



CORFICOLOMBIANA'S CLIMATE CHANGE POLICY

1. CONTEXT

Climate change is one of the main global risks facing humanity as it has put the sustainability of the planet to the test. Recently, not only has the concentration of greenhouse gas (GHG) emissions increased considerably, but it is also evident how climate change triggers considerable impacts on other terrestrial systems such as the water resource cycle, the integrity of biodiversity, and the soil productivity, among others. This is how the sense of urgency regarding climate action has acquired priority and relevance for countries, governments, the private sector, and society in general.

The 2015 Paris International Agreement set a goal of limiting global temperature rise to below 2 °C above pre-industrial levels, preferably keeping it below 1.5 °C. In response to said agreement, Colombia defined its commitments and goals for adaptation and mitigation to climate change, establishing in 2020 a 51% reduction in its GHG emissions by 2030. In addition, Colombia adopted the 2050 Strategy to achieve carbon neutrality for mid-century. Compliance with these commitments is only possible by involving both public and private sector actions and if this is not achieved, the economic, social, and environmental effects of the increase in temperature would be irreversible.

In this context, Corficolombiana recognizes the real and potential effects that climate change can generate in its operations, considering that its current strategic investment sectors, as well as its future investments, are also vulnerable to climate variability. Corficolombiana also recognizes that its investments contribute to climate change with its GHG emissions. Therefore, this Policy ratifies Corficolombiana's commitment to manage climate risks and implement adaptation and mitigation actions that strengthen the Corporation's climate action framework.

Corficolombiana's Climate Change Policy works jointly with the Responsible Investment Policy, the Sustainable Corficolombiana Strategy, and the Social Investment Policy and governs the Climate Strategy adopted in 2021, responding to the risks and opportunities associated with climate change. This Policy also responds to the commitment and progress of Corficolombiana to achieve carbon neutrality.

2. OBJECTIVE

Corficolombiana's Climate Change Policy, hereinafter "Policy", defines the guidelines and directives adopted by Corficolombiana for the management of risks and opportunities arising from climate change internally and externally, both in its current and future investments. This Policy seeks that Corficolombiana can mitigate the risks, define adaptation and mitigation actions, and take advantage of the opportunities associated with climate change; also generating added value for its stakeholders.

3. SCOPE

This Policy covers all the operations of the holding company, as well as the companies and sectors in the current and future investment portfolio.

4. DEFINITIONS

- **Adaptation:** Refers to the process of adjusting to actual or projected climate and its effects, to moderate damage or take advantage of opportunities
 - Infrastructure-based adaptation: Modify the traditional process of designing structures.
 - Nature-based adaptation: Protect, manage, restore and take advantage of natural capital.
 - Technology-based adaptation: It is based on information and the generation of information for making the right decisions.
- **Climate change:** According to the United Nations Framework Convention on Climate Change, forestry activities and land use (UNFCCC), this is understood as a climate change attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods. On the other hand, the Intergovernmental Panel on Climate Change (IPCC) defines it as any change in climate over time due to natural variability or because of human activities.
- **Decarbonization:** Process by which countries, individuals or other entities seek to achieve an existence without the consumption of carbon of fossil origin. Decarbonization generally refers to the reduction of carbon emissions associated with electricity, industry, transport, and agriculture.
- **Greenhouse gases:** Gaseous component of the atmosphere, natural or anthropogenic, that absorbs and emits radiation at certain wavelengths of the terrestrial radiation spectrum emitted by the Earth's surface, by the atmosphere itself and by clouds. This property causes the greenhouse effect. Water vapor (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and ozone (O₃) are the primary GHGs in the Earth's atmosphere.
- **Mitigation:** Human intervention aimed at reducing emissions or improving GHG sinks.
- **Climate risk:** Refers to the possible negative impacts of climate change on an organization and the impact that these risks may have on the other risks to which the organization is exposed. Physical

risks arising from climate change can be triggered by (acute) events such as a severe increase in extreme weather events (e.g., cyclones, droughts, floods, and fires). They may be related to long-term (chronic) changes in precipitation, temperature, and increased variability in weather patterns (e.g., sea level rise). Transition risks may be associated with the transition to a low carbon global economy, the most common of which relate to political and legal actions, technological changes, market responses and reputational considerations.

