




PROMIGAS

TCFD
REPORT
2023



Message from the President



Promigas recognizes that climate change is one of the greatest risks affecting the planet and people's sustainability. Committed to a just energy transition, we take our corporate commitment to climate management and sustainable business management very seriously.

Since our inception, Promigas has worked to promote social change by connecting people and industries with innovative and reliable energy sources and services that contribute to developing and improving the quality of life of the societies in which we operate.

Facilitating access to affordable energy has enabled us to help people and communities overcome energy poverty and promote a gradual and responsible energy transition, promoting development with increasingly low-carbon energies that contribute to fulfilling national and global goals to reduce emissions that cause global warming.

Accordingly, in 2022 we conducted a comprehensive review of the 2021 carbon emissions baseline, to identify the main sources of emissions in each

of our businesses and the actions required for their mitigation, and determine a roadmap to implement actions to reduce emissions and decarbonize our businesses.

This was the basis for declaring our corporate commitment to carbon neutrality and setting ambitious targets for the reduction of our CO₂e emissions in scopes 1 and 2 and the dedicated part of scope 3, committed to reducing 50% of our emissions by 2028 and carbon neutrality by 2040.

Honoring the Transparency and Good Governance criteria that characterize us, this report presents the risks and opportunities, especially those related to climate and that could financially impact our businesses' performance, based on the TCFD reporting framework and

alignment with our corporate strategy, also addressing the governance bodies' roles in monitoring these issues.

While SBTi does not yet have specific standards for the Oil and Gas sector, to which the vast majority of our businesses belong, for the purposes of setting decarbonization targets in accordance with science-based objectives, we have reviewed the existing guidelines of this initiative and other standards, such as the Transition Pathway Initiative (TPI), to ensure that the objectives and targets we have set are in line with science-based criteria.

With the above, we join the global agenda, not only through ideas, but with a concrete, credible action plan with clear objectives in the short, medium and long term, and we enable



effective communication with our internal and external stakeholders, on our climate strategy, especially the actions we will carry out achieve our emission reduction goals.

During this reflection process, we have seen the great opportunity we have as a company, within the energy transition framework, to continue promoting clean energy development and use, starting with the implementation of innovation processes to develop products and services with low carbon emissions. This is how, for example, we have become pioneers in Colombia in green hydrogen production among other energy solutions at the service of the industry's decarbonization.

Convinced that our company's strength and solvency allows us

to generate shared value under an ethics, transparency and compliance framework, with a solid corporate governance system, we have reached this point thanks to the recommendations and support of our Board of Directors, who provided us with strategic guidelines and approved the reduction goals set for the organization. Likewise, the support of the different committees and work teams has been fundamental to developing our climate strategy.

All of the above, together with our experience and recognition over more than half a century and the experience of a successful present, allows us to look to the future with the conviction that WE ARE ENERGY THAT DRIVES DEVELOPMENT.

The Board of Directors' active participation enabled the coordination of the decarbonization plan with the business strategy and the approval of the emission reduction goals established for Promigas and its subsidiaries for the 2028 and 2040 horizons.

We contribute with the following commitments:

By 2028: ~50% reduction of our emissions intensity compared to 2021, for Scopes 1, 2 and a specific part of 3.

by 2040: Achieving carbon neutrality for Scopes 1, 2 and a specific part of 3.

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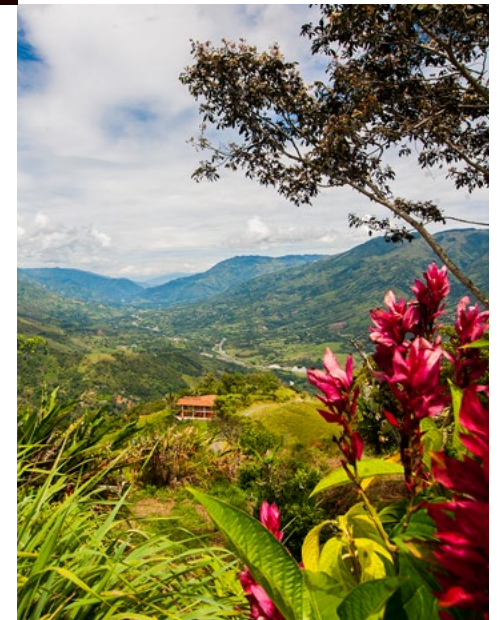
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Introduction

As an organization, we have been generating economic, social and environmental value for over 50 years, contributing to society's progress and development, leaving a positive social footprint in Colombia and Peru.

We contribute to energy poverty reduction, lowering energy deprivation and promoting healthier lifestyles, increasing people's well-being, improving food security and boosting economic growth.

We have also encouraged the use of natural gas for the industrial sector, natural gas for vehicles (NGV) and the development of liquefied natural gas (LNG). Currently, we have 21 companies dedicated to the transportation and distribution of this resource, to the regasification of LNG, to the distribution of electric power and to providing integrated services for industry.

We have voluntarily committed to the highest international standards and frameworks, such as the principles of the Global Compact, the Sustainable Development Goals (SDGs) and the Caring for Climate initiative promoted by the United Nations and, more recently, the Paris Agreement guidelines.

Aware of the importance of making climate information increasingly transparent and accessible, in recent years we have been disclosing climate information following the most specialized and comprehensive reporting frameworks on these topics, such as the Carbon Disclosure Project (CDP), in which we have participated since 2016.



In line with the above, we decided to move forward and implement the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and publish this report on climate financial disclosures.

About TCFD

What are TCFD recommendations?

In 2015, the G-20 Financial Stability Committee formed a working group called the Task Force on Climate-Related Financial Disclosures (TCFD) to identify the way that the financial sector can integrate climate-related issues into its investment processes.

As a result of this action, the working group published the TCFD recommendations in 2017, which provide a framework for companies to report to investors and other stakeholders on how they are managing the risks and opportunities that climate change creates in their businesses.

Why TCFD?

The TCFD framework provides recommendations on climate-related financial reporting that are broadly adoptable and applicable to all industry sectors. These recommendations are designed to provide financial markets with clear and comprehensive

information on the impacts and opportunities that climate change can create for businesses and industries. The advantage of aligning with the TCFD guidelines lies mainly in integrating climate issues into the company's financial planning and strategy, and being able to report on these issues following unified and consistent criteria that allow third parties to access reliable, verifiable and comparable information.

Integrating the TCFD framework into climate management provides a comprehensive corporate risk assessment and greater strategic resilience to climate change. It is important to recognize these risks and opportunities because, although the effects of climate change are known, the associated risks are usually the most significant and misunderstood aspects that organizations face today. The large-scale and long-term nature of the problem makes it a challenge, especially in the context of economic decision-making. All in all, it is clear that knowledge and study of these issues are essential to avoid risks and take advantage of opportunities.

What information is included in a TCFD report?

This document has been structured based on the four pillars recommended by the TCFD framework: Governance, Strategy, Risk Management and Metrics and Objectives.

1 Government: Explains the Board of Directors' role in the management and oversight of climate-related risks and opportunities, as well as Senior Management's role in implementing the actions defined by the company to manage its climate issues.

2 Strategy: Reports the way the organization analyzes climate change risks and opportunities, the real and potential impacts for the organization, and how this information is incorporated and taken into account in the organization's strategic and financial planning.

3 Risk Management: Identifies the processes used by the company to identify, assess and manage climate risks and, in general, how these processes are applied in the organization's overall risk management.

