



# Delivering Clean Energy to Colombia



# 2022 ESG Integrated Report

GRI 2-1; 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<sup>1</sup>.

Covers the period from January 1 to December 31, 2022, unless otherwise stated.

- Includes information on Canacol Energy's operations in Canada and Colombia.
- Fulfills our Communication on Progress (CoP) requirement for the United Nations Global Compact.
- Prepared in accordance with the GRI Standards<sup>2</sup>:
  - GRI 1: Foundation 2021
  - GRI 2: General Disclosures 2021
  - GRI 3: Material topics 2021
  - GRI 11: Oil and Gas Sector 2021
- 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
  - United Nations Sustainable Development Goals
  - (SDG)
  - IPIECA

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

<sup>2</sup> To know more about GRI standards and guidelines visit GRI - Sector Standard for Oil and Gas (globalreporting.org)

- The 2022 ESG Integrated Report has been reviewed by Deloitte.
- In 2022, we are including updates of our ESG performance as well as the ESG parameters 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: 2022 - 4,255 COP/USD; 2021- 3,742 COP/USD; 2020 - 3,380 COP/USD and 2019 - 3,280 COP/USD.
- Canacol trades on the Toronto (TSX) and Colombian (BVC) exchanges.
- Canacol's largest shareholders are Fourth Sail Capital, LP with 20.5% of the outstanding common shares and Cavengas Holdings SRL with 19.1% of the outstanding common shares<sup>3</sup>.

<sup>3</sup> Based on information disclosed in the public filings of the applicable party



#### Consulting

Red Tree Consulting LLC

#### Design and layout

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# 2022 Canacol success profile

**1.83 million** acres in several of the best gas provinces of Colombia

Drilling success rate of **89%**

**339 BCF** natural gas reserves P1

**652 BCF** of gas reserves P2

**226 km** of gathering systems

**178** drilling locations identified

**No** human rights violations

**No** ethical breaches

**5 million** workhours with no fatal accidents

**Equipares** Silver seal

**37%** of women in our workforce

**752** new jobs in 2022

**126** social projects



# Message from the Board of Directors

Canacol's ambition is to be a leader in natural gas production and a model of ESG excellence.

As a Board of Directors, we recognize the importance of incorporating ESG Strategy into Canacol's business model and ensuring its integration with business objectives, key performance indicators, and risk management. We strive for continuous improvement in our ESG performance, which is expected by our shareholders and stakeholders, and is essential to our desired outcomes including effective mitigation of climate change.

We are committed to upholding core values of integrity, accountability, transparency, and compliance with international and national regulatory standards. In 2022, Canacol continued its leading role in Colombia's energy transition with our business model centered on natural gas development. The Board of Directors believes a natural gas focused asset portfolio will maximize opportunities and ensure long term sustainability while delivering enhanced value to shareholders.

Canacol's sustainability strategy centers around empowering people, delivering a cleaner energy future, and operating a transparent and ethical business. In 2022, we invested \$3.13 million in 126 projects and in-kind donations to support the neighboring rural, Indigenous, and urban communities. The projects focused on skill and entrepreneurial training, road and health safety, nutritional needs, waste management, and biodiversity enhancement. In our own operations we have optimized and expanded our water recycling and solid waste management practices in parallel with our growth in conventional gas reserves, production, and cash flow.

Canacol's strategy aligns with the Task Force on Climate-related Financial Disclosure (TCFD). We are awaiting the release of guidelines by the Science-Based Targets initiative (SBTi) for the oil and gas sector, after which we will evaluate our alignment with this guideline to further support our commitment to climate action. We have established greenhouse gas emission reduction targets and a decarbonization plan and strengthened our capabilities in climate-related financial analysis. We believe Canacol has a critical role to play in Colombia's energy matrix transition and we strive to develop the natural resources with which we have been entrusted in a responsible and ethical manner.

Sincerely,

**David Winter**

Chairman of the ESG Committee



**“Canacol has a critical role to play in Colombia’s energy matrix transition.”**



# Message from the President and CEO

Canacol performed successfully in 2022. Our production growth and cost management enabled us to benefit from favorable commodity prices and to generate more revenue than in any prior year of the company's history. Correspondingly, we paid record taxes and royalties of \$111.2 million and \$50.7 million respectively to the Colombian treasury. We also returned capital to our shareholders via dividends and share buybacks while ensuring our operations were safe and sustainable.

I am excited to share Canacol's 2022 ESG integrated report, "Delivering Clean Energy to Colombia." This report summarizes our achievements in sustainability and outlines the challenges and opportunities we face in expanding our operations in the years ahead. As an onshore, conventional-focused producer, we provide natural gas and liquefied natural gas ("LNG") as better alternatives to more carbon-intensive energy options such as crude oil and coal. We are proud to be the largest independent natural gas exploration and production company in Colombia. In 2022, we expanded our operating areas by 22.8% to 1.83 million acres including our central plant, five substations as well as adding 226 km of gathering systems. We produced 32.4 thousand barrels of oil equivalent daily and maintained LNG capacity of 0.02 million tons per annum.

Our ESG initiatives have integrated objectives striving to benefit people, to protect the planet, and to advance local prosperity simultaneously. In 2022, we achieved several noteworthy milestones, such as garnering international recognition for our human rights efforts by becoming a member of the Voluntary Principles on Security and Human Rights Initiative, becoming a member of IPIECA, earning the Silver Seal from Equipares, being certified as a 2022 Great Place to Work by BPTW, entering an agreement with the Wildlife Conservation Society for reforestation efforts, and increasing our standing in every international ESG ranking. The progress we have realized now has us rated in the top 10th percentile of upstream oil and gas companies in the CSA S&P assessment and we received an A rating from MSCI confirming Canacol's leadership in ESG. I am grateful for the focus and dedication of our staff that have achieved these outstanding results and am encouraged by their enthusiasm to maintain our positive momentum with future projects.

## A cleaner energy future

During 2022, Canacol conducted evaluations of reforestation initiatives, carbon credit market opportunities, and solar farms to improve our decarbonization plans and to offer natural gas with a minimal carbon

footprint. Our goal is to expand beyond our contractual obligations and to include supplementary projects-benefiting local communities and protecting biodiversity.

We have made significant progress in our sustainability efforts. Specifically, we have increased the use of recycled water in our drilling operations by 53% year over year. We have taken steps to reduce the carbon footprint of our operations by utilizing solar energy to power our instrumentation, telemetry, and measurement devices. Our new facilities are also being designed and built with solar-generated electricity for climate control and illumination. Currently, 97% of the energy we use for our operations is generated by our own natural gas.

