
ENVIRONMENTAL SOCIAL GOVERNANCE



2021 ESG Integrated Report

Environmental - Social - Governance

Board of Directors (BoD) in 2021

GRI 2-9

CSA Board structure
CSA Non-Executive
Chairman / Lead Director

Michael Hibberd,	Chairman of the Board of Directors, Independent Director
Ariel Merenstein,	Independent Director
Charle Gamba,	President, CEO, and Director
David Winter,	Independent Director
Francisco Díaz,	Independent Director
Gonzalo Fernández-Tinoco,	Independent Director
Gregory D. Elliot,	Independent Director
Juan Argento,	Director

Consulting

Desarrollo Visible

Design and layout

Typo Diseño Gráfico Ltda.

Canacol Energy Ltd.

Corporate headquarters:

2000, 215- 9 AV SW Calgary, Alberta T2P 1K3, Canada

Colombia's office:

Calle 113 No. 7-45, Bogotá, Torre B, Oficina 1501

June 2022

2021 ESG Integrated Report

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GRI 2-2
GRI 2-3
GRI 2-4
GRI 2-5
GRI 2-28

- ▶ Summarizes economic, social, environmental, and governance outcomes and milestones of Canacol Energy Ltd.¹
- ▶ Covers the period from January 1 to December 31, 2021, unless otherwise stated.
- ▶ Includes information on Canacol Energy's operations in Canada and Colombia (clarification is made when the information is presented separately for the different countries).
- ▶ Fulfills our Communication on Progress (CoP) requirement for the United Nations Global Compact.
- ▶ Is prepared in accordance with the GRI Standards:
 - ▶ GRI 1: Foundation 2021
 - ▶ GRI 11: Oil and Gas Sector 2021
- ▶ Is aligned with the following standards:
 - ▶ SASB Standards for the Oil and Gas Sector (Sustainability Accounting Standards Board, SASB)
 - ▶ Task Force on Climate-Related Financial Disclosures (TCFD)
 - ▶ S&P Global Corporate Sustainability Assessment (CSA)
 - ▶ CDP
 - ▶ Sustainable Development Goals (SDG)
- ▶ The 2021 ESG Integrated Report has been reviewed by Deloitte.
- ▶ In 2021, changes were primarily associated with the seven new block licenses acquired incorporating new regional stakeholders such as communities, contractors, suppliers, government agencies, and NGOs.
- ▶ All financial amounts are expressed in United States dollars, unless otherwise stated. The average exchange rate: 2021 - 3,742 COP/USD; for 2020 - 3,380 COP/USD; for 2019 - 3,280 COP/USD and for 2018 - 3,000 COP/USD.
- ▶ Canacol trades on the Toronto (TSX) and Colombian (BVC) exchanges. Canacol's largest shareholders are Fourth Sail Capital, LP with 20.4% of outstanding common shares and Cavengas Holdings SRL with 18.5%.

Point of contact for further information

GRI 2-3

- <https://canacolenergy.com/es/sustainability/sustainability-reports/>
- Please send an email to esg@canacolenergy.com

1. Canacol Energy Ltd., hereinafter: "Canacol Energy", "Canacol" or the "company" and includes, where the context dictates, its subsidiaries.

An aerial photograph of a vast, winding body of water, possibly a reservoir or a large river system. The water is a deep, dark green color, reflecting the overcast, grey sky. The shoreline is irregular and features patches of brown, dry-looking earth and sparse, low-lying green vegetation. In the distance, the water continues to wind through a flat landscape under a heavy, cloudy sky. The overall mood is somber and expansive.

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Canacol's ambition is to be a leader amongst our oil and gas industry peers and a model of ESG excellence. The Board of Directors recognizes and embraces their key role of incorporating ESG Strategy into our business model, thereby ensuring its integration with business objectives, key performance indicators, and risk management. We believe that continuous improvement and strengthening of our ESG performance are both expected by our stakeholders and necessary to mitigate climate change. Integrity, accountability, transparency, and complying with regulatory standards are cornerstone strategic principles. In 2021, we formalized our commitment to ESG by the establishment of a Board committee to oversee ESG matters.

The ESG Committee ensures the company's main ESG challenges and opportunities have been identified, quantified, and prioritized. The Committee also ensures that corporate policies and procedures properly evaluate and mitigate ESG-related risks. For 2021, our focus included Colombia's energy transition, global and regional climate, community and government engagement, cybersecurity, as well as workforce diversity, equity, and inclusion.

We work continuously to maintain a transparent and timely dialogue with our neighboring communities and stakeholders to incorporate their participation in our project planning and implementation processes. Our corporate social investment policy is aligned with global standards to select and implement projects that generate long-term value well beyond mandatory requirements.

Canacol's strategy aligns with the Task Force on Climate-related Financial Disclosure (TCFD) and we are evaluating alignment with the pending release of Oil & Gas Sector Guidance by the Science-Based Targets Initiative (SBTi). Considering these two initiatives, we have established both greenhouse gas emission reduction targets and a decarbonization plan and have strengthened our capabilities in climate-related financial analysis.

Accomplishments of note in 2021 include: Improved ESG ratings and rankings by third parties, upgraded requirements in our Code of Conduct and Ethics for Contractors and Suppliers, a more robust diversity, equity, and inclusion strategy and policies, and the expansion of climate and cybersecurity modules within our risk analysis process.

Canacol has a critical role to play in Colombia's energy matrix transition. The energy we produce will improve the quality of life for millions of Colombians. As we grow, we will strive to develop the natural resources we have been entrusted with in a responsible and ethical manner.

David Winter and Francisco Díaz

Chairman and Co-Chairman of the ESG Committee

GRI 2-22
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I am pleased to present Canacol's ESG Integrated Report. We continue to enhance our ESG Strategy and to strengthen our business processes. As a natural gas-focused producer, we aim to displace more carbon-intensive energy options, such as crude oil and coal, offering natural gas and liquefied natural gas (LNG) as better alternatives. This report reviews the company's 2021 ESG performance, discusses our evolving strategy, and presents our goals for the coming years.

A cleaner energy future

Natural gas is an important fuel source in Colombia's energy transition and our goal is to provide it with a minimal carbon footprint. In 2021, we launched initiatives to achieve important emissions reduction utilizing a combination of energy efficiency and nature climate solutions. Converting our primary generation to natural gas substantially decreased the consumption of higher-carbon fuels. Eighty-eight percent of the energy for Canacol's operations now comes from natural gas. We expanded photovoltaic energy systems to an additional 22 well sites and facilities. We continued to reduce fugitive emissions through regular thermal imaging and on-site inspections, with the goal of eliminating them by 2023. In this report, we also detail our commitments and achievements in managing biodiversity, water resources, and waste streams.

A safe and committed team

We continue to prioritise the health, well-being, and safety of our employees, contractors, and neighboring communities. In 2021, our lost time injury frequency rate and total recordable injury frequency rate decreased by 57% and 27% respectively, we maintained a zero-vehicle incident frequency rate and had zero occupational illnesses or ailments. These achievements derive from our proactive and preventive approach to operational health and safety including the monitoring and regular evaluation of contractor performance.

We continue to champion Diversity, Equity, and Inclusion (DEI) in the workplace. In 2021, we established a DEI corporate policy and employee committee, launched a DEI online training module, and implemented a Gender Equity Management System to help us further identify and eliminate gender gaps. Women comprise 35% of our workforce, a +8% difference over the industry average according to the 2021 Colombian Petroleum Association (ACP) study. We are strengthened by the leadership and technical expertise they provide.

Guided by sustainable development

Our neighboring communities should grow and prosper in parallel with us. In 2021, we enhanced and integrated practices regarding labour contracting, purchasing local goods and services, and the monitoring of concerns, requests, complaints, and claims into our Social Responsibility Policy and workflows. We designed our Code of Conduct and Ethics for Suppliers which stipulates our requirements regarding environmental, human rights, labor rights, and business ethics standards.

In 2021, we created employment and development opportunities with 60% of our skilled labor and 100% of unskilled labor being hired locally. Our vocational training program significantly reduced the need for importing skills from outside the region. Our annual supplier census identified new providers and our outreach program assisted many of them to successfully become certified to work with us and other industry operators. We are proud that 95% of all goods and services purchased were from local, regional, and national providers, representing 151 million dollars of economic stimulus for Colombia.

Our commitment to improving our neighbors' quality of life included more than 62 social projects that have benefited over 26,000 community members across 13 municipalities. In 2021, we completed the second phase of our gas massification project transitioning an additional 1,200 people from reliance on firewood for cooking. Canacol also signed the first investment agreement of its kind in Colombia that utilizes royalty funds typically paid to the national treasury to be dedicated to a project (3.8 km road in Sucre) within the municipality where the gas is produced. Our ambition is to follow with many similar projects in all our operating areas.

A transparent and ethical business

We consider transparency and ethical behavior to be mandatory in all aspects of our business and consequently our executive and leadership compensation is linked to both mid-term and long-term positive ESG performance and improvement. I am proud to report that our multi-year trend of no human rights violations, no reported cases of corruption or bribery, no anti-competitive practices, and no reported breaches of our Code of Conduct and Ethics continued. No incidents were reported through either our independent anonymous channels or our management system channels nor were any discovered by our internal auditors or by third-party audits.

Looking forward

The turmoil of the last few years has highlighted many risks to prosperity and health for individuals, communities, nations, and the world economy. The energy transition will require a comprehensive and coordinated effort on many fronts. We believe Canacol has an important role to play in realizing a secure and stable energy future for Colombia and we pledge to do our best to accomplish that.

Charle Gamba

President, CEO and Director of Canacol Energy Ltd.



GRI 2-1

We are the largest independent conventional natural gas exploration and production company in Colombia with a highly competitive cost structure. We supply approximately 20% of the country's gas needs.

SASB EM-EP-000.B
SASB EM-EP-000.C
SASB EM-EP-210a.1
SASB EM-EP-210a.2
SASB EM-EP-160a.3

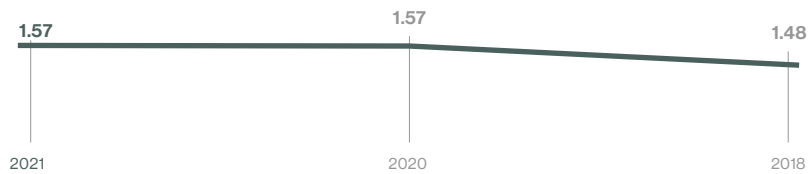
CSA Oil and gas production
CSA Energy mix

GRI 2-6
GRI 2-7
GRI 11:5.3

- We have five gas production facilities in Colombia:
 - › Jobo station
 - › Betania substation
 - › Clarinete substation
 - › Nispero substation
 - › Pandereta substation
- We operate the Rancho Hermoso oilfield under a participation agreement with Ecopetrol, principal holder contract with the National Hydrocarbons Agency (ANH).

Acres of land operated (millions)²

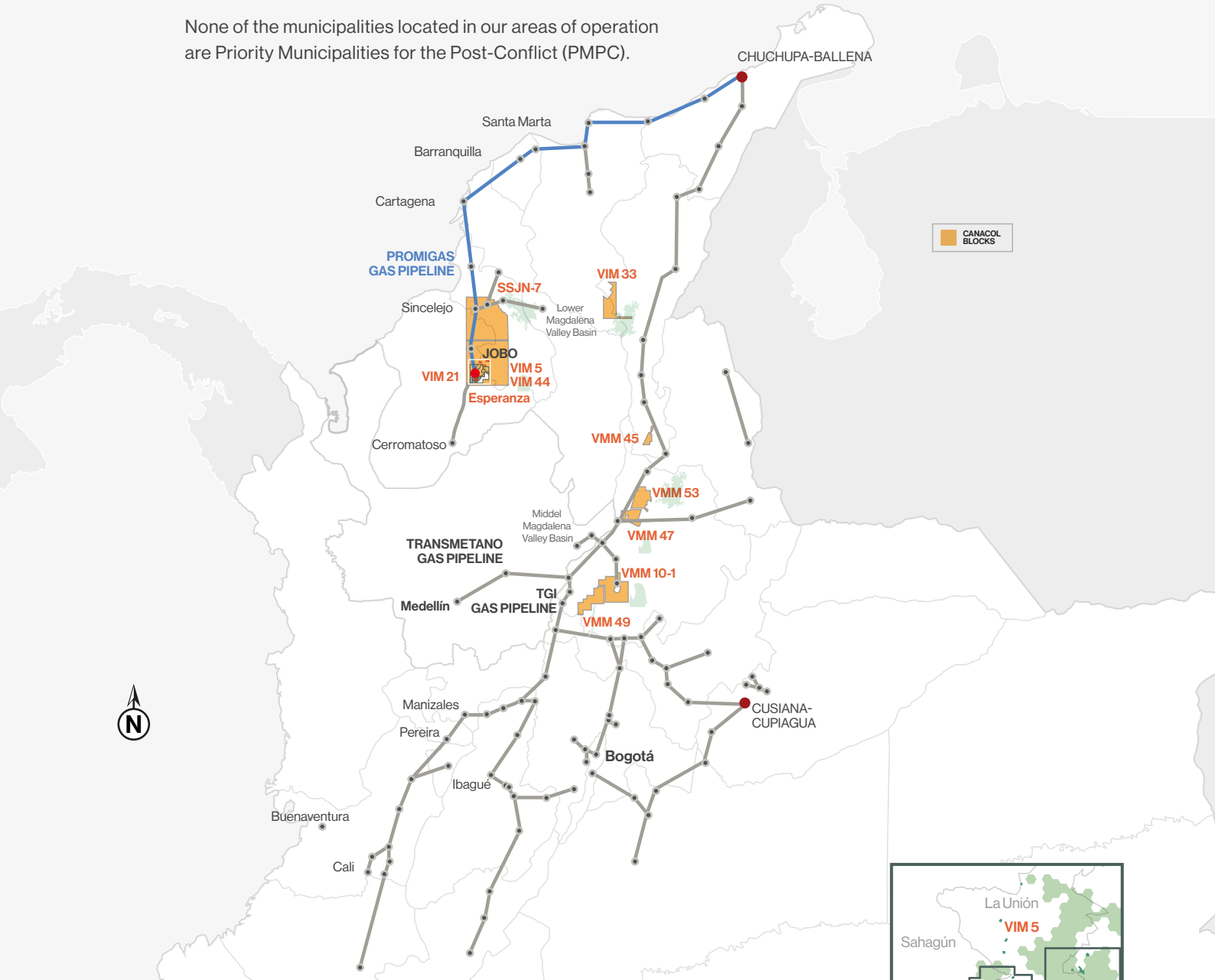
GRI 11.4.2



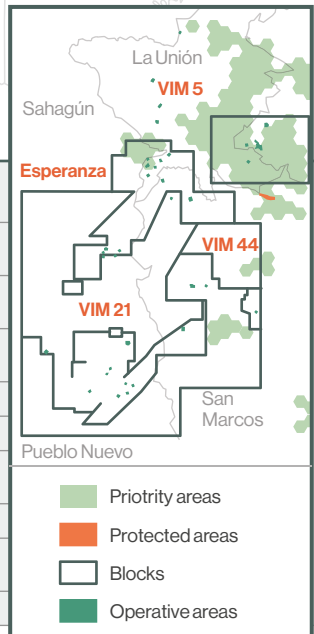
2. The numbers reported in the table include all area (acres) in which the company has contracts and participation.

Canacol natural gas operations map

None of the municipalities located in our areas of operation are Priority Municipalities for the Post-Conflict (PMPC).



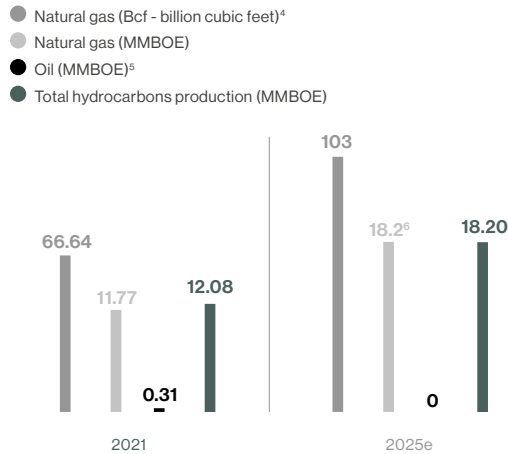
Category	Blocks	Area of overlap (ha)	Protected areas ³
★ Regional integrated management district	SSJN-7	999	★ Open and shrub savanna ecosystem and associated systems in the municipality of Galeras (Sucre province)
	VIM 33	342	★ Cenagoso de Zapatosa Complex in the municipalities of El Banco, Magdalena, Tamalameque, Chiriguaná, Curumani and Chimichagua (Cesar province)
© Civil society nature reserve	VMM 49	2,507	★ Del Río Minero and its surrounding areas in the municipalities of Bolívar, Cimitarra, El Peñón, La Belleza and Sucre (Santander province)
	VMM 10-1	48,323	★ Serranía de los Yariquíes (Santander province)
▣ National protective forest reserve	SSJN-7	248	© Los Charcos in the municipality of Toluvejo (Sucre province)
	SSJN-7	67	© La Carranchina in the municipality of San Benito Abad (Sucre province)
	VIM 5	53	
	VMM 49	163	© Las Pampas Porvenir in the municipality of Cimitarra (Santander province)
	SSJN-7	720	▣ Serranía de Coraza and Montes de María in the municipalities of Toluvejo, Colosó and Chalán (Sucre province)
VIM 5	28	▣ Bosque de Santa Inés in the municipality of San Marcos (Sucre province)	



3. All areas are category 6. For more information please consult: <https://www.dane.gov.co/files/investigaciones/pib/ambientales/Sima/119-Proporcion-areas-protégidas-por-SINAP/Proporcion-de-area-protégidas-por-el-SINAP.pdf>

Net annual production volume

SASB EM-EP-000.A
CSA Oil and gas production

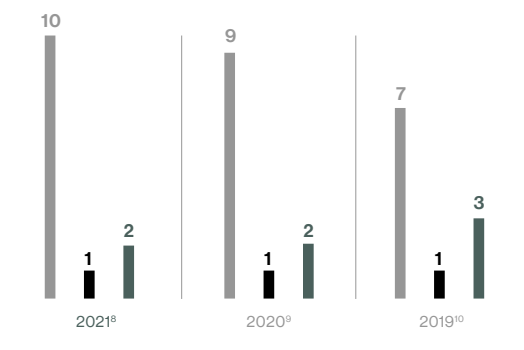


CSA LNG capacity

We operate a micro Liquefied Natural Gas (LNG) plant, converting 2.4 million standard cubic feet per day (46 tons per day⁷) of gas to LNG. LNG is sold to a third party at the Jobo plant gate, who distributes it to its customers via land (trucks). LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels, with advantages such as the relatively lower cost and lower emissions.

Oil and gas properties and operations contracts with Colombia's Hydrocarbons National Agency (ANH)

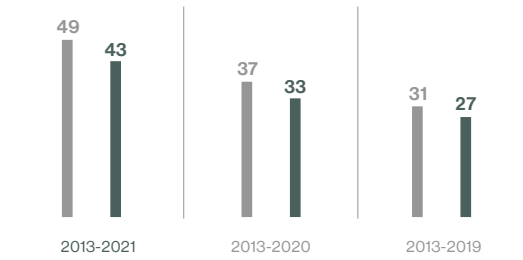
- 100% stake
- 50% stake
- New contracts/gas blocks acquired during the year



4. Reported natural gas production for 2021 considers production from the gas fields of the E&E Esperanza, E&P VIM-5 and VIM-21 contracts and formation gas production in Rancho Hermoso field. The 2025 sales projection is 284 MMSCFD (Million Standard Cubic Feet per Day) resulting in a volume of 103 Bcf.
5. Reported liquid fuel production for the year 2021 considers production from the Rancho Hermoso Field + condensate production from the Nelson 2 well. Projection for the year 2025 is to produce 0 Bbls of liquid fuels.
6. Corresponds to 2021 sales of 182MMSCFPD and 100MMSCFPD expected by the Jobo-Medellin gas pipeline.
7. 46 tons/day x 365 days / 1,000,000 = 0.01679 million tons in a year. The reported value was calculated to have the company's liquefaction capacity in million tons making an estimate of how many tons of gas could be submitted to a liquefaction process in a year.
8. For further information please refer to pages 24-25 at https://canacolenergy.com/site/assets/files/3704/aif_december_31_2021.pdf
9. For further information please refer to page 21 at https://canacolenergy.com/site/assets/files/3517/aif_ingles_4q2020.pdf

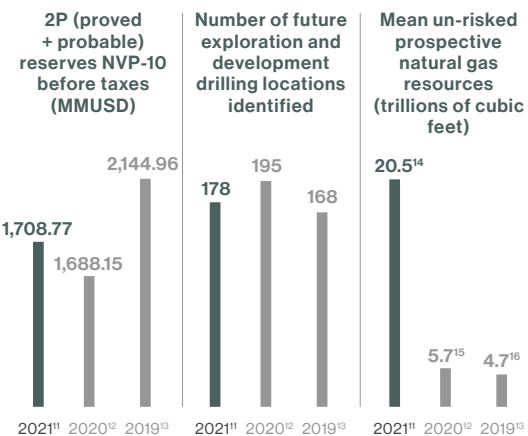
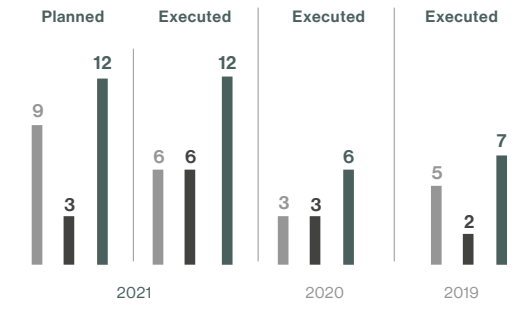
Wells drilled and commercial successes

- Number of wells drilled
- Number of commercial successes



Exploration, appraisal, and development (number of wells)

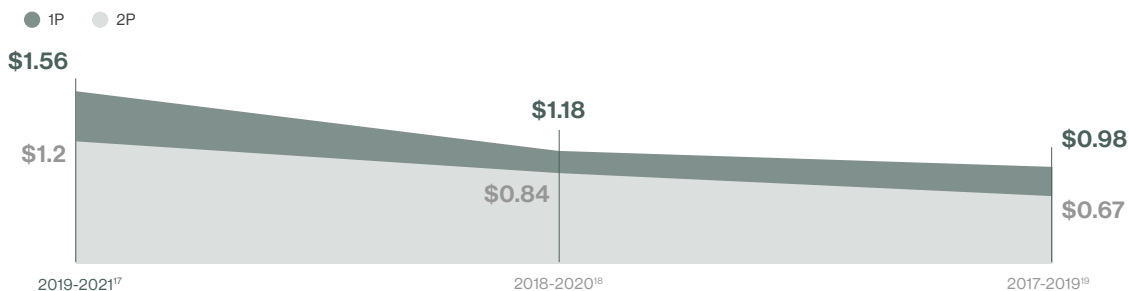
- Exploration and advanced
- Development
- Total



10. For further information please refer to page 20 at <https://canacolenergy.com/site/assets/files/2814/2019-aif-en.pdf>
11. Independent reserves report prepared by Boury Global Energy Consultants Ltd., effective December 31, 2021.
12. Independent Resources Report prepared by Gaffney, Cline & Associates, effective December 31, 2020.
13. Independent reserves report prepared by Gaffney, Cline & Associates, as of December 2019.
14. For further information please refer to https://canacolenergy.com/site/assets/files/3710/11_04_22_-_canacol_energys_pola_1_exploration_well_targeting_470_bcf_of_gross_mean_risked_conventional_gas_resource_in_q3_2.pdf.
15. For further information please refer to https://canacolenergy.com/site/assets/files/3523/21_04_21_-_canacol_energy_ltd_announces_5_7_tcf_of_gro.pdf.
16. For further information please refer to <https://canacolenergy.com/site/assets/files/3151/2020-04-08-nr-cne.pdf>.

Leading finding and development cost (F&D 2P) (dollars/Mcf3)

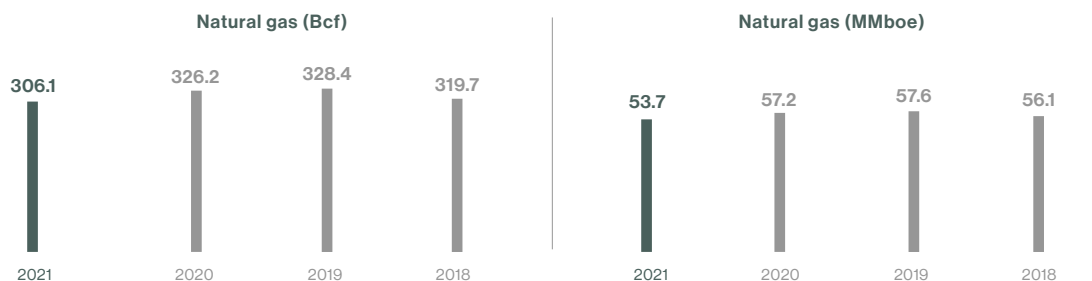
CSA Findings and costs of development and production



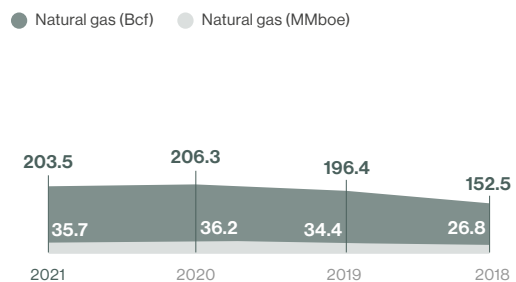
Net estimated hydrocarbon reserves

CSA Oil and gas reserves

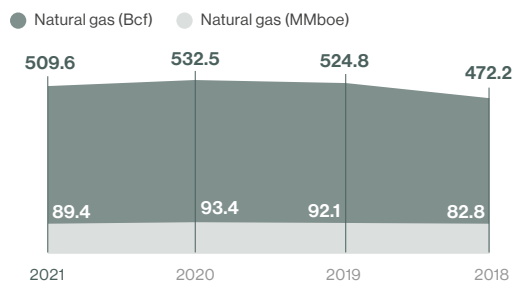
1P net proved reserves



2P net probable reserves



2P net proved and probable reserves



17. For further information please refer to page 4 at https://canacolenergy.com/site/assets/files/3701/17_03_2022_-_canacol_energy_ltd_reports_a_10_increase_in_realized_contractual_natural_gas_sales_volumessss.pdf

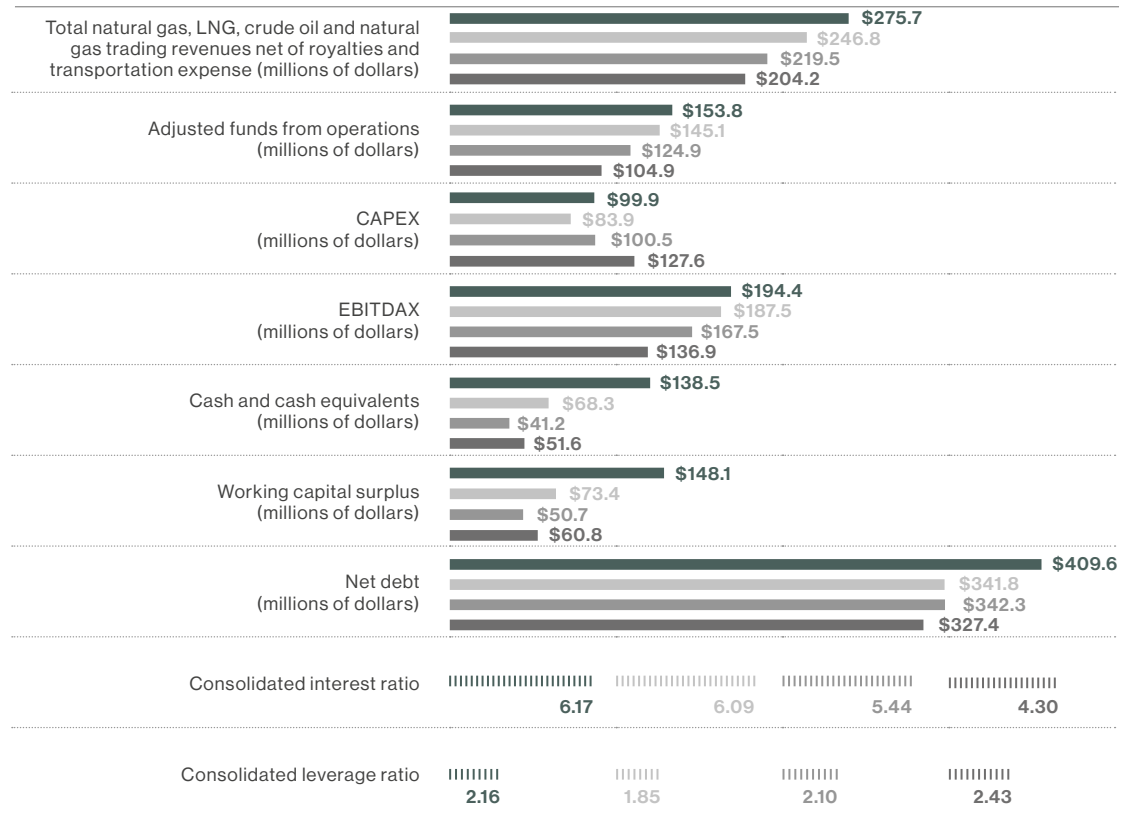
18. For further information please refer to page 4 at TRR NG CNEMDA_DEC 31_2020 (No NCLs) (canacolenergy.com).