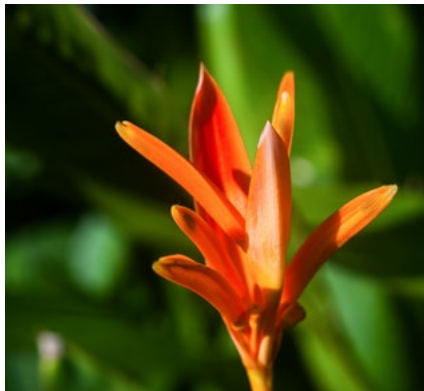
4 Metrics and Objectives: The most relevant climate indicators used by the company to assess climate risks and opportunities, such as greenhouse gas emissions, and the objectives set by the company to strategically manage the results associated with the implementation of these objectives.



01 Government



Robust corporate governance mechanisms are our way of responding to the interests of shareholders and other stakeholders impacted by the company's decisions. We provide timely and reliable information, convinced that ethical and transparent conduct is the key to achieving profitability and sustainable growth.



At Promigas we have strong corporate governance bodies and our Board of Directors as the leading body for all corporate decisions in compliance with the strategy and the major organizational purposes.

We strictly comply with our business's applicable laws and regulations, and we are also guided by our corporate values, Code of Conduct and internal policies, including our Human Rights and Environmental Policies, which reflect our position and actions related to climate issues.

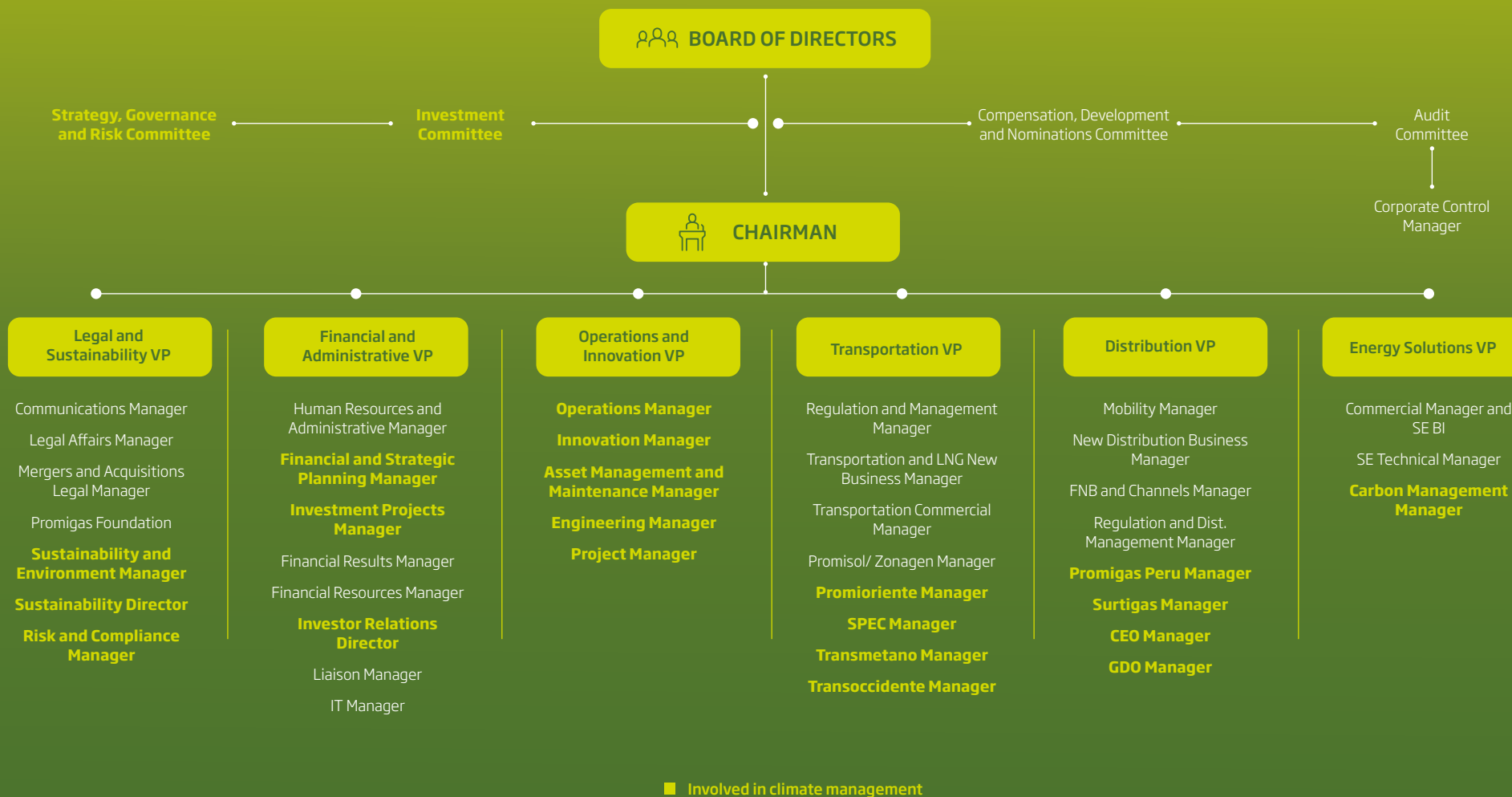


1.1

Corporate oversight of climate risks and opportunities

Promigas' Board of Directors is responsible for approving and doing a periodic follow-up of the strategic plan, the business plan, the company's financial and investment policies, management objectives and annual budgets. It is also responsible for defining the structure, the governance model, the compensation policy approval and the evaluation of Senior Management tied to the fulfillment of long-term objectives and risk levels.

FIGURE 1. CORPORATE ORGANIZATIONAL STRUCTURE (2023)



Note: structure in force to 2023.

Board of Directors

As part of our good Corporate Governance practices strengthening process, we have included decarbonization and our compliance with the goals established in the roadmap among the topics to be reviewed periodically by the Board of Directors. Specific roles include:

a. The risk policy approval and the knowledge and periodic monitoring of the company's main risks, including those taken in off-balance sheet transactions.

b. Periodic control of the company's performance and the ordinary course of business, as well as the performance evaluation of the members of Senior Management.

Committees to support the Board of Directors.

Strategy, Governance and Risk Committee



In sustainability

1

To support the Board of Directors' work related to the Company's sustainability strategy.

2

To guide Management in the adoption of goals and indicators of the sustainability model's strategic pillars.

3

To periodically receive reports from management on the progress of the sustainability and strategic social investment plan.

4

To review society's decarbonization strategy and evaluate its implementation.

5

To reflect upon and propose measures on best practices in sustainability to strengthen the company's commitment and alignment with the corporate strategy with a sustainable approach, as well as the relationship with all stakeholders.



In climate-related risks

To report to the General Shareholders' Meeting on the company's risk management, through a special section included in the Board of Directors' management report, including strategic, business, climate change and third party risks, among others.