In line with our commitment to environmental preservation, we enhanced our collaboration with local communities. We established 9 agrarian units and 10 community-driven agroforest farms. We organized 12 campaigns to promote toxic-waste awareness and tree-planting in 16 communities and 6 educational institutions. We are proud to report that we maintained our outstanding history of no oil spills, which has been verified by the National Hydrocarbons Agency (ANH). Furthermore, we continued to operate without extracting or discharging water from rivers or lakes.

## Empowering our people

Canacol prioritizes the health, safety, well-being, and prosperity of our employees, contractors, and neighboring communities. We are proud to maintain a flawless safety record, with no employee fatalities throughout our operational history. Even with a 45% increase in total working hours from the previous year, we achieved another year with no employee or supplier fatalities or fatal vehicular accidents. In 2022, we strengthened our social programs by aligning and leveraging them with local municipal development plans. The projects focused on improving access to basic utilities such as electricity, gas, and potable water, while also supporting vulnerable segments of the community including women, Indigenous peoples, and rural populations. The projects benefitted more than 22,300 people across 13 neighboring municipalities. We provided training and support for entrepreneurship, biodiversity, and self-sustaining food programs in partnership with reputable organizations such as the Quebec School of Entrepreneurs (EEQ) and the Colombian Soy-Based Nutrition Program.



We are pleased to report that our social investments yielded a 90% satisfaction rate among individuals in the local communities and within our supply chain. These results were achieved through strong collaboration and coordination among all parties involved. We generated employment opportunities for a total of 752 workers, 533 of whom were skilled and 219 unskilled, through direct and indirect contracts. 82.5% of skilled workers and 100% of unskilled workers were recruited locally. 93.4% of our purchases of goods and services were made nationally, contributing to the development and support of the economy.

We fully respect the culture, heritage, significance, and contributions of Indigenous peoples in Colombia. In 2022, we signed three agreements benefiting the communities in the Chorillo, La Esperanza, and Becarpigar areas. We have five more projects planned for 2023 that will involve collaboration with and support of Indigenous communities.

Canacol is committed to Diversity, Equity, and Inclusion and we are proud to report our continued progress in these metrics. In 2022, 37% of our workforce were female and they represented 27% of our top management and leadership positions. These statistics surpass both the national average (27%) and the international average (22%) for the oil & gas industry. We received the Silver Seal Award from Equipares in recognition of our equity leadership. Other milestones achieved include a Board of Directors Diversity Policy and our certification as a "Great Place to Work" by BPTW based on our company's culture and employee experience.

## A transparent and ethical business

We believe that transparency and ethical behavior are mandatory in all aspects of our business. Therefore, our executive and leadership compensation is linked to both mid term and long term ESG performance and improvement. I am extremely proud to report that we have had no human rights violations, no reported cases of corruption, bribery, or anti-competitive practices, as well as no breaches of our Code of Conduct and Ethics, a positive trend we have maintained since our inception. We also received no claims or incident reports through either our anonymous or internal management-system channels or from internal or third-party auditors.

Canacol is making a positive difference and our employees are the driving force behind our success. They deserve credit for designing and implementing the projects that make us an ESG leader in our industry. I am pleased by our accomplishments to date and enthusiastic about our opportunities for the years ahead. We are committed to supporting Colombia's energy transition and ensuring a better future for its people.

Charle Gamba  
President, CEO and Director


**"Canacol is making a difference."**




# Board of directors

 **Mike Hibberd** ● ● ● ●  
Chairman of the Board and Independent Director


 **Ariel Merenstein** ● ● ● ●  
Independent Director

 **Charle Gamba** ● ● ● ●  
President and Chief Executive Officer

 **David Winter** ● ● ● ●  
Independent Director

 **Francisco Díaz** ● ● ● ●  
Independent Director

 **Gonzalo Fernández-Tinoco** ● ● ● ●  
Independent Director

 **Gustavo Gattass** ● ● ● ●  
Independent Director

 **Juan Argento** ● ● ● ●  
Independent Director

### Board Committees:

- Audit Committee
- Reserves Committee
- Compensation Committee
- ESG Committee
- Governance and Nominating Committee

# Our ESG Success 2022

## A cleaner energy future

- We generate electricity for our operations using gas from our wells supplemented with solar energy in remote locations.
- Increased renewable energy use by 50%.
- Diminished our methane (CH<sub>4</sub>) emissions by 10% in comparison with 2021.
- Ranked by Sustainalytics as the 16th best out of 292 oil and gas producers globally in ESG, and the best in Colombia.
- Released 66,631.39 tons CO<sub>2e</sub>/year, which is only 0.028% of Colombia's total national emissions in 2022, estimated at 299.31 million tons CO<sub>2e</sub>/year.
- No reportable oil spills in 2022.
- Signed an agreement with the Wildlife Conservation Society (WCS).
- Recycled 15.28% of water in our operation.



### Environment

## Empowering our people

- No human rights violations since the inception of the company.
- No breaches of the Code of Conduct or Ethics by employees or contractors.
- Logged 5 million workhours with no fatal accidents.
- Launched a human rights whistleblower hotline.
- Committed \$ 3.13M to advance 126 social projects, benefiting 22,300 community members in 13 municipalities.
- Earned the "Equipares" Silver Award recognition for our DEI programs.
- Developed our DEI strategy and implemented "GEMS" - Gender Equity Management System.
- Certified as "Great Place to Work" by GPTW International.
- Lowered all our risk indicators in health and safety.
- Hired 82.5% of our skilled labour and 100% of our unskilled labour locally.
- Purchased 93.4% of all goods and services in Colombia.
- Became a new member of the Voluntary Principles on Security and Human Rights Initiative.
- Became a member of IPIECA.



### Social


## A transparent and ethical business

- Annual bonus plan based on specific corporate and individual targets.
- Executive short and long term compensation tied to ESG metrics and performance.
- Updated our Executive and Board of Directors Incentive Compensation Clawback Policy.
- Established 2023 targets for Board of Directors gender diversity.
- Incorporated risk criteria into our project development and approval processes.
- Elevated our cyber security awareness training to 100% of staff and critical contractors.
- Operated with no reported ethical breaches.
- Trained 100% of employees in our Code of Ethics and Business Conduct and in anti-corruption policies.
- Trained 100% of our suppliers in our Code of Conduct and Ethics for Contractors and Suppliers.



### Governance



A female worker wearing a white hard hat with the CANACOL logo, safety glasses, and a light blue shirt is operating industrial machinery. She is looking down at a handheld device. The background shows a complex network of pipes, valves, and machinery in a gas processing facility.