19. For further information please refer to page 4 at <https://canacolenergy.com/site/assets/files/2814/2019-ye-mda-cne.pdf>.

SASB EM-EP-420a.4

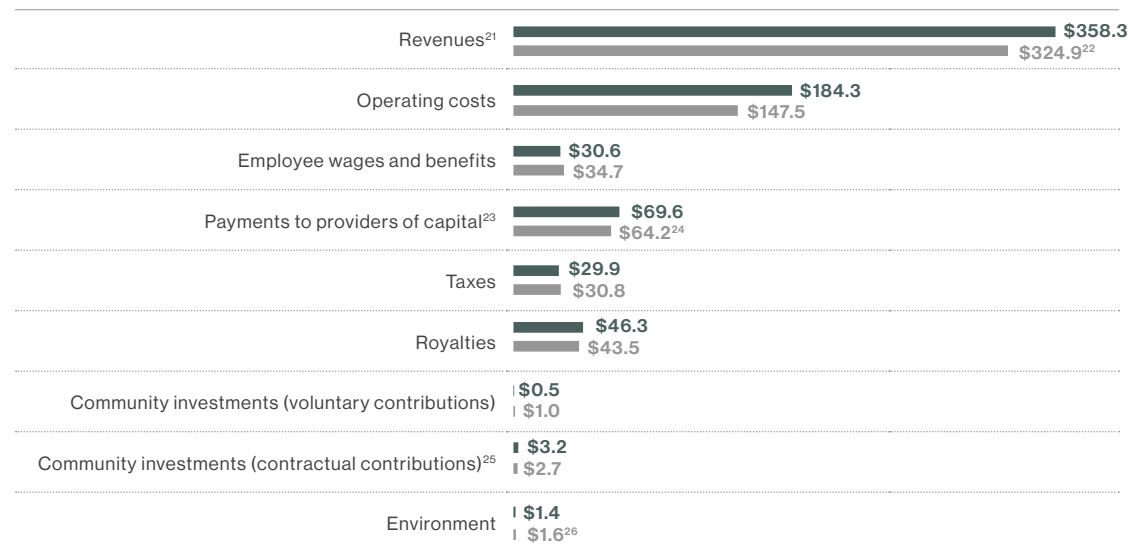
CSA Company information
CSA Oil and gas production
CSA Oil and gas reserves

● 2021 ● 2020 ● 2019 ● 2018



Direct economic value generated and distributed (millions of dollars)

● 2021 ● 2020



20. For further information, please refer to the analysis and discussion of Canacol Energy Ltd. management for 2018, 2019, 2020, and 2021, available at www.canacolenergy.com.

21. Net sales plus revenues from financial investments and sales of assets. Net sales can be calculated as gross sales from products and services minus returns, discounts, and allowances. Revenues from financial investments can include cash received as: interest on financial loans, dividends from shareholdings, royalties, direct income generated from assets, such as property rental. Revenues from sale of assets can include: physical assets, such as property, infrastructure, and equipment intangibles, such as intellectual property rights, designs, and brand names.

22. 2020 includes investment income and proceeds from the sale of assets not previously included in the report.

23. Payments to providers of capital as dividends to all shareholders, plus interest payments made to providers of loans. Interest payments made to providers of loans can include: interest on all forms of debt and borrowings (not only long-term debt), arrears of dividends due to preferred shareholders.

24. 2020 includes NCIB share buyback purchases not previously included in the report.

25. Category not reported in 2019 and 2018 due to new changes in the information disclosed.

26. 2020 reported services and admin which have been eliminated in this version.

CSA Tax strategy
CSA Tax reporting
CSA Effective tax rate

GRI 11.21.4
GRI 11.21.5
GRI 11.21.6
GRI 11.21.7

We have implemented governance best practices across all our business processes, fostering transparency and ethical behavior. As part of this effort, Canacol's tax strategy is periodically reviewed and validated by C-Suite executives as well as the Board of Directors.

Since 2013, we have supported the principles of the Extractive Industries Transparency Initiative (EITI), a global standard to promote transparency, good governance, and accountability regarding the use of oil and gas revenues, which enhances trust with our external and internal stakeholders.

Canacol and its subsidiaries file all required income tax returns in compliance with the applicable tax laws of the countries in which we operate. Our tax strategy recognizes our responsibility towards all stakeholders including investors, governments, employees, suppliers, and communities and is based on five principles - the respect for jurisdictional law and OECD guidelines, tax responsibility, transparency, relationships with authorities, and the minimization of risk. These principles seek to protect the interests of the investors by managing the company's tax affairs in a transparent way.

Tax governance

The CFO and CEO, along with the Vice President of Tax and Corporate Affairs, are responsible for the review and approval of the tax strategy and policies and procedures that support the company's approach. All material decisions regarding uncertain tax positions are reviewed and approved by the Vice President of Tax and Corporate Affairs. We consult with external tax advisors as well as tax authorities in all the jurisdictions in which we operate as needed to proactively resolve potential issues. All tax returns are either prepared by or reviewed by external accounting firms for correctness and completion. The Board of Directors, through its Audit Committee, reviews corporate performance in tax matters quarterly.

Approach to regulatory compliance

Respect of jurisdictional law and OECD

Guidelines: Canacol is committed to compliance with the tax laws and regulations and the payment of the appropriate amount of tax in the countries in which Canacol operates.

Tax responsibility: Canacol considers its tax approach as integral to corporate governance with the Board responsible for its oversight and strategy.

Tax transparency: Canacol informs its external stakeholders, including investors and authorities, regarding its tax approach and taxes paid to ensure transparency and foster public trust.

Relationships with authorities: Canacol fosters relationships with tax authorities and regulatory institutions based on respect and transparency.

Minimization of risk: Canacol considers tax obligations throughout all levels of the company to ensure proper risk identification and mitigation. Canacol carefully monitors the implications of emerging tax obligations and risks, and reacts proactively within the company's global Risk Management Policy.

Tax transparency and fairness

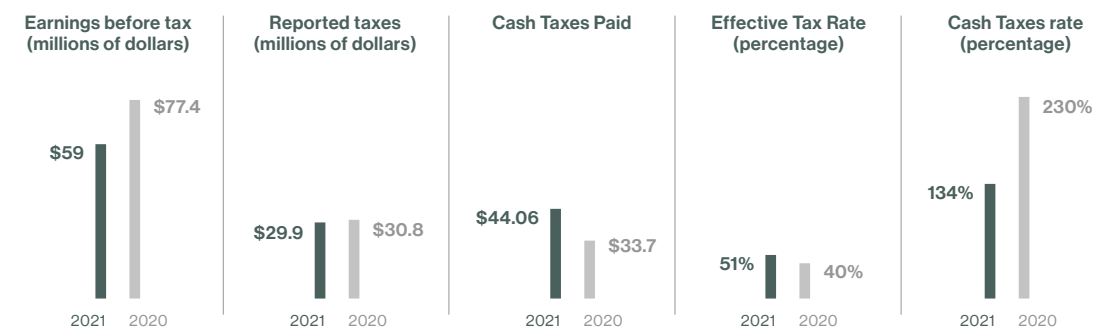
Canacol adheres to the tenants of tax transparency and fairness. We diligently follow these guiding principles:

- Compliance with laws and regulations in all countries in which the company operates, accessing legitimately available incentives where possible.
- A commitment to not use tax structures without commercial substance.
- A commitment to not transferring value created to low tax jurisdictions.
- Cross-border transactions between associated companies follow the arm's length principle.
- A commitment to not utilize tax-havens.
- Quarterly income tax rate reconciliations and deferred tax analysis.
- Retention of all corresponding documentation as required by the various tax authorities and corporate regulators.

Taxes (millions of dollars)

	2021			2020	
	Canada	Colombia	Switzerland	Canada	Colombia
Revenues from third-party sales	\$0.9	\$357.4	N/A	\$0	\$324.5
Revenues from intra-group transactions with other tax jurisdictions	\$9.2	\$0	\$8.7	\$19.6	\$0
Profit (loss) before tax	(-\$25.6)	\$40.6	N/A	(-\$35.7)	\$113.1
Tangible assets other than cash and cash equivalents	\$31.0	\$674.3	N/A	\$127.7	\$553.8
Corporate income tax paid on a cash basis	\$0	\$44.1	N/A	\$0	\$33.7
Corporate income tax accrued on profit and loss	\$0	\$29.9	N/A	\$0	\$30.8
Total employee remuneration	\$7.80	\$22.7	N/A	\$7.6	\$27
Taxes collected from customers on behalf of a tax authority	\$0	\$1.1	\$0	\$0	\$0.5
Industry-related and other taxes or payments to governments	N/A	\$1.5	N/A	\$0 ²⁷	\$1.8

Effective tax rate- Financial reporting²⁸



27. Our operations are located in Colombia.

28. Cumulative acceptable adjustments were \$0 for 2021 and 2020.

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GRI 2-23
GRI 2-24
GRI 2-28

We continue to strengthen the integration of ESG elements with our business strategy and are aware of the challenges we face as a gas producer. In 2021 we made significant progress toward our short, medium, and long-term goals established in 2020. These aspects characterize our ESG Strategy:

- We are leaders of the energy transition in Colombia.
- We align our actions with the most recognized global ESG initiatives, standards, and rankings.
- We manage resources responsibly.
- We honor our commitments and rigorously comply with all applicable laws and regulations.
- We work with a preventive and proactive approach.
- We built our practices considering mutual respect, valuation of differences, and equal treatment for all.
- We create development opportunities and encourage self-reliance.

ESG corporate governance structure

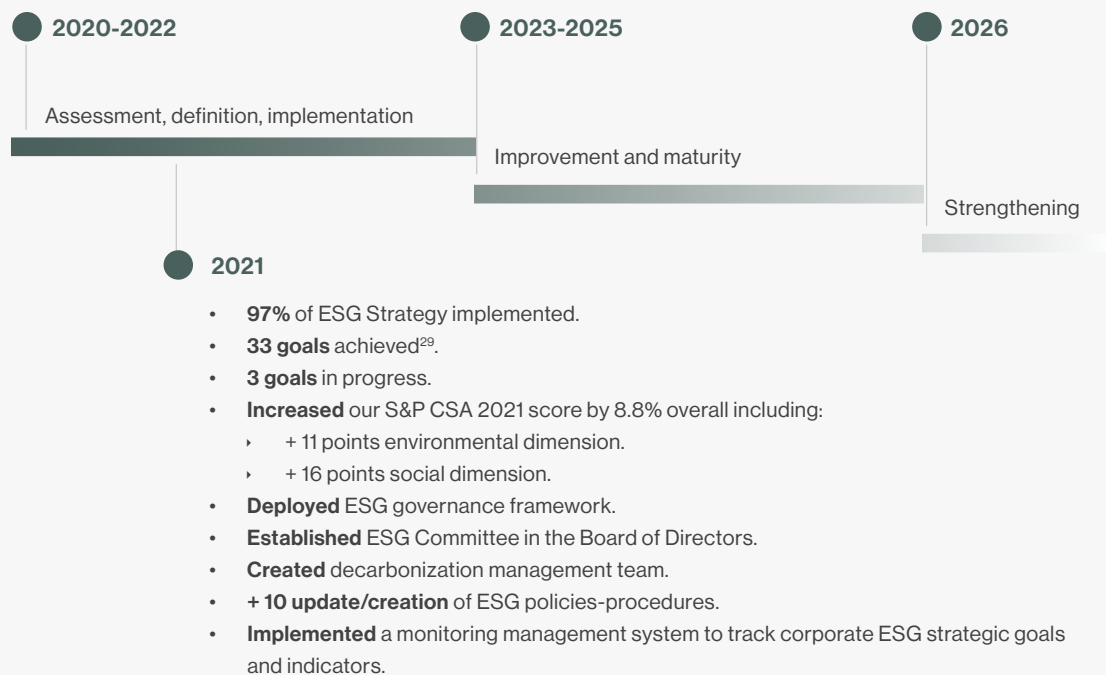
TCFD
GRI 2-12
GRI 2-13
GRI 2-14

The corporate governance structure facilitates our ability to create economic, environmental, and social value in the short, medium, and long term.

Body	Role
Board of Directors ESG Committee	Provides strategic direction. Assists the BoD to fulfill its oversight responsibilities concerning sustainability management and ensures that the ESG Strategy is integrated into its corporate values, business plan, and objectives while fostering a culture of responsibility and transparency.
CEO	Provides executive leadership.
ESG team, operational team, environmental team and Country Manager (weekly meeting)	Coordination of tactics and implementation. Following up on specific initiatives such as efficiency, compensation, reduction, and fugitive emissions.
Corporate social investment committee	Oversees the structure, prioritization, evaluation, approval, and execution of our Social Investment Program.
Low carbon strategy management team (monthly meeting)	Prioritization of initiatives, designation of resources. Development of plans to reduce emissions and generate offsets.
Business units directly involved in engagement with communities and local authorities	Social Responsibility Vice-President - Responsible for community engagement, obtaining social licenses to operate, and implementing social investment projects.
	Legal Vice-President - Supports land, human rights, and anti-corruption processes.
	Environmental Manager - Executes the environmental strategy with the communities and ensures that environmental and social impact assessment outcomes and commitments, such as reforestation projects and water management initiatives are implemented.

Our progress on 2021-2026 ESG strategy

We set goals to be a leader in the implementation and achievement of sustainable business



29. In each chapter you can find a detailed explanation of the goals achieved.

ESG rankings and ratings³⁰

We increased our external ESG ratings and rankings in 2021. The valuable feedback these third-party reviews provide helps us identify and address gaps and opportunities for improvement.

Ratings	Rating scale	Progress	2021 score	2020 score	2019 score
S&P Corporate Sustainability Assessment: (Nov, 2021)	0 (low)-100 (high)	Improved to 78th percentile in oil and gas sector.	62	57	20
MSCI - ESG Rating (Sept, 2021)	CCC to AAA	Top quartile performance in carbon emissions, community relations, and governance compared to 18 O&G industry peers.	BBB	BB	BB
Sustainalytics ESG Risk Rating (Dec, 2021)	0 (low risk)-100 (severe risk)	<ul style="list-style-type: none"> Significant risk reduction (21.6 points) from severe to medium. Ranked in the top 6th percentile in Sustainalytics' Oil & Gas Producers Industry. 	27.8	49.4	56.4
ISS Governance Quality Score (Dec, 2021)	0 (low risk)-100 (severe risk)	Improvement on Board Structure, Audit/Risk, Compensation and Shareholders' Rights.	7	8	9
ISS ESG (June, 2021)	Corporate score from D- to A+	<ul style="list-style-type: none"> Very high level of transparency. Performance score 49.41. Better performance than O&G average in critical issues (95 companies). 	C+	N/A	N/A
Refinitiv ESG Scores (Nov, 2021)	D- to A+	Best score in the O&G industry in Colombia.	A-(76.55)	B (60.38)	Not available
CDP Climate (Dec,2021)	F-A	Score above O&G and global averages.	B-	N/A	N/A
Bloomberg (Nov, 2021)	1 (low)- 100 (high)	Recognition of improvement initiatives	64.7	54.8	N/A

30. As of January 2021.






ESG priorities

Priority 1. A cleaner energy future

CSA Materiality issues
CSA Materiality disclosure




GRI 3-1
GRI 3-2
GRI 3-3

A cost-effective energy supply is crucial for the successful development and progression of society. We are committed to delivering natural gas under the highest environmental and operational efficiency standards to support Colombia's transition to renewable sources of energy.

Key topics	Description	SDG Alignment
Energy transition and climate	Guarantee operations under high-quality standards, exploration program and reserve base growth to ensure the availability of natural gas in the short and long-term.	 
	Design and implementation energy efficiency and decarbonization strategies to progressively reduce greenhouse gas emissions and eliminate fugitive emissions and other air pollutants.	
	Provide innovative solutions to access renewable energies, and active participation in the transition to a lower-carbon economy to face climate change and promote positive social impacts	
Water management	Promote efficient water use and actions to preserve and protect water sources and to ensure access for all.	
Biodiversity conservation	Promote awareness and management of biodiversity risks and impacts. Periodic critical exposure assessments of biodiversity and management plans to protect, preserve, and restore ecosystems.	
Circular economy	Promote efficient use of supplies, reduction, reuse, recycling, and use of waste material.	






Priority 2. A safe and committed team

Our team members drive our performance. We are committed to their health and safety and the development of an inclusive culture that guarantees well-being and growth for all.

Key topics	Description	SDG Alignment
Human resources management and culture	Attracting and retaining the best talent through competitive compensation and benefits, training processes that encourage leadership and development, and organizational culture based on the respect for human rights.	
Diversity, inclusion, and equity	Creation of equal working conditions for people to feel respected and valued.	
Industrial safety and occupational health	Preventive approach to manage occupational safety and the physical and mental health of employees.	




Priority 3. A society guided by sustainable development

Working together with our neighboring communities and supply chain is essential for our success. We are committed to promoting and maintaining close and transparent relationships that facilitate community development and improvement in quality of life in parallel with our own growth.

Key topics	Description	SDG Alignment
Sustainable supply chain management	Strengthen our suppliers by setting high social, environmental, and quality standards along the supply chain process and developing their capacities.	8 DECENT WORK AND ECONOMIC GROWTH 
Local development	Offer quality employment through hiring skilled and unskilled labour, local purchases, and social investment.	8 DECENT WORK AND ECONOMIC GROWTH 
Relationship with communities and local authorities	Promote timely and assertive relationships based on respect for human rights, transparency, and compliance. Build mutual trust, and implement positive initiatives aligned with local and regional development plans.	1 NO POVERTY  4 QUALITY EDUCATION  8 DECENT WORK AND ECONOMIC GROWTH 

Priority 4. A transparent and ethical business

Strong corporate governance guarantees efficiency and transparency. We are committed to adopting the best practices, promoting respect for human rights, and guaranteeing ethics and integrity in everything we do.

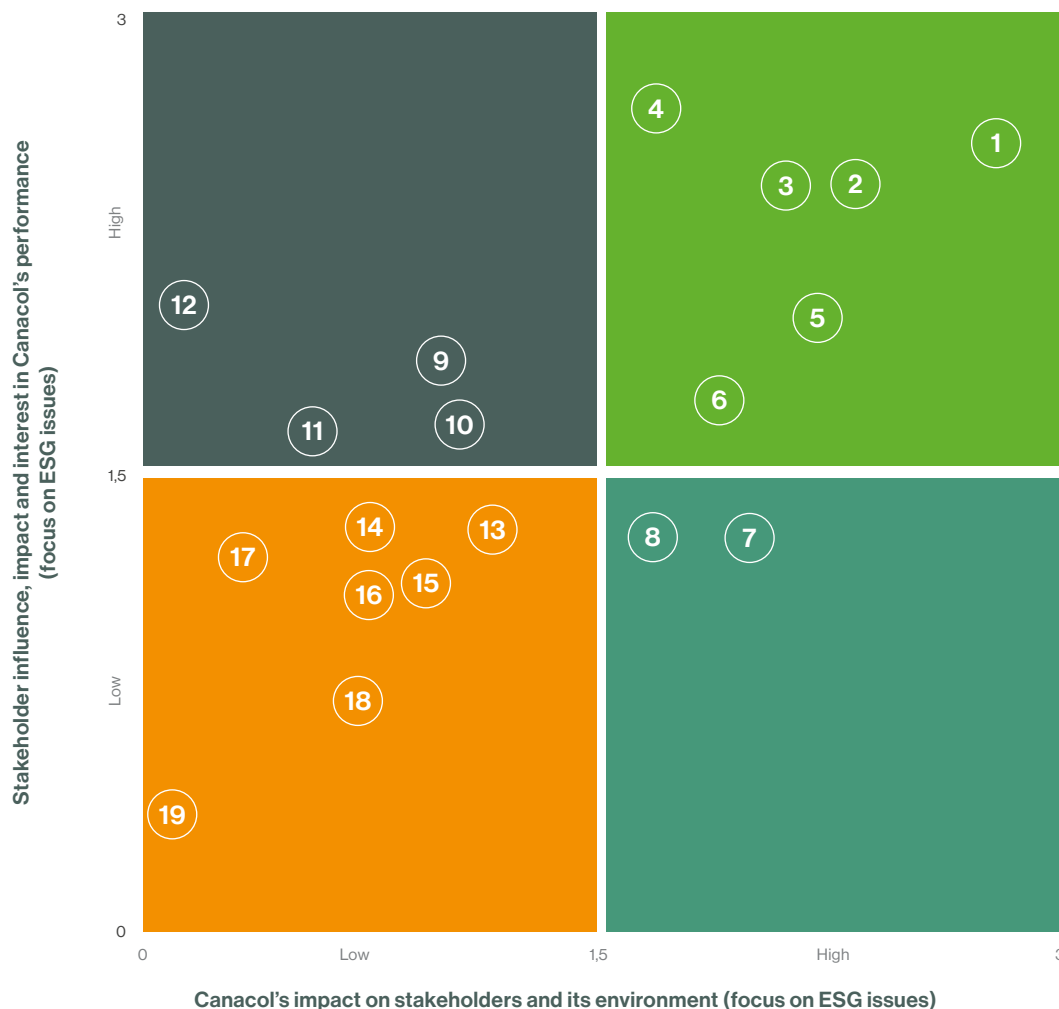
Key topics	Description	SDG Alignment
Ethics, compliance, and transparency	Make decisions based on legality, ethical behavior, and corporate compliance to prevent any form of corruption and maintain accountability.	16 
Human rights	Prevent and monitor actual and potential direct and indirect impacts on human rights (especially of employees and neighboring communities), monitor contractors (including physical security providers), and implement complaint and remediation mechanisms.	16 
Corporate governance and comprehensive risk management	Promote the participation of the governance bodies and senior management in decisions related to the ESG Strategy to align it with market expectations and risk management. This includes, but is not limited to, the reduction of high-impact accidents, emergencies with potentially significant social and environmental effects, and cybersecurity risks.	16 

Stakeholder prioritization matrix³¹

GRI 2-29

We evaluated each stakeholder group through interviews with senior management and supervisors responsible for the relationship according to influence, interest, and current and potential effects.

The prioritization matrix allows us to make decisions concerning engagement strategies and identify relevant issues to update our materiality analysis.



- 1. Employees
- 2. Trade unions
- 3. Customers
- 4. Board of Directors
- 5. Community (local workforce, rural, indigenous)
- 6. Government (local and national)

Essential

High influence, high power, and interest impact. It is key to build the relationship, assess and follow up on impacts, focus efforts, and seek joint work.

- 7. Environmental and archaeological control organizations
- 8. Local suppliers

Immediate

Low influence, high power, and interest impact. It is important to build relationships, assess real impacts and monitor potential impacts.

- 9. Regulatory body - National Hydrocarbons Agency (ANH)
- 10. Shareholders and bondholders
- 11. Strategic suppliers (goods and services)
- 12. Rating agencies

Adjacent

High influence, low power, and interest impact. They need to be informed and monitored

- 13. Associations
- 14. Allies
- 15. Financial and stock market control bodies
- 16. Media and opinion leaders
- 17. Contractual partners
- 18. Investors and analysts
- 19. Tax monitoring and control bodies

Peripheral

Low influence, low power, and low-interest impact. It is important to keep them informed

31. Methodology designed by Desarrollo Visible.

Stakeholder engagement

In line with our ESG Strategy and the stakeholder prioritization, we carried out a dialogue exercise focused on ESG issues.

- We interviewed strategic suppliers, monitoring and control agencies, and national government members, associations, and clients.
- We conducted an online survey addressed to representatives of employees, community members, suppliers of strategic goods and services, allies, the government, associations, contract partners, investors, and analysts.



Main outcomes:

The results did not reflect any significant trends related to topics that may represent risks for our stakeholders.

Moreover, these results confirm that our 6-year strategy addresses the major economic, environmental, and social impacts and helps to guide our future challenges:

- Energy transition and climate.
- Communities and local authorities' engagement.
- Respect for human rights, diversity, inclusion, and gender equity.
- Ethics, compliance, and transparency

CSA Materiality disclosure
GRI 3-1
GRI 3-2

Materiality assessment

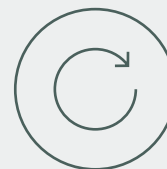
In 2021, we updated the materiality assessment.



1. We prioritized stakeholders, according to their interest in, and influence over Canacol's performance and ESG Strategy.



2. We compared key issues identified from previous years with the results of the engagement exercise (prioritization and stakeholder dialogue) and the review of global trends (industry peers, agendas, standards, ratings and rankings).



3. We updated and prioritized key issues.

Criteria for categorizing key issues and prioritization³²

Material issues

High actual and potential impact - High stakeholder expectation or concern.

- 1 Relationship with communities and local authorities
- 2 Energy transition and climate
- 3 Water management
- 4 Industrial safety and occupational health

Strategic issues

Moderate actual and potential impact - Moderate expectation or concern for stakeholders.

- 5 Corporate governance and comprehensive risk management
- 6 Ethics, compliance, and transparency
- 7 Human rights
- 8 Biodiversity conservation
- 9 Local development
- 10 Human resources management and culture
- 11 Diversity, inclusion, and equity

Operational issues

Low actual and potential impact - Low expectation or concern for stakeholders.

- 12 Circular economy
- 13 Sustainable supply chain management

The four material issues guide our ESG Strategy, are aligned with global plans and our sector, have internal policies and commitments, and are covered in detail throughout our 2021 ESG Integrated Report as part of our ESG priorities.

32. Methodology designed by Desarrollo Visible.

Performance of key indicators³³

Operational and financial performance

Material issue: Energy transition and climate

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Net annual production volume - Total hydrocarbons production	MMBOE	12.08	11.10	9.32	7.13	SASB EM-EP-000.A CSA Oil and gas production
Natural gas ³⁴	Bcf - billion cubic feet	66.64	62.63	52.46	41.03	
Oil ³⁵	MMBOE	0.31	0.13	0.11	0.16	SASB EM-EP-420a.4 CSA Company information CSA Oil and gas production CSA Oil and gas reserves
Total natural gas, LNG, crude oil and natural gas trading revenues net of royalties and transportation expense	Millions of dollars	\$275.7	\$246.8	\$219.5	\$204.2	
CAPEX	Millions of dollars	\$99.9	\$83.9	\$100.5	\$127.6	
EBITDAX	Millions of dollars	\$194.4	\$187.5	\$167.5	\$136.9	

ESG priorities

Priority 1. A cleaner energy future

Material issue: Energy transition and climate

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total non-renewable and renewable energy consumption in gas fields	MWh	7,812	3,272	2,670	4,140	TCFD CSA Operational eco-efficiency - Energy consumption GRI 11.2 GRI 11.3 GRI 11.4
Non-renewable fuel consumed: Diesel and natural gas	MWh	7,563	2,953	2,327	3,916	
Renewable fuel consumed: Solar	MWh	57	43	18	0	
Electricity purchased for consumption: Hydroelectric	MWh	192	276	325	224	
Energy intensity ratio for gas operations	kWh/BOE	0.66	0.30	0.29	1.38	TCFD SASB EM-EP-110a.1 SASB EM-EP-110a.2 SASB EM-EP-120a.1 CSA NOx emissions CSA SOx emissions CSA Volatile Organic Compounds (VOC) emissions GRI 11.5 GRI 11.6 GRI 11.8 GRI 11.2.3 GRI 11.3.2
Total direct (scope 1) GHG emissions in gas fields ³⁶	tCO ₂ eq	49,821	23,997	26,490	23,441	
Total indirect (scope 2) ³⁷ GHG emissions from purchased or acquired electricity, steam, heat, and cooling	tCO ₂ eq	25	46	52	43	
GHG emissions intensity (scopes 1 + 2) ³⁸	kCO ₂ e/BOE	4.24	2.21	2.95	3.27	
Other significant air emissions ³⁹						
NOx (excluding N ₂ O)	Tonnes	587.57	494.57	763.28		
SOx	Tonnes	5.95	0	3.05		
Particulate matter (PM10)	Tonnes	8.25	0.2	3.93		
Gross global emissions of scope 1 GHG emissions into the atmosphere						
Carbon dioxide (CO ₂)	tCO ₂ eq	29,593	21,013	16,424		
Methane (CH ₄)	tCO ₂ eq	721				
Nitrous oxide (N ₂ O)	tCO ₂ eq	15	10	8		
CH ₄ emissions	Tonnes	721	108	384.67		

33. Figures are for Colombia, unless otherwise indicated. In the employee case, we clarify when the information is presented separately for Canada and Colombia.