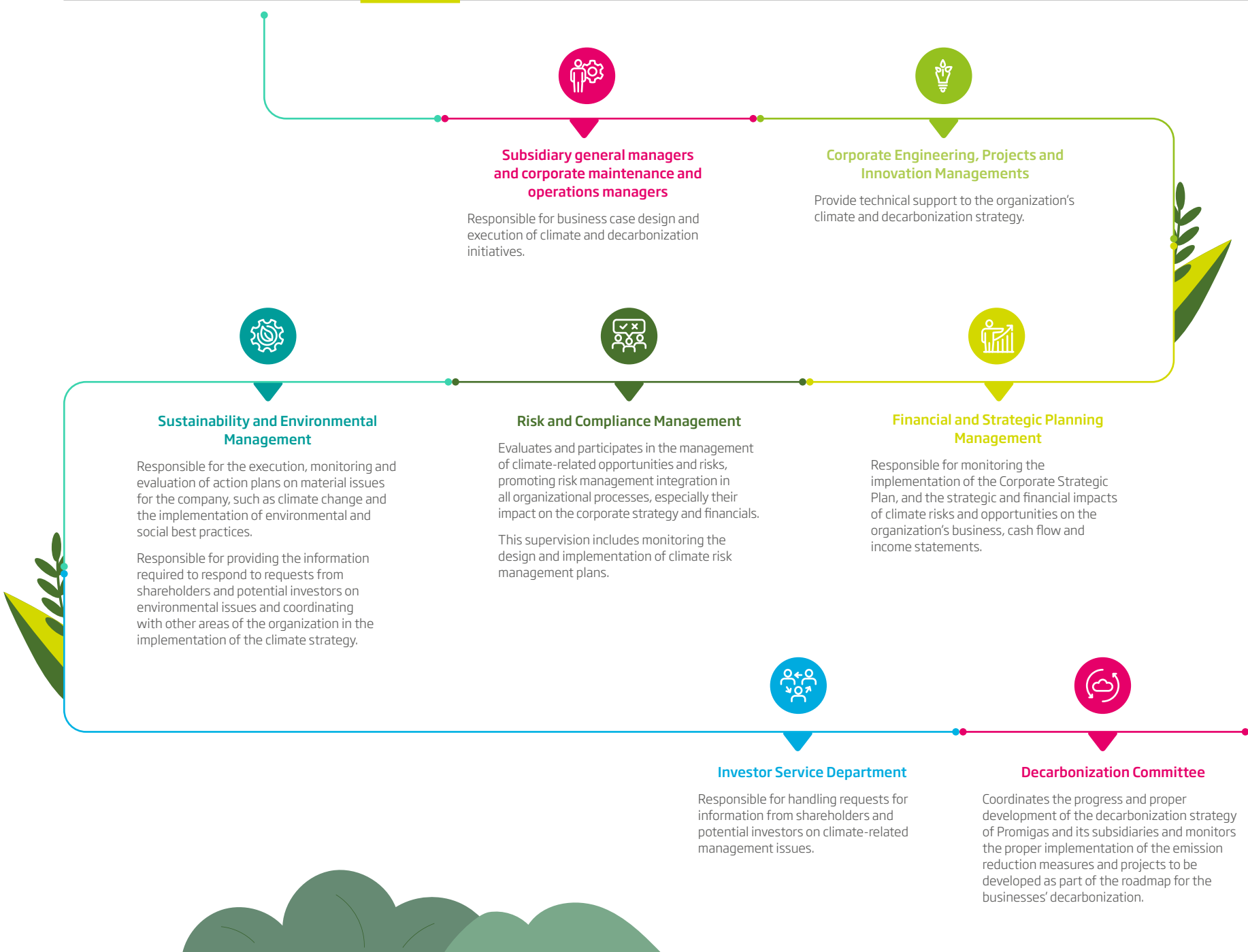
Risk and Compliance Committee



The Corporate Risk and Compliance Committee is the body in charge of monitoring the comprehensive management of risks and compliance, in the applicable aspects, to issue guidelines and recommendations to Promigas and related companies and promote the appropriation of risk management and compliance.

Climate management is a cross-cutting issue that involves different areas of the organization, which have specific roles in this area.





Subsidiary general managers and corporate maintenance and operations managers

Responsible for business case design and execution of climate and decarbonization initiatives.

Corporate Engineering, Projects and Innovation Managements

Provide technical support to the organization's climate and decarbonization strategy.

Sustainability and Environmental Management

Responsible for the execution, monitoring and evaluation of action plans on material issues for the company, such as climate change and the implementation of environmental and social best practices.

Responsible for providing the information required to respond to requests from shareholders and potential investors on environmental issues and coordinating with other areas of the organization in the implementation of the climate strategy.

Risk and Compliance Management

Evaluates and participates in the management of climate-related opportunities and risks, promoting risk management integration in all organizational processes, especially their impact on the corporate strategy and financials.

This supervision includes monitoring the design and implementation of climate risk management plans.

Financial and Strategic Planning Management

Responsible for monitoring the implementation of the Corporate Strategic Plan, and the strategic and financial impacts of climate risks and opportunities on the organization's business, cash flow and income statements.

Investor Service Department

Responsible for handling requests for information from shareholders and potential investors on climate-related management issues.

Decarbonization Committee

Coordinates the progress and proper development of the decarbonization strategy of Promigas and its subsidiaries and monitors the proper implementation of the emission reduction measures and projects to be developed as part of the roadmap for the businesses' decarbonization.

1.2

Corporate compensation and incentives vs. climate-related objectives

Our organization's interest in having a competent and motivated human team is the driving force that encourages us to keep a compensation policy based on equity and competitiveness. It is our policy to establish a compensation scheme to attract, develop and retain the people required to fully comply with our higher purpose.

Part of this scheme are Promigas' performance -based incentives related to the achievements of the organization's strategic objectives, such as compensations associated with the fulfillment of climate-related objectives. For 2023, one of the cross-cutting indicators is the decarbonization roadmap abatement goal.



The Compensation Committee defines variable compensation guidelines for the President and other positions of the organization. These incentives are evaluated based on performance indicators and the use of specific metrics, and the compensation amounts vary depending on each member of the organization and the roles they have to perform.

Although decarbonization goals are transversal indicators, which influence all our executives' compensation, the Legal and Sustainability Vice President and the Sustainability and Environment Manager had other specific indicators in 2023 associated to this process.

02 Strategy



As part of our strategic guidelines, we have defined our purpose as follows:

“We are energy that drives development”.

Promigas, with its corporate strategy “Our Energy 2040” is committed to the energy transition. There is no doubt about the benefits of natural gas as an energy source for the transition. It is a source of energy with much lower emissions, while it plays an essential role in the economy as a source for electricity generation, for the development of industrial processes, and for transportation. In addition, natural gas contributes to the population's well-being in areas such as health and the use of time for unpaid work; its expansion reduces energy poverty.

Nevertheless, we are aware of our responsibility to reduce GHG emissions, thus we have set ambitious goals to reduce CO2 emissions intensity by 50% by 2028 (this means that our goal is not static and instead considers the growth of our operations) and to reach carbon neutrality by 2040 in Scopes 1 and 2.

Risk management structurally supports business management and, since we are aware that climate phenomena are becoming one of the most important challenges we must face as a society and as an organization, the climate variable is considered part of the risk analysis. In the face of physical risks, we work on adaptation, and for risks associated with the energy transition, we work on mitigation.

In addition to the above, our strategy identifies opportunities associated with the energy transition. Natural gas as the transition energy, and, on the other hand, the development of new low-emission business lines.

Our environmental policy expresses our explicit commitment to climate change mitigation, energy transition and biodiversity stewardship. These commitments have led us to identify risks and opportunities that may have a potential financial impact on our company for all time horizons and geographic areas in which we operate.



2.1



Our climate strategy

Promigas, aware of its business relationship with climate aspects, as well as its impact on society and the financial consequences for the organization, generated by climate risks and opportunities, developed a climate strategy that aligns and structures the organization's actions to manage climate change, including its adaptation to it and the mitigation of our contributions to

this phenomenon and the management of the risks and opportunities derived from it, minimizing the former and maximizing the business opportunities derived from climate change.