# Introduction

# Delivering gas to Colombia

Operational performance

Financial performance

ESG strategy

ESG material issues and key priorities

# Operational performance

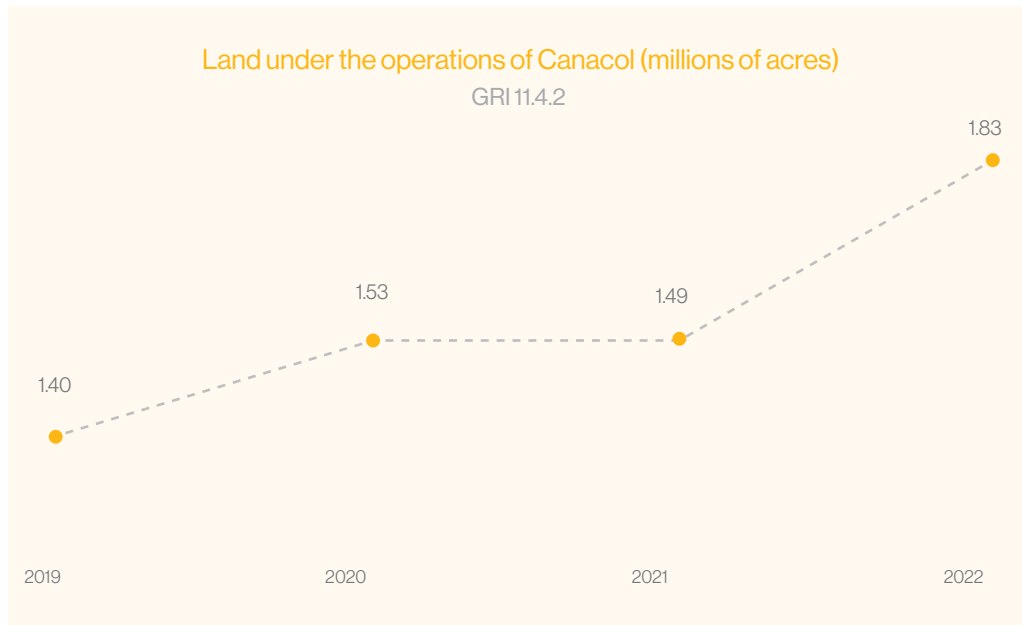
Canacol's ambition is to be a leader in natural gas production, utilizing advanced technology, and applying efficiency and experience in full respect of the environment.

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.



Canacol operates over 1.83 million net acres in 11 exploration and production contracts in Colombia where it is focused on exploring for and developing natural gas. In addition, the company holds interests in one legacy non-core and oil-focused contract in Colombia acquired prior to 2012, including the mature producing Rancho Hermoso field in the Llanos Basin operated under an agreement with Ecopetrol.

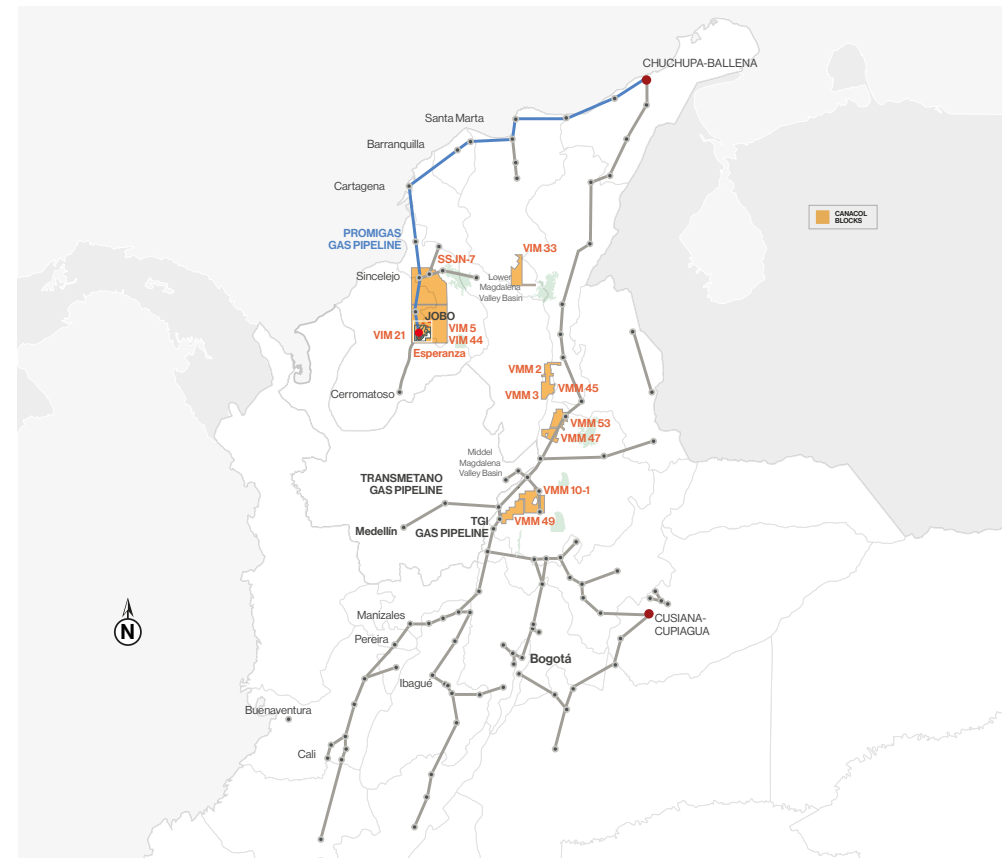
We have been steadily expanding our areas of operation over the years. In 2022, we reached a new milestone by operating on 1.83 million<sup>4</sup> acres of land, setting a record for the company.



<sup>4</sup>The numbers reported in the graph include all area (in acres) in which the company has contracts and participation.

## Canacol natural gas operations map

We operate in low-stress water areas, and none of the municipalities located in our areas of operation are Priority Municipalities for the Post-Conflict (PMPC).





## Operational performance

SASB EM-EP-000.A, CSA Oil, and gas production We have increased production steadily, reaching 11.82 MMBOE in 2022.

Following our production and business strategy, we are focusing on natural gas, and our net annual production reflects this, with crude oil accounting for only 1.58% of our total production.

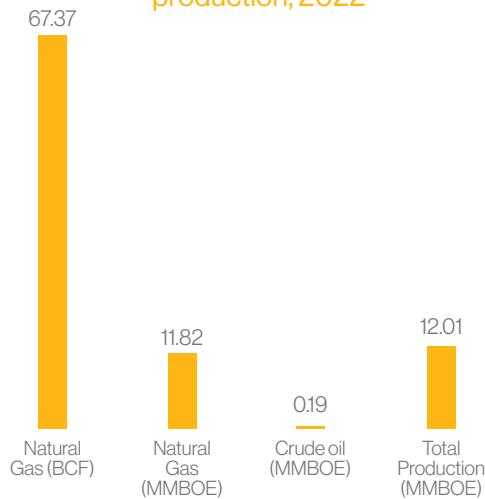
### Net annual hydrocarbons production<sup>5</sup>

Our micro LNG plant converts 2.4 million cubic feet of gas per day into 46<sup>6</sup> tons of LNG. The LNG is then sold to a third party at our Jobo plant and is distributed to customers via truck. LNG is a cost-effective and environmentally friendly alternative to diesel, fuel oil, compressed gas, propane, and other fuels. Our reported natural gas production for 2022 considers production from the gas fields of the Esperanza, VIM-5, and VIM-21 contracts.