34. Reported natural gas production for 2021 considers production from the gas fields of the E&E Esperanza, E&P VIM-5 and VIM-21 contracts and formation gas production in Rancho Hermoso field. The 2025 sales projection is 284 MMSCFD (Million Standard Cubic Feet per Day) resulting in a volume of 103 Bcf.

35. Reported liquid fuel production for the year 2021 considers production from the Rancho Hermoso Field - condensate production from the Nelson 2 well. Projection for the year 2025 is to produce 0 Bbls of liquid fuels.

36. Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy taken from: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/vol2.html>

35. Scope 2 emissions

37. Scope 2 emissions were calculated using the National Interconnected System emission factors stipulated by the Mining and Energy Planning Unit (UPME) in Resolution 642 of December 2019.

38. The data does not include estimated fugitive emissions.

39. The data correspond to the output flow rates in kg / h.

ESG priorities

Priority 1. A cleaner energy future

Material issue: Water management

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total water withdraws	Thousands of cubic meters	47.6	29.0	29.6	10.5	SASB EM-EP-140a.1
Total water recycled and reused	Thousands of cubic meters	6.2	7.1	4.8	4.5	GRI 116.2 GRI 116.4 GRI 116.6
Total water recycled and reused	Percentage	13.2%	24.5%	17%	42%	
Total fresh water discharged	Thousands of cubic meters	81.43	101.45			
Third parties for treatment and subsequent discharge	Thousands of cubic meters	4.26	14.26			
Road irrigation and infiltration system	Thousands of cubic meters	9.73	5.51			
Water injected: treated and reinjected formation water	Thousands of cubic meters	67.44	81.68			SASB EM-EP-140a.2 GRI 116.3 GRI 116.5
Total produced water and flowback generated	Thousands of cubic meters	69.91	89.35			
Injected, such as into a Class II injection well	Thousands of cubic meters	67.44	81.68			
Discharged directly/indirectly through a third-party, such as a local wastewater treatment plant	Thousands of cubic meters	2.47	7.67			

Strategic issue: Biodiversity conservation

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total overlap with protected areas ⁴⁰	Ha	53,861				SASB EM-EP-160a.3
Reforested areas	Ha	53.5	0	0	23.5	
Hours worked in reforestation maintenance with 100% local labour	Person-Hours	3,240	3,260	3,240	0	CSA No deforestation commitment GRI 114.4
Investment: 1% compensation	Dollars	\$170,444	\$23,093	\$38,602	\$113,544	
Total identification of protected fauna species	Number	426	426	426		
Protected fauna species on IUCN Red List no threatened	Number	385	385	385		
Protected fauna species on IUCN Red List threatened	Number	8	8	8		CSA Biodiversity exposure & assessment GRI 304-4
Total identification of protected flora species	Number	553	553			
Protected flora species on IUCN Red List no threatened	Number	145	145			
Protected flora species on IUCN Red List threatened	Number	8	8			

Operational issue: Circular economy

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total waste generated	Tonnes	101	61	82	57	
Hazardous	Tonnes	51	25	27	27	CSA Waste disposal CSA Hazardous waste
Non-Hazardous - Disposed	Tonnes	42	27	39	23	GRI 115.4 GRI 115.6
Non-Hazardous - Recycled	Tonnes	8	9	16	7	

40. [□] All areas are category 6. For more information please consult: <https://www.dane.gov.co/files/investigaciones/pib/ambientales/Sima/119-Proporcion-areas-protégidas-por-SINAP/Proporcion-de-area-protégidas-por-el-SINAP.pdf>

Priority 2. **A safe and committed team****Material issue: Industrial safety and occupational health**

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards	
Combined indicators: employees and contractors							
Lost Time Injury Frequency Rate (LTIFR)	k=1,000,000 hrs	0.90	1.55	0	0.43	SASB EM-EP-320a.1 CSA Occupational health and safety GRI 11.9.10	
Total Recordable Injury Frequency Rate (TRIFR)		1.49	1.55	2.62	1.08		
VIFR (Vehicle Incident Frequency Rate)		0	0	0	0		
Lost Time Injury Frequency Rate (LTIFR)							
Employees	Number of lost-time injuries per million hours worked / Work-related injuries	0	0	0	0	SASB EM-EP-320a.1 GRI 11.9.2	
Contractors		1.17	2.74	0	1.17		
Total Recordable Injury Frequency Rate (TRIFR)							
Employees	Number of recordable injuries per million work hours / Work-related injuries	1.26	0	1.25	0		
Contractors		1.57	2.7	3.1	2.94		

Strategic issue: Diversity, inclusion, and equity

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total employees (Canada and Colombia)	Number	436	405	405	300	CSA Workforce breakdown gender GRI 2-7 GRI 2-8 GRI 11.10.2 GRI 11.11.5
Total women	Percentage	35%	34%	37%	40%	
Total men	Percentage	65%	66%	63%	60%	
Women in top management ⁴¹	Percentage	27%	30%	33%	27%	
Men in top management	Percentage	73%	70%	67%	73%	

Strategic issue: Human resources management and culture

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
People trained	Number	414	416 ⁴²	389		SASB HC 101-15 CSA Training and development inputs GRI 11.10.6 GRI 11.11.7
Training provided	Hours	22,129	14,625 ⁴³	1,633		
Training provided per employee	Average hours	47.39	35.15	4.19		
Union employees	Number	260	247	211	210	CSA Freedom of association Principle 3 of the UN Global Compact GRI 2-30 GRI 11.13.2
Employees represented by an independent trade union or covered by collective employment agreements	Percentage	71.2%	71.8%	67.8%	83.6%	

41. Top management includes CFO, COO and Vice-presidents.

42. This number includes employees by the end of the year and those who left the company before the end of the year but still received training.

43. This figure increased from 2020 because training hours were registered on the Virtual Training Platform (C+).

Priority 3. A society guided by sustainable development

Material issue: Relationship with communities and local authorities

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Social investment	Millions of dollars	\$3.65	\$4.12	\$5.80		SASB EM-EP-210b.1 CSA Group-wide strategy GRI 11:15.2
Donations	Millions of dollars	\$0.3				
Community investments	Millions of dollars	\$3.35				
Social investment projects executed	Number	63	57			
Projects included a gender focus	Number	11				
Covered communities	Number	59				
Benefited people	Number	26,591				
Held meetings with local communities and authorities to socialize and publicize the projects and activities of our operation	Number	543				SASB EM-EP-210a.3 CSA Group-wide strategy CSA Social impacts on communities CSA Active community engagement GRI 11:15.1
Prior consultation processes with indigenous peoples	Number	12				GRI 11:17.1 GRI 11:17.3 GRI 11:17.4
Community blockades	Number	59				SASB EM-EP-210b.2
Community blockades	Days	95				

Strategic issue: Local development

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Local suppliers from different regions involved in our activities	Number	470	284	360		CSA Transparency and reporting GRI 11:10.8 GRI 11:12.3 GRI 11:10.9
Good Labour Practices (GLP) controls	Number	358	243			
Skilled and unskilled workers evaluated	Number	5,609	2,250			
Man-hours in GLP processes	Number	7,319	4,968			

Operational issue: Sustainable supply chain management

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Evaluated bidders on environmental aspects	Number	93	100			SASB EM-EP-210b.1 CSA Supply chain management CSA ESG integration in SCM strategy GRI 308-1 GRI 308-2 GRI 11:10.8 GRI 11:12.3 GRI 11:10.9
New evaluated bidders and suppliers on environmental aspects	Number	13	15			
Evaluated suppliers on social aspects	Number	26	23			
Evaluated bidders on occupational health and safety aspects	Number	147	160			
New evaluated bidders and suppliers on health and safety aspects	Number	7	12			
Evaluated bidders on quality standards aspects	Number	163	110			
New evaluated bidders and suppliers on quality standards aspects	Number	7	4			
Suppliers evaluated and selected using compliance with AML and ATF criteria	Number	379				

Priority 3. **A society guided by sustainable development**

Operational issue: Sustainable supply chain management

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Current high-risk suppliers where gaps have been identified and corrective action plans have been implemented ⁴⁴	Percentage	95%	50%			SASB EM-EP-210b.1 CSA Supply chain management CSA Awareness CSA Risk exposure CSA Risk management measures GRI 308-1 GRI 308-2 GRI 11:10.8 GRI 11:12.3 GRI 11:10.9
Current suppliers with action plans that have improved their ESG performance within 12 months of plan launch	Percentage	59%	21%			GRI 11:10.8 GRI 11:12.3 GRI 11:10.9
Trained and certified contract managers	Number	51	44			CSA Transparency and reporting GRI 11:10.8 GRI 11:12.3 GRI 11:10.9

Priority 4. **A transparent and ethical business**

Strategic issues:

- **Corporate governance and comprehensive risk management**
- **Ethics, compliance, and transparency**
- **Human rights**

Key indicators	Unit of measurement	2021	2020	2019	2018	Standards
Total monetary value of contributions to political parties or representatives -financial or in-kind-	Millions of dollars	\$0.98	\$2.55	\$1.63	\$3.00	CSA Contributions and other spending GRI 11:22.2
Lobbying, interest representation or similar	Millions of dollars	\$0.48	\$1.53	\$0.22	\$0.40	
Local, regional or national political campaigns / organizations / candidates	Millions of dollars		\$0.05		\$0.55	
Trade associations or tax-exempt groups (e.g., think tanks)	Millions of dollars	\$0.50	\$0.96	\$1.41	\$2.04	
Total of CRCC per year	Number	100	115	219	221	SASB EM-EP-510a.2 GRI 2-26
Training provided on human rights	Hours	5	20.25	36	5.5	GRI 11:17.1
Employees trained	Percentage	95%	58%	80%	87%	

44. This percentage is calculated based on the number of suppliers evaluated; gaps identified and action plans (mainly in SQM).



TCFD
SDG 6
SDG 7
SDG 12
SDG 13
SDG 15
UNGC Principles
7, 8 and 9

As an affordable, reliable, more versatile, and cleaner fossil fuel, natural gas plays a critical role in the energy transition and sustainable development. Our commitment is to supply the natural gas needed to meet the growing demand for energy in Colombia, while protecting ecosystems, minimizing resource consumption, and having a positive impact on the environment. Through our Corporate Environmental Policy and Integrated Management System, we have implemented mechanisms to develop our activities according to the highest environmental and operational standards to keep natural resources available and protect biodiversity⁴⁵.




TCFD
SASB EM-EP-110a.3
SDG 7
SDG 13
GRI 11.2.4


We aim to lead Colombia's decarbonization plan by reducing our Greenhouse Gas (GHG) emissions and implementing Natural Climate Solutions (NCS). To accomplish this, in 2021 we built a Corporate Climate Strategy aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the ambitious goal to achieve carbon neutrality by 2024.

CSA Material issues
GRI 11.1
GRI 11.2.1
GRI 11.3.1

Material topic	Stakeholders	Business impact	Business relevance
 Energy transition and climate	 <ul style="list-style-type: none"> ▶ Employees ▶ Strategic contractors and suppliers (goods and services) ▶ Government (local and national) 	 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cost <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Risk 	 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Financial capital <input checked="" type="checkbox"/> Industrial capital <input type="checkbox"/> Intellectual capital <input checked="" type="checkbox"/> Human capital <input checked="" type="checkbox"/> Social capital <input checked="" type="checkbox"/> Relationship capital

Our progress on 2021 ESG goals

 <p>Goal 1: Reduce methane emissions at the Betania substation and Jobo station by changing the instrumentation system..</p>	<p>Emissions reductions associated with the instrumentation system change will be quantified and disclosed during 2022.</p>	 <p>In progress</p>
 <p>Goal 2: Identify and verify a baseline for 100% of our direct GHG emissions associated with our operations.</p>	<p>Through a third-party expert we built and verified 2021 carbon emissions. This baseline defines short-, medium-, and long-term reduction targets.</p>	 <p>100% achieved</p>

45.  For more information about our commitment please visit our Sustainability Policy (HSEQ) on https://canacolenergy.com/site/assets/files/2845/polhseq-01_politica_de_sostenibilidad_hseq_28092021_-_english_version_v3.pdf

Climate strategy

Climate action is a priority for Canacol's agenda. In 2021 we focused on defining a robust and resilient low carbon strategy that considers climate-related risk and opportunities to respond effectively and progressively adapt to the energy transition.

We will continue to work on the assessment and implementation of new operational and technological solutions to realize our ambition to achieve carbon neutrality by 2024 and reduce direct emissions by 2025 and 2030 respectively, compared to our 2021 baseline. To align action with our ambition, we have set performance targets for our executive and management teams that are supported by internal business units' targets and a culture of compliance and innovation.

In 2021, we reinforced our commitment by becoming a signatory of the Natural Gas Sector Alliance: Road to Carbon Neutrality made by the affiliates of the Colombian Natural Gas Association NATURGAS, the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. This will consolidate and strengthen our industry commitments and practices towards carbon neutrality in 2030 and 2050.

Our low-carbon roadmap includes:

Incorporation of climate risks into decision-making and operational processes – We added climate objectives to our integrated risk management and monitoring corporate process. Our Finance, Sales, and Operational teams have identified, assessed, and constantly monitor physical and energy transition risks to mitigate vulnerability and generate commercial and operational strategies. All climate risks are reported to the Executive Committee and to the Board of Directors' Audit Committee.

Systematic control and monitoring - We identified and verified 2021 carbon emissions using a third-party expert. This baseline will be used to fulfill short-, medium-, and long-term reduction targets.

Operational efficiency and technology as a driver of change - We look forward to achieving significant reductions in GHG direct emissions through technology innovation and operational expertise. Our carbon neutrality roadmap encompasses short, medium, and long-term actions including leak detection and repair to eliminate fugitive emissions, flare efficiency and reduction, and the expansion of renewable energy projects, among others.

Development of mechanisms to assist communities' adaptation in the areas we operate - We have implemented multiple initiatives to guarantee access to clean energy in Sucre and Córdoba provinces, such as the Gas Massification Project. This project reduces energy poverty by constructing a local utility gas distribution network to replace firewood with a cleaner and more efficient fuel and is a leading example of this concept.

Natural climate solutions to increase carbon storage and prevent biodiversity loss - We want to develop a wide-ranging portfolio of Natural Climate Solutions (NCS) to increase carbon storage, reduce GHG, and safeguard Colombia's abundant biodiversity. We acknowledge that NCS are essential to ensuring global Net-Zero targets while also generating social development, creating job opportunities, and protecting communities.

- In 2021, for the first time we participated in CDP climate assessment, scoring better than the industry average⁴⁶.
- Our first Corporate Climate Strategy Report will be published in the second quarter of 2022 and will be in accordance with TCFD recommendations.

46. [□] For more information, see: https://canacolenergy.com/site/assets/files/3611/canacol_cdp_climate_2021.pdf

Energy

TCFD
 CSA Operational
 eco-efficiency - Energy
 consumption
 GRI 111.2
 GRI 111.3
 GRI 111.4

Energy and operational efficiency are key components of our Corporate Climate Strategy and since 2020 we have been implementing an energy transformation process in our gas operations by minimizing the need for other fossil fuels and optimizing the efficiency of natural gas used as the principal fuel in our operations.

In 2021, we increased our solar energy usage by 32%, installing photovoltaic systems in 100% of new well sites as well as the offices of 3 gathering facilities.

Total non-renewable and renewable energy consumption in gas fields (MWh)

	2021	2020	2019	2018
Non-renewable fuel consumed: Diesel and natural gas	7,563	2,953	2,327	3,916
Renewable fuel consumed: Solar	57	43	18	0
Electricity purchased for consumption: Hydroelectric	192	276	325	224
Total energy consumption	7,812	3,272	2,670	4,140

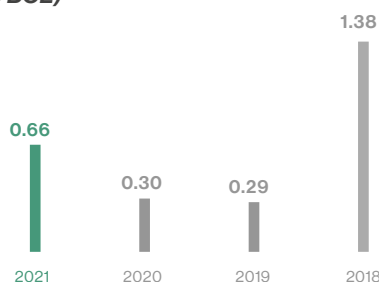
In 2021, we increased natural gas consumption as we expanded Liquefied Natural Gas (LNG) production as part of our sales channel portfolio development. More than 55% of total energy consumption was natural gas fuel used for LNG production.

Energy consumption per Operational sites (MWh)

	LNG production plant		Natural gas production plants		Gathering compressor stations		Wells sites/ Production facilities		Headquarters		Total	
	MWh	%	MWh	%	MWh	%	MWh	%	MWh	%	MWh	%
Natural Gas	4,401	56%	3,022	39%							7,423	95%
Diesel					140	2%					140	2%
Hydro									192	2%	192	2%
Solar							57	1%			57	1%

Improving the energy efficiency of our LNG plant is a focus of our 2022 Operational Plan and is expected to yield reduced fuel consumption as well as improve economic performance.

Energy intensity ratio for gas operations (kWh/BOE)



Emissions

TCFD
 SASB EM-EP-110a.1
 SASB EM-EP-110a.2
 SASB EM-EP-120a.1
 GRI 11.5
 GRI 11.6
 GRI 11.8
 GRI 11.2.3
 GRI 11.3.2

Canacol's almost pure methane (>99%) natural gas is a clean hydrocarbon fuel option in the energy transition matrix. Its combustion yields a lower emissions footprint than many alternatives as it contains no significant quantities of condensate, light oil, carbon dioxide, sulphur, or other impurities. As the leading independent exploration and production gas company in Colombia, we supply nearly 20% of the country's gas needs and release around 229,688 tonnes of CO₂e, which represents 0.03% of total 2021 national emissions⁴⁷. Our GHG baseline inventory complies with the criteria established in the ISO 14064 standard and was prepared by a third-party expert in accordance with the World Resources Institute (WRI) GHG Protocol Corporate Accounting and Reporting Standard.

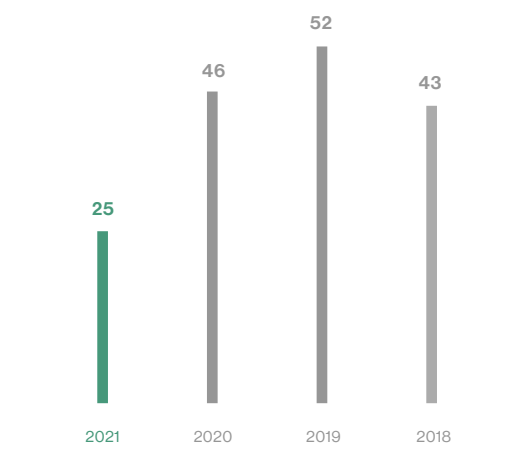
Total direct (scope 1) GHG emissions in gas fields (tCO₂e)

	2021
Scope 1	
Stationary combustion	26,206
Flared gas	3,372
Mobile combustion	105
HFC from air conditioning and refrigeration use	5
Total	29,688
Estimated fugitive emissions ⁴⁸	20,132
Total direct (scope 1) GHG emissions	49,821

We prioritize emission reductions within the processes and activities we control. Our 2021 baseline established a clear picture of our achievements to date and prioritized our actions for the upcoming years:

- We have implemented operational and engineering solutions to reduce venting and flaring as well as to improve energy efficiency. We will continue to evaluate and perform additional improvements as identified.
- We have incorporated the use of solar energy in 100% of our well site and satellite facilities. During 2022, we are evaluating plans for a 1.8 MW solar system to replace thermal generation for our primary plant and supporting infrastructure.
- We have conducted in-house and third-party processes to detect and repair leaks. Our Operational team performs regular inspections to identify leaks and implement repairs as soon as viable.

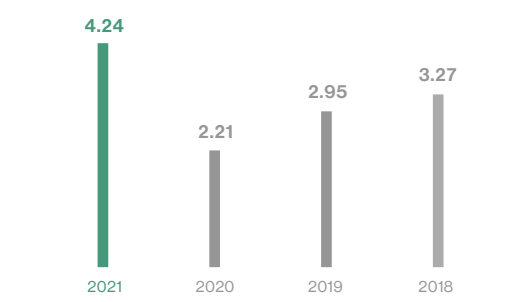
Total indirect (scope 2)⁴⁹ GHG emissions from purchased or acquired electricity, steam, heat, and cooling (tCO₂e)



Canacol's scope 2 accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Our production facilities generate their own energy for consumption.

47. See Colombia's annual CO₂ emissions on <https://ourworldindata.org/co2/country/colombia?country=-COL>
 48. Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy taken from: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/vol2.html>
 49. Scope 2 emissions were calculated using the National Interconnected System emission factors stipulated by the Mining and Energy Planning Unit (UPME) in Resolution 642 of December 2019.

**GHG emissions intensity (scopes 1 + 2)⁵⁰
(kCO₂e/BOE)⁵¹**



In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

Other significant air emissions⁵² (tonnes)

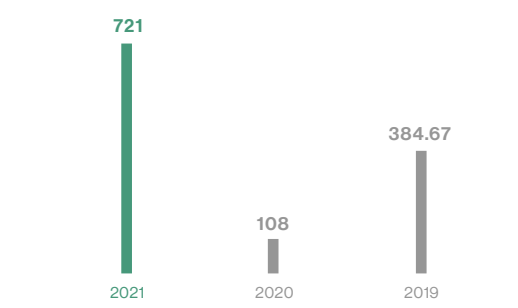
	2021	2020	2019
NOx (excluding N ₂ O)	587.57	494.57	763.28
SOx	5.95	0	3.05
Particulate matter (PM10)	8.25	0.2	3.93

We monitor the presence of these pollutants in the operational sites through an accredited laboratory. Increases of NOx, SOx and PM10 in 2021 result from greater operational activities compared to previous years.

Gross global emissions of scope 1 GHG emissions into the atmosphere (tCO₂ eq)

	2021	2020	2019
Carbon dioxide (CO ₂)	29,593	21,013	16,424
Methane (CH ₄)	721	3,034	10,517
Nitrous oxide (N ₂ O)	15	10	8

CH₄ emissions (tonnes)



50. The data does not include estimated fugitive emissions.
 51. Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy taken from: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/vol2.html>
 52. The data correspond to the output flow rates in kg / h.



SASB EM-EP-160a.1
 SASB EM-EP-540a.2
 SDG 6
 GRI 11.6.2

At Canacol we are committed to maximizing the reuse of water in all direct and subcontracted activities to preserve freshwater availability. Our integrated management of water promotes the efficient use and prevention of possible risks and damages to the environment. Canacol's Corporate Risk Map and Disaster Risk Management Plan contain guidelines to prevent contamination of water sources caused by crude oil, condensate, or produced water spills.

CSA Materiality
 GRI 11.6.1

Material topic	Stakeholders	Business impact	Business relevance
 Water management	 <ul style="list-style-type: none"> ▶ Employees ▶ Strategic contractors and suppliers (goods and services) ▶ Local suppliers ▶ Community (local workforce, rural, indigenous) 	 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cost <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Risk 	 <ul style="list-style-type: none"> <input type="checkbox"/> Financial capital <input checked="" type="checkbox"/> Industrial capital <input type="checkbox"/> Intellectual capital <input checked="" type="checkbox"/> Human capital <input checked="" type="checkbox"/> Social capital <input checked="" type="checkbox"/> Relationship capital

Our progress on 2021 ESG goals



Goal 1: Establish a baseline of 100% water use in our operations.

We assessed Canacol's water use footprint to identify reduction and reuse projects and activities to be implemented in the upcoming years.



Actions to ensure water availability

- Baseline before project implementation.
- Systematic tracking and monitoring of surface water bodies (using piezometer).
- Matrix for classifying environmental incidents and estimating future changes in local water availability.
- Reverse osmosis treatment during drilling activities.
- Water reuse in operations
- Rainwater runoff storage in ponds, skimmers, and inactive well cellars (for later use in hydrostatic testing of lines and vessels or dust mitigation).

Water use

SASB EM-EP-140a.1

GRI 11.6.2
GRI 11.6.4
GRI 11.6.6

We have no exploration or production sites located in water-stressed areas according to 1) the World Resources Institute's Aqueduct Water Risk Atlas (Aqueduct tool), and 2) the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM)⁵³. The Environmental Impact Studies (EIA) performed during licensing and permitting processes determined that our activities do not require significant volumes of water withdrawal. Nevertheless, we proactively assess water availability versus consumption and use withdrawal timing during periods of excess availability or alternative sourcing to avoid negative impacts for the communities and ecosystems in our operational areas.

In 2021, water efficiency focus was on improving coordination and reutilization of volumes among drilling fluid, hydrostatic testing, and dust management activities. We have achieved a high rate of recycled water for these activities.

We do not withdraw or consume water in regions with high baseline water stress.

Total water withdraws (thousands of cubic meters)⁵⁴

	2021	2020	2019	2018
Total water withdraws	46.9	29.0	29.6	10.5
Third-party water ⁵⁵	43.4	27.3	25.7	9.3
Surface water ⁵⁶	0	1.7	1.7	1.2
Groundwater ⁵⁷	3.4	0	2.2	0
Rainwater	0.8	0	0	0
Total water withdraws	47.6	29.0	29.6	10.5

COVID-19 restrictions and the company's biosecurity measures increased domestic water consumption at our main processing plant.

53. IDEAM - the Colombian government agency responsible for the management of hydrological, meteorological, and environmental studies.

54. In 2019 Canacol Energy expanded the coverage of water consumption including all company operations and contracted activities that can impact the water availability.

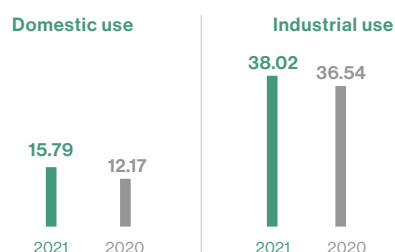
55. Municipal water suppliers, municipal wastewater treatment plants, public or private utilities, and other organizations are involved in the supply, transport, treatment, disposal, or use of water and effluents (Taken from the GRI Standard).

56. Water is naturally present on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams (Water Security Reporting Guidance, 2018, CDP, taken from the GRI Standard).

57. Water is stored in a subway formation from which it can be extracted (ISO 14046:2014, taken from the GRI Standard).

Water consumption by activity (thousands of cubic meters)

		2021
Direct activity	Production	13.86
	Platform modifications	0.13
	Civil works	0.16
Subcontracted activity	Flow line construction	0.11
	Platform construction	2.13
	Facility optimization	0.01
	Drilling	37.12
Total water consumption⁵⁸		53.82

Water consumption by use (thousands of cubic meters)**Water recycled and reused (thousands of cubic meters)**

	2021	2020	2019	2018
Total (thousands of cubic meters)	6.2	7.1	4.8	4.5
Percentage	13.2%	24.5%	17%	42%

Water discharge

SASB EM-EP-140a.2
GRI 11.6.3
GRI 11.6.5

In 2021, no untreated wastewater from our operations was discharged into the environment. Most of the produced water (associated with gas production) is reinjected into permitted disposal zones isolated from freshwater aquifers with a small percentage being trucked to licensed disposal facilities as required by various permits or licenses. No violations occurred in 2021. Risks associated with regulatory changes are considered negligible due to existing commercial and technical alternatives.

Water discharged

	2021		2020	
	Thousands cubic meters	Percentage	Thousands cubic meters	Percentage
Third parties for treatment and subsequent discharge	4.26	5.23%	14.26	14.05%
Road irrigation and infiltration system	9.73	11.95%	5.51	0.89%
Water injected: treated and reinjected formation water	67.44	82.82%	81.68	85.06%
Total fresh water discharge	81.43	100%	101.45	100%

Volume of produced water and flowback generated (thousands of cubic meters)

	2021	2020
Injected, such as into a Class II injection well	67.44	81.68
Discharged directly/indirectly through a third-party, such as a local wastewater treatment plant	2.47	7.67
Total produced water	69.91	89.35

58. Total withdraws plus recycled and reused.

SASB EM-EP-160a.1
SDG 15

We implement biodiversity protection strategies to mitigate potential impact on local ecosystems and biodiversity. Our efforts apply a hierarchy in which prevention is the first and most important action and offsets are used to balance situations only when avoidance or restoration are not sufficient solutions.