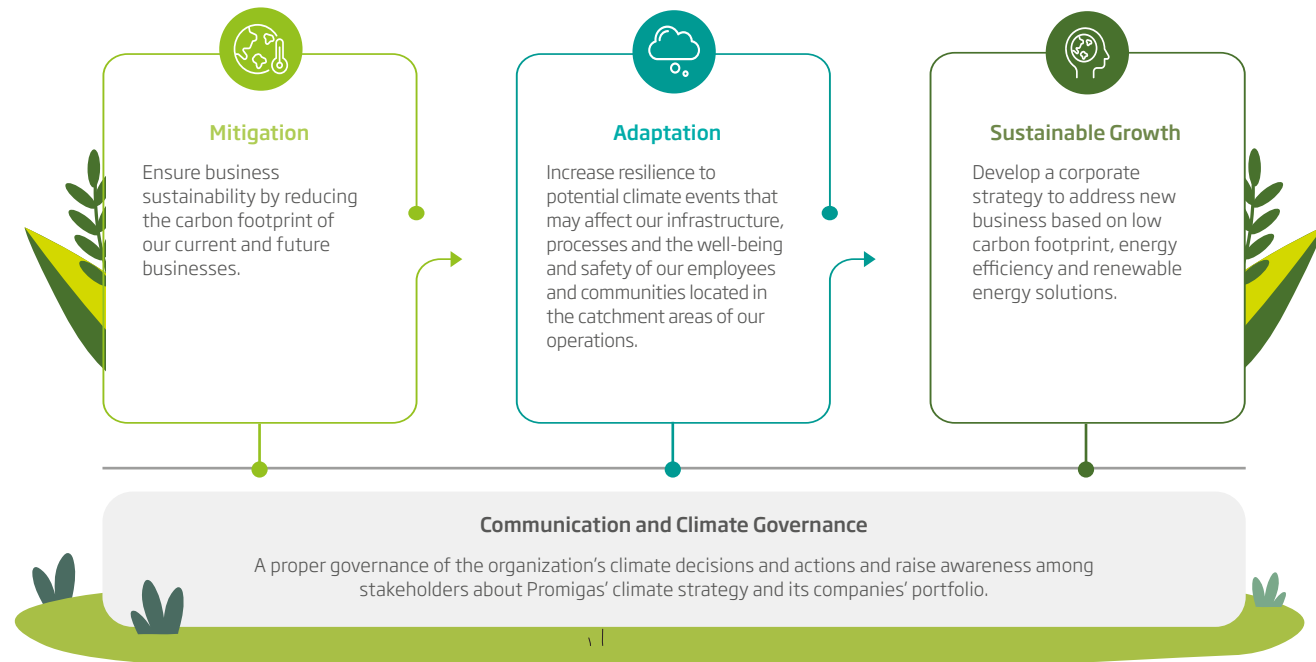
In turn, Promigas is committed to the global goals and principles on climate change established by the United Nations system, specifically through

the Global Compact and its Caring for Climate initiative and the Sustainable Development Goals (SDGs), defining Goal 13 as one of the priority SDGs: Taking urgent action to combat climate change and its effects. Therefore, the definition of the Climate strategy represents a major step forward in the achievement of this goal, and in improving the value of corporate sustainability.

Promigas' climate strategy has been structured in 4 strategic lines that frame the actions to face the climate change challenge. These lines are:

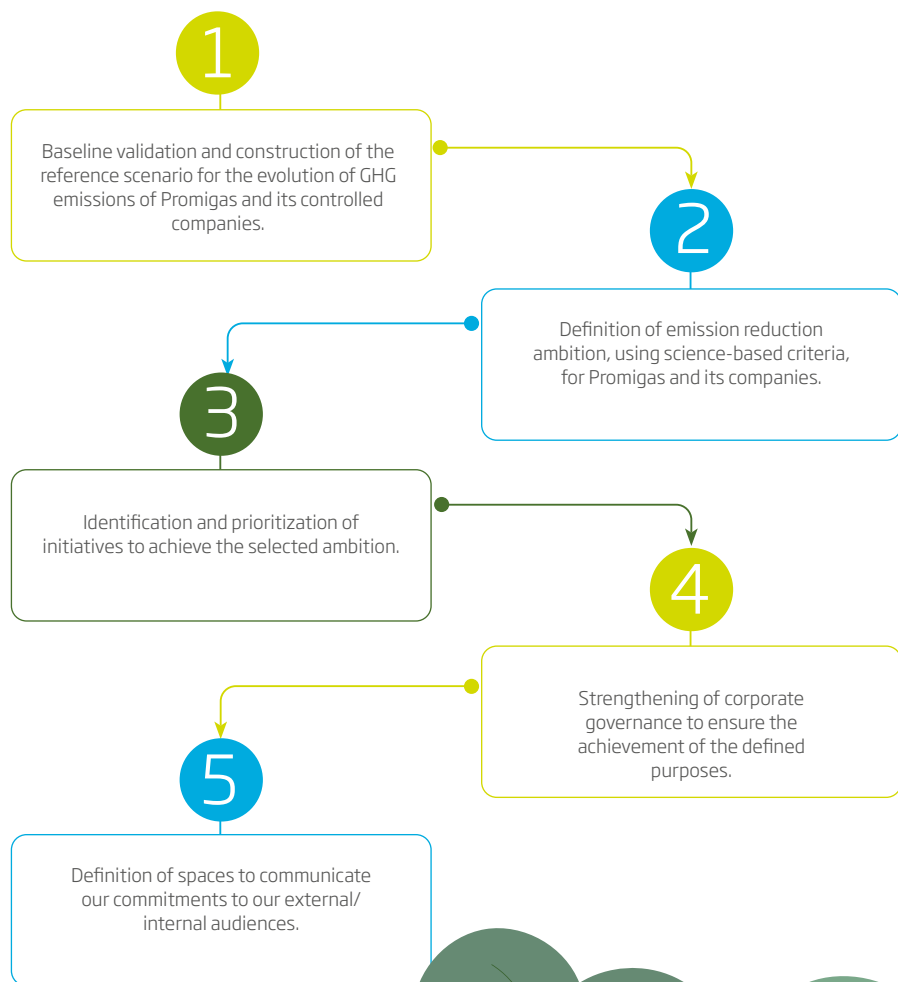
FIGURE 2. CLIMATE MANAGEMENT PILLARS.

We have a **Climate Strategy** with these lines:



2.1.1 Decarbonization plan

When developing our climate the mitigation line, and as part of our efforts to reduce our GHG emissions and adapt our strategy to climate risks and opportunities, in 2022 we developed a roadmap for the decarbonization of our current and future businesses, following these stages:



Specifically, the roadmap for our businesses' decarbonization establishes the following GHG emission reduction targets for Promigas and its subsidiaries:

By 2028:

- ~50% reduction of our emissions intensity compared to 2021 for Scopes 1, 2 and a specific part of our Scope 3.

By 2040:

- Achieving carbon neutrality for Scopes 1, 2 and a specific part of our Scope 3.

In the chapter on metrics and objectives (see page 28) we provide more details.



2.2 Climate-related risks and opportunities

Promigas and its portfolio continue to strengthen the process of identifying, evaluating and managing risks and opportunities related to climate change, and we have based our analysis on climate scenarios and the guidelines established by the TCFD framework.

This risks and opportunities identification has been the basis to develop corporate strategies, such as the creation of the Energy Solutions Vice-Presidency in 2022, as well as the development of new lines of business and low-carbon products or the identification of more energy-efficient technologies for our operations, among other actions undertaken.

How do we do it?

The construction of climate scenarios allows us to analyze, develop and adopt strategic responses to the possible changes and impacts generated on society, industries and business models by climate change. Likewise, these scenarios allow us to strengthen our climate strategy's resilience, by being able to identify the consequences of an increase in the intensity and frequency of physical events.

The TCFD framework recommends the use of public climate scenarios for risk quantification, which are based on environmental and stakeholder implications and meet a number of recommendations:

1 Use of different time horizons (short, medium and long term):
aligned with national and international climate change objectives.

2 Should be transparent and consistent:
Parameters, assumptions, analytical approaches and time horizons, must allow the results obtained in each scenario to be comparable with each other.

3 Scenarios should include both physical (chronic and acute) and transitional variables.

4 At least one scenario that contemplates hypotheses and variables of a world working to achieve a temperature increase that is below 2°C should be included.