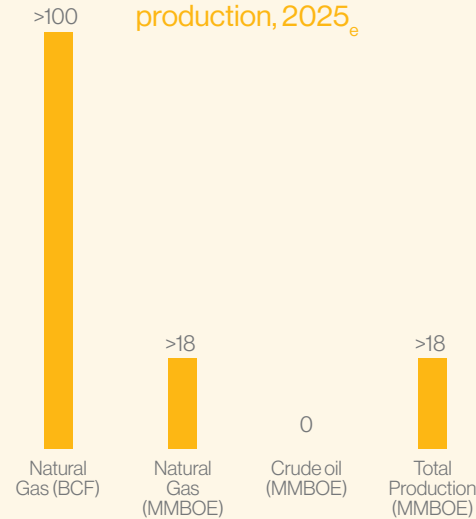
The reported liquid fuel production includes production from the Rancho Hermoso field, as well as any volume of condensate from exploratory wells in our other areas. Daily production in 2022 reached 32,905 MBOED including production of 522 BOD of crude oil.



Net annual hydrocarbons production, 2022



Projected net annual hydrocarbons production, 2025<sub>e</sub>



Daily hydrocarbons production, 2022

	Unit	2022
Natural gas	MMCFD <sup>7</sup>	184,584
Natural gas	MBOED <sup>8</sup>	32,383
Crude oil	BOD	522
Total production	MBOED	32,905

<sup>5</sup> Reported natural gas production for 2022 considers production from the gas fields of the E&P Esperanza, E&P VIM-5 and VIM-21 contracts. 2025 future projections are based on average natural gas sales for 2022 plus an estimate of additional natural gas sale volumes of 100mscfd. These are current internal projections, and there's no assurance that future events could differ from those anticipated. Please refer to forward looking statements advisories in the company's corporate presentation.

<sup>6</sup> 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.

<sup>7</sup> MMCFD - Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids.

<sup>8</sup> MBOED - Thousands of Barrels of Oil Equivalent per Day MBD - Thousands of Barrels per Day.

### Wells drilled and commercial successes

Since 2014, we have drilled 61 wells with an 89% success rate overall.



**We drilled 100% of our planned wells in 2022. We have identified 178 new locations to be drilled.**

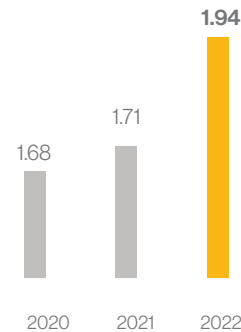
### Exploration, appraisal, and development (number of wells)

In 2022, we achieved a 100% execution rate in drilling. We successfully executed our plan of drilling seven exploration and appraisals wells, and five development wells.

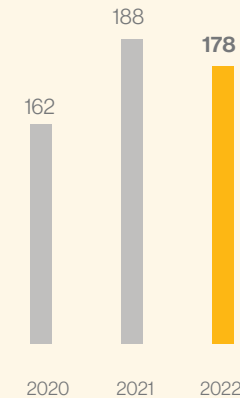
The Net Present Value before tax of our Proved + Probable reserves<sup>9</sup> as of December 31<sup>st</sup> 2022 is \$1.94 Billion. We have identified 178 individual prospects and leads aggregated to an un risked mean of 20.5 trillion standard cubic feet and a risked mean of 7.6 trillion standard cubic feet in our 11 exploration blocks, as of December 31st 2021.

	Planned	Executed
Exploration and advanced	7	7
Development	5	5
Total	12	12

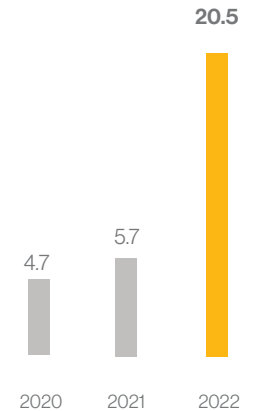
2P (proved+probable) reserves NPV-10 before taxes (billions of \$)



Number of identified prospects and leads



Mean un-risked prospective natural gas resources (trillions of cubic feet)



<sup>9</sup> Net present value is discounted at 10 percent. The forecast prices used in the calculation of the present value of future net revenue are based on the price deck described in the Corporation's press release & The BGEC forecast for conventional natural gas and light/medium crude oil prices at December 31, 2022 are included in the Corporation's Annual Information Form. Figures represented are Canacol's gross working interest share before royalties. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. See Canacol Energy Ltd press releases for further information



## Finding and development cost (F&D 2P) (\$/MCF)<sup>10</sup>

In recent years, the cost of finding and developing natural gas reserves in Colombia has increased from \$1.93 in 2021 to \$2.23 USD/MCF in 2022.



## Reserves<sup>11</sup>

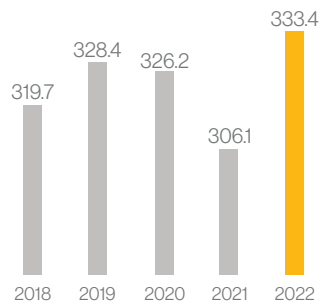
Proved Reserves as of December 31<sup>st</sup> 2022 were 333.4 BCF of natural gas & 1.023 MMB of oil. Proved + Probable Reserves were 619.8 BCF of natural gas & 5.725 MMB of oil<sup>12</sup>.

### 2P net proved and probable reserves

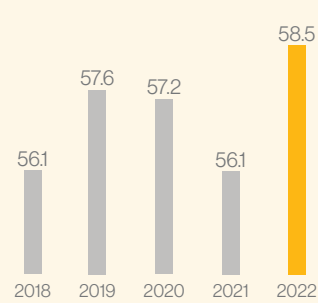
Actual production and reserves are possible due to several gas contracts with the National Hydrocarbons Agency (ANH) with different percentages of participation.

