



terpel

**First progress
report on TCFD
implementation
Organización
Terpel S.A. 2023**



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This report is the first progress report on the implementation of the TCFD recommendations by Organización Terpel S.A. This information will be the basis for regular reports on progress made in the 4 thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets, in accordance with the organization's maturity and management.

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Letter from the President

Terpel's environmental stance includes a commitment to achieve zero net carbon emissions for Scopes 1 and 2 by 2050 as part of our adaptation to the energy transition. Taking such a step implies strengthening our processes for identifying the risks and impacts associated with this path. It is therefore with great pride that we present our first report in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

We are fully aware of the impacts of climate change and are firmly committed to meeting the commitments made in the Paris Agreement, as well as to responding to the growing interest of our investors and other stakeholders in this area. This report provides a comprehensive overview of our progress in defining our strategy, governance, management of climate-related risks and opportunities, and the related indicators and targets.

We are committed to contributing to the economic, social, and environmental development of the communities in which we operate. Our business conduct is based on sound ethical principles and transparent corporate governance. By publishing this report, we continue to strengthen our processes for disclosing environmental risks and impacts in a transparent manner to shareholders, investors, and regulators.

In 2023, after defining issues with double materiality, we continued to strengthen our sustainability work in order to contribute to sustainable development and create long-term value for our stakeholders. Our progress on environmental, social, and governance issues was highlighted in our Management and Sustainability Report.

Introduction

Organización Terpel S.A. recognizes the importance of understanding and addressing the risks and opportunities associated with climate change. We are committed to being at the forefront of efforts to comprehensively assess the financial and operational impacts of climate change challenges. We recognize that climate change poses a threat to the quality of life and livelihoods of current and future generations, as well as a significant risk to our business strategy and ability to create long-term value. We are therefore committed to taking a proactive approach to identifying and mitigating these risks, while also exploring the opportunities presented by the transition to a more sustainable and climate-resilient economy.



1. Governance

Governance structures play a fundamental role in how we at Terpel address the challenges of climate change. Our commitment to integrity, transparency, and responsible management leads us to establish governance, management, and reporting mechanisms that enable us to effectively identify, assess, and respond to climate-related risks and opportunities.

(1.1) Board oversight of climate-related risks and opportunities

As the highest governance body of the organization, the Board of Directors plays a central role in overseeing and making informed decisions on environmental, social, and governance (ESG) issues, with a particular focus on climate change.

Direct oversight and monitoring of ESG issues, including climate change, has been delegated by the Chairman to each member of the Executive Committee according to the scope of their roles, responsibilities, and competencies in the organization. Specifically, a member of the Board of Directors has been designated to work closely with Corporate and Legal Affairs to provide regular updates on progress against the targets, commitments, and priority indicators. This approach ensures specialized oversight and detailed monitoring of climate issues in the organization.

Our Board has two formal committees: the Compensation and Benefits Committee and the Audit and Risk Committee, and has delegated three additional support committees to management - Sustainability, Communications, and Ethics - that address the different ESG issues in accordance with the scope of the company's functions and responsibilities.

While each committee addresses specific issues within the various dimensions of ESG, two committees in particular address climate issues:

- The **Sustainability Committee** is the highest-level body for sustainability issues, taking a company-wide approach to key issues, including climate. It oversees the monitoring, evaluation, and follow-up of the implementation of the sustainability model, key action plans, risk management policies, and budget and ESG management priorities. It sets and leads the definition of the company's sustainability performance targets. The committee meets at least every six months to assess progress, challenges, and next steps on key issues related to the model and the implementation of specific initiatives, and reports regularly on developments, trends, and other issues that arise in the interim and require priority decisions.

This committee is chaired by the president and includes the vice presidents of corporate and legal affairs, human resources and administration, operations, corporate finance, sales, convenience services and marketing, the director of corporate affairs, the director of the Terpel Foundation, and the head of corporate responsibility. The internal audit manager and the director of risk management and other key people also participate as guests, depending on the topics to be discussed. Throughout the year, the Committee shares relevant information as needed for decision making.



- The **Audit and Risks Committee** oversees the organization's risk management system, ensuring that it includes the identification, analysis, evaluation, and definition of responsibilities, management plans, and monitoring mechanisms for key business risks such as macroeconomic, social, political, environmental, technological, and climate change risks, among other ESG risks. This committee has been responsible for leading the progressive implementation of the recommendations of the Task Force.

These committees are made up of members who hold leadership positions in the organization and are responsible for managing the various issues to be addressed, namely: labor practices, cybersecurity, environmental management, social management, procurement, and communications. The frequency with which each committee meets varies depending on the specific priorities and issues. For more details on board support committees, please refer to the section on board committees in this report.