- We do not and will not consider operating in World Heritage Sites or protected areas of category I-IV of the IUCN. We are committed to implement projects to positively contribute and enhance conservation.
- We comply with national and regional environmental legislation.
- We implement programs to remove, rescue, and relocate fauna and flora before carrying out any direct or indirect activity.

Our progress on 2021 ESG goals



Goal 1: Maintain zero catastrophic, critical accident, and out-of-compliance (violations and sanctions) environmental events..

Canacol had zero catastrophic, critical accidents or out-of-compliance environmental events in 2021.



Goal 2: Establish 10 biodiversity conservation agreements with local stakeholders.

10 biodiversity conservation agreements were established to preserve tropical dry forest.



Operations and relationship with the environment

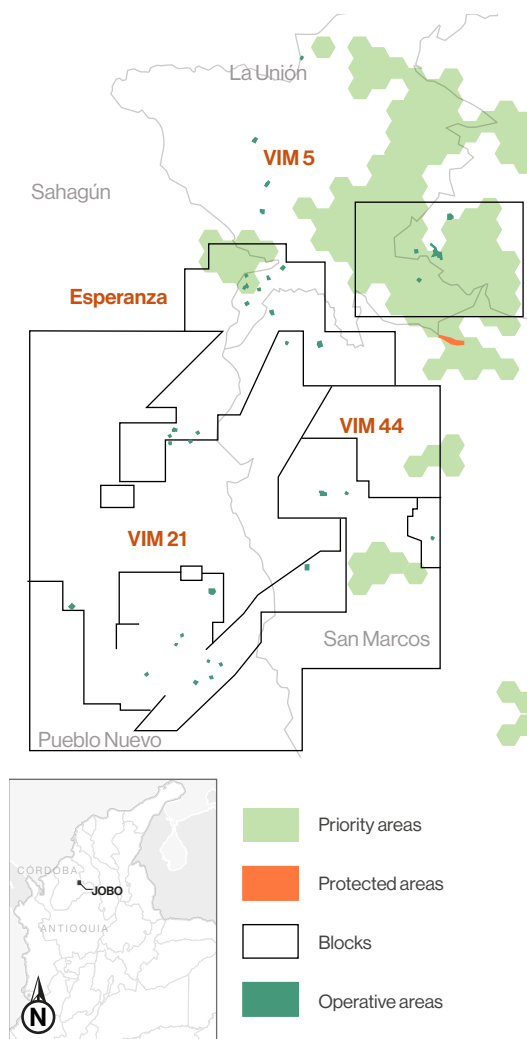
SASB EM-EP-160a.3

We assess potential impacts of our exploration and production activities to mitigate negative effects on the environment and local communities. The environmental licensing and permitting processes assess attributes such as richness and abundance of species, potentially driven-away species, protected habitats, untouched areas of environmental importance, as well as establishing community awareness and socialization plans. Our assessment, mitigation, and monitoring measures are evaluated and approved by the National Environmental Licensing Authority (ANLA) and then regularly monitored for the life of the project.

Our exploration and production operations encompass one Area of Importance for Bird Conservation (AICA) and nine biodiversity conservation protected areas.

59. For more information about Canacol's commitment please visit our Sustainability Policy (HSEQ) on https://canacolenergy.com/site/assets/files/2845/pohseq-01_politica_de_sostenibilidad_hseq_28092021_-_english_version_v3.pdf

Areas overlapping



Category

- ☆ Regional integrated management district
- ⊙ Civil society nature reserve
- ▣ National protective forest reserve

Blocks	Area of overlap (ha)	Protected areas ⁶⁰
SSJN-7	999	Open and shrub savanna ecosystem and associated systems in the municipality of Galeras (Sucre province)
VIM 33	342	Cenagoso de Zapatosa Complex in the municipalities of El Banco, Magdalena, Tamalameque, Chiriguana, Curumani and Chimichagua (Cesar province)
VMM 49	2,507	Del Río Minero and its surrounding areas in the municipalities of Bolívar, Cimitarra, El Peñón, La Belleza and Sucre (Santander province)
VMM 10-1	48,323	Serranía de los Yariques (Santander province)
SSJN-7	248	Los Charcos in the municipality of Toluviéjo (Sucre province)
SSJN-7 VIM 5	67 53	La Carranchina in the municipality of San Benito Abad (Sucre province)
VMM 49	163	Las Pampas Porvenir in the municipality of Cimitarra (Santander province)
SSJN-7	720	Serranía de Coraza and Montes de María in the municipalities of Toluviéjo, Colosó and Chalcán (Sucre province)
VIM 5	28	Bosque de Santa Inés in the municipality of San Marcos (Sucre province)

Actual and potential negative impacts

We have identified the following actual and potential negative impacts on flora, fauna, ecosystems and hydrobiological resources in our operations:

- Flora - Alteration of the vegetation layer's structure, composition, and fragmentation (actual impact).
- Flora - Alteration of the connectivity of natural areas and impact on sensitive species (potential impacts).
- Fauna - Habitat modification (actual impact).
- Fauna - Composition, structure, or distribution of faunal communities change and impact on sensitive species (potential impacts).
- Ecosystems - Alteration of strategic or sensitive ecosystems and ecological corridors and alteration of ecosystem functions in environmentally fragile areas (potential impacts).
- Hydrobiological Resources - Alteration of fauna associated with water bodies and modification of aquatic habitat (potential impacts).

⁶⁰ All areas are category 6. For more information please consult: <https://www.dane.gov.co/files/investigaciones/pib/ambientales/Sima/119-Proporcion-areas-protégidas-por-SINAP/Proporcion-de-area-protégidas-por-el-SINAP.pdf>

Biodiversity conservation plan

In addition to direct actions within our operations, we leverage our conservation activities by encouraging biodiversity preservation and promoting environmental awareness within our neighboring communities. Our operational region is primarily Tropical Dry Forest (Bs-T) which is one of the most threatened ecosystems in Colombia due to the high level of human activity and soil intervention (livestock and agriculture). The active participation of the communities generates positive impacts for the welfare of wildlife species extending beyond Canacol's surface presence.

In 2021, an important milestone in this campaign was achieved through the establishment of ten conservation agreements with local landowners, preserving 60 hectares of tropical dry forest. The agreements have the endorsement and support of regional environmental authorities such as Regional Autonomous Corporation of Valles del Sinú and San Jorge (CVS by its acronym in Spanish), and Corporation for the Sustainable Development of La Mojana and San Jorge (CORPOMOJANA by its acronym in Spanish). Our ambition is to continue expansion of this initiative.

- We preserved 60 hectares of tropical dry forest.
- We contributed to food security for landowners and their families by strengthening a productive project in each property.

Community environmental projects

We conducted seven community environmental projects in the Sucre province to raise awareness and strengthen knowledge of the problems facing the tropical dry forest with a focus on conservation through community nurseries.

- We established local awareness of the importance of the tropical dry forest and its conservation and fostered self-management concepts.
- We installed community nurseries and delivered 17,209 seedlings, including native and fruit trees.

Reforestation

As part of our Tree Planting Program, we created a reforestation campaign coordinated with the Regional Autonomous Corporations and with the support of the communities, regional authorities, and the Colombian National Army.

In 2021, we voluntarily planted 1,971 trees.

In 2021, as part of our conservation plan, we implemented a restoration process where 53.5ha of forest were reforested in five villages located in our exploration and production operational areas.

CSA No deforestation commitment
GRI 11.4.4

	2021	2020 ⁶¹	2019	2018
Reforested areas (Ha)	53.5	0	0	23.5
Hours worked in reforestation maintenance with 100% local labour (person-hours)	3,240	3,260	3,240	0
Investment: 1% compensation (USD)	\$179,554	\$23,093	\$38,602	\$113,544

61. We restate the data reported in 2021.

Waste management

SDG 12
GRI 11.5.2
GRI 11.5.3

We have developed a long-term strategy to implement circular economy practices with the ambition to divert more than 34% of total direct waste from landfill, and achieve a Zero Waste Certification (a global initiative, in partnership with ICONTEC Colombia).

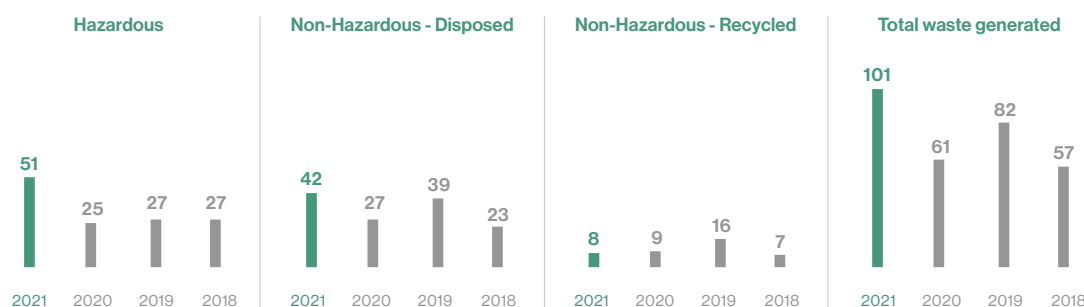
Contractors' active participation towards a sustainable waste management approach is essential to implement a Zero Waste Management System, create effective synergies that leverage the potential use of waste or residual products in new production processes and optimize resources and reduces costs.

- We use a drying compound to reduce the volume of drill cuttings generated.
- We build containment dikes to avoid spills of this type of waste, we have a tool for monitoring incidents and accidents, and we train employees and suppliers in emergency response.
- We only dispose waste through licensed contractors.
- We train workers in the correct disposal of waste to generate awareness and reinforce reuse and recycle practices.

CSA Waste disposal
CSA Hazardous waste
GRI 11.5.4
GRI 11.5.6

Direct generated waste

Direct waste by type and disposal method (tonnes)⁶²

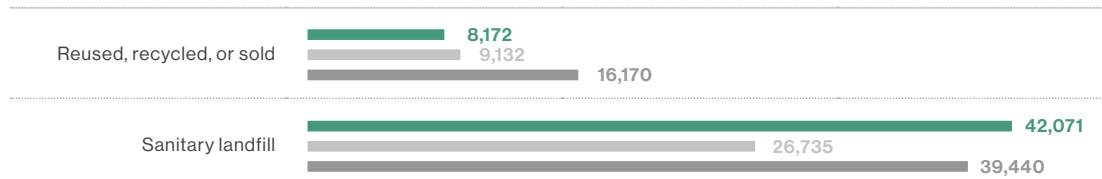


In 2021, we carried out a greater number of well and production maintenance activities, which caused a higher volume of hazardous waste, precisely hydrocarbon water and used oil. We delivered 100% of used oil generated to an authorized third party for refining and subsequent use as lubricants and fuels.

Non-hazardous direct waste by disposal method (kg)⁶³

● 2021 ● 2020 ● 2019

Disposal methods

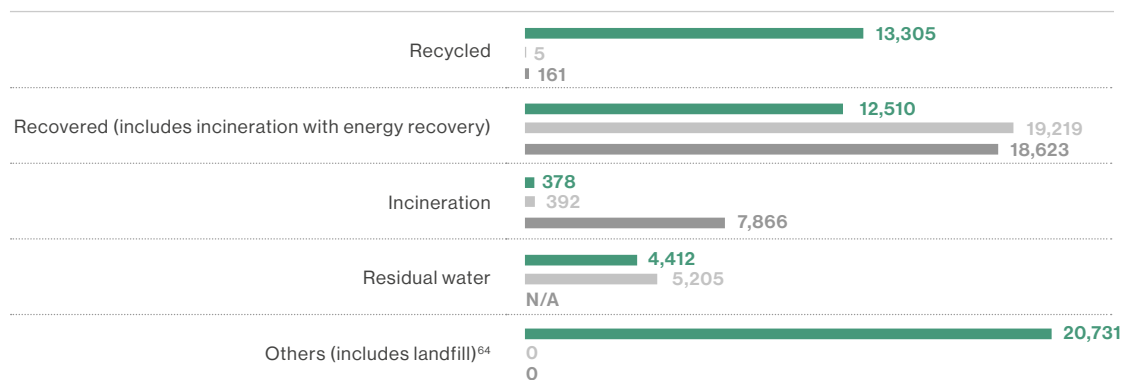


62. Figures only include waste generated directly by the operation.
63. Figures only include waste generated directly by the operation.

Hazardous direct and indirect waste (kg)

● 2021 ● 2020 ● 2019

Disposal methods

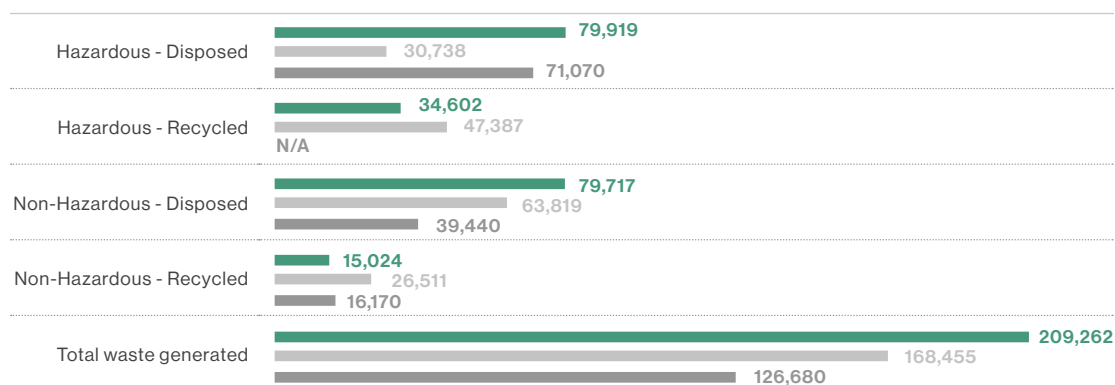


Direct and indirect generated waste

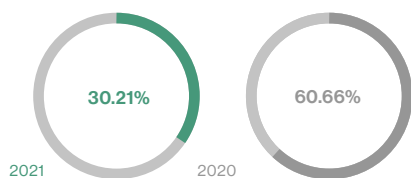
Beginning in 2019, we expanded the coverage of our waste report and indirect activities from contractors.

Direct and indirect hazardous waste (kg)

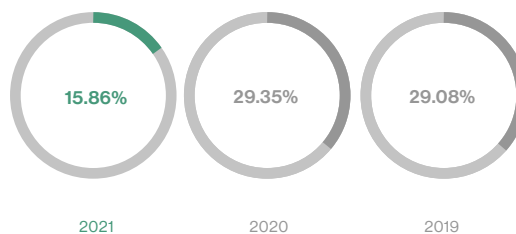
● 2021 ● 2020 ● 2019



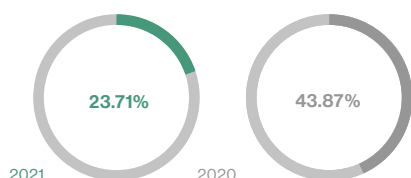
Percentage of hazardous waste diverted from landfill



Percentage of non-hazardous waste diverted from landfill



Percentage of total waste diverted from landfill



64. In 2019 and 2020, there was no disposal of hazardous solid waste in security cells.

Direct and indirect non-hazardous waste according to activity and disposal method (kg)

	2021	2020
Direct activity	50,243	35,867
Production	22,172	13,030
Third parties in production sites	28,071	22,837
Sub-contracted activities	44,498	54,463
Drilling	39,451	37,133
Platform modifications	313	614
Civil works	0	789
Flow line construction	199	1,603
Platform construction	3,409	582
Workover	1,126	0
Site optimization	0	13,742

Direct hazardous waste by disposal method (kg)

	2021	2020
Direct activity	51,335	24,822
Production	44,714	24,411
Third parties in production sites	6,621	411
Sub-contracted activities	63,186	53,303
Drilling	60,637	49,655
Platform modifications	98	978
Civil works	0	320
Flow line construction	117	582
Platform construction	1,311	38
Workover	1,023	862
Sites optimization	0	868



We operate the Rancho Hermoso oil field under a participation agreement with Ecopetrol, that holds the environmental license as the principal owner of the contract with the National Hydrocarbons Agency (ANH) and Canacol is responsible for environmental compliance activities.

Rancho Hermoso represents 2% of our production, and is in its mature production phase with no new exploration or development projects anticipated.

GRI 111.2

Energy

Energy consumption by operative activities and source: non-renewable fuel consumed (MWh)



SASB EM-EP-110a.1
SASB EM-EP-110a.2
CSA Direct greenhouse gas emissions (scope 1)
GRI 111.5

Emissions

Greenhouse gas (GHG) emissions (tCO₂eq)

Direct GHG emissions (scope 1)	
Stationary combustion	10,516
Flared gas	746
HFC from air conditioning and refrigeration use	2.33
Total	11,264
Estimated fugitive emissions	3,787
Total	18,838

Water

Total fresh water withdraws and consumption (thousands of cubic meters)

	2021	2020
Total water withdraws	1.59	2.2
Third-party water ⁶⁵	0.01	0
Surface water ⁶⁶	0	0
Groundwater ⁶⁷	1.58	2.2
Rainwater	0.002	0
Total water consumption	1.6	2.2

GRI 116.3
GRI 116.4
GRI 116.5
GRI 116.6

Fresh water discharged (thousands of cubic meters)

	2021		2020	
	Domestic waste water	Industrial waste water	Domestic waste water	Industrial waste water
Third parties for treatment and subsequent discharge	0.08	0	0.002	0
Water injected: treated and reinjected formation water	0	757.11	0.39	757.21
Other	0	0	0	0
Total fresh water discharge	0.08	757.11	0.39	757.21

65. Municipal water suppliers, municipal wastewater treatment plants, public or private utilities, and other organizations are involved in the supply, transport, treatment, disposal, or use of water and effluents (Taken from the GRI Standard).
66. Water is naturally present on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams (Water Security Reporting Guidance, 2018, CDP, taken from the GRI Standard).
67. Water is stored in a subway formation from which it can be extracted (ISO 14046:2014), taken from the GRI Standard.

Volume of produced water and flowback generated (thousands of cubic meters)

	2021	2020
Total produced water	757.19	757.60
Injected, such as into a Class II injection well	757.11	757.59
Discharged directly/indirectly through a third party, such as a local wastewater treatment plant	0.08	0.002

Biodiversity

SASB EM-EP-160a.2
GRI 11.8.2

We permanently monitor flow lines to prevent hydrocarbon spills with an infrastructure integrity and repair plan. All information on hydrocarbon spills must be submitted and audited by ANLA (National Environmental Licensing Authority) and ANH (National Hydrocarbons Agency).

No significant oil spills in our operations since 2016.

Waste

Solid waste management in production (kg)

	2021	2020
Hazardous	153,646	715,343
Non-Hazardous	1,723	3,110
Total waste generated	155,369	718,453



Integrated management system

Our Integrated Management System is certified under the ISO 9001, ISO 45001, and ISO 14001 standards. In this context, the main activities we perform are as follows:

- Internal and external HSEQ audits of our contractors and suppliers.
- Incorporation of environmental guidelines and desired behaviors in the Environmental Addendum for contracts with contractors and suppliers.
- Requirement to contractors and suppliers to comply with the environmental quality plan's provisions and verify the alignment of their management system with ours.
- Periodic monitoring of contractors to ensure compliance with the environmental quality plan and verify that their activities are performed correctly.
- Annual evaluation of suppliers' environmental performance. We encourage them to improve the quality of their products and award prizes to the best-qualified contractors and suppliers during the year.

The company's Environmental Management System (EMS) is currently certified in the ISO 14001:2015 Environmental Management Systems Standard. The certification is granted by SGS (world's leading inspection, verification, testing, and certification company), which performs follow-up and evidence-based audits to ensure compliance.

Environmental impact studies (EIS)

We conducted EIS in 2021 for the new exploration blocks VIM33, VMM49 and VMM45. Each EIS included identifying and analyzing environmental impacts to establish measures to prevent, mitigate, correct, or compensate for the results. Some of the main impacts identified are modification of the habitat of hydro biota and aquatic fauna, deterioration of the archaeological heritage, increase in particulate matter, change in the perception of the visual quality of the landscape, change in the physical and biological characteristics of the soil, and generation of expectations in the population.

Environmental management plans (EMPs)

The EMPs are prepared based on the results of the EIS and the approval of the environmental licenses. The EMPs include a detailed socio-environmental analysis of the area to be intervened and establish the specific management and follow-up measures for the different technical activities of each project.

The evaluation of the EMPs effectiveness and efficiency is performed periodically and documented annually in the environmental compliance reports submitted to the National Environmental Licensing Authority (ANLA). During the last fiscal year, 11 EMPs were prepared and socialized with the municipal authorities and the smaller territorial units of the intervention areas.

Operational control program

We promote environmental initiatives in energy, emissions, water, biodiversity protection, and waste management among our suppliers as part of our Operational Control Program. This is completed through the dissemination of information, training, inclusion of these aspects in performance evaluations, and recognition of the best performance. The most outstanding suppliers are our strategic allies.

ESG 2022-2026 goals

TCFD

Energy transition and climate

- ▶ Identify and include all climate risks in the corporate risk matrix.
- ▶ Year-over-year increase in renewable and low/null carbon energy sources for the next 6 years.
- ▶ Identify and quantify 100% of categories directly impacting the operation and the ones of most significance in the generation of scope 3 emissions. [GRI 11.7](#)
- ▶ Define an internal carbon price as a planning tool to help identify risks and opportunities.
- ▶ Build a Management Incentives Program based on climate change issues, including attainment of targets.

2022

Water management

Identify and include all climate and water availability and quality risks in the corporate risk matrix and perform sensitivity analysis and stress tests.

2022

Circular economy

Implement 100% of the Zero Waste Model for our operations.

2024



SOY RESPONSABLE
DE MI SEGURIDAD

We aim to be the employer of choice for the Colombian natural gas workforce. We are committed to creating a work environment that boosts innovation, continuous improvement, knowledge transfer, and participatory leadership. We strive to offer a competitive and equitable compensation and benefits model for every employee. We facilitate development and career plans that enhance professional growth, raise employee engagement, and promote a work-life balance.

Our efforts positively impact employees' productivity, well-being, and quality of life. We also stimulate progress in the areas where we operate by offering quality jobs for local labour as well as opportunities for skill acquisition, leadership development, and career advancement.

We invest in a safe and diverse culture where employees feel secure and recognized.







SASB EM-EP-320a.2

GRI 11.9.2
GRI 11.9.

At Canacol, we emphasize a strong safety culture that involves the active commitment and participation of employees, contractors, suppliers, and partners in all activities. Through our certified Integrated Management System, we promote continuous improvement in direct and indirect operations and define and implement strategies and processes to ensure compliance with applicable local, national, and international codes, standards, and Health, Safety, Environment, and Quality (HSEQ) regulations.

CSA Materiality
GRI 11.91

Material topic	Stakeholders	Business impact	Business relevance
 Industrial safety and occupational health	 <ul style="list-style-type: none"> ▶ Employees ▶ Contractors / Suppliers 	 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cost <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Risk 	 <ul style="list-style-type: none"> <input type="checkbox"/> Financial capital <input type="checkbox"/> Industrial capital <input type="checkbox"/> Intellectual capital <input checked="" type="checkbox"/> Human capital <input checked="" type="checkbox"/> Social capital <input checked="" type="checkbox"/> Relationship capital

68. Data reported in this section includes Colombian employees only.

Our progress on 2021 ESG goals



Goal 1: Calculate and communicate the Occupational Illness Frequency Rate (OIFR) indicator of employees.

Zero OIFR, continuing a multi-year trend.

100% achieved



Goal 2: 5% year-over-year improvement for health and safety indicators: Lost-Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR).

40% better performance than the previous year in workforce LTIFR.

Surpassed the TRIFR target by 53%.

100% achieved

GRI 11.9.3

Occupational Health and Safety Management System (OHSMS)

In 2021 we obtained the OHSMS certification under ISO 45001.

Implementing the ISO 45001 standard reinforced our safety culture approach improving our awareness and understanding of internal and external risk factors. Additional focus was placed on defining proper controls, to mitigate risk factors affecting the workforces physical and mental well-being.

Canacol's OHSMS fully complies with the labor risk requirements established by the Colombian Ministry of Labor and is monitored to guarantee it is up-to-date.

Corporate indicators⁶⁹

Canacol is committed to improving our safety performance indicators. In 2021, our LTFR was below target thus realizing a 40% improvement from the prior year.

SASB EM-EP-320a.1
GRI 11.9.10
CSA Occupational health and safety

In 2021:

- We maintained occupational illness at zero and no fatalities occurred in our operations.
- Vehicle Incident Frequency Rate (VIFR) remained at zero.

Combined indicators: employees and contractors (k=1,000,000 hrs)

	2022 Target	2021		2020 Performance	2019 Performance	2018 Performance
		Target	Performance			
Lost Time Injury Frequency Rate (LTIFR)	<3.0	<3.16	0.90	1.55	0	0.43
Total Recordable Injury Frequency Rate (TRIFR)	<3.0	<3.16	1.49	1.55	2.62	1.08
VIFR (Vehicle Incident Frequency Rate)	<1.12	<1.18	0	0	0	0

69. Accident indicators are calculated with a constant of 1 million hours worked, or kilometers traveled in the case of vehicles.

Lost Time Injury Frequency Rate (LTIFR) (Number of lost-time injuries per million hours worked / Work-related injuries)

SASB EM-EP-320a.1
GRI 11.9.2

	2021	2020	2019	2018
Employees	0	0	0	0
Contractors	1.17	2.74	0	1.17

Total Recordable Injury Frequency Rate (TRIFR) (Number of recordable injuries per million work hours / Work-related injuries)

	2021	2020	2019	2018
Employees	1.26	0	1.25	0
Contractors	1.57	2.7	3.1	2.94

Workplace accidents in 2021:

GRI 11.9.3

- We had an employee injured during non-related work activities (slip in his lodging) with a minor injury and inability to work for five days.
- We had four contractor accidents. Two were related to mechanical risk in drilling operations, one to biological risk (wasp) during seismic activity, and one to locative risk during seismic activities (fall due to obstacle obscured by vegetation).

Near Miss Frequency Rate (NMFR)

	2021
Total number of near misses	15
NMFR	0.000587

Critical incident risk management

SASB EM-EP-540a.2
GRI 11.9.3

At Canacol, we manage risks using the identification, evaluation, and assessment risk matrix for direct and contracted operations. This matrix allows us to determine controls and intervention measures to avoid or reduce potential hazards.

Occupational health and industrial safety plan

SASB EM-EP-320a.2
GRI 11.9.4
GRI 11.9.6
GRI 11.9.7
GRI 11.9.8

In 2021, we completed 100% of the Industrial Safety and Occupational Health Plan including training sessions, workplace evaluations, and employee health monitoring.

Training indicators 2021

160	4,829	220	4,896	30.18	22.25
Number of employees trained	Hours of training provided to employees	Number of contractors trained	Hours of training provided to contractors	Average hours of health, safety, and emergency response training for employees	Average hours of health, safety, and emergency response training contractors

2021 activities

We maintained contact with employees through digital tools such as E-learning, virtual platforms, online evaluation programs, etc.

- Explanation of the OHSMS for new employees and updated content for existing employees.
- E-training and evaluation related to our epidemiological surveillance systems, such as prevention of musculoskeletal disorders, auditory risk, psychosocial risk, prevention of consumption of psychoactive substances, first aid, and additional topics.
- Health status reporting.
- Daily sessions of active pauses and best occupational practices for home office employees guided by physiotherapy professionals.
- Workplace ergonomic and environmental evaluations and guidance on risk mitigation strategies.
- Occupational medical exams and action plans.
- Monitoring of health conditions specific to individual cases.
- First aid training by the Colombian Red Cross and courses related to health promotion and disease prevention.
- Implementation and disclosure of the biosafety protocol in accordance with Colombian regulations.
- Psychological accompaniment through health partners for our employees and their families.
- Prevention campaigns against non-occupational diseases such as breast cancer, testicular cancer, and cardiopulmonary care.
- Implementation of a Health Week promoting mindfulness, functional training, nutrition, and self-motivation talks.

Mandatory training

In 2021, we fulfilled 100% of the required HSEQ training including, defensive driving, work at heights, electrical risk, confined spaces, technical regulations for electrical installations, and emergency response.

Together we increased awareness of industrial safety and health at work.

FOCUS awareness program

We conducted FOCUS training and prevention workshops where employees and contractors raised awareness about the risks of their jobs through reflection activities and analysis to support learning processes.

Skills strengthening program for safe work ambassadors

This program identified and trained safe work ambassadors in comparatively riskier production and drilling operations. It achieved a significant commitment from leaders and is reflected in the safety culture's improvement and in 2021 performance.