## Net estimated hydrocarbon reserves 1P net proved reserves<sup>13</sup>

1P net proved reserves - natural gas (BCF)



1P net proved reserves - natural gas (MMBOE)



<sup>10</sup> For further information please refer to [https://canacolenergy.com/site/assets/files/3814/21\\_03\\_2023\\_-\\_canacol\\_energy\\_ltd\\_achieves\\_169\\_2p\\_reserve\\_replacement\\_ratio\\_increasing\\_2p\\_reserves\\_to\\_652\\_bcf\\_with\\_a\\_before.pdf](https://canacolenergy.com/site/assets/files/3814/21_03_2023_-_canacol_energy_ltd_achieves_169_2p_reserve_replacement_ratio_increasing_2p_reserves_to_652_bcf_with_a_before.pdf)

<sup>11</sup> For further information please refer to [https://canacolenergy.com/site/assets/files/3814/21\\_03\\_2023\\_-\\_canacol\\_energy\\_ltd\\_achieves\\_169\\_2p\\_reserve\\_replacement\\_ratio\\_increasing\\_2p\\_reserves\\_to\\_652\\_bcf\\_with\\_a\\_before.pdf](https://canacolenergy.com/site/assets/files/3814/21_03_2023_-_canacol_energy_ltd_achieves_169_2p_reserve_replacement_ratio_increasing_2p_reserves_to_652_bcf_with_a_before.pdf)

<sup>12</sup> None of our reserves are oil sands or tight oil & gas that would need to be developed by hydraulic fracturing.

<sup>13</sup> BCF - Billion cubic feet and MMBOE - Millions of Barrels of Oil Equivalent

## 2P Gross reserves

	2018	2019	2020	2021	2022
Natural gas (BCF)	558.9	623.8	637.2	606.9	619.8
Natural gas (MMBOE)	98.1	109.4	111.8	106.5	108.7

National Hydrocarbons Agency (ANH) conventional natural gas contracts

	2020 <sup>14</sup>	2021 <sup>15</sup>	2022 <sup>16</sup>
100% Stake	9	9	10
50% Stake	1	1	1
New contracts/gas blocks acquired during the year	2	0	2

In 2022, in line with our strategy, 98% of our net annual hydrocarbon production was from natural gas.

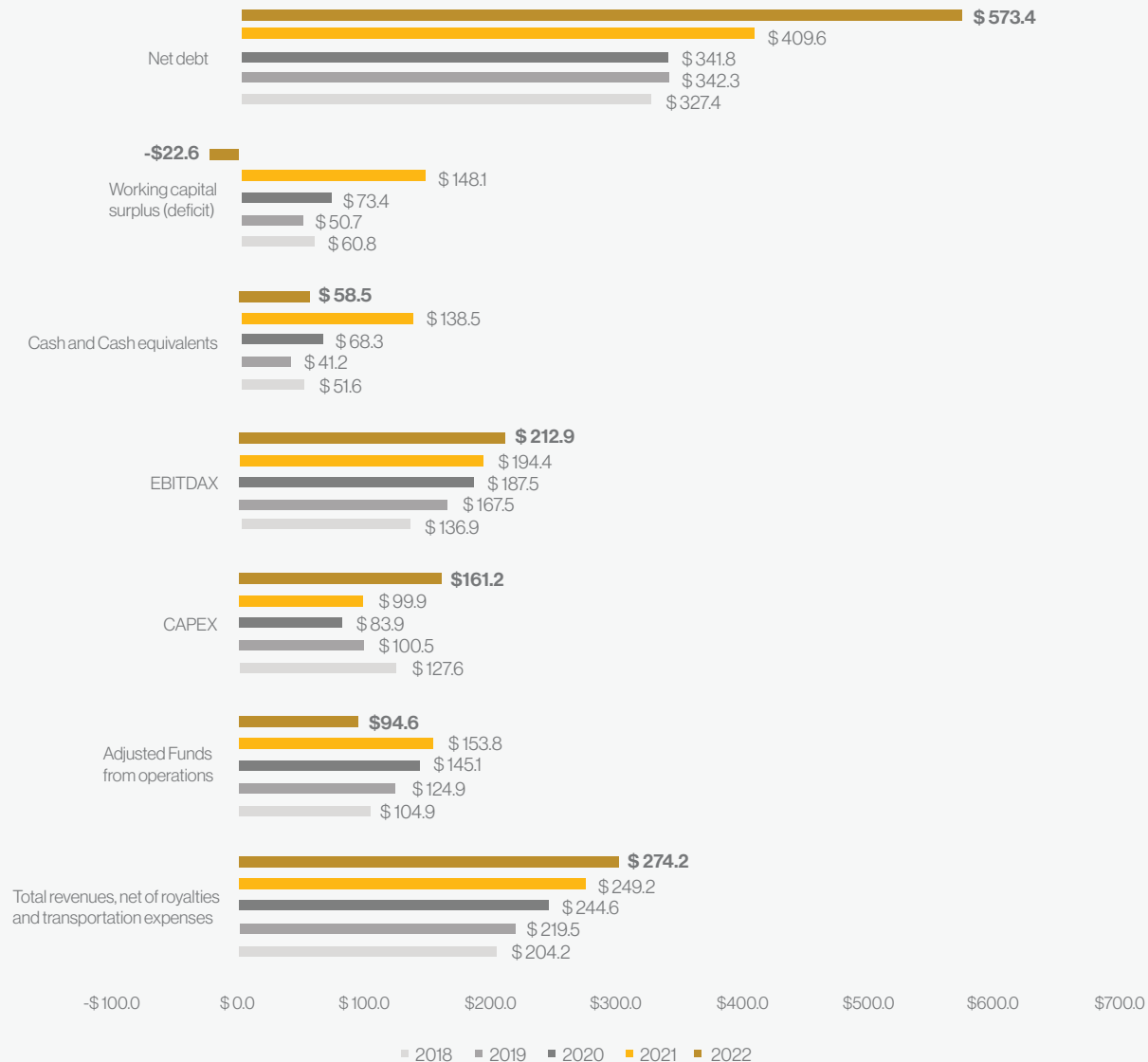
<sup>14</sup> For further information please refer to [https://canacolenergy.com/site/assets/files/3517/aif\\_-\\_ingles\\_-\\_4q2020.pdf](https://canacolenergy.com/site/assets/files/3517/aif_-_ingles_-_4q2020.pdf)  
<sup>15</sup> For further information please refer to [https://canacolenergy.com/site/assets/files/3704/aif\\_december\\_31-2021.pdf](https://canacolenergy.com/site/assets/files/3704/aif_december_31-2021.pdf)  
<sup>16</sup> For further information please refer to [https://canacolenergy.com/site/assets/files/3819/canacol\\_-\\_2022\\_ye\\_aif\\_final.pdf](https://canacolenergy.com/site/assets/files/3819/canacol_-_2022_ye_aif_final.pdf)