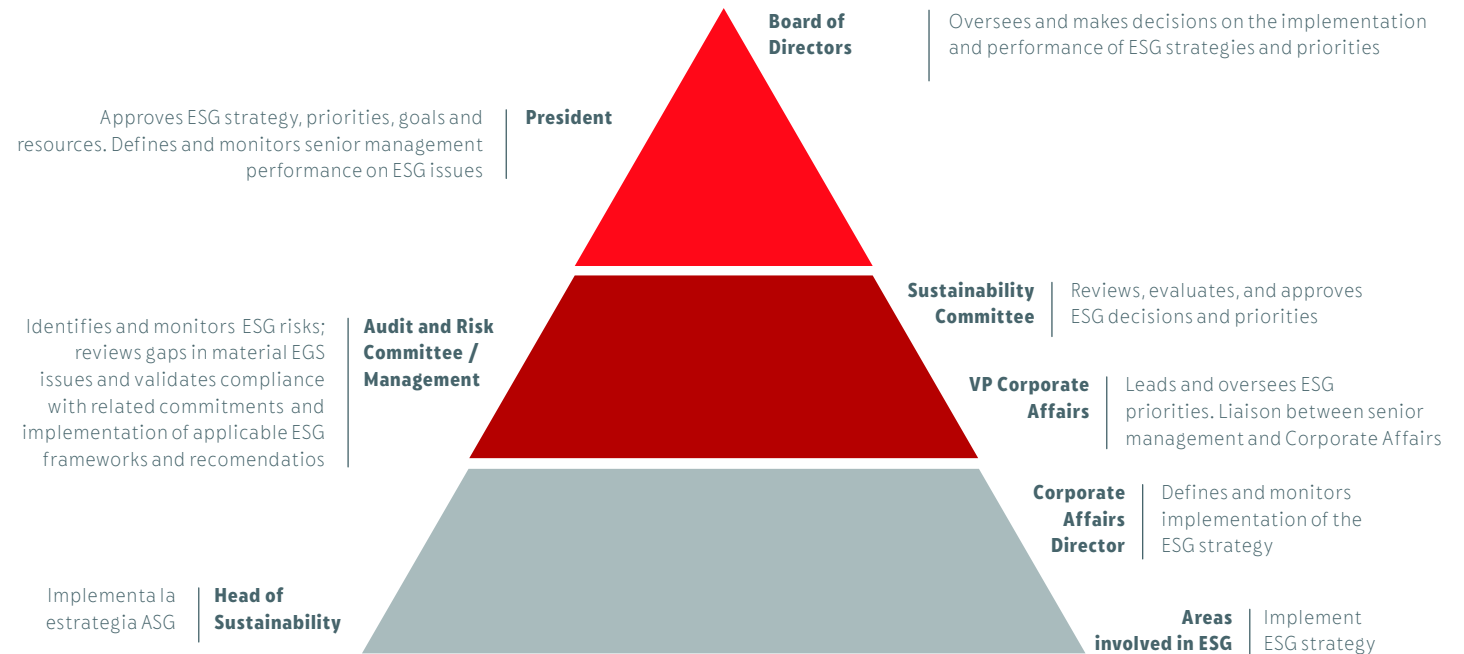
Another way in which the Board is involved in overseeing ESG management, including climate change, is through the preparation of the annual Management and Sustainability Report, which outlines the year's key achievements, challenges, and milestones. The members of the Board of Directors have the authority to make comments, changes, or additions to the information presented in order to ensure the integrity, completeness, and balance of the information presented. This information is approved by the Board of Directors as the final instance in the evaluation process and is then shared with the General Shareholders' Assembly and other stakeholders of the organization.

To ensure that the Board of Directors has a clear, timely, and objective understanding of ESG issues, and in particular environmental issues, including climate, the most relevant information is presented monthly by the President of the organization, who in turn works with the vice president of operations and logistics to prepare and present this information.

To ensure that members have the necessary skills to make strategic decisions on ESG issues, including climate change risks and opportunities, we have implemented a program to raise the awareness of Board members and provide them with ongoing training. This includes the regular delivery of detailed bulletins with information on environmental and social issues. Information tools specifically designed for climate risks and opportunities are also used to provide a comprehensive understanding of the challenges and opportunities associated with climate change.