Measures to eliminate occupational hazards with risks of illness or disease

Canacol has four epidemiological surveillance systems to prevent occupational diseases.

GRI 11.9.11

Remote work: We provided support and guidance to employees working remotely to maintain a safe and healthy work environment. We achieved a low ergonomic risk level for 100% of remote workstations.

Prevention of musculoskeletal disorders:

We expanded and updated the group of employees designated as exposed to this risk. 100% of employees received elements for muscle strengthening, physical activity sessions, and active pauses and for participants considered at high risk we created customised plans and recommendations to follow.

Prevention of diseases caused by exposure to chemical products: We trained the workforce on proper identification and handling of chemical substances.

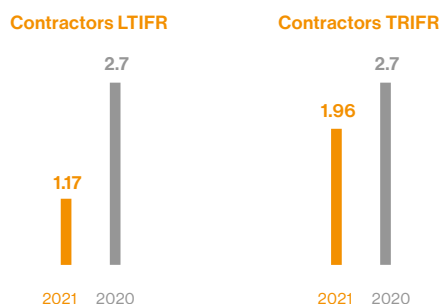
Prevention of noise-induced hearing loss: We confirmed the group of employees exposed to this risk and offered training and required practices to prevent hearing loss.

Prevention of psychosocial risk: Based on work fatigue diagnosis studies, we updated the sociodemographic employee analysis, identified risk factors, provided psychological support, and implemented stress management strategies.

Work with contractors

Our industrial health and safety process ensures contractor compliance with health and safety regulations as well as our corporate policies where applicable. HSEQ stipulations are integrated into contractual terms and compliance is diligently monitored. Risk mitigation includes analysis of the activities performed by the contractors and the control measures to be applied. Compliance is achieved via the work permit system, HSEQ audits, a safety card program and frequent safety inspections.

SASB EM-EP-320a.2
SASB EM-EP-540a.2
GRI 11.9.6
GRI 11.9.7



SASB EM-EP-320a.1
GRI 11.9.2

In 2021, contractor 's performance improved by 57% in LTIFR and 27% in TRIFR.

CSA Transparency and reporting
GRI 11.9.1

ESG goals 2022-2026

Annually audit and disclose the performance of 100% of the most critical suppliers in health and safety standards.

2022

Disclose the number of level 1 process safety events per million hours worked.

2023

ODS 5
ODS 8
GRI 11.1.1
GRI 11.1.4

Canacol's Human Resources Strategic Plan focuses on attracting and retaining top talent. We provide opportunities for all employees to grow and succeed in the company and their careers.

- **Selection:** We attract qualified talent whose values align with our corporate culture.
- **Compensation:** We are competitive in salary and benefits, recognizing skills and contribution as determinative factors, not demographics.
- **Development:** We offer customized technical, team skills, and leadership development and career plans for every employee.
- **Wellness:** We provide flexible benefits to meet employees' professional and personal needs.

Our progress on 2021 ESG goals

CSA Transparency and reporting

	<p>Goal 1: Build a Diversity, Equity, and Inclusion (DEI) Corporate Policy.</p>	<p>We established our DEI Corporate Policy that sets out the guidelines and principles to guarantee diversity, equity, inclusion for all employees.</p>	
	<p>Goal 2: Participate in Aequales Ranking (PAR).</p>	<p>We responded to the PAR Corporate Gender Equality Questionnaire to identify challenges, and opportunities to reduce possible gender gaps and strengthen our equality culture.</p>	
	<p>Goal 3: Maintain satisfaction levels over 88% for the work environment.</p>	<p>We assess satisfaction levels every two years through work climate employee surveys. In preparation for the 2022 Great Place to Work survey, we conducted a survey and obtained a result of 86% in employee satisfaction.</p>	
	<p>Goal 4: Hire 100% unskilled domestic labor force and a minimum of 30% skilled domestic labor force in the company's areas of operation.</p>	<p>Through Colombia's Public Employment Service (PES) we directly hired 100% unskilled and 85% skilled labor locally.</p>	

Diversity, inclusion, and equity

In 2021, we elevated our gender equality commitment by joining the EQUIPARES initiative. As significant steps, we:

- Defined our Diversity, Equity, and Inclusion (DEI) Corporate Policy.
- Implemented a Gender Equality Management System to identify and eliminate gender gaps.
- Created a Corporate Diversity Committee at the managerial level to ensure gender equality in all company processes.
- Trained 100% of employees and leaders in the DEI Corporate Policy.
- Strengthened our partnership with Best Buddies program to continue to offer opportunities to people with Intellectual and Developmental Disabilities (IDD).
- Surveyed 100% of employees in aspects of wellbeing, culture, and work environment (Great Place to Work survey).
- Monitored compensation, training, hiring, and turnover indicators to identify gender gaps and close them.
- Participated in the Target Gender Equality Program in Canada, with the purpose to set and reach ambitious corporate targets for women's representation and leadership.
- Increased female representation in the total workforce and junior management positions by 3% and 2% respectively over the previous year.

Employability indicators⁷⁰

Number and percentage of employees by gender and region

Region	2021						2020						2019					
	Total		Women		Men		Total		Women		Men		Total		Women		Men	
Canada	22	5%	9	41%	13	59%	22	9	41%	13	59%	21	10	48%	11	52%		
Colombia	414	95%	143	35%	271	65%	383	128	33%	255	67%	384	138	36%	246	64%		
Total	436	100%	152	35%	284	65%	405	137	34%	268	66%	405	148	37%	257	63%		

For the third year in a row, Canacol set the pace for Colombia's O&G industry with women making up 35% of the workforce, +8% better than average according to the 2020 Asociación Colombiana del Petróleo (ACP) survey.

70. Based on the total number, full-time equivalent (FTE) employees at the end of the reporting period.

Number of employees by type of employment contract, gender, and region

Permanent employees comprise 70% of our workforce.

Type of employment contract	2021								Number	Percentage
	Canada		Colombia		Total		Men	Women		
	Women	Men	Women	Men	Women	Men				
Permanent employees	9	13	101	175	115	72%	183	66%	298	68%
Temporary employees ⁷¹	0	0	21	68	21	14%	68	24%	89	20%
Direct employees	387									
Apprentices	0	0	10	10	10	7%	10	4%	20	5%
Agency workers	0	0	11	18	11	7%	18	6%	29	7%
Total by gender and region	9	13	143	271	152		284		436	100%

Percentage of employees by job category, age, gender, and region

CSA Workforce breakdown gender

Job category	Total workforce																														
	2021						2020						2019																		
	Executives total		Senior management total		Junior management total		Professionals total		Administrative total		Executives total		Senior management total		Junior management total		Professionals total		Administrative total		Executives total		Senior management total		Junior management total		Professionals total		Administrative total		
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M			
Executives total	2.52%		4.59%		11.01%		45.41%		36.47%		2.96%		4.69%		11.36%		43.46%		37.53%		2.72%		4.20%		11.11%		46.91%		35.06%		
Senior management total	436		405		405																										
Junior management total	< 30 years		31-50 years		> 50 years		< 30 years		31-50 years		> 50 years		< 30 years		31-50 years		> 50 years		< 30 years		31-50 years		> 50 years		< 30 years		31-50 years		> 50 years		
Professionals total	0.00%	0.00%	0.23%	0.92%	0.46%	0.92%	0.00%	0.00%	0.25%	0.25%	0.49%	1.98%	0.00%	0.00%	0.49%	0.74%	0.25%	1.23%	0.00%	0.00%	0.49%	0.74%	0.25%	1.23%	0.00%	0.00%	0.49%	0.74%	0.25%	1.23%	
Administrative total	0.00%	0.00%	0.92%	2.06%	0.00%	1.61%	0.00%	0.00%	0.99%	1.98%	0.00%	1.73%	0.00%	0.00%	0.49%	1.98%	0.25%	1.48%	0.00%	0.00%	0.49%	1.98%	0.25%	1.48%	0.00%	0.00%	0.49%	1.98%	0.25%	1.48%	
Executives Canada			0.23%	0.23%	0.23%	0.23%			0.25%	0.25%	0.25%	0.25%			0.49%	0.25%		0.25%			0.49%	0.25%		0.25%			0.49%	0.25%		0.25%	
Executives Colombia			0.69%	0.23%	0.69%				0.25%	1.73%					0.49%	0.25%		0.99%			0.49%	0.25%		0.99%			0.49%	0.25%		0.99%	
Senior management Canada			0.23%	0.46%	0.46%				0.25%	0.49%		0.49%			0.25%	0.49%		0.49%			0.25%	0.49%		0.49%			0.25%	0.49%		0.49%	
Senior management Colombia			0.69%	1.61%	1.15%				0.74%	1.48%		1.23%			0.25%	1.48%		0.99%			0.25%	1.48%		0.99%			0.25%	1.48%		0.99%	
Junior management Canada			0.46%	0.23%					0.49%	0.25%					0.49%	0.25%					0.49%	0.25%					0.49%	0.25%			
Junior management Colombia			0.69%	3.21%	5.28%	0.23%	0.92%		0.49%	3.21%	5.68%	0.25%	0.99%		0.49%	2.96%	4.94%	0.49%	1.48%		0.49%	2.96%	4.94%	0.49%	1.48%		0.49%	2.96%	4.94%	0.49%	1.48%
Professionals Canada			0.23%	0.69%	0.69%				0.25%	0.74%		0.74%			0.25%	0.49%		0.49%			0.25%	0.49%		0.49%			0.25%	0.49%		0.49%	
Professionals Colombia			2.98%	3.67%	12.16%	19.95%	0.92%	4.13%		2.72%	2.22%	10.86%	20.49%	1.23%	4.20%		2.47%	1.98%	13.33%	21.73%	1.73%	4.20%		2.47%	1.98%	13.33%	21.73%	1.73%	4.20%		
Administrative Canada			0.46%	0.23%					0.49%	0.25%					0.74%						0.74%						0.74%				
Administrative Colombia			6.65%	8.03%	5.05%	12.16%	0.69%	3.21%		5.93%	6.91%	5.19%	14.32%	1.23%	3.21%		6.91%	6.91%	4.20%	13.09%	1.23%	1.98%		6.91%	6.91%	4.20%	13.09%	1.23%	1.98%		
Total Canada gender and age			1.61%	1.61%	0.46%	1.38%			1.73%	1.73%	0.49%	1.48%			0.25%	2.22%	1.48%	1.23%			0.25%	2.22%	1.48%	1.23%			0.25%	2.22%	1.48%	1.23%	
Total Colombia gender and age			9.63%	12.39%	21.10%	39.68%	2.06%	10.09%		8.64%	9.63%	20.00%	41.98%	2.96%	11.36%		9.38%	9.38%	20.74%	41.73%	3.95%	9.63%		9.38%	9.38%	20.74%	41.73%	3.95%	9.63%		
Total gender and age			9.63%	12.39%	22.71%	41.28%	2.52%	11.47%		8.64%	9.63%	21.73%	43.70%	3.46%	12.84%		9.63%	9.38%	22.96%	43.21%	3.95%	10.86%		9.63%	9.38%	22.96%	43.21%	3.95%	10.86%		

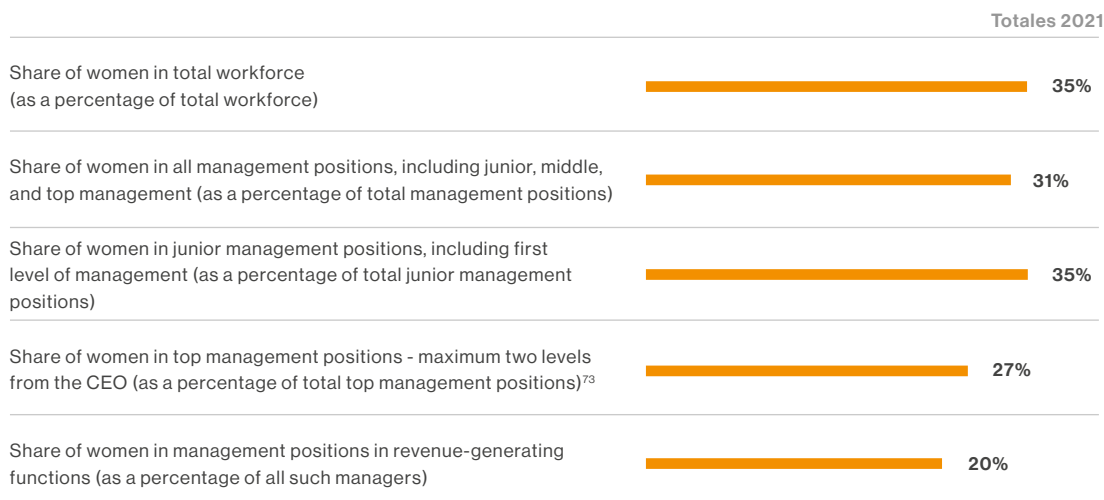
22% of our workforce are young professionals less than 30 years old.

71. Employee with a contract for a limited period (i.e., fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g., the end of a project or return of replaced employees).

72. On the 2020 report, a male employee under 50 was not included.

Gender equity indicators

30% of Colombia hires in 2021 were women.



Percentage and number of new employee hires by age, gender, and region

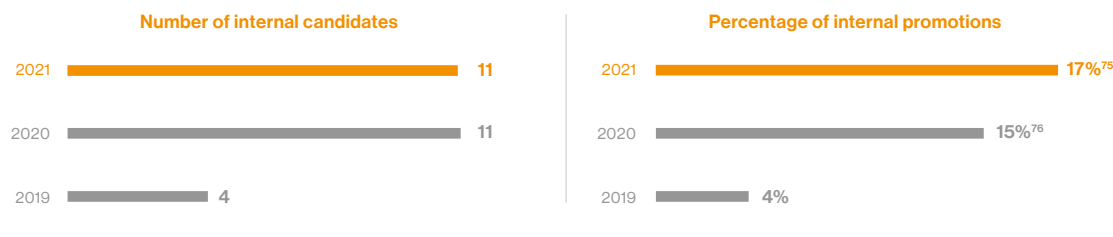
	2021											
	< 30 years		31-50 years		> 50 years							
	Women	Men	Women	Men	Women	Men						
Canada	-	0%	-	0%	1	2%	-	0%	-	0%		
Colombia	7	11%	11	17%	11	17%	26	41%	1	2%	7	11%
Total gender and age	11%	17%	17%	42%	2%	11%						

Average hiring cost/FTE (dollars)⁷⁴



2021
\$467.65

Internal promotions



73. Top management includes the chief financial officer (CFO), the chief operating officer (COO), and Vice-presidents.
 74. Data coverage: 95% of employees in Colombia.
 75. In 2021, eleven vacancies were filled internally by employees who previously worked directly with Canacol, out of sixty-four new hires during the year.
 76. In 2020, 11 vacancies for skilled employees were filled internally by contractors who worked directly with Canacol Energy out of 71 vacancies during the year.

Number of employees who left the company by age, gender, and region

		2021						2020					
		< 30 years		31-50 years		> 50 years		< 30 years		31-50 years		> 50 years	
		W	M	W	M	W	M	W	M	W	M	W	M
Canada	Gender and age	-	-	-	1	-	1	1	-	-	-	-	-
	Total employees	2						1					
	Turnover rate	9.09%						4.55%					
Colombia	Gender and age	4	5	8	12	4	5	5	5	14	30	9	7
	Total employees	38						70					
	Turnover rate	10.41%						20.71%					
Total	Total employees	40						71					
	Turnover rate	10.34%						19.72%					

Voluntary turnover ⁷⁷

		2021											
		< 30 years		31-50 years		> 50 years							
		Women	Men	Women	Men	Women	Men						
Canada	Resignation					1	1						
	Voluntary turnover rate	2						9.09%					
Colombia	Resignation	2	3	3	7	1							
	Voluntary turnover rate	16						4.38%					
Total	Resignation	2	5%	3	8%	3	8%	7	20%	1	3%	1	3%
	Voluntary turnover rate	18						4.65%					

2021 Colombian employee turnover rate decreased by 54% compared to 2020.



77. Voluntary employee turnover: Refers to the proportion of employees who choose to leave an organization (such as resignation, retirement, early retirement etc.) over the fiscal year, expressed as a percentage of the total employees.

Salary equity

CSA Labor practice indicators
GRI 11.11.6

We use third-party human resource consultants to determine compensation criteria for the company for general industry and oil and gas specific positions. Job descriptions are reviewed and updated annually for use in this process and compensation ranges are determined by required skills and abilities as well as demonstrated performance. Demographic factors or position tenure are not used to determine compensation. Performance evaluations incorporate individual, team skills and 360° feedback. As a component of our Diversity, Equity, and Inclusion Corporate Policy as well as our Human Talent Corporate Handbook, annual equal pay analyses are performed to confirm equitable treatment.

Pay indicators by job category and gender 2021

Canada

Employee Category	2021		
	Average salary women (millions of dollars)	Average salary men (millions of dollars)	Ratio (average salary women / average salary men)
Executive (base salary only)	\$0.26	\$0.40	0.65
Executive (base salary + other cash incentives)	\$0.56	\$0.89	0.63
Management (base salary only)	\$0.17	\$0.198	0.94
Management (base salary + other cash incentives)	\$0.30	\$0.33	0.92
Non-management	\$0.14	\$0.18	0.78

Colombia⁷⁸

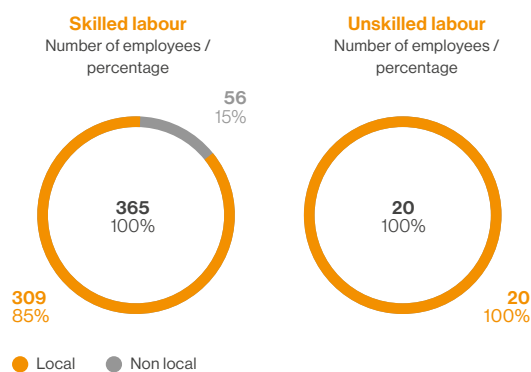
Employee category	2021		
	Average salary women (millions of dollars)	Average salary men (millions of dollars)	Ratio (average salary women / average salary men)
Executive (base salary only)	\$0.011	\$0.010	1.12
Executive (base salary + other cash incentives)	\$0.019	\$0.015	1.29
Management (base salary only)	\$0.007	\$0.008	0.93
Management (base salary + other cash incentives)	\$0.012	\$0.013	0.92
Non-management	\$0.002	\$0.928	0.93

Employment opportunities in Córdoba, Sucre, and Casanare

GRI 2-8
GRI 11.15.2

We promote sustainable development by providing high-quality job opportunities for both skilled and unskilled local labour. In 2021, 100% of unskilled and 85% of skilled labor were hired locally, far exceeding regulatory requirements.

Direct hires 2021



78. The managerial level includes amounts such as healthcare, educational assistance, and the extralegal corporate bonus, categorized as other incentives. Listed benefits and salary comparison are calculated using the exchange rate (TRM) of \$3,380.

Training and development⁷⁹

GRI 11.7.3
GRI 11.1.4

We consider skill development and career planning necessary benefits to attract and to retain employees. Our Professional Development Program (PDP) guarantees that all employees have a tailored development plan based on identified skill gaps and growth opportunities for their current positions as well as future business needs.

In 2021

- 70% of training development plans established for the fiscal year were completely fulfilled.
- More than 22,128 hours of virtual and in-person training for Colombian staff were completed.
- 100% of the senior management team were trained on “Strategic Leadership” by INALDE Business School.
- More than 30% of direct employees received leadership skills training.

Corporate training model

We offer training opportunities ranging from technical, teamwork, leadership, and communication modules.

- Canacol’s e-learning platform “C+” offers self-paced on-demand courses. This platform has become the main tool through which our employees fulfill their learning plans.
- Virtual workshops and formal courses were offered throughout the year to promote experience and collaborative learning.

- In 2021, we delivered a 90- hour “Natural Gas Operations Certification Course” for all skilled and unskilled employees in our field operations. Modules included fundamentals of natural gas, process safety, well construction, completion and workover operations, natural gas production, well-functioning, gas processing, and natural gas measurement, transportation, and distribution.

Strategic technical training

Topics covered	Number of participating employees	Impacted departments
Gas regulation-specialized course	33	Gas, Legal, Vice President Operations
Gas regulation-basic contents	30	Support departments
Gas and maintenance program (Bogotá and fields)	30	Vice President Operations
Leadership program (three groups)	120	All operational and support departments

Workshops

Topics covered	Number of participating employees	Impacted departments
Excel for finance program	50	Finance
Advanced Excel program	50	All departments
Inventory and supply management seminar	4	Procurement

Technical courses for transfer agreements

Topics covered	Number of participating employees	Impacted departments
Seismic interpretation	10	Geological and geophysical
HPHT wells and operation	10	Drilling
Sand control	10	Completion

79. Data coverage: 95% of employees in Colombia.

Training in regulations

Topics covered	Number of participating employees	Impacted departments
ISO40051	5	Health and safety
Update environmental regulations	10	Environmental team

Individual training strategies

Topics covered	Number of participating employees	Impacted departments
Individual english licenses (Open English)	35	All departments
Mentoring and individual tutors	32	All departments

Professional development program indicators

Canada

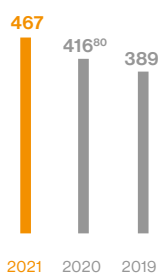
	2021
Average hours of training provided per employee	13.09
Percentage of full-time employees participating in the training program (Spanish classes)	32%

Colombia

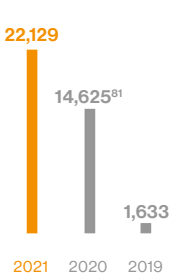
	2021
Investment in training (millions of dollars)	\$0.2

SASB HC 101-15
CSA Training and development inputs
GRI 11.10.6
GRI 11.11.7

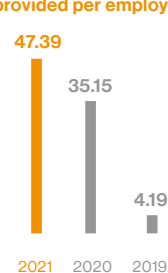
Number of people trained



Hours of training provided



Average hours of training provided per employee



Number and average of training hours by gender and job category

	Total number of training hours provided			Average of training hours by gender and job category		
	Women	Men	Total	Women	Men	Total
Executives	19	117	136	19.00	23.40	22.67
Senior management	185	949	1,134	61.55	79.12	75.61
Junior management	1,526	2,497	4,023	95.41	67.48	75.91
Professionals	4,493	7,812	12,305	56.88	60.55	59.16
Administrative	2,668	1,863	4,531	41.05	15.53	24.49
Total per gender	8,891	13,238	22,129	54.22	43.69	47.39

We increased the total female and male average training hours in the last year:

46% female

36% male

40% total

80. This number includes employees by the end of the year and those who left the company before the end of the year but still received training.

81. This figure increased in 2020 because training hours were registered on the Virtual Training Platform (C+).

Individual performance evaluation

CSA Type of individual
performance appraisal

+99% of our staff received individual performance evaluation and feedback based on pre-defined objectives and measurable goals achieved.

Type of evaluation (% of employees evaluated)

Type of evaluation (% of employees evaluated)	2021	2020	2019
Management by objectives: systematic use of measurable goals agreements	99.12%	83.5 %	80%
Multidimensional performance appraisal (e.g., 360° feedback)	99.12%	100%	100%
Formal comparative ranking of employees within an employee category ⁸²	99.12%	83.5%	85%

Wellness and quality of life

GRI 1110.3

Employee wellness and quality of life are important aspects of Canacol's culture. A variety of schedules and remote work options are available based on the requirements and circumstances of various positions. As part of Canacol's compensation practices, benefits are provided as a mix of regulated and voluntary components.

Non-salary benefits: health insurance, life insurance, flexible working schedules, remote work options, annual bonus (linked to company performance and other factors), employee long-term saving funds, burial insurance, birthday gift and time-off, and supermarket /restaurant vouchers.

A portfolio of additional flexible benefits is available for employees, allowing each to select the mix that best suits their needs. The options are updated annually based on employee feedback and participation.

2021				
	Number of employees covered	Percentage of employees covered / total payroll	Investment (dollars)	Percentage of cost benefits / total cost in benefits
Mandatory regulated benefits ⁸³	210	57.53%	\$43,045	1.82%
Flexible benefits: BENEFLEX	52	14.25%	\$157,384	6.64%
Union benefits	260	71.20%	\$773,316	32.62%
Corporate benefits (bonus)	276	75.62%	\$1,397,051	58.93%

82. Data coverage: 95% employees in Colombia.

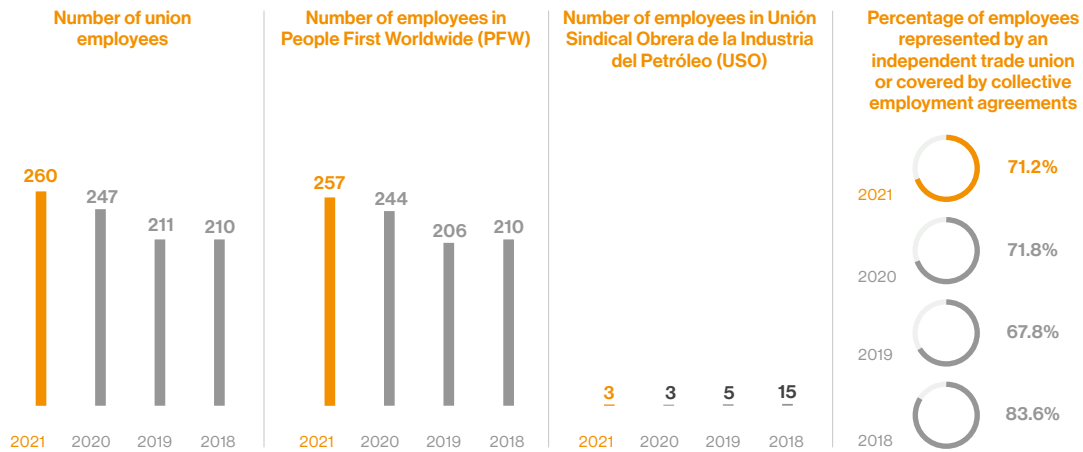
83. Colombian employees excluding temporary contracts.

Labour relations

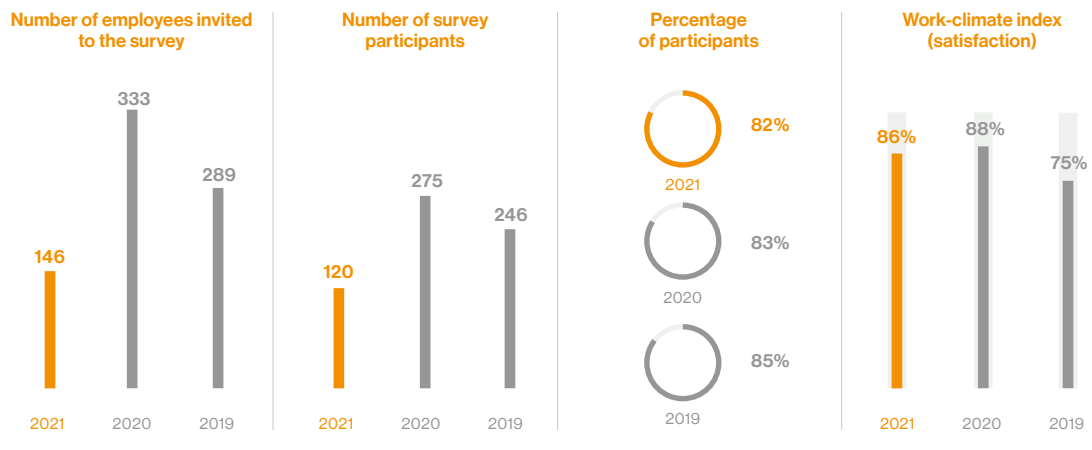
CSA Freedom of association
Principle 3 of the UN Global Compact
GRI 2-30
GRI 11:3.2

Two labor unions have representation within our workforce. People First Worldwide (PFW) has the most affiliates and the Unión Sindical Obrera de la Industria del Petróleo (USO) has a minority. Both unions participate in meetings, field visits, and collective bargaining processes. We emphasize the right of association to our contractors and suppliers as a fundamental pillar of labor relations and compliance with labor rights is verified during our Good Labor Practices (GLP) audit process.

Trade union affiliation⁸⁴



We periodically assess our work climate environment via an employee survey to identify factors contributing to employee satisfaction, wellbeing, and performance. Based on the survey outcomes, compensation, retention, and other human talent strategies are implemented.

