 3. Page 209				

## Omission

		Location: Sustainability and Management Report 2022		Omitted requirements	Reason	Explanation
GRI Standard	Content		Observations			
Materials						
GRI 301: Materials 2016	301-1 Materials used by weight or volume			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.
	301-2 Recycled input materials used			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.
	301-3 Reclaimed products and their packaging materials	Page 34	The amount of tons of plastic recovered from lubricant containers is available, but the percentage recovered is not available.	X	Not applicable	It is not considered a material issue
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 117	Material issue: Climate change and alternative energies			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 117				
	302-2 Energy consumption outside of the organization			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.
	302-3 Energy intensity	Page 118				
	302-4 Reduction of energy consumption	Page 118				
	302-5 Reductions in energy requirements of products and services			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.

					Omission	
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Water and Effluents						
GRI 303:Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 119				
	303-2 Management of water discharge related impacts	Page 121				
	303-3 Water withdrawal	Page 119				
	303-4 Water discharge			X	Not applicable	It is not considered a material issue
	303-5 Water consumption	Page 119				
Biodiversity						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			X	Not applicable	It is not considered a material issue as none of the construction projects are located in places that impact biodiversity.
	304-2 Significant impacts of activities, products and services on biodiversity	Page 56 - 59				
	304-3 Habitats protected or restored			X	Not applicable	It is not considered a material issue as none of the construction projects are located in places that impact biodiversity.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			X	Not applicable	It is not considered a material issue as none of the construction projects are located in places that impact biodiversity.

				Omission		
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 116	Material issue: Climate change and alternative energies			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 116				
	305-2 indirect (Scope 2) GHG emissions	Page 116				
	305-3 305-3 Other indirect (Scope 3) GHG emissions	Page 116				
	305-4 GHG emissions intensity			X	Information not available or incomplete	It has been defined as confidential information of the company.
	305-5 Reduction of GHG emissions	Page 116				
	305-6 Emissions of ozone-depleting substances (ODS)			X	Not applicable	The company does not generate these types of gases.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			X	Not applicable	The company does not generate these types of gases.
<b>Waste</b>						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 120				
	306-2 Management of significant wasterelated impacts	Page 120				
	306-3 Waste generated	Page 121				
	306-4 Waste diverted from disposal	Page 121				
	306-5 Waste directed to disposal	Page 121				



					Omission	
		Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
GRI Standard	Content					
Supplier Environmental Assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			X	Information not available or incomplete	A diagnosis of ESG impacts and risks in the supply chain will be carried out in 2023.
	308-2 2 Negative environmental impacts in the supply chain and actions taken			X	Information not available or incomplete	A diagnosis of ESG impacts and risks in the supply chain will be carried out in 2023.
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 125	Material issue: Diversity, equity and human talent			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 125				
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Page 126				
	401-3 Parental leave	Page 126				
Labor/Management Relations						
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.

					Omission	
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 133	Material Issue: Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 133				
	403-2 Hazard identification, risk assessment, and incident investigation	Page 134				
	403-3 Occupational health services	Page 134				
	403-4. Worker participation, consultation, and communication on occupational health and safety	Page 135				
	403-5. Worker training on occupational health and safety	Page 135 -137				
	403-6 Promotion of worker health	Page 134-135				
	403-7. Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pág 135				
	403-8 Workers covered by an occupational health and safety management system	Page 133 - 136				
	403-9 Work-related injuries	Page 136				
	403-10 Work-related ill health	Page 137				

					Omission	
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Training and Education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 127	Material issue: Diversity, equity and human talent			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 127				
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 126				
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 128				
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 132	Material issue: Diversity, equity and human talent			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 132				
	405-2 Ratio of basic salary and remuneration of women to men			X	Confidentiality restrictions	It has been defined as confidential information of the company.
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 132	Material issue: Diversity, equity and human talent			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 132				

				Omission		
		Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
GRI Standard	Content					
Freedom of Association and Collective Bargaining						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 130				
Child Labor						
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor			X	Information not available or incomplete	A diagnosis of ESG impacts and risks in the supply chain will be carried out in 2023.
Forced or Compulsory Labor						
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			X	Information not available or incomplete	A diagnosis of ESG impacts and risks in the supply chain will be carried out in 2023.
Security Practices						
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			X	Information not available or incomplete	It has been set as a target for 2023
Rights of Indigenous Peoples						
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			X	Not applicable	Currently our operating locations are not located in territories where there is a presence of indigenous communities, nor are they in the area of influence of these communities; therefore, there are no incidents involving the rights of indigenous peoples.



					Omission	
		Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
GRI Standard	Content					
Local Communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 138	Material Issue: Community relations			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 138				
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 140				
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 111	Material Issue: Supply Chain Management			
GRI 414: ESupplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 111				
	414-2 Negative social impacts in the supply chain and actions taken			X	Information not available or incomplete	A diagnosis of ESG impacts and risks in the supply chain will be carried out in 2023.
Public Policy						
GRI 415: Public Policy 2016	415-1 Political contributions	Page 109				
Customer Health and Safety						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			X	Information not available or incomplete	This information is not available, it is projected in the work plan for the year 2023.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 56				

				Omission		
GRI Standard	Content	Location: Sustainability and Management Report 2022	Observations	Omitted requirements	Reason	Explanation
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 34	Material Issue: Quality products and services			
	417-1 Requirements for product and service information and labeling	Page 34				
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 56				
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Page 56	During 2022, we received no significant fines or penalties related to product and service impacts on customer health and safety, product labeling or marketing communications, habeas data that are final.			
Customer Privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 155				



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### Report of the Independent Auditor of Limited Assurance for Organización Terpel S.A.