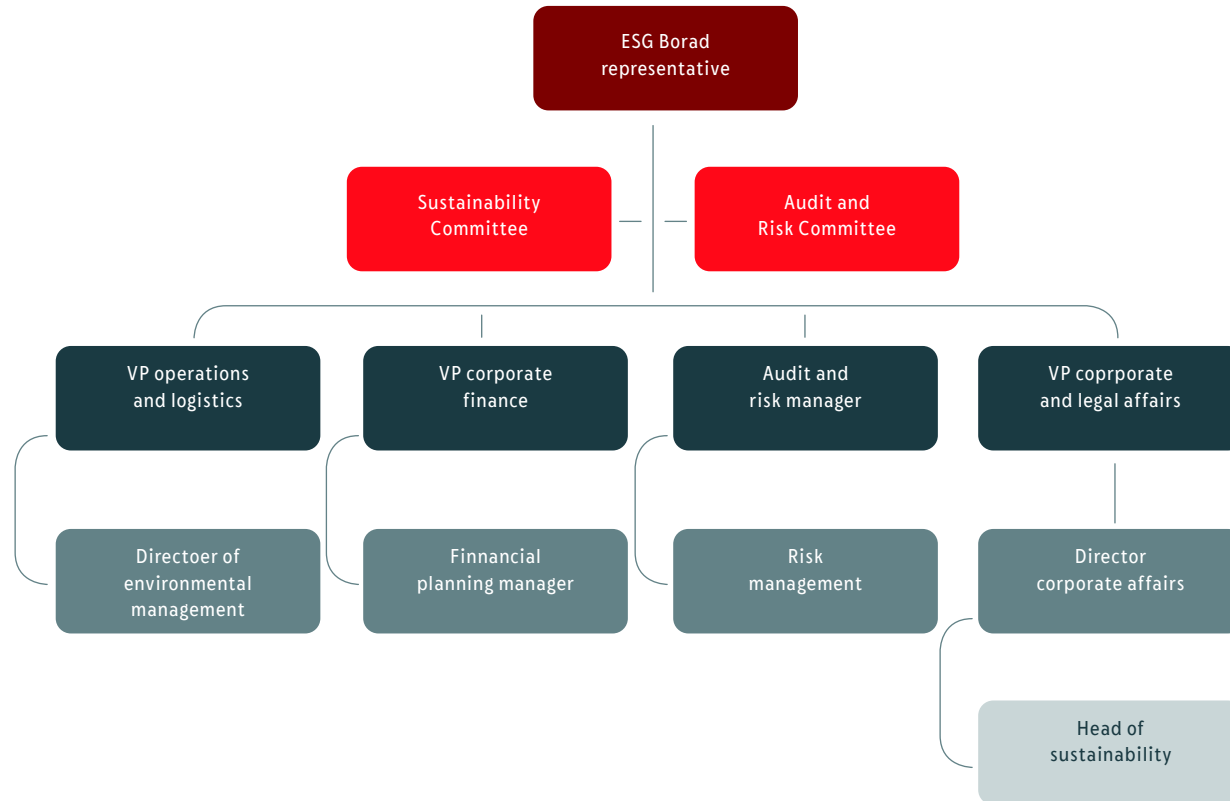
(1.2) Management's role in assessing and managing climate-related risks and opportunities

The organization has a governance structure in place to ensure that ESG issues, including climate issues, are identified, managed, monitored, and evaluated at the highest corporate level. An organization-wide governance structure allows for interaction among the various committees and hierarchies involved in ESG management. In accordance with the scope of each position or committee, their functions include, but are not limited to, the following:





The details of this structure are adapted to each specific area dealing with the different dimensions of ESG. The governance structure for considering, managing, and evaluating climate-related issues is as follows:



A determination is made regarding which issues should be escalated to the highest levels based on relevance, materiality, and potential impact. Senior management positions (from department heads to senior management) are responsible for managing, monitoring, and reporting on both progress against ESG priorities and also emerging issues that should be considered because of their potential to impact the organization's current materiality and processes for management and disclosure to regulators, investors, and other relevant stakeholders.

Some examples of topics reported to the Board are:

- Definition, evaluation, and updating of the organization's environmental stance.
- Update of the double materiality exercise.
- Results of external measurements such as the S&P Global Corporate Sustainability Assessment.
- Specific projects to fulfill corporate environmental commitments, including climate change commitments.
- New regulations and frameworks for measurement and reporting that apply to the organization.

2. Strategy

(2.1) Climate Risks and Opportunities

Climate change is a factor that has the potential to impact our value chain, from production, to distribution, to the final use of the energy sources we supply. We therefore take a proactive approach to assessing potential risks, such as carbon price volatility and physical impacts on our infrastructure, while identifying opportunities for innovation and differentiation in a market transitioning to sustainability. Plus, by integrating climate considerations into our strategic planning and decision making, we are taking steps to strengthen our operational and financial resilience to these challenges.

In the countries where we operate - Colombia, Peru, Panama, Ecuador, and the Dominican Republic - we conducted a climate diagnosis with the help of an expert to understand the exposure of our assets to different physical risks using Representative Concentration Pathways (RCP) scenarios. These scenarios project changes in the climate system under different conditions of global average temperature increase that simulate future climate change:



RCP 2.6 Global temperature increase less than 2°C [3.6°F] ~ SSP1-2.6

RCP 4.5 Increase in global temperature limited to 2-3°C [3.6°F-5.4°F] ~ SSP2-4.5.

RCP 8.5 Represents a global temperature increase of +4°C [7.2°F] ~ SSP5-8.5.

This process has led us to identify risks in the physical and transitional categories, along with their potential impacts and associated mitigation measures.