# Financial performance<sup>17</sup>

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

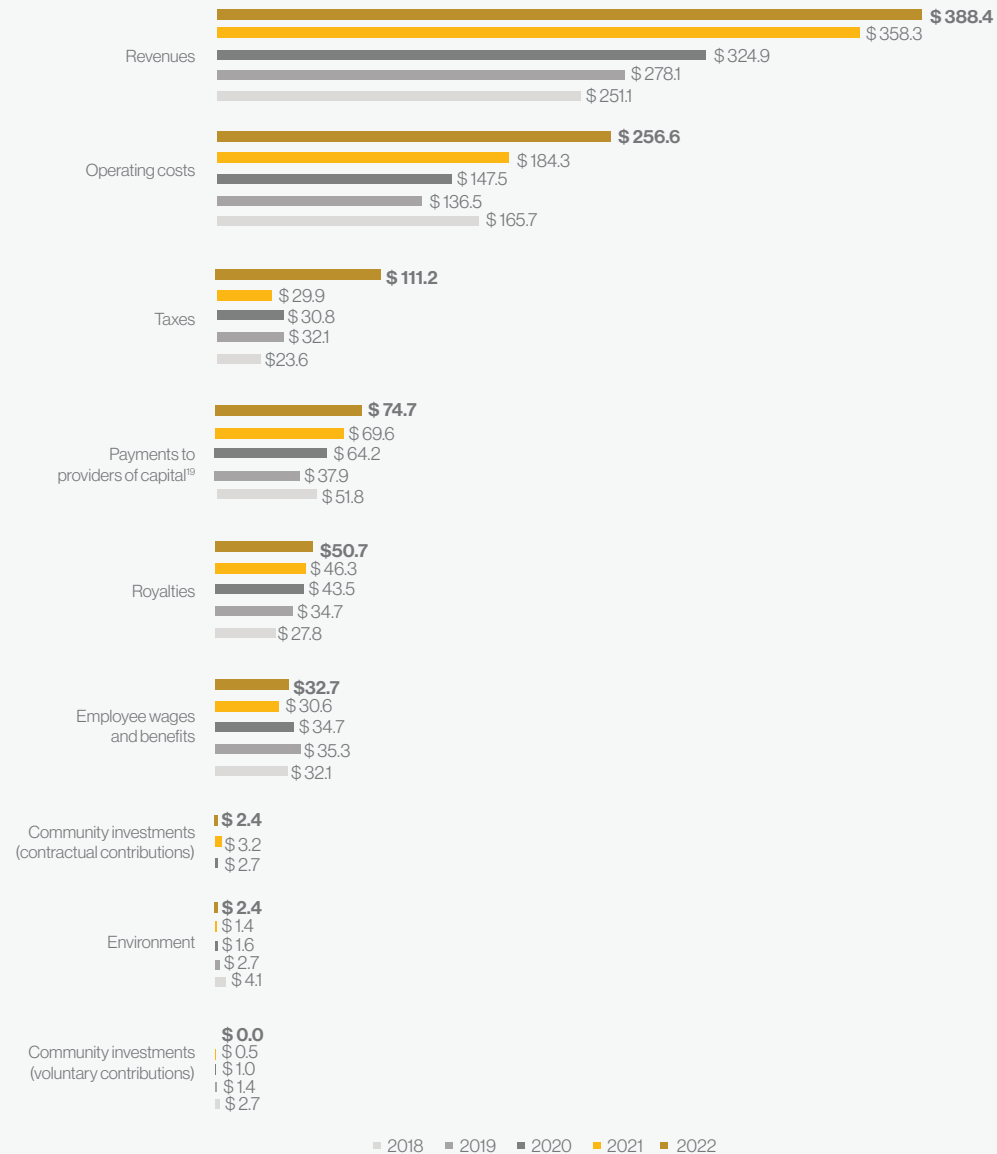
## Financial performance (millions of \$), 2018 - 2022



<sup>17</sup> For further information, please refer to the analysis and discussion of Canacol Energy Ltd. management for 2018, 2019, 2020, and 2021, available at <https://canacolenergy.com/investors/financials/>



## Direct economic value generated and distributed (millions of dollars)<sup>18</sup>



<sup>18</sup> 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.

<sup>19</sup> 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.

# Environmental, Social and Governance strategy (ESG)

GRI 2-22, GRI 2-23, GRI 2-24, GRI 2-28

As a natural gas producer, we are highly aware of the sustainability challenges we face in today's world. In response to these challenges, we advance concerted efforts to integrate ESG elements into our business strategy. In 2022, we made significant progress towards achieving our short, medium, and long term goals as defined in our ESG Strategy.

- **ESG leadership:** We are proud to be leaders of the energy transition in Colombia. We are committed to reducing our carbon footprint and transitioning to cleaner energy sources.
- **Highly ranked in ESG:** We align our actions with the most recognized global ESG initiatives, standards, and rankings. This ensures that our practices meet the highest standards of sustainability and responsibility, aligned with the energy transition roadmap of Colombia and our own environmental, decarbonization, social contribution, and corporate governance goals.
- **We care:** We manage our resources responsibly, ensuring that we use or reutilize them efficiently, minimizing or avoiding waste.
- **Our commitments:** We honor our commitments and rigorously comply with all applicable national and international laws and regulations. This includes environmental regulations, labor laws, and anti-corruption measures.
- **We anticipate issues:** We work with a preventive and proactive approach. This means that we anticipate potential issues and take action to prevent them before they occur.
- **Our respect:** We build our practices on a foundation of mutual respect, appreciation of differences, and equal treatment for all. This includes our employees, customers, suppliers, contractors, and the local communities.
- **We are resilient:** We create development opportunities for our employees and encourage self-reliance. This helps us to build a strong and resilient workforce that can meet the challenges of the future.



## 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	Provides strategic direction.
ESG Committee	Assists the Board of Directors 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 meetings)	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 meetings)	Prioritization of initiatives and designation of resources. Development of plans to reduce emissions and generate offsets.
Business units directly involved in engagement with communities and local authorities	<p>Vice President, Social Responsibility - Responsible for community engagement, obtaining social licenses to operate, and implementing social investment projects.</p> <p>Vice President, Legal - Supports land, human rights, and anti-corruption processes.</p> <p>Environmental Manager - Executes the environmental strategy with the communities and ensures that environmental and social impact assessment are carried out. Enables strategic projects related to society and environment, such as reforestation projects</p>





## Our ESG roadmap

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



### 2022

- 100% of our ESG Strategy was successfully implemented.
- 40 planned goals were achieved<sup>20</sup>.
- In 2022, we improved our S&P CSA rankings, by 10% overall<sup>21</sup>, and achieved the 93<sup>rd</sup> percentile globally, out of the 187 participating companies in the ranking of the oil and gas integrated sector. Our ratings on a 100-point scale:
  - Total score: 68
  - Environmental: 60
  - Social: 71
  - Governance: 64
- Advanced our ESG governance framework. This included updating our policies and procedures to align with the latest standards and best practices in ESG.
- Our Board of Directors' ESG Committee updated the framework of Canacol's activities that progress the United Nations 17 Sustainable Development Goals. This ensures that our business practices are aligned with global efforts to promote sustainable development.
- Updated current and created new ESG policies and procedures.
- We also strengthened our integration of ESG considerations into our value chain strategy. We are taking a holistic approach to ESG, considering its impact at every stage of our business operations.

<sup>20</sup> In each chapter of this report you can find a detailed explanation of the goals achieved.