We were engaged by the **Organización Terpel S.A.** henceforth, **Terpel** to provide limited assurance in relation to sustainability parameters on the **Sustainability Report** ("the Report") for the year ended Dec 31, 2022.

The Limited Assurance Sustainability Parameters covered by our limited assurance engagement are:

Nº	Sustainability Parameters Insured	Standard Insured
1	Direct economic value generated and distributed	201-1
2	Ratios of standard entry level wage by gender compared to local minimum wage	202-1
3	Proportion of spending on local suppliers	204-1
4	Confirmed incidents of corruption and actions taken	205-3
5	Energy consumption within the organization	302-1
6	Direct (Scope 1) GHG emissions	305-1
7	Energy indirect (Scope 2) GHG emissions	305-2
8	Other indirect (Scope 3) GHG emissions	305-3
9	Waste directed to disposal	306-5
10	New employee hires and employee turnover	401-1
11	Work-related injuries	403-9
12	Work-related ill health	403-10
13	Average hours of training per year per employee	404-1
14	Incidents of discrimination and corrective actions taken	406-1
15	Lost Time Injury Frequency Rate (LTIFR) - Employee	3.7.4
16	Lost Time Injury Frequency Rate (LTIFR) - Contractor	3.7.5
17	Customer satisfaction index for: Service Stations, Aviation, Marine, Industry, Rumbo Terpel, Lubricants	Own
18	Environmental Investment (Amount)	Own
19	Number of spills	Own
20	Number of Service Stations linked to reliable Service Stations	Own
21	Number of findings / Amount of visits / Number of closed findings	Own
22	Kg of lubricant containers collected	Own
23	Certified points of sale with the Green Pass program	Own
24	Value of Social Investment	Own
25	Terpel Foundation: Number of beneficiaries of education programs	Own
26	GRI 2: General Disclosures 2021	2-1 to 2-30

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Nit 860.522.391-1

### Management's responsibility

**Terpel** is responsible for the preparation and presentation of the Limited Assurance Sustainability Parameters, which are presented using the GRI standard 2021 version.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance Sustainability Parameters that are free from material misstatement whether due to fraud or error.

**Terpel** is responsible for preventing and detecting fraud and for identifying and ensuring the company complies with laws and regulations applicable to its activities.

**Terpel** is also responsible for ensuring that staff involved with the preparation and presentation of the description and Sustainability Report are properly trained, information systems are properly updated.

### KPMG's responsibility

Our responsibility is to express a limited assurance conclusion on preparation and presentation of Sustainability Parameters described above and included in the Sustainability Report of **Terpel**.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information and the Standard ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board.

The firm applies International Standard on Quality Management and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. We confirm that we have executed this assignment for **Terpel** independently and free of conflicts of interest.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the limited Assurance Sustainability parameters are free from material misstatement.



### Limited assurance on the Assured Sustainability Parameters

Our limited assurance engagement on the Limited Assurance Sustainability Parameters consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Parameters, and applying analytical and other procedures, as appropriate. These procedures included:

- Interviews with management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Enquiries of management to gain an understanding of **Terpel** processes for determining material issues key stakeholder groups.
- Enquiries of relevant staff of **Terpel** and selected site level responsible for the preparation of the Limited Assurance Sustainability Parameters.
- Enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Parameters, including the aggregation of the reported information.
- Comparing the limited assurance sustainability parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report.
- Reading the Limited Assurance Sustainability Parameters Presented in the Sustainability Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of **Terpel**.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed. Accordingly, we don't express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.

### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for **Terpel**. for the purpose of assisting to **Terpel** in determining if Sustainability Parameters object to assurance are prepared and presented in accordance with the GRI standards and the Global Reporting Initiative (GRI).



### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than **Terpel** for any purpose or in any other context. Any party other than **Terpel** who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than **Terpel** for our work, for this independent assurance report, or for the conclusions we have reached.

Our report is released to **Terpel** on the basis that it shall not be copied, referred to or disclosed, in whole (save for than **Terpel**) own internal purposes) or in part, without our prior written consent.

### Our conclusions

Our conclusion has been formed based on, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions:

Based on the limited assurance procedures performed and the evidence obtained, as described above nothing has come to our attention that causes us to believe that the limited assurance sustainability parameters defined above of the Sustainability Report of **Terpel**, for the year ended December 31, 2022, is not prepared, and presented, in all its significant aspects in accordance with the GRI standards for the preparation of Sustainability Reports.

In another document, we will provide the Management of the **Terpel**, an internal report that contains our findings and areas for improvement.

KPMG Advisory, Tax & Legal S.A.S.

Digitally signed by  
Fabián Echeverría  
Junco  
Date: 2023.04.17  
09:10:03 -05'00'

Fabián Echeverría Junco  
TP 62943 - T  
Partner  
Abril 17, 2022