Risk	Risk Category	Potential Impacts	Mitigation measures
Physical	Drought	Chronic	Implementation of the environmental stance
	Forest fires	Acute	
	Heat stress	Chronic	
	Heavy precipitation	Chronic	
	River flooding	Acute	
	Sea level rise	Chronic	
	Tropical cyclone	Acute	
Transitional	Increase in raw material costs	Possible changes in the costs of oil and its derivatives may increase the company's operating costs.	Diversification of the portfolio of products and services:
	Increased climate change regulations	Potential increase in taxes related to the production, transportation, and sale of fossil fuels.	Strengthening the CNG business for heavy-duty vehicles.
	Loss of competitiveness with other fuels	N.A. Fossil fuels such as diesel, gasoline, JetA1, and lubricants may lose sales in a long-term 2°C transition scenario (2DS) compared to other energy sources for mobility, such as natural gas and electricity.	Development of the retail market at service stations.
	Decrease in demand and consumption of fossil fuels due to increase in battery-powered electric vehicles.		Increased supply for the electric mobility industry.
	Poor corporate reputation due to pressure from stakeholders.	Increasing pressure from society that materializes socio-political risk at operating sites or service stations.	Production and sale of energy from non-conventional renewable sources.
		Management of socio-political risk and greater disclosure of ESG information showing the company's value added.	

Terpel's most relevant climate change risks include high exposure to heat stress. Heat stress is a term that describes the meteorological threat posed by weather events such as heat waves, high annual temperatures, and tropical cyclones.

Among acute risks, fire scores the highest. Flood risk represents the highest exposure in terms of total property value.

However, risk identification has also allowed us to identify growth opportunities in new businesses and sectors connected with increasing our resilience and adaptation to climate change.

Industria	Opportunity
Retail	Evolution of retail offerings at service stations Get out of the service station business with a stand-alone retailer Ecosystem for vehicle care
Mobility	Dedicated products and services for electric motorcycles Mobility as a service Growth of Voltex
Energy	Batteries Energy sales Distribution and storage of solar energy Hydrogen

Impact of climate risks and opportunities

We analyzed physical risks for 70% of our assets in the affiliates where we have a presence in the 5 countries. This analysis allowed us to quantify the financial impact on the organization of physical risks associated with climate change.



The assets assessed included:

- 151 service stations
- 26 plants
- 6 car washes
- 5 airports
- 4 administrative offices
- 3 warehouses
- 1 lubricants factory
- 1 lubricants laboratory
- 1 refinery
- 1 mining operation

Analysis of exposure to physical risks

As a result of this study, we were able to identify the assets with the highest exposure to acute and chronic physical risks in short-term (2030), medium-term (2050), and long-term (2100) scenarios:

Chronic heat stress risk: The 20 most exposed sites are located primarily in Panama and Colombia, at a total value of US\$133,995,220. Under an RCP 4.5 scenario, in the short term 13 of these sites would be exposed to risk for more than 180 days, but in the medium and long term, all 20 operating sites would be highly exposed to heat stress for more than 180 days per year. Of these properties, the Lubricants Plant, with a value of US\$36,137,517, is the most exposed to this risk. Four of the highest scoring properties out of the 20 analyzed (Lubricants Plant, Santiago Travel Center Service Station, Baranoa Plant, and Parita Service Station) have a score of 5 in all scenarios and years, representing 10% of the value of the properties analyzed (US\$59 million). These properties should be considered as having high priority due to their exposure in the short, medium, and long term. Ten are located in Colombia and the other 10 in Panama.

Acute fire risk: The 20 facilities with the highest exposure to this risk have medium to medium-high exposure levels in short-, medium-, and long-term RCP 4.5 scenarios. Also included in this category are the Colombian Lubricants plant, the Santiago Travel Center service station, and the Baranoa plant.

Acute river flood risk: The assessment of exposure to this risk considers issues such as the presence of levees or other infrastructure that could protect the asset from potential flooding. Of the 20 most exposed sites, 12 are located in Colombia, with the Baranoa and Villa del Rosario plants being the highest priority due to their high scores in the short-, medium-, and long-term RCP 4.5 scenarios.

Chronic drought risk: In an RCP 4.5 scenario in the short term, drought does not pose a significant risk to higher value assets. In the long term, however, it increases from 3% (2030) to 79% (2100), which translates into an increase from \$4 million to \$484 million for very high exposure. The 20 properties with the highest exposure to drought risk are located in Colombia.

Chronic high precipitation risk: This risk was assessed by considering both one-day high precipitation events and prolonged precipitation events. Fourteen of the 20 properties with the highest exposure to precipitation risk are located in Colombia, representing 7% of the value of the properties analyzed (USD 40 million). Another five are located in Panama and the remaining one in Ecuador. Note that the Parita and Santiago Travel Center service stations are among the operations analyzed with high risk in the short, medium, and long term.

Chronic risk of sea level rise: Of the top 20 properties, only the lubricants factory in Colombia is exposed to the risk of sea level rise; however, it is considered a medium risk in all scenarios and over the short, medium, and long term. Ninety-five percent of the properties are not exposed to the risk of "sea level rise" in any of the scenarios or in any of the study years.

Acute tropical cyclone risk: This is measured based on wind intensity and historical trends, considering a potential increase of 10% every 10 years. Only 8 operations are exposed to tropical cyclone risk, representing 2% of the value of the assets under analysis. Five of these are in the Dominican Republic. The remaining three are in northern Colombia.