- **Task Force on Climate-Related Financial Disclosures (TCFD):** This is a private sector-led task force that provides a standardized global framework on financial disclosure in climate change management.

5. DECLARATION

Corficolombiana integrates sustainability criteria in its decision making, seeking that its investments contribute in a lasting way to economic, social, and environmental development. Therefore, it is committed to promoting that its operations and investments are in accordance with the environmental agreements and standards defined by the country at a national and international level, seeking to contribute with adaptation and mitigation measures for the reduction of GHG emissions, and adopting best practices in each of the sectors it invests in. In this way, Corficolombiana commits to:

- Consider climate criteria when making investment decisions, and assess the impacts, risks and opportunities associated with climate change.
- Maintain the identification, measurement, and monitoring of the impacts, risks, and opportunities associated with climate change in the investment portfolio.
- Monitor and supervise the carbon footprint of its investments and operations, involving management to design and implement adaptation and mitigation plans according to the risks and management capacity of each business.
- Continue promoting carbon neutrality in accordance with corporate and national goals, implementing the Mitigation Plan and the voluntary compensation of emissions.
- Periodically disclose progress in climate management to stakeholders, including adaptation and mitigation actions designed and implemented. The management report will be made in accordance with the recommendations of international standards and guidelines such as the Task Force for Climate Related Financial Disclosure (TCFD) and the SASB Standards of the Value Reporting Foundation (VRF).

- Promote and develop the capacities and knowledge of the value chain and Corficolombiana's investment teams to respond to climate change.
- Guarantee that the companies where there are investments are aligned with the goals and management of Corficolombiana to adapt to and mitigate climate change.
- Periodically assess compliance with the long, medium, and short-term goals for emission reduction, in accordance with the context and emerging trends.

The foregoing will allow Corficolombiana to mitigate physical and transition risks, capture opportunities, be more resilient and reduce vulnerability to climate change.

6. PROCEDURES OR ACTION FRAMEWORK

The procedures that allow mitigating the risks and capturing the opportunities of climate change are presented below:

6.1. Government model

The Board of Directors is responsible for defining the Climate Change Policy and ensuring the implementation of actions defined in it, through the Corporate Governance and Sustainability Committee and the Corporate Governance, Risk and Compliance Committee - CGRC-. The Presidency of the Corporation leads the implementation of the actions defined in the climate strategy with the support of the Sustainability Department and the Vice Presidency of Investments.

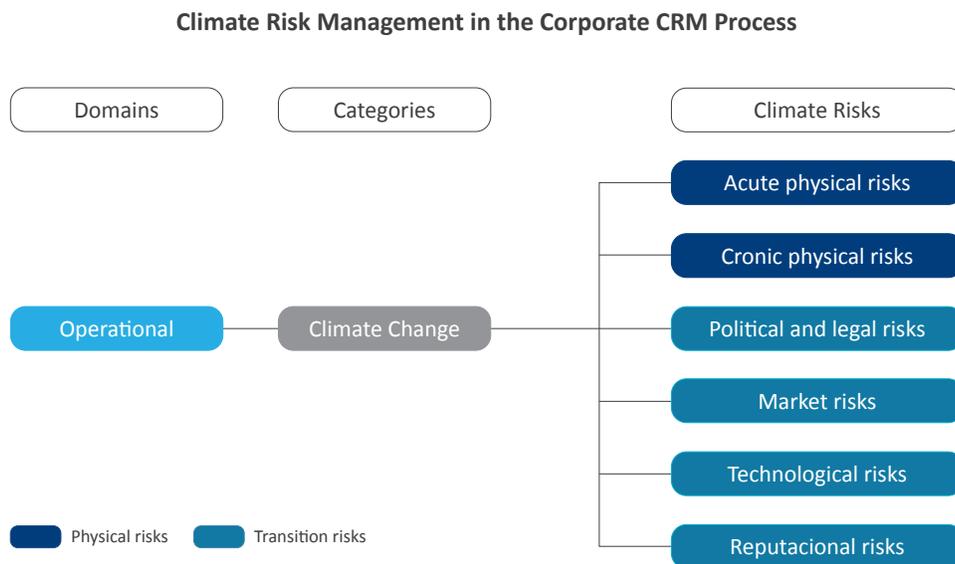
The Vice Presidency of Investments monitors each of the controlled companies of Corficolombiana so that they identify and evaluate the opportunities and risks according to the corporate methodology and manage the necessary controls to prevent or mitigate the established risks. Additionally, the Vice Presidency of Investments analyzes the climate change criteria for new investment decisions and encourages its non-controlled companies to manage climate change.