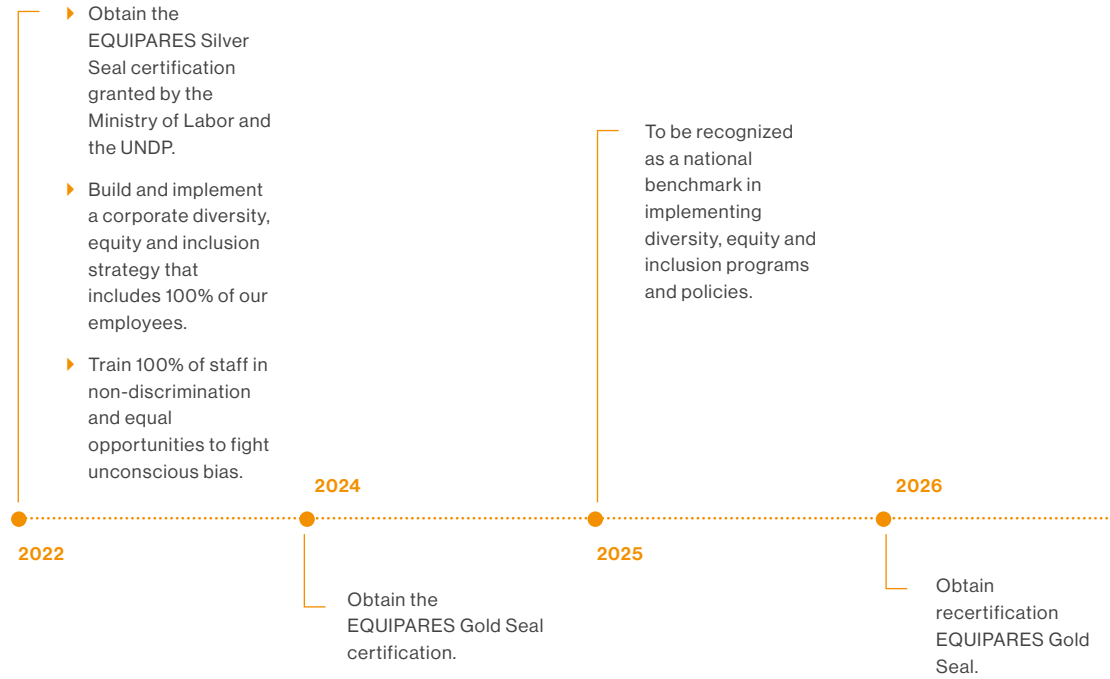


84. Data includes direct employees only. Trade union membership decreased due to employee turnover in 2020.

85. The survey was conducted for Colombian employees only, with at least four months in the company.

ESG goals 2022-2026

CSA Transparency and reporting





Working with our communities and suppliers is essential for our business survival and growth. We are committed to cultivating close and transparent relationships that promote community development and improve quality of life.

Social development requires joint efforts, long-term vision, and communication to strengthen social cohesion, to promote environmental conservation, and to improve economic competitiveness.

CSA Supply chain
management
SDG 8
UNGC Principles 1-10

We cannot succeed without the goods and services our suppliers provide. We hence emphasize engaging with them in long-term, mutually beneficial, and shared responsibility relationships. We ensure that our procurement processes comply with strict standards for occupational health and safety, environmental stewardship, social responsibility, ethics, and respect for human rights.

We utilize equitable and transparent contracting processes applying ESG evaluation and selection criteria in addition to traditional economic, timely, and quality requirements. The contracting process is monitored and should ESG gaps develop, actions are taken to resolve them promptly. We want our neighboring communities to grow and develop with us. We therefore work with local governments and agencies to foster development opportunities for contractors as well as to provide training and employment for skilled and unskilled labour.

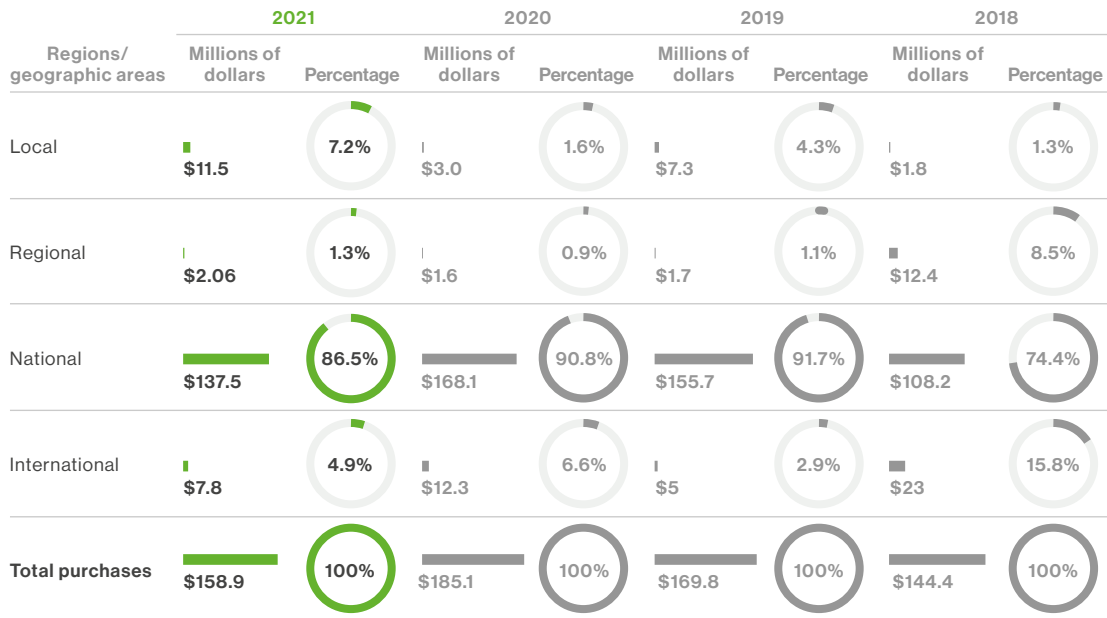
Our progress on 2021 ESG goals

	<p>Goal 1: Disclose the procurement strategy and its monitoring indicators aligned with ESG objectives.</p>	<p>Strategy alignment and monitoring finalized. To be published on the company website in 2022.</p>	<p>90% achieved</p>
	<p>Goal 2: Contract a minimum of 5% of goods and services locally.</p>	<p>8.5% locally sourced goods and services.</p>	<p>100% achieved</p>
	<p>Goal 3: Implement a local supplier strengthening program within the company's operational area.</p>	<p>Census of local suppliers updated and training program implemented.</p>	<p>100% achieved</p>

Goods and services procurement

Purchasing allocation

CSA Supply chain management
GRI 2-6
GRI 11.14.6



Supply chain management strategy priorities:

1. Ensure the supply of goods and services within our cost, quality, compliance, timeliness, and sustainability criteria while seeking to create shared value for all stakeholders.
2. Promote mutually beneficial relationships by increasing local supplier participation in our operations through available supplier identification in the municipalities where we operate and the implementation of programs to develop and strengthen local entrepreneurship capacities.
3. Implement innovation initiatives to sustainably transform the business while ensuring cost efficiency, availability of goods and services, compliance, and ESG risk management.
4. Carry out control initiatives to mitigate contractual risks, identify compliance gaps, and implement corrective actions to achieve our corporate objectives.
5. Develop internal programs with Canacol contract managers to strengthen contractual management processes, consolidate supplier relationships and promote sustainable value.

Supplier alignment with ESG criteria

We monitor compliance with ESG criteria throughout the supply chain process.

- Our internal contract managers are trained on our ESG guidelines and related policies.
- Bidder compliance with ESG criteria is evaluated through document review. Lack of compliance is rectified, or the bidder is disqualified.

- Bidders must supply a valid good standing occupational health and safety, labour, environmental, and social practices certificate.
- Compliance with ESG contractual requirements is monitored during contract execution utilizing: HSEQ compliance audits, labour practices and contractual compliance audits, performance evaluations, and Service Quality Management (SQM) meetings.

SASB EM-EP-210b:1
CSA Supply chain management
CSA ESG integration in SCM strategy
GRI 308-1
GRI 308-2
GRI 11.10.8
GRI 11.12.3
GRI 11.10.9

- Supplier non-compliance is rectified, or the contract is terminated.
- All ESG liabilities arising during contract execution must be resolved prior to contract closure and final payment.

ESG suppliers evaluation

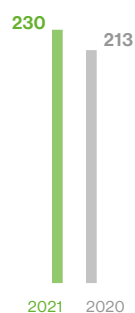
Canacol's supplier evaluation and selection processes follow ISO 14001 requirements as well as our Environmental Quality Plan. Suppliers are required to proactively manage their environmental and social impacts with contingency plans, programs, procedures, and certifications. The requirements are detailed in contract addendums which are monitored as well as reviewed and updated annually.

Starting in 2022 additional ESG criteria will be integrated into our supplier selection and evaluation processes. These criteria include compliance and periodic reporting of:

- Emission target setting and quantification during project development.
- Annual LTIFR (Lost-Time Injury Frequency Rate) and TRIFR (Total Recordable Injury Frequency Rate) targets with quarterly and annual reporting.
- A target of zero violations of the Human Rights Policy and Canacol's Code of Ethics and Business Conduct.

- Initiatives to promote gender equity and report human talent figures broken down by gender (number of employees over total employees and number of leaders over total leaders).
- Sustainability strategy, key indicators, opportunity and risk metrics, and ESG compliance and organisational structure.

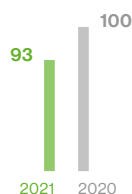
Total number of evaluated bidders⁸⁶



In 2021, we evaluated 100% of bidders and new suppliers on technical, commercial, health and safety, environmental, social, and quality aspects.

Evaluated bidders and new suppliers on environmental aspects

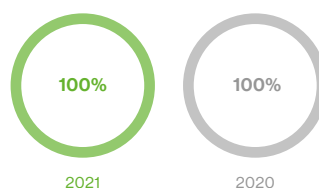
Number of evaluated bidders on environmental aspects



Number of new evaluated bidders and suppliers on environmental aspects



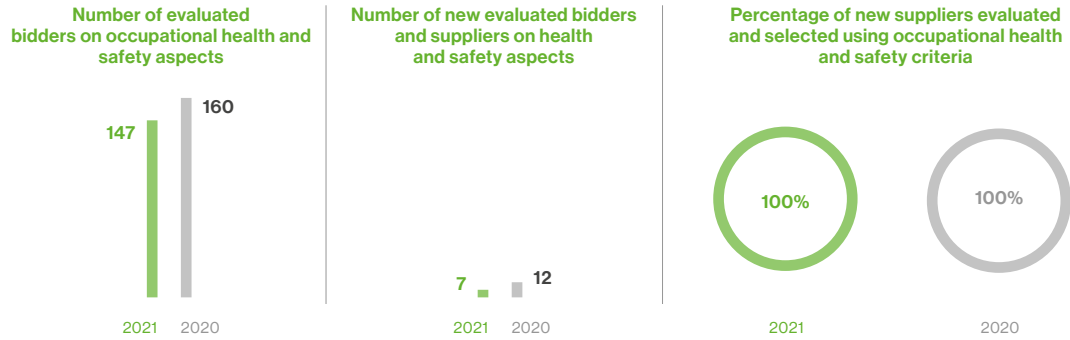
Percentage of new suppliers evaluated and selected using environmental criteria



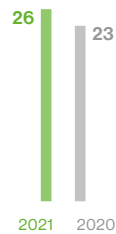
We evaluate the environmental initiatives developed by contractors for alignment with our environmental practices, focusing on energy and waste management as well as noise impact controls.

86. Not all bidders are evaluated in all categories because many of the companies that participate in the process have been previously evaluated.

Evaluated bidders and new suppliers on occupational health and safety aspects

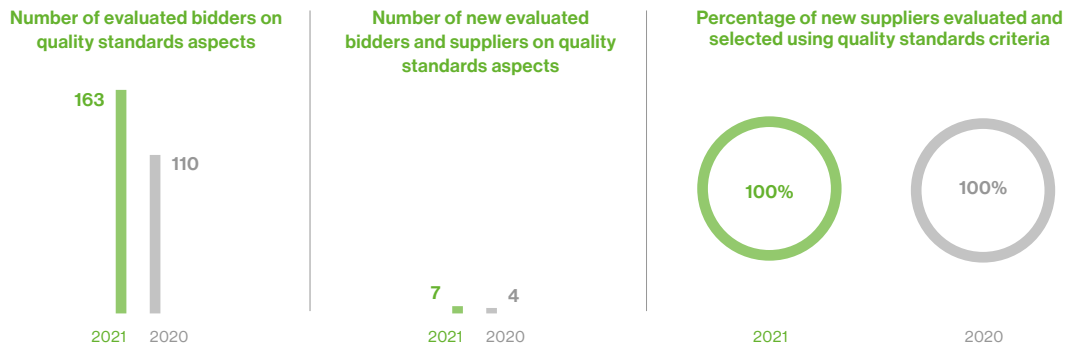


Number of evaluated suppliers on social aspects



We are currently restructuring our social evaluations for 2022 and data will be available in our next ESG Integrated Report. For 2021, no new bidders were selected utilizing our social criteria. Existing socially critical suppliers are evaluated on an annual basis. We work in partnership with local governments, agencies, and contractors to increase local hiring and participation of communities in operational and support processes in the territories where we operate.

Evaluated bidders and new suppliers on quality standards aspects

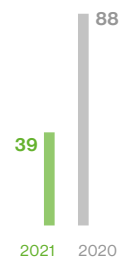


Evaluated suppliers on governance aspects

In 2021 we implemented an ethical process to evaluate and select new and existing suppliers based on Anti-Money Laundering and Anti-Terrorism Financing policies (AML/ATF)⁸⁷.

	2021
Number of suppliers evaluated and selected using compliance with AML and ATF criteria	379
Percentage of suppliers evaluated and selected using compliance with AML and ATF criteria	80.81%

Number of suppliers selected to provide services or goods to Canacol during the year



87. This data corresponds to the new Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), and the financing of the proliferation of Weapons of Mass Destruction (WMD) policy released by the Colombian government in September 2021. Before this update, Canacol evaluated and selected 100% of its suppliers using Anti-Money Laundering (AML), Anti-Terrorist Financing standards.

Supplier's code of conduct and ethics⁸⁸

Canacol's Suppliers Code of Conduct and Ethics was established in 2021. The code will be published on our website in 2022 and incorporated into the contracts signed between Canacol and suppliers from the date of publication.

Key elements included in the supplier's code:

- Environmental standards for supplier processes, products, or services.
- Labour conditions (payment of wages, working hours, or termination of employment).
- Occupational health and safety requirements.
- Prohibition of child labour.
- Fundamental human rights, freedom of association, and International Labour Organization (ILO) convention requirements.
- Business ethics, anti-competitive and corrupt practices prohibitions.
- Our suppliers must have a sustainable procurement policy with their sub-contractors and suppliers.

Suppliers risk model

Suppliers are categorized into four categories (strategic, tactical, transactional, or routine) based on their activities and impact on our business. Operational, occupational health and safety, environmental, social, and quality criteria are mapped over the planned activities to determine their criticality.

High-risk suppliers are critical business continuity services and labour-intensive contractors. They perform activities that could significantly impact our operations, the health and safety of our people, the community, compliance with labour or environmental requirements, or potential human rights violations and, consequently, affect our reputation.

Key control measures for managing sustainability risks with critical business suppliers

- **Training programs:** We offer training programs to address and close knowledge and procedural gaps before service provision.
- **Performance evaluation:** We evaluate the performance on a project-by-project basis to identify gaps promptly and implement actions to improve future projects. Measurements are based on environmental, social, health and safety, operational, and quality criteria. Results are used to categorise criticality according to performed activities.
- **Service Quality Management (SQM):** Canacol's management and critical suppliers participate in regular comprehensive performance reviews to identify and close performance gaps.

We conduct two performance evaluations and two Service Quality Management meetings with 26⁸⁹ strategic-critical suppliers each year. We conduct SQMs annually with tactical, transactional, or routine suppliers.

- **Risk management:** Contract managers with the support of risk management and quality departments are responsible for identifying, monitoring, and implementing risk mitigation. In addition, procurement risk management is incorporated into the annual objectives of the procurement management team.

CSA Supplier code of conduct

SASB EM-EP-210b1
CSA Supply chain management
CSA Awareness
CSA Risk exposure
CSA Risk management measures
GRI 308-1
GRI 308-2
GRI 1130.8
GRI 1132.3
GRI 1130.9

88. To read our Supplier code of conduct and ethics, please follow this link: <https://canacolenergy.com/sustainability/governance/>

89. Four non-critical suppliers were included in SQMs.

Critical and non-critical suppliers evaluated in our performance management program

We conduct assessments with Tier 1 suppliers.

	2021	2020
Number of total tier 1 suppliers: suppliers from whom purchases were made during the year	667	597
Number of tier 1 suppliers evaluated and classified as critical (classified as high risk)	22	14 ⁹⁰
Percentage of tier 1 suppliers evaluated and classified as critical (classified as high risk)	1.6%	1.5%
Percentage of purchases from critical tier 1 suppliers ⁹¹	65%	58%
Number of tier 1 suppliers evaluated and classified as non-critical	645	583
Percentage of tier 1 suppliers evaluated and classified as non-critical	98.4%	98.5%
Number of suppliers for whom risk evaluations were performed: tier 1 suppliers classified as critical and tier 1 suppliers classified as non-critical	31	23
Number of high-risk classified suppliers on environmental, social (labour, neighbouring communities, suppliers, human rights), ethical conduct, and transparency issues.	22	14
Number of high-risk suppliers with whom action plans were implemented and gaps were closed regarding environmental, social (labour, neighbouring communities, suppliers, human rights) or ethical conduct and transparency issues. Gaps were identified during the SQM meetings.	21	12
Percentage of current high-risk suppliers where gaps have been identified and corrective action plans have been implemented ⁹² .	95%	50%
Percentage of current suppliers with action plans that have improved their ESG performance within 12 months of plan launch.	59%	21%

All critical contracting activities are conducted on a level 1 basis.

Critical human rights suppliers

- Our human rights section on the services platform was launched in 2021, where we invited 45 critical suppliers to answer a survey to gather information on their human rights practices.
 - ▶ 40 responses were received.
 - ▶ 15 suppliers were identified with medium or high criticality in human rights issues.
- To progress the critical points identified in the survey with the 15 suppliers, we will offer 2 training sessions on human rights due diligence in 2022.

90. Provide drilling, construction, and emergency response services.

91. Pareto expenditure analysis: expenditure corresponding to critical suppliers/expenditure corresponding to total suppliers.

92. This percentage is calculated based on the number of suppliers evaluated: gaps identified and action plans (mainly in SQM).

Performance management program

CSA Transparency and reporting

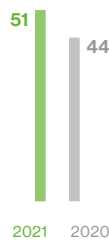
GRI 11:10.8
GRI 11:12.3
GRI 11:10.9

This program was designed to identify improvement opportunities and establish practices to strengthen both performance and long-term relationships with strategic suppliers.

Contract management program

This program ensures adequate operational and administrative control of activities. The annual contract manager training program standardizes, refreshes, and strengthens contract management skills. In 2021, 100% of contract managers were trained and certified.

Number of trained and certified contract managers



SQM performance evaluation

Canacol's management team and critical suppliers participate in these meetings to comprehensively review each supplier's consolidated performance over a given period. These meetings are based on mutually agreed key performance indicators to ensure future project viability, success, and the closure of identified gaps.

	2021	2020
Number of SQM with senior management	38	31
Number of evaluated suppliers	26 ⁹³	23
Number of evaluated services ⁹⁴	37	30

All SQM meetings produce plans and commitments for Canacol and the evaluated companies. They result in improved occupational health and safety, corporate social responsibility, labour law compliance, service efficiency improvements as well as commercial value generated and technical aspects.

The plans are monitored and reviewed at the subsequent meeting.

Local supplier development program

We are committed to supporting and developing the local economy through job opportunities and the procurement of goods and services. We have implemented a regular local supplier census and development plan to increase their participation in our operations. Workshops target the development of participating companies' technical and managerial skills.

In 2021, we conducted an update of the local supplier census and expanded the training program with modules for ESG and health and safety topics. Looking ahead to 2022, we will hold a business fair to further reach to new suppliers while clarifying opportunities, expectations, and requirements.

Local supplier census

The annual supplier census updates our database of local companies for each sector of goods and services required. Its criteria identifies new entrants, confirms existing potential suppliers, and evaluates business maturity as well as service quality levels. This allows us to plan interrelationships and business development strategies with local companies.

During the 2021 census, we identified 470 potential local suppliers in sectors such as: catering services, electrical supplies, maintenance, civil works, among others.

93. Four non-critical suppliers were included in SQMs.

94. The number is higher because a supplier can provide more than one service.

Number of local suppliers from different regions involved in Canacol's activities

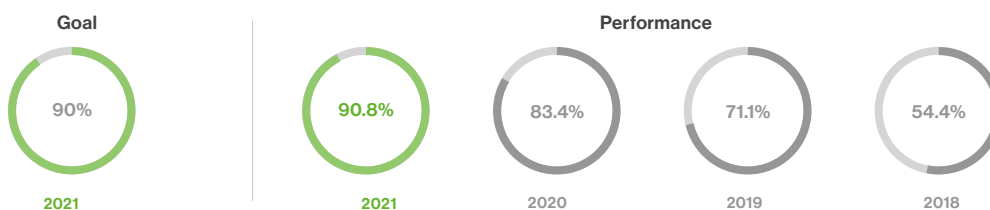
GRI 1115.2



Good Labour Practices (GLP)

GLP is our strategy to bolster our compliance culture and ensure continuous improvement in legal and extra-legal labour obligations through ongoing on-site audits, documentary evidence reviews, and interviews with workers to verify compliance. Subsequently, the resolution status of any non-compliance is monitored.

Labour compliance evolution levels (overall score)



Activities	2021	2020
Number of GLP controls	358	243
Number of skilled and unskilled workers evaluated	5,609	2,250
Number of man-hours in GLP processes	7,319	4,968
Percentage of companies that demonstrated compliance with agreed labour and community legal aspects.	90.8%	83.4%
Percentage of companies that implemented action plans for continuous improvement	100%	17%

ESG goals 2022-2026





- SASB EM-EP-210a.3
- SASB EM-EP-210b.1
- CSA Group-wide strategy
- CSA Social impacts on communities
- CSA Indigenous peoples and cultural preservation
- SGD 1
- SGD 4
- SGD 6
- SGD 8
- SGD 13
- SGD 15
- SGD 17
- UNGC Principles 1 and 2
- GRI 11.14.1
- GRI 11.15.2
- GRI 11.15.3
- GRI 11.17.1
- GRI 11.17.3
- GRI 11.17.4

Together with local stakeholders, in a climate of consensus, reciprocity, respect for rights, appreciation, protection of culturally diverse contexts, and transparency, we contribute to social progress in the territories where we operate.

With a preventive approach and a two-way perspective, we manage the actual and potential impacts of our activities on communities, the environment, and the repercussions of social dynamics on the company's operations.

We acknowledge that the private sector plays a vital role in solving some of the most critical issues facing our planet. We have committed to the 2030 Agenda and the 17 Sustainable Development Goals (SDGs) to build a more sustainable and inclusive present and future.

Our purpose is to go beyond social investment obligations and positively impact communities and the environment.

CSA Materiality
GRI 11.14.1

Material topic	Stakeholders	Business impact	Business relevance
 Engagement with communities and authorities	 <ul style="list-style-type: none"> ▶ Community (local workforce, rural, indigenous) ▶ Government (local) 	 <ul style="list-style-type: none"> <input type="checkbox"/> Cost <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Risk 	 <ul style="list-style-type: none"> <input type="checkbox"/> Financial capital <input type="checkbox"/> Industrial capital <input type="checkbox"/> Intellectual capital <input type="checkbox"/> Human capital <input checked="" type="checkbox"/> Social capital <input checked="" type="checkbox"/> Relationship capital

Our progress on 2021 ESG goals

	<p>Goal 1: Build and implement a Corporate Social Investment Policy to ensure the execution of efficient projects with a long-term vision.</p>	<p>We updated our Corporate Social Investment Policy to generate a more significant impact through the projects we execute. These projects must align with relevant global sustainability agendas and standards such as the SDGs and IPIECA⁹⁵.</p>	
	<p>Goal 2: Ensure that 100% of the social investment project baselines include gender approaches.</p>	<p>We have included a gender approach in our social investment projects to benefit girls and women in the areas we operate in. With this inclusive scope, we seek to increase our positive impact.</p>	
	<p>Goal 3: Update and disclose the Social Responsibility Policy that establishes corporate procedures for contracting local employment, procurement of goods and services, and monitoring requests, complaints, and claims.</p>	<p>We have integrated guidelines related to labour contracting, the procurement of local goods and services, and monitoring processes of Concerns, Requests, Complaints, and Claims (CRCC) System into our Social Responsibility Policy.</p>	
	<p>Goal 4: Annually publish 100% of the information campaigns held with communities and local authorities, including the number of people participating and the percentage of meetings held for the next six years.</p>	<p>Annually, we fully publish in our ESG Integrated Report operational and social investment campaigns data with communities and local authorities.</p>	
	<p>Goal 5: Include management and impact indicators related to the welfare of girls and women in 100% of the projects developed by the company.</p>	<p>We developed a guideline designed to develop and implement policies, programs, and projects with a gender and human rights approach and an annex with indicators in five municipalities in Sucre and Córdoba.</p>	



95. International Petroleum Industry Environmental Conservation Association (IPIECA) is the oil and gas industry's leading global association for consulting on environmental and social performance.

Social investment strategy

Our social investment strategy is aligned with the needs of the regions, our corporate objectives, and the most critical global agendas and standards in environmental, social, and good governance matters.

SASB EM-EP-210a.3
SASB EM-EP-210b.1
CSA Corporate citizenship group-wide strategy
CSA Indigenous peoples and cultural preservation
GRI 11.14.1
GRI 11.15.1
GRI 11.15.2
GRI 11.17.1
GRI 11.17.3
GRI 11.17.4



Structure and parameters for managing social investment

- Social Investment Corporate Committee** - Is comprised of company executives (including our CEO as Committee Chairman) and managers that oversee the design and execution of our social investment program to ensure alignment with our policies and procedures as well as the expectations of the Board of Directors.

The Social Investment Corporate Committee met monthly in 2021.

- Strategic approach** - Focus on real and long-term gains benefiting significant populations of need.
- Corporate social investment policy** - Establish the criteria for selecting, prioritizing, and evaluating projects consistent with our corporate strategy.

- Comprehensive social responsibility policy** - Guide our actions to maintain and strengthen positive local community relationships.

The implementation of the Corporate Social Investment Policy should seek to contribute to the fulfillment of the SDGs and the 2030 agenda, and to generate trust among the different stakeholders.

- Social Investment Corporate Committee's protocol** - Establish the procedures for the approval of social investment projects, as part of the Corporate Governance System.

- **Intercultural engagement and prior consultation protocol** - Determine the procedure for maintaining adequate communication and prior consultation with ethnic communities, respecting diversity, and ensuring cultural preservation.
- **Social responsibility and prior consultation addenda** - Establish the guidelines our contractors and subcontractors must use to minimize social risks and strengthen relationships in the operational areas.
- Through the **Indicator management system**, for each investment category, we measure the results of the executed projects and their social and environmental impact in the short-, medium-, and long-term.
- Mandatory and voluntary social investments (when applicable) are developed in accordance with our **Corporate Social Investment Policy**. Strategic investments are established at the company's discretion, while mandatory investments are implemented under applicable contractual commitments with the National Hydrocarbons Agency and other agencies.

Social investment project implementation guidelines

- We prioritize initiatives and projects aligned with:
 - The terms and conditions of the National Hydrocarbons Agency.
 - Commitments mandated by applicable laws or regulations.
 - Corporate strategy and objectives outlined by Canacol's senior management.
 - Departmental and municipal development plans in the areas where we operate.
 - Global agendas and the highest international sustainability standards such as the SDGs and IPIECA.
- We focus on developing skills to empower communities to meet their own needs independently of the activities performed by the company.

Social investment principles for project execution

Respect - We value and respect local culture and traditions and ensure compliance with national and international legislation and principles regarding this matter.

Participation and shared responsibility - We jointly organize, develop, and evaluate projects aligned with the actual needs of the territories between the company, communities, local authorities, and other academic, private, and non-governmental organizations.

Honesty - Our relationship with communities and local authorities is based on clear and timely information and effective communication allowing for adequate interaction.

Sustainability - We focus on developing skills to strengthen self-management and community independence to achieve long-term and sustainable projects.

Efficiency - We strive to develop projects with a long-term vision to facilitate their sustainability.

Innovation - We create and disseminate social practices to generate fair and sustainable solutions, contributing to the generation of social value.

Gender equity - We provide equal opportunity for all. We respect individual differences and rights, acknowledging human worth and valuing contributions to society.