<sup>21</sup> +6% over defined goal for the year



## ESG rankings and ratings <sup>22</sup>

Most of our ESG ratings and rankings improved in 2022. The valuable feedback these third-party reviews provided helped us identify and address gaps and opportunities for improvement.

ESG Rating and Ranking	Rating scale	2020	2021	2022	Progress
S&P Corporate Sustainability Assessment	0 (low rating)- 100 (high rating)	57	62	68	Top 10th percentile in the oil and gas upstream and integrated sector, 10% higher than 2021.
MSCI ESG	CCC to AAA	BB	BBB	A	<ul style="list-style-type: none"> <li>● Canacol has been upgraded to 'A' from 'BBB'.</li> <li>● 100% of operations from less carbon-intensive business lines relative to peers.</li> <li>● Robust initiatives to reduce carbon emissions compared to peers.</li> <li>● Formally involves local communities and establishes protection policies for community rights.</li> <li>● Canacol leads industry peers in efforts to mitigate risks of community opposition to operations.</li> </ul>
Sustainalytics ESG Risk Rating	0 (low risk)-100 (severe risk)	49.4	27.8	26.8	<ul style="list-style-type: none"> <li>● 1 point improvement over last year.</li> <li>● Ranked 10/289   Top 4th Percentile Industry O&amp;G Producers worldwide.</li> <li>● Ranked 7/164   Top 5th Percentile sub-industry O&amp;G E&amp;P.</li> </ul>
Refinitiv ESG	D- to A+	B	B+	B+	Maintained our B+ rating and still the best score in the O&G industry in Colombia.
CDP – Climate	F (low rating) - A (high rating)	Not rated	B-	C	A- in the CDP Supplier Engagement Rating Report 2022.
ISS ESG	Corporate score from D- to A+ (best)	Not rated	C+	C+	Better performance than industry average in key issues.
ISS Governance Quality	0 (low risk)-10 (severe risk)	9	8	3	Improvement on Board Structure, Audit/Risk, Compensation and Shareholder Rights.

<sup>22</sup> As of January 2022.

# ESG material issues and key priorities

In 2022, we updated our materiality analysis. The findings enabled us to establish three priorities for our ESG model and strategies.

**Priority 1. A cleaner energy future**

**Priority 2. Empowering our people**











**Priority 3. A transparent and ethical business**

Material issues	Strategic issues	Operational issues
<p>High actual and potential impact.</p> <p>High expectation from groups of interest.</p>	<p>Moderate actual and potential impact.</p> <p>Moderate expectation from groups of interest.</p>	<p>Low actual and potential impact.</p> <p>Low expectations from interest groups.</p>
<p>Issues with significant real and potential impact that can affect our short (1 year) and medium-term (3 years) strategy and key financial indicators, such as revenue, profitability, and stock price.</p>	<p>Issues with real and potential impact, though not critical, that can enable opportunities to improve our performance in the mid-term (3 years)</p>	<p>Issues that do not pose risks or offer opportunities to improve financial performance or our operational efficiency in the long term (more than 5 years).</p>
<ul style="list-style-type: none"> <li>● Relationship with communities and local authorities</li> <li>● Energy transition and climate</li> <li>● Efficient water management</li> <li>● Industrial safety and occupational health</li> </ul>	<ul style="list-style-type: none"> <li>● Corporate governance and integrated risk management</li> <li>● Ethics, compliance, and transparency</li> <li>● Respect for human rights</li> <li>● Conservation of biodiversity</li> <li>● Local development</li> <li>● Talent management and culture</li> <li>● Diversity, Equity, and Inclusion (DEI)</li> </ul>	<ul style="list-style-type: none"> <li>● Circular economy</li> <li>● Sustainable supplier management</li> </ul>


















## Priority 1. A cleaner energy future

TCFD, GRI 2-12, GRI 2-13, GRI 2-14 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 standards to support Colombia's transition to renewable sources of energy.

Key topics	Description	SDG Alignment
Energy transition and climate	<p>Guarantee operations under high-quality standards and ensure exploration programs for reserve base growth and reserve substitution, to guarantee the availability of natural gas in the short and long term.</p> <p>Design and implement energy efficiency and decarbonization strategies to progressively reduce greenhouse gas emissions and eliminate fugitive emissions and other air pollutants.</p> <p>Provide innovative solutions to access renewable energies, and actively participate in the transition to a low-carbon economy to address climate change and promote positive social impacts.</p>	 
Water management	Promote efficient water use and actions to preserve and protect water resources and to ensure access for all.	  
Biodiversity conservation	Promote awareness and management of biodiversity risks and impacts. Periodic critical exposure assessments of biodiversity conducted and management plans established to protect, preserve, and restore ecosystems.	  
Circular economy	Promote efficient use of supplies.	 







## Priority 2. Empowering our people

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, as well as training processes that encourage leadership and development. We foster an organizational culture based on the respect for human rights.	 
Diversity, Equity, and Inclusion	Creation of equal working conditions for people to feel respected and valued.	 
Industrial safety and occupational health	Preventive approach.	 
Sustainable supply chain management	Strengthen our suppliers by setting high social, environmental, and quality standards along the supply chain processes and developing their capacities.	  
Local development	<p>Provide quality employment opportunities by hiring locally both skilled and unskilled labor, making local purchases, and investing in social initiatives.</p> <p>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.</p>	     

### Priority 3. A transparent and ethical business

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
<p><b>Ethics, compliance, and transparency</b></p>	<p>Make decisions based on legality, ethical behaviour, and corporate compliance to prevent any form of corruption and maintain accountability.</p>	 
<p><b>Human rights</b></p>	<p>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.</p>	 
<p><b>Corporate governance and comprehensive risk management</b></p>	<p>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 cyber security risks.</p>	 





### Materiality analysis and stakeholder prioritization matrix

GRI 2.29

In 2022, we engaged with a specialized consulting firm in an update of our key materiality issues, that included the participation of our interest groups. This approach enabled an update of our stakeholders' prioritization matrix that is now used for the alignment of our social investment projects as well as our activities in Colombia.

The analysis performed had four major steps:



**“Natural gas will play an important role in our roadmap of energy transition that is fair and responsible.”  
Asociación Colombiana del Petróleo y Gas (ACP) \***



\* The Colombian Association of Oil and Gas (ACP, for its acronym in Spanish) is the trade association that represents the oil and gas industry in Colombia.