Based on the results of the analysis of exposure to acute and chronic physical risks in different scenarios and time scales, we have identified the operating sites, countries, and business types most exposed to each risk, in order to prioritize adaptation and mitigation measures. The main conclusions we can draw are as follows:

- Acute risks are less likely to occur than chronic risks, with heat stress and drought having the greatest impact on our operations.
- Sites such as the lubricants factory in Colombia, the Baranoa plant, and the Parita and Santiago Travel Center service stations in Panama have high scores and are exposed to multiple risks, so adaptation plans are a priority for them.
- In the Dominican Republic, the main risk is a tropical cyclone.

1.2 Resilience of the organization's strategy considering different scenarios, including a 2°C or less scenario (IPCC).

As a result of the review of our strategy and the identification of growth opportunities, we have determined that developing retail sales in gas stations is fundamental. For that reason, we have strengthened our offer at our convenience stores, which includes the development of the Sbarro franchise in Colombia and Panama as a complement to what the convenience stores offer. We project 10 stores in Colombia and 6 in Panama in 2023, with an expected EBITDA per point of sale of 16.5%/sale. Sbarro is an interesting option because of its positioning in terms of quality, freshness, and fast service, with flexibility in the development of recipes, menus, and formats. Furthermore, the "by the slice" concept is unique in the market.

The pizza market in Colombia was valued at US\$455 million in 2022, a growth of 97% from 2016, indicating that it is a category that is well accepted by the market. Pizza complements the convenience store offering, generates high traffic and high EBITDA, and is classified as a multi-target, multi-level product, like Terpel.



On the other hand, the electric vehicle charging and hydrogen vehicle refueling markets represent a strategic opportunity to limit revenue loss in the 2°C (2DS) scenario compared to the business-as-usual (BAU) scenario. Quantifying these risks and opportunities showed that by gradually increasing the market share of electric vehicle charging to 30% in 2030 and entering the hydrogen refueling market and achieving that same market share by 2030, the risk of lost revenue could be reduced to 24%. If we made the same strategic changes but achieved 50% market share by 2030, we would eliminate almost all risk to earnings.

To achieve this, we have developed a roadmap for responding to the growth of electric vehicles in the country. With proper infrastructure and flawless operations, we will ensure mobility and business continuity for our customers. Our goal for 2024 is to connect 5,000 km of Colombian roads with 27 charging points. With 14 fast-charging stations as of August 2023, we have achieved 51.8% compliance with this target.

We also consolidated our position as the largest supplier of energy to electric buses in Bogotá, serving 3 operators of the city's public transportation system, charging more than 650 electric vehicles daily, and holding a 54% market share.

In the energy sector, we are committed to the growth of self-generation of energy for our own consumption and that of third parties through Terpel Energía. We closed 2023 with 25 self-generation projects generating 264MWh/month for monthly savings of COP\$169 billion.

Finally, through investments in the solar energy market, such as our stake in Terpel Sunex, we aim to accelerate the transition to non-conventional renewables with solutions that allow us to massively scale this energy source in the country. Terpel Sunex closed 2023 with 25 plants built, 12 by Terpel Energía and 13 by third parties, and an installed capacity of 8MWp.

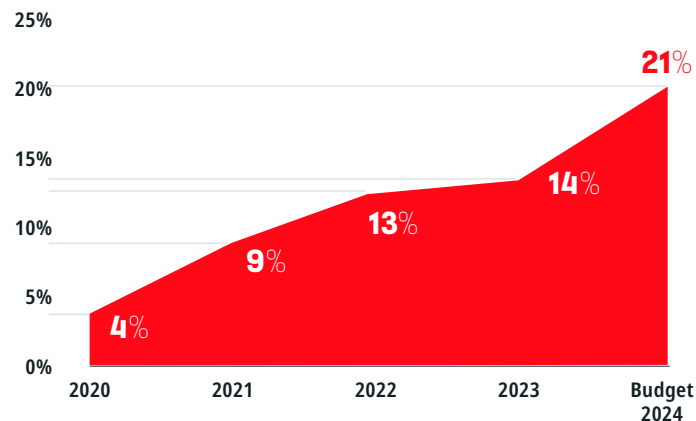
Evolution in new energy investments 2020-2024

At Terpel, we recognize the importance of decarbonizing our revenue streams to align our strategy with a sustainable future. We are therefore taking proactive steps to diversify our revenue streams. While we recognize the potential impact on our revenues during this transition, we are committed to growing new non-fuel businesses such as convenience services, electric mobility, and renewable energy.

We are convinced that these initiatives will not only benefit the environment, but will also strengthen our market position and ensure our sustainability in an ever-changing environment.