2.3 Our climate scenarios



In our case, scenarios were created based on the models and projections proposed by (i) the International Energy Agency (IEA) and (ii) the Intergovernmental Panel on Climate Change (IPCC) and in line with TCFD recommendations. Diagram 3 presents the description of these scenarios 3.

FIGURE 3. CLIMATE SCENARIOS DESCRIPTION



Of the 3 climate scenarios explained, Promigas and the portfolio have selected the Slow Transition scenario as the most probable one to quantify the risks; however, it contemplates the fulfillment of certain Sustainable Development Goals and the promotion of a disaggregation of policies by sectors with the objective of achieving economic and energy sustainability. The following are part of the hypotheses analyzed to select the base scenario:

- Governments that had pledged to achieve zero net emissions by 2050, due to recent geopolitical conflicts, have re-evaluated the fulfillment of their climate goals. These countries have decided not to eliminate natural gas in an accelerated manner from their energy matrices, positioning it as the element of the energy transition, as it is a cleaner fuel compared to other fossil fuels,
- The mineral inputs required to massify renewable technologies (solar panels, windmills, batteries, among others) are not assured in the short term, causing a slowdown in the exit of fossil fuels from the energy matrix and, therefore, a slower than expected penetration of renewables (BP Energy Outlook 2023 and International Energy Agency - IEA).

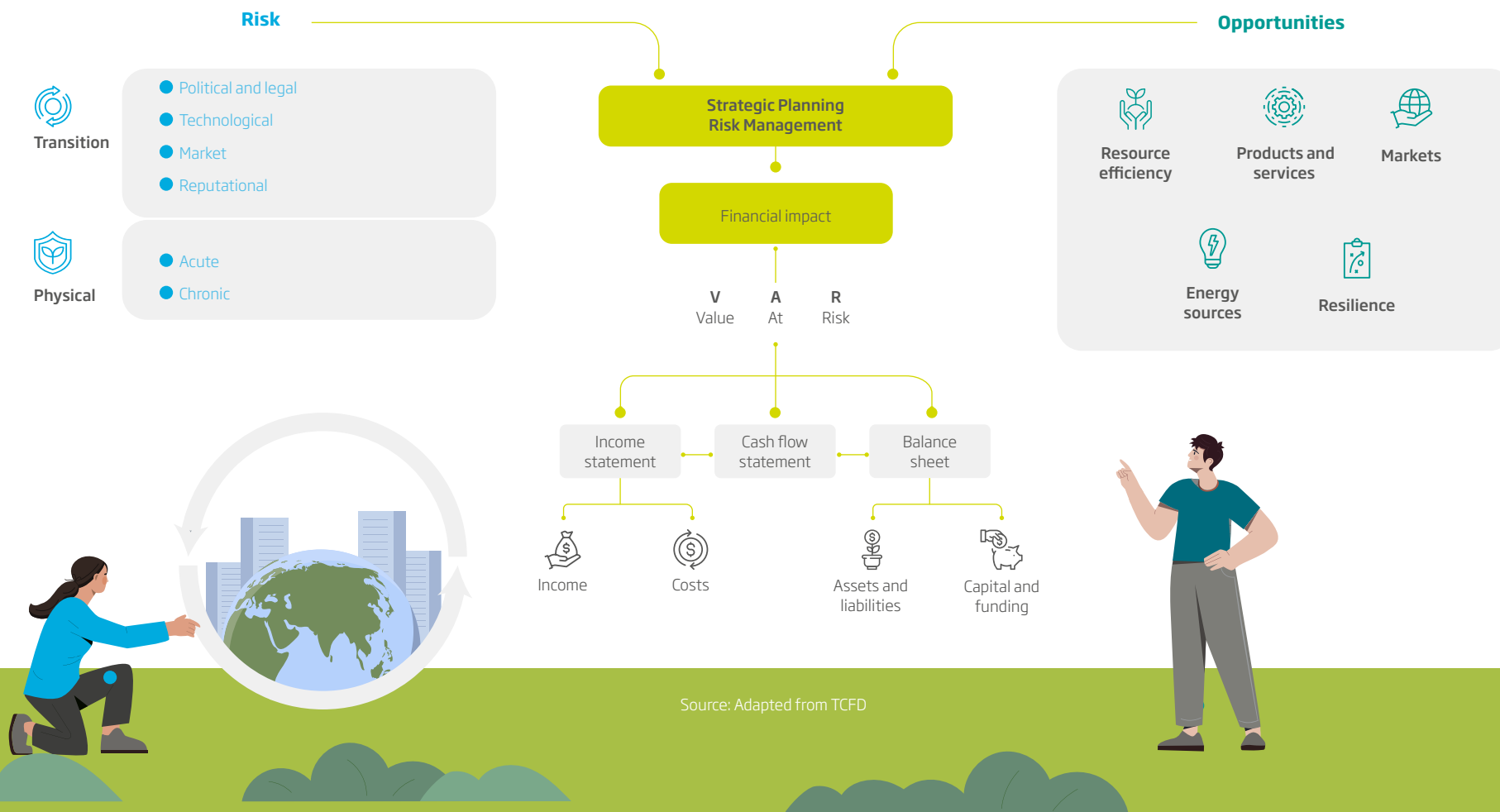
2.4 Climate risks and opportunities

Three time horizons were established to analyze the selected scenario (slow transition):



Figure 4 presents a flow chart that explains the process to be followed to identify the potential business impacts and benefits of climate risks and opportunities:

FIGURE 4. CLIMATE RISKS AND OPPORTUNITIES IDENTIFICATION.



2.5

Climate risks for Promigas and its portfolio, their impacts on the company's business, strategy and financial planning.

Physical risks

To identify the impact of climate change and quantify the potential financial impact of physical and transition risks in each climate scenario and time horizon, we have estimated the relevant risk parameters and determined the aggregate Climate Value at Risk calculation, and based on these results we have developed or selected the most effective adaptation and mitigation plans, to optimize our financial planning and strengthen our strategic resilience.



Impact of physical risks on business, strategy and financial planning:

For Promigas and its portfolio, the physical risks detected refer to the impacts from the increased severity and frequency of weather phenomena in the regions where we operate. The high weather variability in Colombia and Peru poses high physical risks, which may

increase the exposure of our assets and operations to possible interruptions.

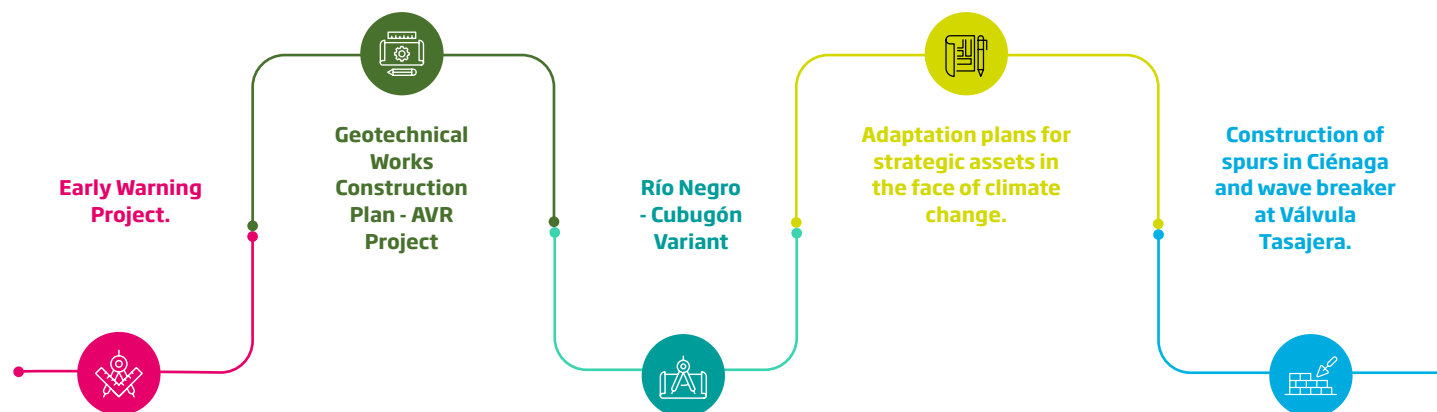
Table 1 shows the company's most relevant acute and chronic physical risks and their potential impacts.