Human rights - We protect human rights and fundamental freedoms inherent to all human beings.

Social risks and opportunities management

SASB EM-EP-210b.1

CSA Human Rights - Due diligence process
CSA Indigenous peoples and cultural preservation

GRI 1115.3

As part of our due diligence process, we implement systematic consultation and communication scenarios with local stakeholders thereby increasing our knowledge of the territories where we operate. We can determine opportunities, identify the adverse effects of our operations, or address situations where we are not generating the expected positive impact despite our efforts and dedication.

The process for managing impacts and opportunities regarding community rights and interests:

- Risk identification.
- Risk communication to operational departments in Canacol and the creation of mitigation strategies.
- Risk mitigation and remediation activities.
- Follow-up implementation to assess the risks of recurrent incidents.

- Monitoring and open communication with the community through socialization, and consultation scenarios.

Possible unfavourable environmental and social impacts

- Landscape change.
- Noise pollution.
- Particulate matter increases resulting from vehicle traffic.
- Combustion risk during gas flaring.

Possible unfavourable socio-economic impacts

- Displacement of traditional economic activities.
- Population migration to the areas where projects are developed.

Potentially high social risks

Potentially high social risks	Risk control measures
<p>Breaches with previous years' voluntary social investment agreements</p> <ul style="list-style-type: none"> • Probability of occurrence: low. • Risk for the operation: average. • Frequency of occurrence: average. • Reversibility: feasible. 	<p>We conducted activities with the Program to Benefit Communities (<i>Programa en beneficio de las comunidades - PBC</i>) team to finalize and clarify the scope of our obligations and voluntary social investment processes.</p> <p>We updated the Corporate Social Investment Policy and implemented a program fulfilling our historical obligations.</p> <p>We engaged the National Hydrocarbons Agency and other national entities in socialization activities with the communities.</p>
<p>Requirement to hire qualified local employees for the company's activities</p> <ul style="list-style-type: none"> • Probability of occurrence: high. • Risk for the operation: Low • Frequency of occurrence: High • Reversibility: High 	<p>We require and monitor our contractor's compliance. Sufficient local workforce resources exist to fulfill skilled and unskilled labour requirements.</p>
<p>Environmental impact complaints: particulate matter and noise</p> <ul style="list-style-type: none"> • Probability of occurrence: high. • Risk for the operation: average. • Frequency of occurrence: average. • Reversibility: feasible. 	<p>We socialized the different environmental licenses for biodiversity and social components. We informed and emphasized the importance of using soundproofing equipment and irrigating roads as a proactive preventive approach to mitigate particulate matter distribution before cargo movement.</p>

Philanthropic activities and contributions

CSA-DJSI 3.6.2
CSA-DJSI 3.6.3

Type of philanthropic activities	2021	
	Millions of dollars	%
Donations	0.3	8%
Community investments	3.35	92%
Total	3.65	100%

Type of philanthropic contributions	2021	
	Millions of dollars	%
Charitable contributions	-	0%
Volunteering time contributions (during paid working hours)	-	0%
In-kind donations	3.67	85%
Management overheads	0.64 ⁹⁶	15%
Total	4.31	100%

Social investment projects

SASB EM-EP-210b1
CSA Group-wide strategy
GRI 1115.2

Our five lines of social investment, aligned with our corporate strategy and the SDGs, were established based on a needs analysis of the areas where we operate.

63 projects were executed during the year.

- > **All projects** were aligned with municipal development plans.
- > **11** projects included a gender focus.
- > **All projects** contributed to the achievement of the following SDGs:



59 covered communities.

- > **26,591** benefited people.
- > **5,320** benefited families.

59 partnerships as a way of achieving results, including social organizations.

⁹⁶. Refers to the costs associated with having in place a community affairs function (overheads and costs related to research and communications, national insurance, benefits and recruitment costs of communities' affairs staff and running costs).

Local economic development

We promote rural development opportunities by implementing productive, entrepreneurial, and social promotion initiatives to strengthen competencies and access to capital.

We executed a fish farming project in Pueblo Nuevo (Córdoba), Esperanza block, with 450 beneficiaries to improve productivity and generate income.

Human development

We contributed to improving educational quality, and reducing school dropout and illiteracy rates by supporting educational institutions and consolidating technical training programs.

We facilitated connectivity, access to technological tools, and virtual education for children by delivering portable electronic devices (tablets) to 42 homes in San Luis de Sincé (Sucre).

We improved an educational institution's infrastructure in El Roble (Sucre) where we upgraded toilets, painted interior and border walls, and installed lighting.

Community and institutional strengthening

We support government institutions and civil society organizations and develop initiatives to improve the quality of life of communities through health, basic sanitation, and public service improvement projects.

Phase 2 gas massification: residential gas distribution network

We provided gas service access through the supply of gas cylinders and domestic gas connections reducing reliance on firewood as fuel and thus exposure to combustion particulates.

403 beneficiaries

GRI 1115.2

We provided materials supporting the expansion of the gas supply project in Surimena, Orocué (Casanare).

We provided cylinders in:

- La Corocita, La Quebrada and El Orgullo in Sahagún (Córdoba).
- Barroblanco in La Unión (Sucre).
- La Corocita in Las Bocas (Casanare).

Community infrastructure

We supplied a 75kV power transformer and connections in the Guajira village in San Luis de Sincé (Sucre) to improve and enhance electrical energy service quality.

We contributed to improving roads in the municipalities of Sampués and San Benito Abad in Sucre to facilitate access for the rural population.

We provide communities with access to quality drinking water by installing or adapting mini-aqueducts to improve sanitation conditions.

1,613 beneficiaries

Córdoba

- Santa Fe, Chinú town - Maintained and upgraded the elevated water storage tanks.
- El Crucero, Sahagún - Improved the potable well and the elevated water storage tank.
- Kilometer 9, Sahagún - Expanded the mini-aqueduct coverage network.
- Pocas Aguas, Sahagún - Provided infrastructure for drinking water storage.

Sucre

- Villavicencio township in El Roble - Improved the local aqueduct and water storage tank.
- Barroblanco, La Unión township - Elevated tanks for water storage.
- Mamón, San Marcos village - Supplied an elevated tank for water storage.
- El Platero, Caimito village - Supported a mini-aqueduct project.

Health care provisioning

2,176 beneficiaries

Vélez and Cocorote villages in San Luis de Sincé (Sucre) - We equipped health centers with furniture and primary care appliances.

Recreational and sports infrastructures

Our objective is to provide leisure, recreation, and sports infrastructures for children and adults.

Córdoba- Sucre

3,950 beneficiaries

- El Deseo, Chinú & Cayo de Palma in El Roble, Ceja del Mango in Sampués and San Isidro and in San Benito Abad townships- We installed and adapted bio-healthy playgrounds and children's playgrounds with exercise machines, benches, lighting, and landscaping work.
- San Francisco township - We landscaped a children's playground.
- Corneta El Roble township - We replaced the roof of the central park cultural stage.

Communications program

To strengthen positive, transparent, and meaningful ties with rural and ethnic communities and local authorities, we work proactively to foster relationships of trust and mutual benefit. This level of communication is subject to compliance with all higher standards, respect for human rights, diversity, cultural identity, and the establishment of goals to contribute to economic and social development and to achieve sustainable and inclusive growth that prioritizes vulnerable populations.

We inform stakeholders about our activities in a timely and transparent manner to facilitate understanding and promote participation.

Our community engagement program includes:

- **Stakeholder identification and analysis** - Prioritization and characterization based on their interests and priorities.
- **Information disclosure** - Ongoing communication to facilitate timely access to relevant information throughout the development of a project.

- **Stakeholder consultation** - Creating an action plan for each consultation process, especially with indigenous communities, documenting and monitoring the process.
- **Partnerships and negotiations** - Establish conditions to meet all parties' expectations, particularly in complex and controversial issues, and mitigate impacts through strategic coalitions to create value.
- **Concerns, requests, complaints, and claims system** - Implement an accessible and effective CRCC System to receive feedback, offer assistance, and respond promptly.
- **Stakeholder engagement in project monitoring** - Active stakeholder engagement in creating mitigation and benefit plans in any exploration or production phase of the company.
- **Stakeholders reporting** - Feedback to stakeholders on project activities dealing with social and environmental issues.

Meetings with communities and local authorities

From the early stages of our activities and throughout the useful life of our assets, we are committed to maintaining permanent, close, clear, timely, transparent, and accessible communication with our communities.

We value consultation and communication spaces as they allow us to broaden our knowledge of the regions in which we operate.

We also assume the responsibility of being accountable to other stakeholders on how we relate to communities and local authorities. Therefore, we publish 100% of our operational and social investment information campaigns with local communities and authorities in our annual ESG Report.

In 2021, we held 543 meetings with local communities and authorities to socialize and publicize the projects and activities of our operation.

SASB EM-EP-210a.3

CSA Group-wide strategy
CSA Social impacts on communities
CSA Active community engagement
GRI 11:15.1

Contracts	2021		2020	
	Number of meetings with local communities and authorities	Number of participants	Number of meetings with local communities and authorities	Number of participants
VIM 5	92	1,446	138	4,131
Esperanza	339	1,979	317	1,913
Rancho Hermoso	28	726	46	676
SSJN7	43	785	46	979
VIM 21	36	65	69	339
VIM 19	N/A	N/A	30	777
VMM49	5	103		
Total	543	5,104	646	8,815

	2021
Number of assets requiring community consultation	6
Percentage of assets that have required community consultation	100%
Number of projects in the process of community consultation	6
Percentage of projects that are in the community consultation process	100%

Non-technical delays

The causes of non-technical delays are blockades caused by communities related to complaints about the condition of the tertiary roads, hiring of unskilled labour, or delays in the fulfillment of agreements.

In 2021, there were 59 community blockades for 95 days.

- 19 blockades by communities in the operation area due to labour issues for 17 days.
- 8 blockades by communities in the operation area due to poor road conditions for 1.5 day.
- 32 blockades by communities in the operation area due to claimed non-compliance with agreements/other causes for 76.5 days.

We strive in all cases for an open and respectful dialogue with the communities to resolve disagreements within the provisions of applicable laws while honoring our commitments and obligations. In 2021, all blockades were resolved with the affected communities.

Engagement with indigenous peoples

Respectful engagement with indigenous communities is a priority for our operations. We fully recognize and respect their rights according to the United Nations Declaration on the Rights of Indigenous Peoples. We comply with all applicable legislation to ensure free, prior, and informed consent (FPIC). We promote the development, preservation, and cultural reproduction of ethnic communities near our operations.

GRI 11.17.1
GRI 11.17.3
GRI 11.17.4

SASB EM-EP-210b.2

Before conducting operations in an area, we coordinate with the national government to implement a process identifying and certifying ethnic groups, per the provisions of the Political Constitution of Colombia of 1991 and Presidential Directive Number 10 of 2013. Prior Consultation activities are then carried out to identify and mitigate potential impacts including territorial, environmental, cultural, spiritual, social, economic, health, or other aspects that may affect their ethnic integrity.

Additionally, we identify and engage public entities involved in the project, work, or activity (PWA) to consult and facilitate the dialogue between the State, the process executor, and the ethnic communities. Thus, ensuring compliance and providing timely and effective participation in the PWA decision-making process.

- 95 indigenous communities were identified.
- 7 community councils.
- 34 projects under development.
- 12 prior consultation processes in 2021.

Preserving the heritage of the indigenous communities

We are committed to preserving the heritage of the indigenous communities in the areas where we operate. For this reason, before executing any civil works, we carry out archaeological management plans and involve communities and National authorities in the identification and characterization of possible existing archeological sites.

Royalties: local investment substituted for payment to National Treasury

We signed Sucre's first investment in lieu of royalties -based agreement with the Governor's office.

The Ministry of Energy Resolution 40207 (June 2021) facilitates investments in local public works projects in lieu of royalty payments to the national treasury. The intent is that communities benefit directly and promptly from resources extracted from within their municipalities. Project proposals are developed jointly between Canacol and local governments and then approved by the Department Governor. Canacol receives a credit against royalty payments after the successful implementation of the project.

The Sucre project will improve and pave a road leading from Santiago Apóstol to San Benito de Abad providing all-season access while reducing particulate pollution.

This project, proposed and designed by the Governor's office of Sucre and executed by Canacol, is 3.8 km long and has a total cost of US\$0.64 million.

"Royalty resources from the mining and energy sector continue transforming Colombians' lives. The signing of the first Royalties agreement is another example of how the sector consistently contributes to development, closing gaps and improving the life quality of citizens."

**Minister of Mines and Energy,
Diego Mesa.**

Canacol's Foundation

SASB EM-EP-210b1
CSA Group-wide
strategy
GRI 1115.2

Canacol's Foundation promotes human development, sustainable growth, institutional strengthening, and environmental conservation through voluntary and sustainable projects involving rural and indigenous communities and local authorities.

During 2021 we made significant contributions aligned with the SDGs:

- > We conducted two medical campaigns 

- > We promoted rural women's entrepreneurship and increased income.  

- > We provided water purification in six rural schools. 

- > We generated 10 inter-institutional alliances. 

We invested US\$0.32 to create social value.

Human development

We created opportunities for communities to transform themselves and improve their quality of life.

Water for life

We built water purification towers in rural schools in Pueblo Nuevo, benefiting 700 people.

Public health workshops

We held three public health workshops providing general and specialized care. Essential medicines, optical care and prescription glasses, dental and other specialized medical exams were provided and, coordinating with the Municipal Health Secretariat, some patients were referred for additional care as required.

We benefited 1,092 people living in extreme poverty in San Marcos and the villages of Palo Alto, Buenavista, and Las Flores in Sucre.

Leading and enterprising women

Objectives of this project are to:

- Strengthen competencies for creating enterprises or productive associations led by rural women.
- Strengthen enterprises led by rural women.
- Raise the visibility of enterprises led by rural women.

Public policies with a gender and human rights approach

We developed and communicated a guide to design and implement policies, programs, and projects emphasizing gender equality and human rights with associated metrics. The guide is a tool for municipalities to integrate gender and human rights considerations into their project execution. Familiarization sessions were conducted with representatives of the district government and planning departments, Mayors' offices, and Family Commissioners.

Institutional strengthening

We promote solid and practical public administration skills that help rural areas develop and sustain community life. We assisted local government officials to formulate projects utilizing royalty resources. The following projects were presented to the Collegiate Body for Administration and Decision Making (OCAD by its acronym in Spanish):

- Improve market access for agricultural producers, who are members of 150 families, approximately 600 people, located in El Torno-La Gloria, a rural area of the municipality of San Marcos (Sucre).

- Installing pavement to improve mobility and vehicular traffic in the Paralibio sector in the urban area of the municipality of La Unión (Sucre).
- Provision of improved sanitation (latrines) for 300 households (1,350 people) located in the rural area of the municipality of Pueblo Nuevo (Córdoba).

Environmental protection

We believe that quality of life is closely related to a healthy environment.

Impact assessment of gas massification phase II (post-implementation measurement)

We benefited 1,275 people in Córdoba in the municipalities of Pueblo Nuevo (Betania and Guamas) and Sahagún (Santiago Abajo), by installing infrastructure (connections, interconnections, distribution, city gate) to continue the expansion of the natural gas massification project. We also provided training on the proper use of this natural resource, the co-responsibility of the user, and the preservation of the environment. Additionally, we evaluated the effects of access to natural gas, according to the beneficiaries' perception of their quality of life (health, income, environment, habitability).

ESG goals 2022-2026

CSA Transparency
and reporting
GRI 11.14.1

- ▶ Include a human rights and gender approach in the CRCC System.
- ▶ Guarantee that all diagnoses and indicators of social projects have a gender focus.
- ▶ Develop a corporate matrix for measuring the impact of strikes on Canacol's operations, including the number of workers affected, hours lost, and economic and operational impacts.

2022

- ▶ Develop training sessions with 100% of the local communities on human rights and gender equality issues.
- ▶ Establish KPIs to measure the environmental and social impacts for community investments.

2023



SASB EM-EP-210a.3
SASB EM-EP-510a.2
SASB EM-EP-530a.1

SGD 16

UNGC Principles
1,2 and 10

GRI 2-23
GRI 2-25

Good corporate governance provides our business with a solid structure. By implementing robust standards, we establish conditions to foster value responsibly, to promote competitiveness, and to improve our domestic and international profile. Comprehensive standards allow us to operate efficiently and transparently while safeguarding the interests of our investors and shareholders.

Our Board of Directors and senior management are actively involved in developing Canacol's ESG Strategy, allowing us to mitigate risks and realize opportunities throughout our management system. Consequently, we minimize the risk of high-impact accidents and emergencies potentially resulting in significant social and environmental implications and other critical business issues.

Our management practices and controls are constantly being evaluated and improved to ensure regulatory compliance, ethical behaviour, and respect for human rights. To this end, we demand integrity and timely, reliable, and truthful accountability from our leaders, employees, and contractors.

We operate based solely on ethical behaviour, legality, and corporate policies to prevent corruption. We maintain an open and constant engagement with shareholders and stakeholders, encouraging active participation as it is everyone's responsibility to ensure a high-level of compliance, ethics, and transparency.







CSA Corporate
governance
GRI 2-9
GRI 2-11

Our Board of Directors oversees and adheres to our corporate governance practices, providing a structure supporting achievement of our business objectives and ESG goals. The Board of Directors and senior management have implemented control mechanisms to prevent adverse impacts from financial, environmental, social, and governance issues. This governance system ensures regulatory compliance, monitors our performance, and facilitates timely decision-making and transparent information disclosure. It generates value, ensures competitiveness and sustainability, and protects shareholder and stakeholder interests.

Governance management⁹⁸

Canacol's corporate governance practices and policies comply with Canadian Securities Administrators (CSA) corporate governance guidelines and standards relating to audit committees and the financial information certification. The Governance and Nominating Committee develops Canacol's approach to corporate governance.

Our progress on 2021 ESG goals

	<p>Goal 1: Establish the ESG Committee of the Board of Directors to monitor the performance of the company's ESG Strategy.</p>	<p>We created the ESG Committee of the Board of Directors.</p>	
	<p>Goal 2: Define a specific stock ownership requirement for the CEO Executive Officers and Directors.</p>	<p>We implemented a Clawback Policy defined in our 2021 meeting and the Management Information Circular (MIC).</p>	
	<p>Goal 3: Align the executive compensation plan to stakeholder interest.</p>	<p>We introduced specific ESG related KPIs and linked them to short-term incentives (bonuses) and long-term incentives (Performance Share Units-PSUs).</p>	

Performance 2021

- Our management structure is a one-tier system; one Board of Directors led by an independent Chairman.
- We have a Board of Directors' independence statement.
- We evaluate the Board of Directors' effectiveness and their alignment with the long-term interests of the shareholders. Our Board of Directors approved the Omnibus long-term incentive plan establishing various equity-based awards that provide incentives to officers, directors, and certain employees of Canacol.
- We conduct regular independent evaluations as well as periodic self-assessments of the Board of Directors' performance.
- Board members are elected / re-elected on an annual basis.
- The Board has adopted a Majority Voting Policy for the Director elections process. This applies to all meetings of the Corporation's shareholders where an uncontested director election is held.
- We created the Director Retirement policy⁹⁹.
- The Audit, Governance, and Nominating committees are fully independent.
- The Board and Committees average 99% attendance.

⁹⁷. For more information, see: <https://canacolenergy.com/sustainability/governance/>

⁹⁸. For more information, see: https://canacolenergy.com/site/assets/files/3680/canacol_-_2021_agsm_circular_final.pdf and https://canacolenergy.com/site/assets/files/2845/governance_guidelinesmy1721.pdf

⁹⁹. For more information see: https://canacolenergy.com/site/assets/files/2845/canacol_-_2021_agsm_circular_final.pdf, page 10

CSA Board structure
CSA Average tenure
CSA Board industry
experience
GRI 2-9
GRI 2-11

Board of directors

- Director tenure: 8-year average.
- Director age diversity: 38-66 years.
- All Board members have extensive experience in the hydrocarbon sector.
- Five of the seven members are risk management experts. All Audit Committee members (in charge of risk management) are knowledgeable and experienced in this area.
- One member has extensive experience in information technology and security.

Critical knowledge, experience, and expertise

Board to member	Director since	Age	Industry	Financial	Risk management	Leadership/CEO	Corporate governance	Capital markets	Compensation	Technology
Michael Hibberd Chairman, Independent Director	2008	66	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ariel Merenstein Independent Director	2020	38	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Charle Gamba President, CEO & Director	2008	57	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
David Winter Independent Director	2009	64	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Francisco Díaz Independent Director	2015	60	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Gonzalo Fernández-Tinoco Independent Director	2018	59	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Gregory Dale Elliot Independent Director	2012	63	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Juan Argento¹⁰⁰ Director	2021	50	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

As part of the Board of Directors' 2021 agenda, the ESG Strategy 2021-2026 and the Decarbonization Strategy were approved and implemented, and the Diversity, Equity, and Inclusion Policy and Plan were created.

100. Juan Argento is considered a non-independent until 2023. Before he was elected, he was the Managing Director of a consultant used by Canacol which received consulting fees.

Executive compensation plan

- Bonuses are tied to performance metrics. Five targeted areas, including reserve additions, EBITDA, ESG score, productive capacity, and general and administrative (G&A) costs, are all measurable and absolute.
- We have no direct peers in Colombia, as the comparable companies focus on oil, not gas. Sales with long-term fixed-price contracts are not appropriate for metrics such as shareholder return. Hence, the above financial metrics were chosen instead.
- Performance Share Units (PSUs) are tied to specific KPIs and metrics with a 2-year vesting period for 2021 PSUs and 3-year vesting period for subsegment PSU grants.
- The 2021 Restricted Stock Units (RSUs) rest over 18 months with subsequent grants resting over 2 years.

In 2021, we introduced specific ESG-related KPIs and linked them to bonuses (short-term) and PSUs (long-term).

Management ownership

Position	Name(s)	Base salary multiple
Chief Executive Officer	Charle Gamba	3.7x base salary
Average across other Executive Committee members owning shares	Ravi Sharma, Jason Bednar, Mark Teare	Average of 2.2x base salary

- CEO meets the CSA management ownership requirements. He currently has a 3.7x base salary in Canacol shares according to SEDI and 2021 MIC.
- All executive members are subject to the Executive Stock Ownership Policy. All executive members meet the same Canadian Securities Administrators requirements.

CEO-to-employee pay ratio (millions of dollars)

	2021
Total annual compensation of the Chief Executive Officer (or any equivalent position) ¹⁰¹	\$1.92
Median annual compensation of all employees, except the Chief Executive Officer (or any equivalent position)	\$0.29
Chief Executive Officer's total annual compensation ratio versus median remuneration of employees ¹⁰²	\$3.76

CSA Disclosure of median or mean compensation of all employees and CEO compensation

101. Includes fixed and variable compensation, plus all other compensation components required in total remuneration reports per national accounting standards.

102. CEO compensation divided by the mean or median employee compensation.

Committees

Committees	Activities
Audit Committee	<ul style="list-style-type: none"> • Risk management • Review the integrity of financial reporting processes (internal and external) • Cybersecurity • Internal control compliance
Compensation Committee	<ul style="list-style-type: none"> • Feedback from third party consultants • Executive incentive Compensation Clawback Policy • Share Ownership Policy for Executive Officers • Share Ownership Policy for Non-Executive Directors • Performance share unit allocation • Succession planning • Diversity, Equity and Inclusion
Corporate Governance and Nominating Committee	<ul style="list-style-type: none"> • Board performance • CEO evaluation • Board diversity • Anti-Hedging Policy • Director nomination
Reserves Committee	<ul style="list-style-type: none"> • Ongoing monitoring of the company's operating results • Regulatory compliance

ESG Committee (Environmental, Social, and Corporate Governance)

In 2021, we established the ESG Committee to support the Board of Directors in fulfilling its responsibilities in overseeing environmental, social, and corporate governance management.

The ESG Committee consists of no less than three independent Board members appointed by the Board. The Committee meets quarterly, and its chairman is available at the Annual General Meeting to resolve concerns that may arise from shareholders.

ESG Committee's primary roles and responsibilities as an independent and objective party:

- Ensure that the ESG Strategy is integrated into Canacol's corporate values, the Business Plan, and annual objectives to foster accountability, compliance, and a culture of transparency.
- Review and approve the establishment of ESG policies, plans and practices.
- Ensure adequate procedures are employed to identify and manage ESG risks.
- Monitor ESG performance as well as evolving regulations, standards, and best practices to ensure alignment and compliance.
- Review and approve the qualifications, independence statement, commitment, compensation, and performance of third parties selected for ESG Integrated Report verification.
- Review and approve Canacol's annual ESG Integrated Report.

The ESG Committee shall encourage continuous improvement of ESG policies, procedures, and practices and promote ESG Strategy integration in our day-to-day operations.

The ESG Committee shall review its framework annually or more frequently if significant changes in legal requirements or the business environment occur. The Committee will receive ESG training and conduct self-evaluations of its performance on an annual basis.

Risk management¹⁰³

SASB EM-EP-210a.3
SASB EM-EP-540a.2

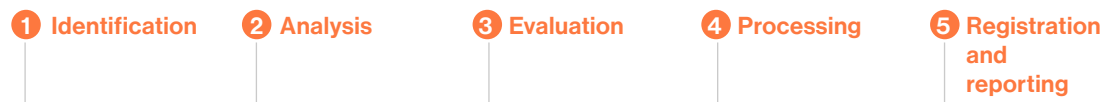
CSA Risk and crisis
management
GRI 2-25

The oil and gas sector faces evolving environmental, social, and government regulations. Comprehensive and consistent risk and opportunity management increases the likelihood of achieving desired objectives and mitigating environmental and social impacts. Well structured risk analysis facilitates decision-making, improves operational performance, and fulfills legal and regulatory requirements.

Risks and opportunities management

Our risk management methodology is based on the ISO 31000 standard. The cyclical process includes five stages that are managed, monitored, reviewed, and disclosed to stakeholders.

Risk and opportunity management process stages:



Risk governance and strategies to improve risk culture

CSA Risk governance
CSA Risk culture

- The Audit Committee is composed of four independent members of the Board of Directors and is responsible for reviewing policies and processes to identify, evaluate, and effectively manage the principal business risks.

Committee members receive appropriate and timely training to enhance their understanding of audit, accounting, regulatory, and industry issues applicable to Canacol. Additionally, in 2021, we arranged training sessions for employees to strengthen their risk management knowledge and skills. The training emphasized the criticality of risk management to achieve company objectives.

- Our training plan ensures that employees have opportunities to share experiences, lessons learned, and knowledge promoting a cycle of continuous improvement in risk management.

100% of employees were trained on risk management issues.

- We review and socialize potential risks to business continuity and field operations. This is part of the weekly planning meeting agenda, led by the Country Manager and the Chief Operating Officer (COO).
- We hold quarterly workshops to identify, manage, and report risks (including ESG).
- We implement a multi-year work plan by area, based on the risks identified in our ESG priorities.
- We proactively mitigate culture-related risks to our operations through project maturation and management processes, emphasizing the identification and treatment of potential risks.
- We incorporate risk criteria into our project development and approval processes.

103. For more information on social risks, see the section on Engagement with rural and ethnic communities under the "A society guided by sustainable development" chapter in this report.

CSA Emerging risks

Risk name	Risk category	Description/Impact	Mitigation actions
Cybersecurity	Technological	Canacol is critically dependent on information and information systems. The reputation that the company enjoys is also directly linked to the way it manages such information. If important information were to be disclosed to third parties (which could result in inappropriate or illegal actions) or information systems were compromised, Canacol could suffer serious losses.	<p>All employees, contractors, consultants, temporary staff, and personnel affiliated with third parties engaged by Canacol are expected to behave in a manner that promotes the best practices in cybersecurity, protecting themselves, associates, and corporate assets from cyber-attacks. In addition, they are expected to understand that privacy is limited when using the company's equipment and cyber systems are not provided nor intended for personal use. Canacol's security programs rely on the diligence of its employees and affiliates, and it is mandatory that they act in accordance with Canacol's Security and Data Protection Policy as well as comply with all cybersecurity laws in all countries of operation.</p> <p>We offer a training program called Know Be 4 aimed to all users.</p>
New political regulations	Political	Changes in political regulations may affect operations in Colombia and the financial performance of the company's gas commercialization. In addition, changes in mining and energy regulations could result in a loss of confidence among investors and external stakeholders thus, affecting share price performance, investment plans, and operational results (exploration and production) in the short, medium, and long-term. Furthermore, the company needs to ensure the correct identification and management of new regulations risks, to avoid disruptions to the business over the long-term.	<p>We constantly update the corporate risk and opportunity matrix, analyzing how new political trends could affect operational viability and compliance with national government contracts. These contracts signed between Canacol and the national government are long-term and have binding compliance clauses.</p> <p>In addition, weekly strategic and operational meetings are held to review progress on operational goals and to develop interdisciplinary action plans to mitigate any legal and financial emerging risks.</p>

Corruption-related risks

We have created clear procedures and perform robust due diligence to mitigate corruption-related risks. We conduct annual training for 100% of employees and contractors to reinforce Canacol's compliance policies. An internal committee reviews progress semi-annually to confirm compliance and to ensure sufficient focus and resources are being dedicated to anti-corruption activities.