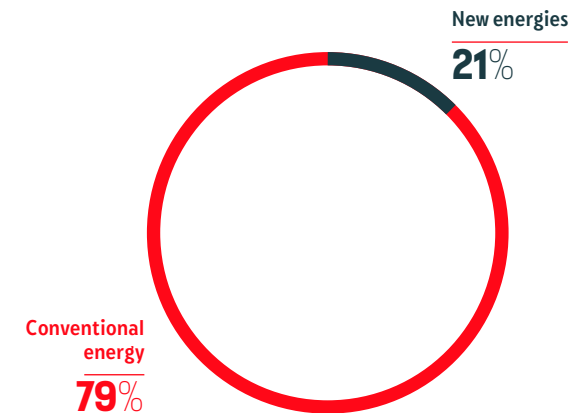
The graph below shows the behavior of non-fuel investments as a share of total investments at the regional level, going from only 4% of total investments in 2020 to 14% in 2023. By 2024, we plan to reach 21%, representing a compound annual growth rate (CAGR) of 76%.

Percentage of total capital expenditures invested in new energies and convenience services



This includes investments in convenience stores and other services connected with convenience, electromobility, solar panels, and new energies.

Shares of new energies and convenience services 2024 budget





In the case of convenience services, these investments have allowed us to expand the product portfolio for our customers, with our alliances with Sbarro and Mimos last year being a case in point. For 2024, we plan to invest 85 billion pesos in the different regions to expand our network of convenience services and become the brand of choice for our customers.

In addition, we plan to invest close to 47 billion pesos in electromobility and new energies, almost double the amount invested in 2023, which closed the year at 24 billion pesos.

In the area of electric mobility, we are continuing the expansion of our charging network in Colombia, Panama, and Ecuador. By the end of December 2023, Colombia had 24 electric charging stations throughout the country and 4 hubs for heavy-duty vehicles. Efforts to consolidate the network for our customers led us to sign an agreement with Volvo in Colombia to bring benefits to electric vehicle users and build a more sustainable country. By the end of 2023, we will also have 7 electric charging stations in Panama and 3 in Ecuador. We also partnered with Gogoro, an electric motorcycle brand, to democratize access to electromobility in the country and bet on the future of electromobility.

As for new energies, we are venturing into the manufacture and installation of solar panels. In Colombia, we already have an installed capacity of 10 MWp, and in Panama we are completing the construction of a photovoltaic park with a capacity of 5.6 MWp.

3. Risk Management

3.1 Describe the organization's processes for identifying and assessing climate-related risks.

At Terpel, comprehensive risk management is a material issue. Ensuring operational excellence and creating long-term value at the environmental, social, economic, and governance levels all depend on effectively managing risk. We therefore update our corporate risk map every year, considering any changes in the external and internal context of each affiliate and each country in which we operate. We then prioritize strategic sustainability risks that could impact the business, including climate risks, and we integrate them into our risk management system and business strategy.

The risk management system encompasses all the policies, guidelines, procedures, frameworks, tools, and people that enable the company to address risks that may affect our strategic objectives and stakeholders.

The parameters and roles for our risk management structure are based on international standards such as COSO ERM, ISO 31000, the Three Lines of Defense model, and the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures). The approach is formalized through the implementation of policies and procedures that clearly define our actions at each stage of the risk management cycle. In the first stage, we focus on risk identification using methods and tools that allow us to identify threats and opportunities in all areas of the organization. We then conduct a thorough analysis to assess the likelihood of occurrence and the potential impact on our strategic objectives. Then, in an assessment phase, we classify and prioritize risks in order to focus our resources on the most relevant ones, designing specific action plans to mitigate, transfer, accept, or avoid those risks.

Once these responses have been implemented, we initiate ongoing monitoring of the risks over time and adjust our strategies as circumstances evolve. This process, based on international best practices, is designed not only to prevent risks from occurring, but also to effectively manage their

potential impact and ensure the long-term sustainability of our organization. To this end, close cooperation with the business units is essential, and we also promote a culture of risk management through ongoing training of the teams.

3.2 Describe the organization's processes for managing climate-related risks.

The Strategic Risk Map of Organización Terpel is updated annually by the Executive Committee and approved by the Board of Directors through the Audit and Risk Committee. Since 2021, environmental, social, and governance (ESG) risks, particularly those related to climate change, have been included in the map, among other categories.

In the last two years, we have added "Climate Change and Energy Transition" risks to our Strategic Risk Map, with this description:

"Climate change and the energy transition are on the global 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.

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 Superintendency 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.

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.

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 could be adversely affected.

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.”

As part of the management of this strategic risk in the year 2023, we defined an action plan with 3 fronts:

1. TCFD Diagnosis
2. Transition risk analysis
3. Physical risk analysis

In this first phase, with the assistance of a specialized firm, we conducted a high-level analysis of Terpel's alignment with the 11 TCFD recommendations, which are grouped into the four pillars of governance, strategy, risk management, and metrics and targets.

This gap analysis allowed us to create a roadmap, and we made significant progress on that road in 2023.

To assess the **transition risks**, the specialist firm used the CTVar (Climate Transition Value at Risk) methodology, which represents the value at risk as a result of the climate transition. Using historical information on Terpel's revenues in the different business units, cash flows were projected to 2050 and discounted to present value. These discounted cash flows were used to determine changes to income under different climate scenarios.