TABLE 1. PROMIGAS IDENTIFIED PHYSICAL RISKS

| Physical Risks | Risks of Major Impact | Probability | Potential Impacts |
|----------------|--|-------------|--|
| Acute Risks | <ul style="list-style-type: none"> Landslide Extreme events-rains/floods | High | <ul style="list-style-type: none"> Infrastructure failures that impact business continuity. Increased maintenance costs. Asset replacement or relocation. |
| | <ul style="list-style-type: none"> Fires (Forest) Heat waves Drought Periods Hurricanes | | <ul style="list-style-type: none"> Difficulty in accessing work fronts that would generate delays in operations, construction and maintenance activities.¿ |
| Chronic Risks | <ul style="list-style-type: none"> Sea level rise Wind availability Temperature Increase Precipitation Solar radiation Ocean acidification | High | <p>The estimated financial impact is within the risk appetite's capacity limit.</p> <p>20% - 30% Net Income (Period 2030)</p> <p>This exposure does not jeopardize compliance with the corporate strategy. Additionally, short and mid-term action plans are defined.</p> |

In the quantification carried out for 2030, the slow transition scenario is the one with the highest expected impacts associated with physical risks. In this scenario, maximum potential impacts are expected to be within the range of 20%-30% of budgeted net income, with a special relevance of acute physical risks. In all climate scenarios, rainfall and flooding are the risks with the greatest expected financial impact. Likewise, the risk of landslides and forest fires are also highlighted.

To address these physical risks that challenge our infrastructure, Promigas is developing several projects and actions with the purpose of adapting and reducing the possible impacts:



Transition risks and their impacts

For Promigas, the main transition risks are those related to our efforts to achieve our operations' decarbonization and contribute to the global energy transition as fast as possible. To achieve this, it is necessary to identify, manage and evaluate several transition risk categories that may occur in the national and international industry, such

as new sectoral climate regulations, development of more efficient and environmentally cleaner technologies, and changes in gas markets, among others. These risks were quantitatively assessed to determine their impact on the business strategy and establish a resilience plan that allows it to be sustainable over time.



FIGURE 5. TRANSITION RISKS.

MARKET

- Decrease in industrial, residential and vehicular NG demand due to energy transition, electrification and implementation of self-generation solutions.
- In the face of an *El Niño* phenomenon:
- **Energy:** Increase in energy prices in the stock exchange, increasing end-user billing (subject to the exposure % to the stock exchange) and high costs due to unrecognized energy losses.
- **Gas:** Price increase affecting competitiveness.

IMPACT: low - between 1 and 7% (Note 1)

PROBABILITY: moderate.



TECHNOLOGICAL

- Increased renewable sources participation in the electricity generation matrix.
- Decrease in gas consumption due to the decarbonization of liquid fuels.
- Increased investments to reduce the business' emissions
- Increase AOM expenditures to reduce fugitive emissions.

IMPACT: low - between 1 and 7% (Note 1)

PROBABILITY: moderate.

POLITICAL AND LEGAL

- Expansion of the carbon tax.
- Regulatory and regulatory changes associated with the energy transition that affect the business.

IMPACT: low - less than 1% (note 1)

PROBABILITY: moderate.

REPUTATIONAL

- Higher financing costs for some of the company's projects.

IMPACT: low - between 1 and 7% (Note 1)

PROBABILITY: moderate.

Note 1: Regarding budgeted Net Income (2030 horizon).

To mitigate these transition risks, Promigas and its companies have established a **Decarbonization Roadmap**, comprised of 22 initiatives aimed at reducing our emissions and adapting to both the changing climatic conditions that may affect our operations and the potential impacts of such operations on the environment. These initiatives are grouped into four strategic areas:



Energy efficiency:

Our focus consists of improving our major equipment and optimizing fuel consumption required for our gas transportation and LNG regasification operations.



Asset integrity:

We focus on addressing fugitive emissions by identifying emission sources generated by our operations and working to control and eliminate them. These measures include installing cameras for leak detection and measurement, vent capture, modifications to pneumatic controllers and regulator components, and preventive actions to avoid damage. We will also involve communities and neighbors of our networks to make them aware of the presence of gas pipelines in their environment and, through collaborative work and constant information with our companies, invite them to avoid actions that may cause ruptures and leaks to the environment.



Low-carbon energy:

We seek to change our sources of energy supply for our main equipment, heavy and light fleet. This is achieved by installing hybrid generation microgrids, transitioning to the use of hydrogen and electricity for mobility, among other strategies.



Contract management:

Consists of diversifying our electricity supply contracts by contracting the highest possible proportion of electricity from renewable sources, with the aim of promoting the use of cleaner energy sources in our operations.

Specifically, the roadmap for our businesses' decarbonization establishes the following GHG emission reduction targets for Promigas and its subsidiaries:

1 **By 2028: ~50% reduction of our emissions intensity compared to 2021 for Scopes 1, 2 and a specific part of our Scope 3.**

2 **By 2040: Achieving carbon neutrality by for scopes 1, 2 and a specific part of our Scope 3.**

Opportunities and their benefits for Promigas' businesses

The global energy transition and climate change have driven the development of several opportunities related to best practices in the Energy & Gas industry. These climate opportunities identified by Promigas are related to resource efficiency, operational resilience, new products/services that are more environmentally sustainable, greener energy sources, access to new market niches, among others. Table 2 shows the most relevant opportunities for the company and their potential benefits.



TABLE 2. IDENTIFIED CLIMATE OPPORTUNITIES.

| Opportunities | Potential benefits |
|---|--|
| Energy Solutions | <ul style="list-style-type: none"> Business development in distributed solar energy, auto and cogeneration, thermal districts, energy efficiency, green mobility and carbon management for industrial and commercial users. Expected share of total revenue of 0.5%, 1.9% and 1.1%, respectively, in renewable energy, clean fuel conversions (NGV, solar, natural gas) and energy efficiency businesses. |
| Hydrogen Entry | <ul style="list-style-type: none"> Hydrogen is identified by many stakeholders as an important future energy carrier. A large amount of equipment, both transport and industrial, could run on hydrogen. To carry out studies to capture opportunities in the production, distribution, commercialization and use of hydrogen for electric vehicle mobility in Colombia and Peru, an agreement was signed with Sumitomo Corporation, one of the main business conglomerates in Japan. In addition, the first exploratory pilot project for green hydrogen production and injection into natural gas networks in Latin America was launched in 2022. |
| Biogas - biomethane Entry | <ul style="list-style-type: none"> Participating in the emerging biogas and biomethane market. |
| Increasing demand for NGVs in the heavy-duty vehicle fleet | <ul style="list-style-type: none"> Increase vehicle fleets for public transportation and especially freight transportation, equivalent to a potential increase in consumption of 83.6 million cubic feet of gas per day (MPCD). |

03 Risk management



The Comprehensive Risk Management model implemented in Promigas and portfolio complies with, and is based on, the requirements established in the Risk Assessment component of COSO 2013, in the NTC ISO 31000 Risk Management and in the other requirements requested by the shareholders or by the Board of Directors.

Our Integrated Risk System incorporates climate risk management to facilitate decision-making to fulfill the organization's climate objectives. This integration has allowed us to consolidate efforts and strengthen our climate actions through the use of climate scenarios and the estimation of the potential financial impacts of climate risks, as explained in the previous section..