Anti-corruption risk management with contractors and suppliers

All suppliers and transaction counterparties are verified by our Supply Chain and Land departments and verification results are confirmed by our Legal department.

Information technology (IT) and cybersecurity

CSA Information security/cybersecurity and system availability
CSA Information security/cybersecurity governance
CSA Security measures
CSA Process and infrastructure

Our Information Security Policy guides employees and third parties contracted to Canacol on the preventive measures and behaviors they should apply to guarantee the protection and safekeeping of information. These measures also allow us to maintain the information's confidentiality, availability, integrity, and control accessibility.

Canacol's strategic objective is to strengthen continuity in operational and administrative activities, reduce risks, and optimize resources assigned to information technologies according to current legal provisions and the guidelines established by the Board of Directors and senior management.

We concentrate on early threat detection and rely on technology that runs through, articulates, and interconnects the company's information systems. So far, no major incidents have occurred.

We work to guarantee that the Information Security Policy is extended along the company. The IT Manager leads the initiatives to guarantee the information's integrity, availability, and security.

We progressed in information management and cybersecurity during 2021:

- We formulated the 2022-2023 disaster recovery plan based on the results of the business impact analysis, where we compiled the technologies that could impact the business and its continuity.
- We work so that all the infrastructure that supports our operations meets the best data center's security standards.
- We continue to strengthen the channels to guarantee high information availability. In this way, we implemented backup systems of critical applications and information for the business.

- We have evolved the information security model tuning up security settings on the Microsoft 365 platform.
- We programmed patching routines and made permanent updates to the platforms (timely basis according to critical, high, medium, or low-level impact) and other third-party applications where we can identify the needs to outline further objectives.
- We have included the Security Awareness Program as part of the annual individual performance review.
- We designed proactive ethical hacking exercises and proactive actions. It includes phishing campaigns, credential audits, among others.
- We included the acceptance signature of the Information Security Policy in employees' corporate onboarding and update processes.
- We trained 100% of staff and the most critical contractors in IT culture, including cybersecurity issues.
- We defined a single point of contact (corporate email) as the primary channel to report any suspicious activity or doubts related to information security.

External verification and vulnerability analysis:

- In 2021, our information security management systems were audited by external auditors, conducting an independent third-party vulnerability analysis including simulated hacker attacks.
- We started the process to attain the ISO 27001 certification.

SASB EM-EP-530a.1
CSA Codes of business conduct
UNGC Principle 10

Our decisions are based on legality, transparency, and ethical behaviour to prevent corruption.

Integrity, compliance, and transparency are core elements within our business.

Our progress on 2021 ESG goals

	<p>Goal 1: Update the Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), financing of the proliferation of Weapons of Mass Destruction (WMD) policies, and Risk manual for implementation.</p>	<p>We integrated a control self-assessment and a risk manual for the application of the AML, ATF/WMD system policies.</p>	<p>100% achieved</p>
	<p>Goal 2: Update and disseminate the Transparency and Business Ethics Program (TBEP).</p>	<p>The program was updated, and employees and suppliers were trained.</p>	<p>100% achieved</p>
	<p>Goal 3: Publish 100% of monetary and in-kind contributions to third parties on an annual basis.</p>	<p>Annual monetary contributions to political campaigns, trade associations, and other tax-exempt groups was reported¹⁰⁴.</p>	<p>100% achieved</p>

Transparency and Business Ethics Program (TBEP)¹⁰⁵

SASB EM-EP-510a.2
CSA Codes of conduct
CSA Corruption and bribery
CSA Systems/Procedures
GRI 2-23
GRI 2-24
GRI 2-25
GRI 2-27

The Transparency and Business Ethics Program establishes conduct standards and controls to prevent and expressly prohibit money laundering, terrorism financing, corruption, and transnational bribery that could have real or potential impacts on local, regional, and international operations. The plan meets and exceeds the regulations and best practices applicable to the company while promoting a culture of ethical integrity and expressly communicating to counterparties what is considered acceptable and unacceptable conduct. This system applies to all Canacol's departments and processes, and its scope includes shareholders, directors, administrators, employees, and all third parties involved.

TBEP's three pillars:

- Transformation starts at home.
- Canacol makes the difference.
- We are all Compliance Officers.

Participation of all company divisions in the due diligence process has been facilitated by the compliance department and supervised by the Compliance Officer, with specific tasks and responsibilities.

104. [□] This information is reported in Total monetary value of contributions to political parties or representatives - financial or in-kind-. See <https://canacolenergy.com/sustainability/governance/>.

105. [□] For more information on policies and procedures in accordance with applicable national and international regulations, see: <https://canacolenergy.com/sustainability/governance/>

In 2021, we updated the Code of Conduct and Ethics for contractors and suppliers¹⁰⁶. In 2022, employment contracts will be updated to include obligations regarding compliance policies to enforce sanctioning processes when required. Policies and manuals for shareholders and investors, managers, employees, suppliers, and other entities and individuals we do business with, have been updated to align to the TBEP:

- **Transparency and business ethics program manual** - includes measures to prevent, manage, and control corruption and transnational bribery risks. Our contracts with employees, contractors, suppliers, and customers contain related clauses to ensure enforceability.
- **Integrated control self-assessment and risk management system policy manual** - regarding Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), and the financing of the proliferation of Weapons of Mass Destruction (WMD)¹⁰⁷.
- **Anti-competitive and anti-trust policy** - We include this policy in the TBEP Program. We explicitly state our compliance with all regulations and laws, including our policies and guidelines, regarding our relationship with our competitors.

We have embraced the international conventions adopted in Colombia to fight against corruption and transnational bribery:

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- The Inter-American Convention against Corruption (IACC).
- United Nations Convention Against Corruption (UNCAC), endorsed by Act 970 of 2005, FCPA Act of 1977-American Foreign Corrupt Practices Act (FCPA).
- OECD Anti-bribery Convention, 1997. Convention against the Corruption of Foreign Public Officials in International Business Transactions.
- Anti-corruption Statue, Act 1474 of 2011.
- Comprehensive Anti-corruption Public Policy.
- Law of Transparency and Access to Public Information.
- Law 1712 of 2014 and Law 1778 of February 2, 2016, Regulating Transnational Bribery.

- Law 412 of 1997 approving the Inter-American Convention Against Corruption in Colombia.
- Law 599 of 2000 - Criminal Code. Law 970 of 2005 whereby the United Nations Convention Against the Corruption of Mérida of 2003 is ratified.
- Decree 830 of 2021 (Politically Exposed Persons-PEP). External Circular No. 100-000011 of August 9, 2021, adds Chapter 6 of the Basic Legal Circular of the Superintendency of companies.

Operations transactions evaluated for corruption risks

703 operations
437 operations
were evaluated
62.16% of operations
were evaluated

We have detected, analyzed, and investigated conduct related to corruption and bribery offences by our counterparties, their managers, or beneficial owners and have not identified significant direct corruption risks. Potential counterparties not passing systems for the prevention of money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction (SAGRILAF by its Spanish abbreviation) screening were rejected, and acceptable alternatives selected.

Ethical business culture

We regularly train all employees, suppliers, and affiliates to ensure the implementation of our compliance policies, highlighting acts that are considered corrupt, and creating a culture of prevention. In 2021, training focused on the types of corruption in the private sector and the proper use of our ethics hotline.

Moreover, all parties sign documents acknowledging and pledging compliance with the company's Code of Ethics and Business Conduct.

106. For additional information, see the section on Sustainable supplier management under the "A society guided by sustainable development" chapter of this report.
107. In compliance with the provisions of External Circular 100-000016 of December 24, 2020 (SAGRILAF Circular).

Number and percentage of employees trained on anti-corruption, based on job category 2021

Job category	Employees	Employees trained	Share over total category	Participation by category over total participants
Executives	7	5	71%	2%
Senior management	15	6	40%	2%
Junior management	45	5	11%	2%
Professionals	191	191	100%	63%
Administrative	156	91	64%	32%
Total	414	316	76%	100%

Complaint mechanisms¹⁰⁸

Our reporting mechanisms utilize secure and confidential channels and are governed by the non-retaliation principle.



Intranet - Online reporting channel for employees to report acts of corruption, Business ethics breaches, or any unusual or suspicious actions.



Email¹⁰⁹ - Through this channel, employees and other stakeholders can report any Business ethics breaches or unusual or suspicious actions.



Ethics hotline - Independent online whistleblower channel administered by third parties to expand the scope of the Code of Ethics and Business Conduct and other compliance systems.

In 2021, there were no reports of:

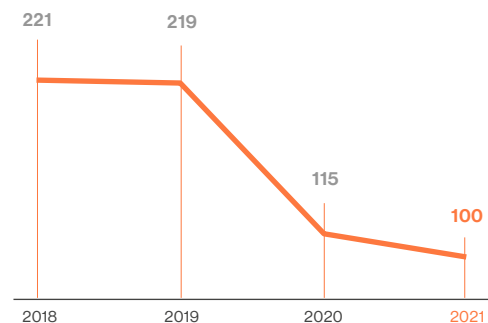
- Corruption or bribery cases.
- Non-compliance with the Code of Ethics and Business Conduct reports.
- Cases involving unfair competition, antitrust practices, or actions against free competition.
- Conflicts of interest.

Concerns, requests, complaints, and claims (CRCC) system

Our goal is to provide timely assistance to all communications from our community members.

100 CRCC logged and solved in the SSJN, VIM 5, VIM 21, and Esperanza blocks during 2021. This represents a 15% CRCC decrease compared to 2020.

Total number of CRCC per year



Concerns focused on the verification of false job advertisements. Claims were related to suppliers, which were analyzed and archived because there were no grounds to open investigations.

108. For more information on reporting wrongdoing, see: https://canacolenergy.com/site/assets/files/2845/whistleblower_policy.pdf
 109. clafaurie@canacolenergy.com, complianceofficer@canacolenergy.com or eticaycumplimiento@canacolenergy.com

CSA Coverage
 CSA Corruption and bribery
 CSA Anti-trust practices
 CSA Reporting on breaches
 CSA Environmental breaches
 GRI 2-26
 GRI 11.20.4
 GRI 11.19.2

SASB EM-EP-510a.2
 GRI 2-26

Donations, contributions, and sponsorships policy

CSA Influence policy

The influence policy directs efforts to make donations and contributions to third parties or related parties in compliance with legal regulations and requirements.

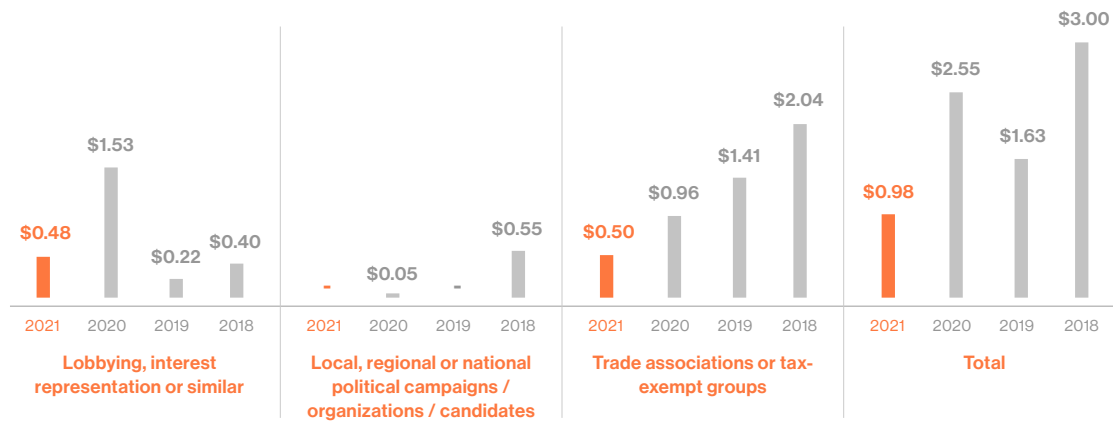
All donations, contributions, and sponsorships support non-profit entities or communities in our operational areas. These funds must support causes related to our social investment priorities¹¹⁰ (productive and business development, human development, community, institutional strengthening, reinforcement

of ethnic minorities, and the environment), or humanitarian response to emergencies. Likewise, contributions may be made to political movements and parties, such as candidacies and electoral campaigns, if they comply with Laws 130 of 1994, 996 of 2005, and 1475 of 2011.

All donations, contributions, and sponsorships must be authorized by the Board of Directors and duly recorded in the accounting books to support transparency.

CSA Contributions and other spending
GRI 11.22.2

Total monetary value of contributions to political parties or representatives -financial or in-kind- (millions of dollars)



SASB EM-EP-210a.3

CSA Human rights – Commitment
CSA Human rights – Due diligence process
CSA Human rights – Assessment
CSA Human rights – Disclosure

UNGC Principles 1 and 2
GRI 111.71

Our Human Rights Policy is supported by these frameworks as well as the United Nations Global Compact Principles, the Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human rights. The Board of Directors establishes guidelines for policy implementation in our activities, projects, and operations. Manuals and training ensure comprehension of and compliance with these policies and principles by our employees, suppliers, partners, and the communities involved.

We are committed to respecting and promoting the human rights set in:

- The Universal Declaration of Human Rights.
- The International covenants on Civil and Political Rights, Economic, Social and Cultural Rights, the eight conventions of the International Labour Organization (ILO).

- The Eighth ILO Declaration on Fundamental Principles and Rights at Work.
- The United Nations Declaration on the Rights of Indigenous Peoples.
- The Convention on the Elimination of All Forms of Discrimination against Women.
- The Convention on the Rights of the Child.
- The ILO Convention 169 on Indigenous and Tribal Peoples.
- Other principles established in the Political Constitution and the laws and international human rights treaties ratified by the Colombian State.

¹¹⁰ For more information, see the section on Engagement with rural and ethnic communities under the “A society guided by sustainable development” chapter in this report.

Our progress on 2021 ESG goals

	Goal 1: Build and implement the corporate human rights due diligence procedure, including risk identification and occurrence analysis, with scope to Canacol's operations and value chain.	We created and implemented the corporate human rights due diligence procedure, with an assessment, mitigation, and remediation approach.	100% achieved
	Goal 2: Include a clause on compliance with the company's Human Rights Policy in the Security Addendum.	We added clauses in the contracts of contractors and suppliers.	100% achieved
	Goal 3: Implement an independent whistleblower hotline for all employees available 24/7.	We implemented an independent online whistleblower channel.	100% achieved
	Goal 4: Train 100% of the most critical employees and contractors on human rights issues annually.	We trained 100% of employees and contractors on human rights.	100% achieved
	Goal 5: Keep the human rights violations indicator in all activities related to the company's private and public security at zero.	We had no reports on human rights violations.	100% achieved

Human rights management

Canacol has proactively assessed potential human rights issues during the last years, including its operations, suppliers, and joint ventures.

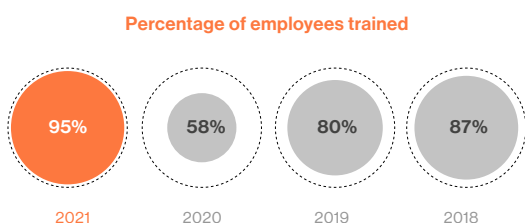
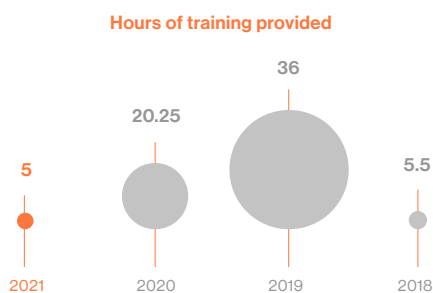
- We conducted a due diligence process based on social, political, cultural, environmental, and economic conditions in our areas of operation combined with the mapping and prioritization of our stakeholders' interests. We identified and assessed our activities' actual and potential impacts on human rights.
 - We evaluated risks and opportunities in our hydrocarbon exploration and production activities in the Casanare, Córdoba, and Sucre departments of Colombia as well as our Bogota offices including our suppliers and joint ventures.

- We incorporated employees, suppliers, and clients as well as investments with partners, Joint Operating Agreements (JOAs), and potential new businesses in our analysis.
- We have created a matrix of human rights risks and opportunities for the last two years (2020 and 2021).
- We executed 100% of the mitigation plans.
- We formulated the remediation procedure applicable to all our operations (fields and offices). Its main objective is to establish guidelines for remediation (should a human rights violation as expressed by our stakeholders occur) in the form of a complaint or grievance through any available mechanism. The remediation plan has not yet been utilized as no human rights complaints have materialized. However, we are designing mitigation mechanisms for potentially undiscovered or future adverse human rights impacts associated with our business' development.

- We structured a Human rights guide that establishes due diligence procedures according to the phases and types of projects to better mitigate or remedy impacts, should they arise, at any time during the development of a project.
- We constituted control and monitoring tools to periodically review the effectiveness of the measures designed to address impacts or determine if further improvement actions need to be implemented.
- We set an independent whistleblower hotline to receive and address potential human rights breaches.

No complaints were filed concerning human rights breaches.

- We conducted multiple training sessions on human rights instruments (Human Rights Policy, human rights risks and opportunities matrix, due diligence guide, and the independent whistleblower hotline), decent work, diversity, inclusion and equity, children's and women's rights, and the United Nations Global Compact, among others.



- We developed a campaign to raise awareness of human rights relevance and to encourage employee participation in their promotion and respect.

- We appointed human rights multipliers in each department. They are responsible for fostering and encouraging implementation of the due diligence process within their teams and reiterating human rights commitments.
- We added clauses to supplier contracts to mandate compliance with Canacol's human rights policies and manuals.
- We continue to reinforce our commitment to promoting and respecting human rights, due diligence, and mitigation plans, especially with suppliers and the security forces. This is to ensure they are aware of them and apply them diligently.

Workplace and sexual harassment prevention policy

We have structured and disseminated the Workplace Sexual Harassment Prevention Policy to employees, customers, and suppliers. The policy stipulates our commitment to fair and equal employment practices including hiring, promotion, training, remuneration, and termination of contracts.

We reject any conduct that generates workplace or sexual harassment. We do not tolerate any discrimination by our employees throughout the organization.

The following initiatives have been implemented to ensure respect for employees' dignity:

- Generate open dialogue and participation to periodically evaluate the working environment and promote harmony and good treatment within the company.
- Examine specific behaviors that could constitute harassment at work, affecting the dignity of people, establishing with the labor coexistence committee the relevant actions.
- Ensure training tools on mechanisms to prevent harassment and discrimination at work to workers and member's committees providing the necessary information about this type of behavior.

GRI 11171

- Defined escalation process for reporting incidents.
- Formulate and implement appropriate recommendations to situations that could affect corporate values and habits compliance.

Our Labour Coexistence Committee, regulated by Colombian law, is responsible for resolving disputes over harassment in the workplace and promotes the management of the practices listed above.

Physical security and human rights

SASB EM-EP-210a.3
GRI 11.18.2
GRI 11.17.1

Private or government security forces used to protect company workers and property may contribute, knowingly or unknowingly, to the infringement of rights through the excessive use of power. In this scenario, indigenous peoples are often the most vulnerable sectors of the population, as they have limited capacity to defend their respective rights and interests.

In addition to regulations and laws, there are international instruments that provide guidelines to protect the rights of indigenous peoples and other communities. The Voluntary Principles on Security and Human Rights are part of Canacol's commitment and apply to employees, partners, and suppliers.

The physical security department is responsible for reviewing the risks incurred by private security providers, ensuring alignment between security activities and our Human Rights Policy.

We updated our contractual Security Addendum, including a human rights commitment.

Performance evaluation

A third-party expert reviewed our human rights performance during 2020-2021:

- 276 risks were identified.
- 82 of these risks were related to the hydrocarbon sector. Due to the prevention and mitigation strategies implemented, these risks have not materialized.

Human rights training strategy

We designed training programs focusing on private security providers and members of the public security forces in our operational area, including three modules of human rights due diligence, Voluntary Principles on Security and Human Rights and human rights risks and opportunities.

Engagement with public and private security forces

Canacol has an internal procedure to engage with public and private security personnel responsible for maintaining security in the operational area.

Channels are open and available for all stakeholders to submit complaints and grievances, including those related to human rights and security, using the CRCC system and independent complaints.

We did not receive any complaints or claims related to the company's physical security contractors in 2021.

ESG 2022-2026 goals

CSA Transparency and reporting

Corporate governance and risk management

- ▶ Evaluate employee and directors' performance linked to the ESG Strategy.
- ▶ ESG training to 100% of the Board of Directors.

2022

Ethics compliance and transparency

- ▶ Publicly disclose the Corporate Tax Strategy.

2022

Human rights

- ▶ Create and publish annually the risks and impacts matrix on human rights including critical contractors and suppliers.
- ▶ Include human rights evaluation criteria in the selection process of critical contractors and suppliers.
- ▶ Engage security forces members in human rights training and promotion programs in the areas where we operate.
- ▶ Become a member of the Voluntary Principles Initiative.
- ▶ Train 100 % of private security contractors on human rights issues.
- ▶ Audit 100% of the most critical contractors and suppliers on human rights, due diligence, and personal security issues (where applicable).
- ▶ Build and publicly disclose the human rights procedure by integrating public safety issues.

2022

2023

**Memorandum
of independent
review by Deloitte**



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To the Management of Team of Canacol Energy Ltd.

Assurance report subject matter

We have been engaged by Canacol Energy Ltd. (the “Company”) to perform assurance procedures to provide limited assurance on the ESG Integrated Report in accordance with what is established in the criteria section of this report, for the year ending December 31st, 2021. This assurance engagement was performed by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Criteria

The criteria used by Canacol Energy Ltd. to prepare the identified sustainability information, which is subject of the limited assurance report, were established according to the terms and conditions set forth in the SASB and GRI Standards, and with the modified indicators that the Management defined as a complement to what is mentioned in the GRI Standards, which are detailed in Appendix attached.

Management’s responsibility for the ESG Integrated Report

Management is responsible for the preparation of the ESG Integrated Report in accordance with the criteria established in the GRI Standards. Such responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of a ESG Integrated Report statement that is free from material errors, whether due to fraud or error.

The ESG Integrated Report is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample, or estimate such information. In the preparation of the ESG Integrated Report, Management makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

Our independence and quality control

We have complied with the ethical and independence requirements of the Code of Professional Ethics of the Public Accountant issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1), and therefore maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

Responsibility of independent assurance practitioner

Our responsibility is to express a limited assurance conclusion about the ESG Integrated Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance work in accordance with the “International Standard for Assurance Engagements, Other Than Audits or Reviews of Historical Financial Information” ISAE 3000 – Revised, issued by the International Auditing and Assurance Standards Board (IAASB). Such standard requires us to plan and conduct our work to obtain limited assurance as to whether the information in the ESG Integrated Report is free of material error.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documentation, analytical procedures, assessment of the adequacy of quantification methods and reporting policies, and agreement or reconciliation with the underlying records.

Given the circumstances of the engagement, we have performed the following procedures:

1. Through inquiries, we gained an understanding of Canacol Energy Ltd.'s control environment and relevant information systems, but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor test their operational effectiveness.
2. Understanding of the processes and tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.
3. Substantive testing, based on a sample basis, of sustainability information identified by the Company, to determine the indicators subject to limited assurance and verify that the data have been adequately measured, recorded, collected, and reported through:
 - Inspection of policies and procedures established by the Company.
 - Inspection of supporting documentation of internal and external sources.
 - Recalculation.
 - Comparison of the contents presented by Management with what is established in the criteria section of this report.

The appendix to this report details the sustainability performance standards and indicators included in the scope of our work.

Our limited assurance engagement was performed only with respect to the sustainability performance disclosures included in the tables above, for the year ended December 31st, 2021; and we have not performed any procedures with respect to previous years, projections and future targets, or any other items included in the ESG Integrated Report for the year ended December 31st, 2021, and therefore do not express a conclusion thereon.

A limited assurance engagement involves evaluating the appropriateness, in the circumstances, of the Company's use of the criteria as a basis for the preparation of the sustainability information report; assessing the risks of material errors in the ESG Integrated Report due to fraud or error; responding to risks assessed as necessary in the circumstances; and evaluating the overall presentation of sustainability information in the report. The scope of limited assurance engagement is substantially less than that of reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to the risks assessed. Therefore, we do not express a reasonable assurance conclusion as to whether the information in the Company's sustainability information report has been prepared in all material respects, in accordance with what is established in the criteria section of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the work we have done, the procedures performed, and the evidence obtained, nothing has come to our attention that would lead us to believe that the sustainability performance standards and indicators for the year ended December 31st 2021, are not compliant in all material respects, as established in the criteria section of this report.

Restriction of use

Our report is issued solely for the purposes set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding paragraphs and to the sustainability information identified and does not extend to any other financial and non-financial information included in Canacol Energy Ltd.'s ESG Integrated Report for the year ended December 31st 2021, nor to its financial statements, taken as a whole.

JORGE ENRIQUE MÚNERA D

Partner

Medellín, 13th of June 2022

APPENDIX

The following are the GRI Standards, SASB and the GRI Standards with complementary guidelines established by the Management.

These evaluation criteria are an integral part of our independent limited assurance report on the ESG Integrated Report of Canacol Energy Ltd. for the year ended December 31st, 2021.

GRI Standards	Description
GRI 102-38 (2016)	Ratio of annual remuneration paid.
GRI 302-3 (2016)	Energy intensity.
GRI 303-3 (2018)	Water withdrawal.
GRI 304-2 (2016)	Significant impacts of activities, products and services on biodiversity.
GRI 304-3 (2016)	Habitats protected or restored.
GRI 304-4 (2016)	IUCN Red List species and national conservation list species with habitats in areas affected by operations.
GRI 305-1 (2016)	CO ₂ emissions scope 1.
GRI 306-2 (2016)	Waste by type and disposal method.
GRI 307-1 (2016)	Non-compliance with environmental laws and regulations.
GRI 308-1 (2016)	New suppliers that were screened using environmental criteria.
GRI 401-1 (2016)	New employee hires and employee turnover.
GRI 403-9 (2016)	Work-related injuries.
GRI 404-1 (2016)	Average hours of training per year per employee.
GRI 405-1 (2016)	Diversity of governance bodies and employees.
GRI 405-2 (2016)	Ratio of basic salary and remuneration of women to men.
GRI 412-2 (2016)	Employee training on human rights policies or procedures.
GRI 413-1 (2016)	Operations with local community engagement, impact assessments, and development programs.
GRI 414-1 (2016)	New suppliers that were screened using social criteria.
GRI 415-1 (2016)	Political contributions.

Modified GRI Standards	Description
GRI 302-1 (2016)	<p>Energy consumption within the organization.</p> <p>Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</p> <p>In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> electricity consumption heating consumption cooling consumption steam consumption
GRI 303-4 (2016)	<p>Water discharge.</p> <p>Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> Surface water; Groundwater; Seawater; <p>Third-party water, and the volume of this total sent for use to other organizations, if applicable.</p> <p>A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>Priority substances of concern for which discharges are treated, including:</p> <ul style="list-style-type: none"> how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; the approach for setting discharge limits for priority substances of concern; number of incidents of non-compliance with discharge limits. <p>Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>
GRI 305-2 (2016)	<p>CO₂ emissions scope 2.</p> <p>The gross value of direct GHG emissions (scope 2) in metric tons of CO₂ equivalent.</p> <p>The gases included in the calculation: CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃ or all.</p> <p>If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃ or all.</p> <p>Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>Standards, methodologies, assumptions, and/or calculation tools used.</p>
GRI 305-7 (2016)	<p>Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions.</p> <p>Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> NO_x SO_x Persistent organic pollutants (POP) Volatile organic compounds (VOC) Hazardous air pollutants (HAP) Particulate matter (PM) <p>Other standard categories of air emissions identified in relevant regulations</p> <p>Standards, methodologies, assumptions, and/or calculation tools used.</p>
SASB	Description
EM-EP-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations.
EM-EP-110a.2	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions.
EM-EP-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress.
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict
EM-EP-210b.2	Number and duration of non-technical delays.
EM-EP-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees.



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