Volume was calculated for two climate scenarios:

BAU (Business as usual): Scenario in which Terpel does nothing, no strategic actions are taken, and the company remains exposed to whatever happens in Colombia.

2DS: Scenario in which there is an orderly global transition that limits warming to below 2°C by 2100.

Finally, to analyze **Physical Risks** we used Willis Tower Watson's (WTW) Climate Diagnostic tool, which integrates various time horizons out to 2100 and temperature rise scenarios, as follows:

RCP 2.6: Global temperature increase of less than 2°C [3.6°F] ~ SSP1-2.6.

RCP 4.5: Increase in global temperature limited to 2-3°C [3.6°F-5.4°F] ~ SSP2-4.5.

RCP 8.5: Represents a global temperature increase of +4°C [7.2°F] ~ SSP5-8.5.

The results of these analyses were communicated to the responsible areas and escalated to the Audit and Risk Committee for management, as reported in the following chapter.

3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

The analysis of physical risks in Colombia, Peru, Ecuador, Panama, and the Dominican Republic provided valuable information on the exposure of Terpel's assets in the different regions to various risks related to climate change, including drought, fire, heat stress, precipitation, river flooding, sea level rise, and tropical cyclones.

Based on these results, Terpel decided to address the physical risks with the greatest impact on its operations by including them in its Organizational Risk Management System. This will ensure that these risks are addressed in a timely and systematic manner, including identification, assessment, establishment of controls, and monitoring through indicators.

Some of the specific actions taken to integrate these results into our management system are as follows:

1. Matrix for hazard identification and risk assessment and evaluation: The main risks associated with climate change, such as fires caused by local conditions, heat shock due to increased temperatures, heavy rainfall, flooding, and drought, among others, were included in the risk matrices of the 20 most exposed plants in Colombia. They were then evaluated, and controls were put in place to mitigate them. This allowed us to identify and assess factors that can be addressed through operational discipline to control threats and better adapt to social, environmental, and economic factors. It also enables improved efficiency in the management of resources and enhances stakeholder confidence, consolidating organizational management as a system for prevention, detection, and correction. This strengthens the achievement of strategies, policies, objectives, goals, and programs, while maintaining safe and healthy conditions for employees and ensuring the continuity of Terpel's operations by taking care of its assets.

We will update the following operations in 2024:

- 20 airports
- 9 plants
- 9 offices
- 1 lubricants factory
- 1 technology and innovation center

As a result of earlier analyses of operations and of occupational health and safety, and the updating of the matrix on hazards and risk evaluation and assessment, we implemented a hydration strategy at the lubricant plant, installed screens on storage tanks, and strengthened emergency management through a course on the Incident Command System.



Below, we share the progress we made in 2023 and our plans for 2024 to mitigate physical risks:

Hydration strategy: Due to the rise in temperatures in Cartagena, we started a complementary hydration strategy in the lubricants factory. Guided by a nutrition and diet expert, the strategy is based on the health profile of the workers in groups and as individuals, which allows us to recommend the ideal complementary hydration drink for them.

- 2023: Lubricants Factory
- 2024: 5 plants

Screens on tanks: Rising temperatures cause higher evaporation of fuel, thus increasing environmental contamination, the risk of fire, and impacts on the business due to product loss.

- 2023: 57 tanks with screens out of a total of 95 vertical fuel tanks.
- 2024: 1 additional tank with a screen and 100% of new investments in increased storage capacity will include floating screens for gasoline.

Emergency response training for basic brigade: A timely response by our operations personnel to an emergency, such as a forest fire, prevents harm to people and damage to the environment and Terpel's infrastructure. For this reason, in 2023, we organized a rigorous training program led by the Villagorgona Fire Department.

2023: 460 people trained and certified as basic level firefighters by the Villagorgona Fire Department.

2024: 30 people trained and certified by the fire department as basic firefighters.

Training in emergency management - Incident command system: Emergencies, such as wildfires and floods, are on the rise, so our leaders at work centers must be able to effectively and efficiently manage emergencies to protect people, assets, and operations by coordinating facilities, equipment, personnel, and procedures.

2023:

- 22 personnel in strategic positions trained and certified by USAID/OFDA/LAC in the Incident Command System.
- 12 people trained in the basics of the Incident Command System

2024:

- 28 personnel in strategic positions trained and certified by USAID/OFDA/LAC in the Incident Command System.

In addition to the above actions, climate change will continue to be integrated into the Organizational Management System in 2024, starting with the following actions:

- 2. Matrix of legal and other requirements:** To ensure compliance, risk-related climate change legislation will be included in the process to identify, access, and evaluate legal and other requirements related to managing occupational health and safety.
- 3. Matrix for identifying environmental regulatory requirements:** To ensure timely compliance, risk-related climate change legislation will also be included in the process of identifying and assessing environmental regulatory requirements.
- 4. Emergency response plan:** To update emergency plans, we have a systematic process for addressing emergencies that may occur in a work center, analyzing threats and vulnerabilities, and defining the items and equipment needed to deal with them. This document contains Standard Operating Plans (SOPs). A specific SOP will be developed for forest fires and drought, which are currently included in the general SOP for common risks.