The Corporate Vice Presidency of Governance, Risks and Compliance ensures the implementation of processes for managing risks arising from climate change and generates reports and information for related decision making.

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

6.2. Risk management

Climate risk assessment is carried out in accordance with the Corporation’s Governance, Risk and Compliance Model. Climate change is part of a category within the risk taxonomy of Corficolombiana within what we define as the Operational Domain. In this way, an analysis is carried out based on the criteria of probability and impact. Risks can be physical (acute or chronic) or transitional (political/legal, market, technological and reputational).



Climate risk assessment is done annually through a process of identification, assessment and prioritization, treatment, and monitoring. This assessment is led by the Corporate Vice Presidency of Governance, Risks and Compliance who, in addition to identifying and evaluating the risks, defines the controls associated with the respective lines of defense. The GRC Vice Presidency also identifies new emerging climate risks in the different sectors of Corficolombiana companies and seeks to generate action plans both in the Corporation and its controlled companies.

6.3. Measurement and reduction of Greenhouse Gases

Corficolombiana is committed to continue quantifying, reducing, and offsetting its carbon footprint, through the definition of mitigation and energy transition plans in the companies in its portfolio, as well as the improvement of efficiency in the use of resources, the acquisition of Carbon Certificates, and the planting of trees, among others.

Corficolombiana maintains a monitoring of GHG emissions (TonCO₂eq) - Scope 1 and 2, as well as the intensity of emissions by millions of COP income by sector and by controlled company. Additionally, it monitors Scope 3 for several of its companies and will continue to strengthen the measurement of said scope.

In addition, the Corporation seeks to move towards carbon neutrality by determining GHG emission reduction goals that contribute to the country's goals. Likewise, it promotes its investments to move in this direction towards carbon neutrality, in accordance with the objectives of the Corporation and the country, determining goals and objectives in absolute terms and in terms of intensity of emissions for profits and income.

Corficolombiana will continue evaluating and promoting the actions that are carried out from the different strategic sectors, according to their risk and management capacity to adapt to and mitigate climate change. Additionally, and on the path to carbon neutrality, new investments in the portfolio will be promoted to be climate-smart, seeking to increase investment in low-carbon sectors.

6.4. Adaptation

Each company in the portfolio, both for present and future investments, has specific adaptation needs. Corficolombiana accompanies the identification and implementation of adaptation measures based on nature, infrastructure and/or technology. These measures will serve to prepare companies for the impacts of climate change on business operations and build resilience.

Each strategic sector carries out an analysis of vulnerability to climate change.

6.5. Monitoring, evaluation, and reporting

In accordance with this Policy and in compliance with regulatory requirements and business commitments, Corficolombiana discloses its management and social, environmental and corporate governance information under the international standards of the TCFD, and the SASB Standards of the VRF, following the guidelines and recommendations of each one.

These disclosures will be made through the annual sustainability report and information to investors to inform stakeholders about the actions taken, challenges and opportunities of Corficolombiana in the face of climate change.

7. RESPONSIBILITIES FOR COMPLIANCE WITH THE POLICY

Considering the scope of this document, it will be the responsibility of the Sustainability Department, the Vice Presidency of Investments and the Corporate Vice Presidency of Governance, Risk and Compliance, to direct and support the entire company and its investments in compliance with this Policy.

8. DISCLOSURE

This Policy, as well as the actions designed and implemented for its compliance, will be disclosed to stakeholders through official communication channels, such as the website or the Annual Management and Sustainability Report.

SUPERINTENDENCIA FINANCIERA
DE COLOMBIA

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 Investigaciones Económicas Corficolombiana