

1. OBJECTIVE

Provide guidelines for the development of the company's climate strategy, with the aim of measuring, reducing and managing the carbon footprint, as well as developing solutions for adaptation to climate change, enhancing opportunities and mitigating climate-related risks.

2. SCOPE

This policy applies to the company and provides guidelines to subsidiaries.

3. DEFINITIONS

- **Greenhouse gases (GHGs):** GHGs are compounds that are present in the atmosphere and can increase the temperature of the atmosphere. This is due to its ability to absorb and remit infrared radiation. (IDEAM, 2015).
- **Climate Change:** According to the United Nations Framework Convention on Climate Change (UNFCCC), climate change is understood as a change in climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that adds to the natural variability of the climate observed during comparable periods of time.
- **Carbon footprint:** The carbon footprint is the amount of greenhouse gases – GHGs emitted into the atmosphere by direct or indirect emanation from an individual, organization, event or product (WRI, 2015).
- **Scope 1:** Scope 1 accounts for direct GHG emissions, which come from sources owned or controlled by the company, e.g. emissions from combustion in boilers, furnaces, vehicles, etc. (World Resources Institute and World Business Council for Sustainable Development, 2004)
- **Scope 2:** Scope 2 accounts for GHG emissions from the generation of the purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise introduced into the company's electricity. Scope 2 emissions are physically produced at the facilities where the electricity is generated. (World Resources Institute and World Business Council for Sustainable Development, 2004)
- **Scope 3:** Scope 3 is an optional information category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the company's activities, but they are produced from sources that are not owned or controlled by the company. Examples of scope 3 activities include the extraction and production of purchased materials; the transport of purchased fuels; and the use of products and services sold. (World Resources Institute and World Business Council for Sustainable Development, 2004)
- **Mitigation: Actions** that address the causes of climate change, avoiding and reducing greenhouse gas (GHG) emissions provide global, but also local, benefits. Mitigation has a long-term effect on climate change, due to the inertia of the climate system.
- **Adaptation:** Actions that address the impacts of climate change. It is primarily a local issue, as adaptation provides benefits mostly at the local level.

- **Task-Force on Climate-Related Financial Disclosures (TCFD):** A working group developed by the World Bank's Financial Stability Board that aims to promote voluntary and consistent reporting of climate-related financial risks for companies to provide information to investors, insurers, and other stakeholders.

4. POLICIES

4.1. General

Anthropogenic greenhouse gas emissions have increased since the pre-industrial era, largely as a result of economic and population growth, and are now higher than ever. As a consequence, there have been changes in the climate that have caused impacts on all continents and oceans. (IPCC, 2013) When there is an increase in temperature, the Earth suffers from an imbalance in the balance of its natural systems, fundamental in the development of human productive activities. (IDEAM, PNUD, MADS, DNP, CANCELLERÍA, 2015)

In 2015, within the framework of the Paris Agreement, 175 countries committed to improving their environmental performance to avoid an increase in the planet's temperature above 1.5°C by 2100. To achieve this, reducing greenhouse gas emissions is critical. As a country, Colombia has the challenge of reducing emissions by 51% in a "business as usual" scenario by 2030. Additionally, at COP 26 held in 2021, Colombia committed to achieving carbon neutrality at the country level by 2050.

Committed to sustainability and aligned with the Nationally Determined Contributions (NDCs) and the country's long-term strategies, the Company develops its sustainability strategy under the ESG approach: Environmental, Social and Governance.

Within the framework of the environmental pillar, it contributes to the protection and care of the planet, its biodiversity and its natural resources, mitigating the impacts that the operation of the business could generate on the environment and promoting a culture of environmental awareness among its stakeholders.

As part of this commitment, the Company has a specific objective of action against climate change, which directs its actions towards the measurement, mitigation and compensation of impacts, as well as the adaptation and resilience of its operation to climate risks. ☐

4.1.1. Management of Risks and Opportunities associated with climate change

The development of the business with a climate-compatible vision implies for the company to consolidate a growth strategy that promotes competitiveness, and, at the same time, protects and ensures the sustainable use of natural resources. This approach allows us to identify and manage the risks (physical and transitional) and opportunities associated with climate change, aligned with the TCFD framework.

4.1.2. Carbon Footprint Management

Management of emissions associated with refrigerant gases and fossil fuels.

- Manage the company's refrigeration and air conditioning systems with a view to reducing the environmental impact on the planet and complying with current legal regulations.
- Manage the consumption of fossil fuels through the efficient use of fossil fuels and the migration to fuels with less environmental impact.

Management of emissions associated with energy consumption

- Encourage the generation and use of renewable energy, such as integrated solar projects at our facilities.
- Promote self-generation and purchase of electricity from renewable sources.

Management of emissions associated with other indirect sources in the value chain

- Implement actions to increase the use of waste.
- Develop guidelines to promote the circular economy of packaging.
- Develop and strengthen the knowledge of allies and suppliers in environmentally sustainable practices.

5. REFERENCES

- Florián Buitrago, M., Pabón Restrepo, G. A., Pérez Álvarez, P. A., Rojas Laserna, M., & Suárez Castaño, R. (2016). National Climate Change Policy. Bogotá: Dirección de Cambio Climático.
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- WRI, W. (. (2015). World Business Council for Sustainable Development.