2024

- Standard operating plan for forest fires developed and disseminated in the following work centers operated by Terpel:
 - 29 plants
 - 20 airports
 - 7 offices
 - 1 lubricants factory
 - 1 technology and innovation center

5. Purchase of forest firefighting kit: To give us on-site capacity to fight the increasing number of forest fires, the work centers most at risk must be equipped with the necessary tools, such as square and round fire shovels, rakes, and backpack sprayers.

2024:

- 10 plants with forest fire kits (those with the highest risk of these emergencies)

Simultaneously with the implemented strategies, Terpel has worked to increase the awareness of employees in all areas, especially those responsible for the processes that may be most affected by climate change, to ensure consistent and timely monitoring, evaluation, and definition of controls for climate-change risks. This is an important part of the management system and ensures participation in continuous improvement.

4. Metrics and Targets

4.1 Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.

To effectively manage climate-related risks and opportunities, Terpel discloses its targets and metrics using consistent and comparable data. We communicate our climate performance and commitment in a relevant and transparent way by adhering to standards, reporting frameworks, and assessments.



We monitor and manage these metrics on an ongoing basis, and they reflect the key risks and impacts to the ecosystem services on which our operations depend.

Total energy used in own operations (GJ)	2022	2023	2023
Total consumption of renewable energy:	3,825.79	8,436.28	8,436,28
Consumption of energy purchased from the grid	278,866.6	248,251	248.251
Total consumption of fuels from nonrenewable sources	44,974.71	804,849.8	804.849,8
Total energy consumption	327,667.1	1,061,537.08	1.061.537,08

In 2023 we show a significant increase in energy consumption of fuels from non-renewable sources, as well as greenhouse gas emissions in Scope 1.

The increase is due to the fact that in 2023 the emissions from fuel used for Terpel's contracted transportation for plant-to-plant transfers are included in Scope 1, while in 2021 and 2022 they were reported in Scope 3. The fuel consumption of the fleet was not taken into account to calculate the energy and carbon footprint in Scope 3 in earlier years.

Due to this change and the reasons explained above, the total energy consumption in 2021 and 2022 is not comparable to the consumption in 2023. However, future measurements will allow comparison of energy consumption and carbon footprint based on the parameters defined in 2023.

Total carbon footprint in scopes 1, 2, and 3 Ton CO₂eq

Year	Scope 1	Scope 2	Scope 3	Total carbon footprint
2021	2,633.23	14,561.13	157,123.96	174.318,31
2022	3,089.1	9,760.33	93,610.64	106,460.16
2023	55,610.9	7,985.8	29,007.4	92,604.2

Despite a significant increase in fuel consumption, our emissions have decreased, as has the intensity of greenhouse gas emissions per million gallons of fuel sold.

Emissions intensity	2022	2023
Expressed as tons of CO ₂ /million gallons sold	58.4	51.9

In terms of waste generation, we are working on circular economy initiatives and reducing the use of plastic packaging and single-use materials, as well as food loss and waste. We develop these initiatives with expert partners as part of our commitment to the environment.

Total weight of waste generated (tons)	2021	2022	2023
Total weight of hazardous waste	6,568	9,499.4	11,800.8
Total weight of non-hazardous waste	812	459.7	595,511
Total waste generated	7,380	9,959.16	12,396.31

We also implement comprehensive measures to ensure the efficient use and conservation of water resources at all our work centers. Our commitment is reflected in the establishment of conservation goals directly related to water consumption, the collection and use of rainwater, and the reuse of wastewater.

Water withdrawal by source (MI)	2021	2022	2023
Fresh surface water	99.04	7.63	19.74
Fresh groundwater	46	38.7	34.36
From municipal supplies (or other water utilities)	445.43	513.63	408.29
Total water withdrawn	590.57	559.96	462.39

4.2 Targets used by the organization to manage climate-related risks and opportunities and performance against targets

At Terpel we are committed to achieving carbon neutrality by 2050 for Scope 1 and 2 emissions. Along this path, we expect to reduce our emissions by 50 percent from a 2019 baseline by 2030. We rigorously measure our Scope 1, 2, and 3 greenhouse gas (GHG) emissions to monitor our progress toward this ambitious goal.

We will achieve this goal by:

- 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 projects related to sustainable mobility, including the use of fuels such as CNG, LPG, and hydrogen.

We have also set a goal to transform the waste management model to take full advantage of the program to reduce environmental impacts that can be caused by improper disposal.

We will achieve this goal by:

- Implementing strategies for the responsible use of lubricants from production to disposal.
- Progressively reducing the amount of plastic in containers and packaging.
- Reducing food loss and waste.

We are confident that by achieving these goals and targets we will help to address global challenges and reduce our environmental impact, confirming our commitment to sustainability.

At Terpel, we have committed ourselves to continuing to strengthen our resilience to climate challenges, while seeking new opportunities to make a positive contribution to a sustainable future.