3.1

Description of the processes to identify, assess and manage climate-related risks

Promigas and its companies have a comprehensive risk management corporate policy to ensure the effective management of risks that may generate deviations in the fulfillment of objectives.

Our Integrated Management System is an iterative process that draws from different sources, such as strategic planning, strategic business risks,

materiality analysis, stakeholder dialogues and environmental trends.

This is a documented process in which climate risks and opportunities are integrated into the company's centralized risk management program, covering all types and risk and opportunity sources identified by the company. Within these we find:

- **Strategic Risks:**

Risks that directly affect the fulfillment of the business' strategic objectives and the company's mission processes. The processes for identifying key risks evolve as the strategic objectives change. To define these risks, a context and trend analysis is performed to determine the situations that may have a potential or real impact on Promigas Corporate's strategy. Among the strategic risks approved by the Board of Directors for 2023 - 2024, two risks associated with climate change were identified and assessed:

- Failures in the implementation of the climate mitigation and adaptation strategy (physical risk and transition).
- Catastrophic infrastructure failure due to the threat of climate change phenomena.

- **Tactical Risks:**

Events that may affect the achievement or fulfillment of process objectives. The leaders of such processes are responsible for managing these risks. Here we find the details of the physical and transition risks throughout the processes.



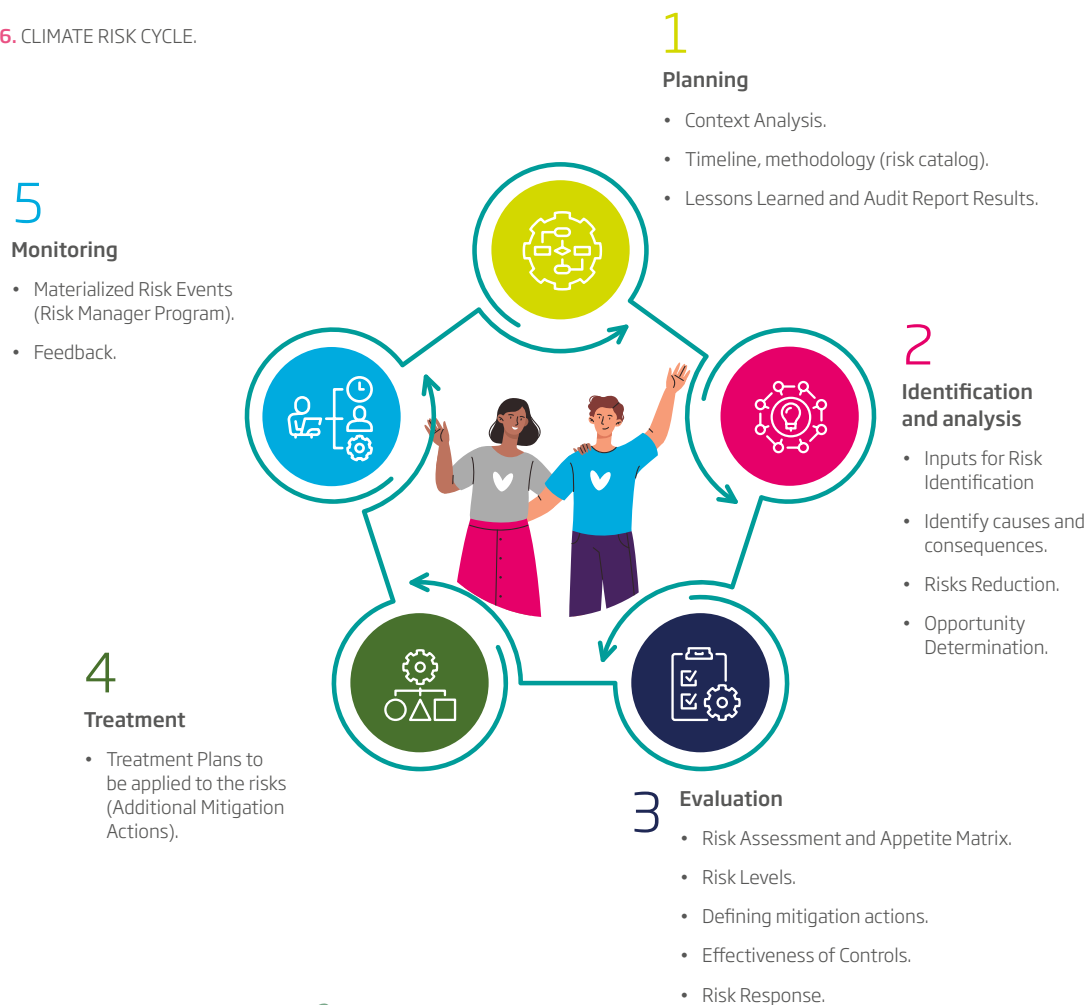
The identification, analysis and assessment of climate change risks in the short, medium and long term allows the organization to mitigate and adapt preventively to their potential impacts and facilitates the decision-making process for the fulfillment of the organization's objectives. In addition, an optimal management of climate risks allows Senior Management to have a complete vision of the risks it is exposed to.

At Promigas, we have identified, evaluated and adequately managed the most critical climate risks based on our strategy, through our Comprehensive Risk Management System. With the use of this system, we seek to develop effective climate risk management through a clear assignment of risk, control and supervision responsibilities throughout the company through the Strategy, Governance and Risk Committee, whose main roles include the follow-up and monitoring of high-level risks.

A cornerstone of our climate risk management is our definition of materiality, which is determined based on a rigorous process that includes: 1) Dialogues with our stakeholders. 2) Identification of relevant sustainability issues. 3) Prioritization of relevant issues. 4) Validation with senior management. 5) Updating the materiality analysis. From this materiality process, we have defined environmental performance as one of our priority strategic issues, which contains climate-related issues relevant to our business.

Figure 6 shows the risk cycle applied for the identification, assessment and treatment of the climate risks reviewed in the previous chapters.

FIGURE 6. CLIMATE RISK CYCLE.



04

Metrics and objectives



Finally, the use of metrics to track progress in climate and environmental management has allowed us to strengthen our climate risk management and achieve the development of new strategic climate plans and efficiency in the use of resources, as well as to increase our contributions to biodiversity conservation.

The metrics related to our emissions (scopes 1, 2 and 3), emissions intensity ratios, energy consumption are essential to illustrate the climate achievements and the organization's high commitment in relation to carbon neutrality and climate action, which are issues of global relevance, and on which Promigas has established specific commitments to contribute to the achievement of a gradual and responsible energy transition, which responds to our context's energy needs.

4.1

Climate-corporate objectives

As part of our strategic objectives, we have set the growth of our portfolio in low-emission businesses, growth in innovative energy businesses, and the generation of a positive social and environmental footprint, contributing to the reduction of energy poverty and the development of the societies in which we operate.

These objectives are part of our drive towards our businesses' decarbonization.

Specifically, the roadmap for our businesses' decarbonization establishes the following GHG emission reduction targets for Promigas and its subsidiaries:



1 By 2028:
Reducción en un
~50 %

reduction of our emissions intensity compared to 2021 for Scopes 1, 2 and a specific part of our Scope 3.

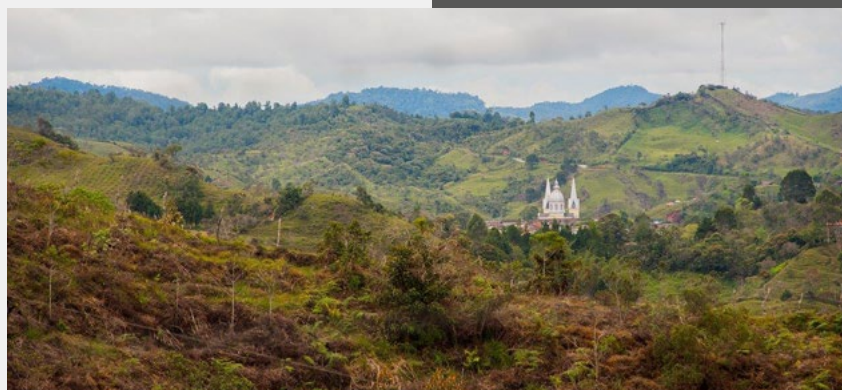


2 By 2040:
Achieving carbon neutrality in emissions intensity for Scopes 1, 2 and a specific part of our Scope 3.



Meeting these goals involves developing a series of projects and initiatives in energy efficiency, asset integrity, leakage management, and the development of low-carbon energy projects, all of which are complemented by emissions offsetting initiatives. These initiatives allow us to better manage our climate risks, while we will be able to continue identifying growth opportunities to diversify and make our businesses more efficient.

The main challenges in the short term to meet GHG emission reduction targets and improve transparency in the disclosure of the results of our climate management are:



1 Executing the actions proposed in the roadmap for the decarbonization of current and future businesses to achieve GHG emission reduction targets.

2 Ensuring that the implemented decarbonization initiatives account for the reduction of emissions considering organic business growth conditions.

3 Identifying new initiatives to reduce carbon emissions.

As part of our efforts to adapt our operations to climate change and mitigate our climate impact, we have developed specific measures to address climate risks and opportunities, which will enable us to strengthen our climate management and strategic resilience.

4 Coordinating decarbonization commitments with inorganic business growth.

5 Developing low-carbon or nature-based solutions projects to offset emissions as a value proposition to our customers.

4.2 Climate-related metrics

To comprehensively evaluate and monitor our climate management, at Promigas we follow up on various climate metrics and natural resources management from the perspective of the climate strategy's three pillars, which are: Adaptation, Mitigation and Opportunity Management. The following has been defined to monitor each one:



The disclosure of these climate metrics is part of our efforts to align with best market practices in climate management and to show our stakeholders the organization's climate progress.

FIGURE 7. CLIMATE-RELATED METRICS

Mitigation

Ensuring business sustainability by reducing the carbon footprint of our current and future businesses.

Dejected 2023:

25.270 tCO₂e

Completed activities

Progress was made with the execution of 12/22 initiatives that have an average advance of 66%, grouped in the following categories:

- Energy efficiency
- Asset integrity
- Management of energy contracts

Next steps

- Constant monitoring and follow-up of the implementation of the 22 initiatives that are part of the decarbonization roadmap.

Adaptation

Increasing resilience to potential climate events that may affect infrastructure and communities in our operations' areas of influence.

Progress for 2023:

38 %

Completed activities

- Early warning project
- Geotechnical construction plan - AVR project
- Río Negro - Cubugón variant
- Adaptation plans for strategic assets to climate change.
- Construction of spurs in Ciénaga and breakwaters Valve Tasajera.

Next steps

- Constant monitoring and follow-up of climate change adaptation projects.
- Corporate-wide adaptation plan for strategic assets in the face of climate change.

Sustainable Growth

Developing a corporate strategy to address new low carbon footprint, energy efficiency and renewable energy businesses.

Initiative progresses

15% Low in emissions
85% Fossil

Goal 2023:

18% share in low carbon businesses.

Completed activities

- Definition of the Strategy Shines for non-bank financing businesses.
- Definition of a vice-presidency for the management of energy solutions businesses.
- Development of electric power distribution businesses.

Next steps

- Strengthen and expand the scope of our actions and innovation projects in products focused on green gases, such as hydrogen, biomethane, synthetic natural gas of biological origin and ammonia.
- Continue working in the business associated with low-carbon energy solutions.



Our carbon footprint

Direct GHG emissions / Scope 1 (TONCO₂e) / Total emissions generated in Colombia and Peru

TABLE 3. DIRECT GHG EMISSIONS / SCOPE 1.



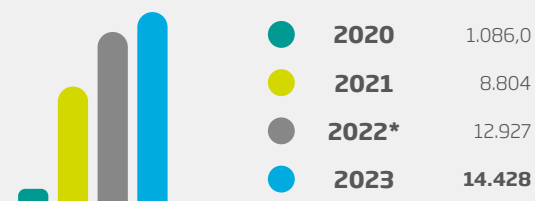
Direct GHG emissions / Scope 1 (TONCO₂e) / Disaggregated by emission source / Total emissions generated in Colombia and Peru

TABLE 4. DIRECT GHG EMISSIONS SOURCE / SCOPE 1.

| Emission source | 2020 | 2021 | 2022 | 2023 |
|--------------------|-----------|--------|---------|---------|
| Mobile sources | 1.618,4 | 2.026 | 3.009 | 3.015 |
| Fixed sources | 125.883,9 | 43.284 | 52.551 | 54.101 |
| Fugitive emissions | - | 93.163 | 104.140 | 105.866 |

Indirect GHG emissions / Scope 2 (tCO₂e) / Total emissions generated in Colombia and Peru

TABLE 5. INDIRECT GHG EMISSIONS / SCOPE 2.



*Gases included: CO₂

** The reporting of market-based emissions does not apply.

Direct GHG emissions / Scope 3 (TON CO₂e) / Total emissions generated in Colombia and Peru / GRI 305-3

TABLE 6. INDIRECT GHG EMISSIONS / SCOPE 3.

| 2020 | 2021 | 2022 | 2023 |
|---------|-----------|-----------|------------------|
| 3.353,3 | 3.702.530 | 3.952.039 | 3.834.809 |

*Gases included: CH₄



Environmental eco-efficiency

Energy consumption within the organization (MWh)

TABLE 7. ENERGY CONSUMPTION.

| Energy, MWh | 2021 | 2022 | 2023 |
|--|-----------------|-------------------|-------------------|
| Renewable energy | 330,86 | 258,41 | 207,01 |
| Non-renewable energy | 94.861,63 | 320.658,84 | 273.669,80 |
| Non-renewable energy by fuel use | 88.050,64 | 311.362,63 | 263.609,70 |
| Non-renewable energy (purchased electricity) | 6.810,99 | 9.296,21 | 10.060,09 |
| Total | 95.192,5 | 320.917,25 | 273.876,81 |

*For the conversion to energy units, the information source for each fuel's calorific value was updated in 2022. Source: FECOC 2016, <http://www.upme.gov.co/Calculadora_Emisiones/aplicacion/calculadora.html>.



Concluding remarks



We meet our customers' needs and expectations through tailor-made, state-of-the-art, low-carbon solutions, providing them with a superior service experience at competitive prices.

Promigas Credo

We have always believed that facilitating access to affordable and environmentally friendly energy means continuing to help people and communities improve their quality of life. We are also aware of the global problem of greenhouse effect gases and the commitments of Colombia and Peru to reduce their emissions by 51% and 30%, respectively, by 2030. We know that an energy transition is necessary and we are committed to one that is gradual and responsible, and therefore we hope to consolidate our position as an ally of our customers in their energy transformation and decarbonization process.

We are convinced that natural gas is a source of transition because it allows us to increase energy coverage, overcome poverty and promote access to more modern and sustainable sources. Since our inception, we have promoted society's access to this innovative and reliable energy that has contributed to its development in a competitive and environmentally friendly manner.

At the end of 2022, we set out our roadmap to reach our carbon neutrality goal by 2040. This is our roadmap, with which we will continue to connect the world to ever-cleaner

energy. By publishing this report, we are demonstrating our commitment to transparency and, above all, our conviction to continue providing the world with increasingly sustainable energy that will keep driving development.

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PROMIGAS