## Introduction

Environment - A cleaner energy future

Social - Empowering our people

Governance - A transparent and ethical business

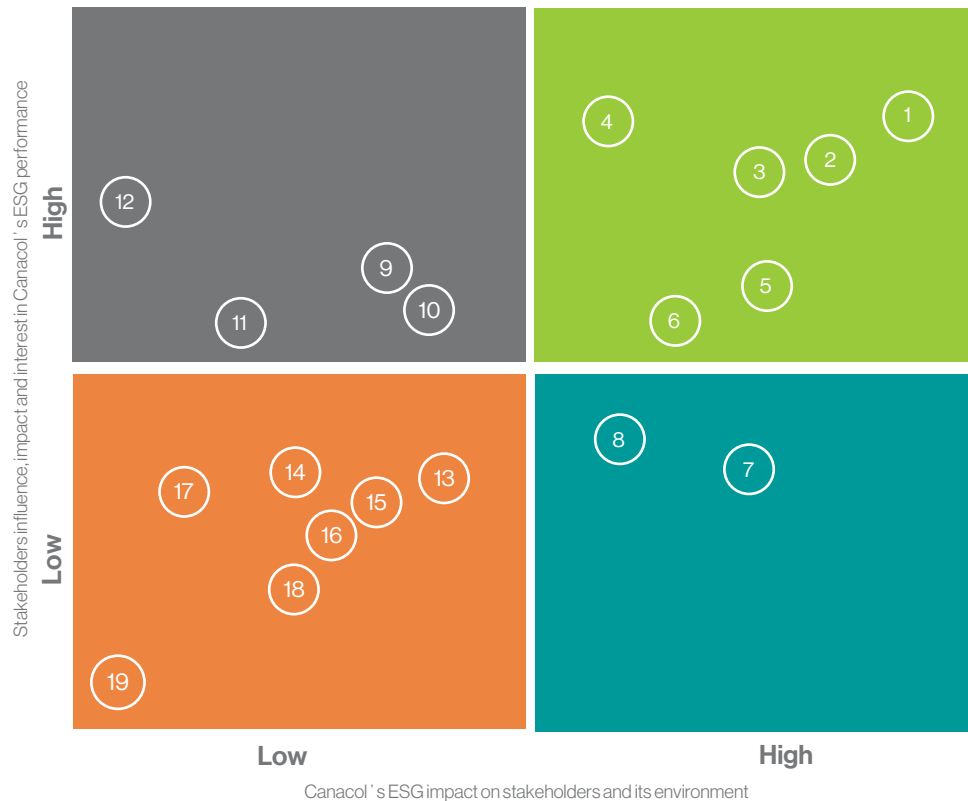
The dialogue process enabled Canacol to identify four major areas in which our stakeholders think we may generate a positive impact. In order of prioritization, these areas are:

- Energy transition
- Talent management and culture
- Ethics, compliance, and transparency
- Relationships with local communities and authorities

In addition, these consultations supported us in identifying which elements of our ESG strategy were considered most relevant for our stakeholders.

Priority 1	Priority 2	Priority 3
<b>A cleaner energy future</b>	<b>Empowering our people</b>	<b>A transparent and ethical business</b>
<ul style="list-style-type: none"> <li>• Water management</li> <li>• Energy transition</li> <li>• Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Relationships with local communities and authorities</li> <li>• Local development</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics, compliance, and transparency</li> <li>• Human rights</li> <li>• Corporate governance</li> <li>• Integral risk management</li> </ul>

## Stakeholder prioritization matrix



<ol style="list-style-type: none"> <li>1. Employees</li> <li>2. Trade unions</li> <li>3. Customers</li> <li>4. Board of Directors</li> <li>5. Community (local workforce, rural, indigenous)</li> <li>6. Government (local and national)</li> </ol>	<ol style="list-style-type: none"> <li>7. Environmental and archaeological control organizations</li> <li>8. Local suppliers</li> </ol>	<ol style="list-style-type: none"> <li>9. Regulatory body - National Hydrocarbons Agency (ANH)</li> <li>10. Shareholders and bondholders</li> <li>11. Strategic suppliers (goods and services)</li> <li>12. Rating agencies</li> </ol>	<ol style="list-style-type: none"> <li>13. Associations</li> <li>14. Allies</li> <li>15. Financial and stock market control bodies</li> <li>16. Media and opinion leaders</li> <li>17. Contractual partners</li> <li>18. Investors and analysts</li> <li>19. Tax monitoring and control bodies</li> </ol>
<b>Essential</b>	<b>Immediate</b>	<b>Adjacent</b>	<b>Peripheral</b>
It is fundamental to strengthen relationships, assess and monitor impacts, focus efforts, and strengthen collaborative work.	It is important to establish relationships, assess actual impacts and monitor potential impacts.	Stakeholders need to be informed and their interests and expectations need to be monitored.	Stakeholders need to be informed.





Environment  
**A cleaner  
energy  
future**

Our energy transition  
Protecting biodiversity  
Reusing and repurposing our waste  
How we use water  
Advancing sustainability with the community  
Our environmental management at  
Rancho Hermoso



# Our energy transition

Our operational expertise and experience in onshore natural gas allows us to be leaders in Colombia's energy matrix transition.



## In 2022

We generate electricity for our operations using gas from our wells supplemented with solar in remote locations

Increased renewable energy use by 50%.

## Canacol's Climate Strategy

Climate action is a priority for Canacol. In 2022, we maintained our focus on our 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 achieve important emissions reductions. 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 2022, we reinforced our commitment by becoming a member of IPIECA, the global oil and gas association for advancing environmental and social performance across the energy transition. In addition, we advanced our alliances with the Colombian Natural Gas Association NATURGAS, and the Colombian Ministry for Environment and Sustainable Development, as well as the Colombian Mines and Energy. Canacol has targeted its carbon neutrality by 2050 for scope 1 and 2 emissions. Furthermore, the company aims to reduce its CO<sub>2e</sub> emissions by 50% by 2035, in comparison to the 2022 baseline for scope 1 and 2. Additionally, Canacol has set a target to eliminate methane emissions entirely by 2026.

## Our low-carbon roadmap

Our decarbonization targets entail key initiatives:

- **Incorporation of climate risk assessment into decision-making, commercial and expansion strategies, and operational processes.** All climate risks are reported to the Executive Committee and to the Audit Committee.
- **Systematic control and monitoring of our greenhouse gases emissions.** After certifying our emissions baseline with an expert third-party in 2021, in 2022 we developed our decarbonization strategy.
- **Operational efficiency and technology as drivers of decarbonization.** Our 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.
- **Development of mechanisms to assist communities' adaptation in the areas we operate.** We provide access to clean energy for Sucre and Córdoba provinces, with Canacol's Gas Massification Project, a leading example aimed at replacing firewood with gas via a local utility gas distribution network.
- **Natural climate solutions to increase carbon storage and prevent biodiversity loss.** We aim to develop a wide range of Natural Climate Solutions (NCS), as these are essential to ensuring decarbonization targets, while generating social development, job opportunities, and protecting communities.

**In 2022, our Sustainalytics ESG risk rating was 26.8, ranking us as the 16th best out of 292 Oil and Gas producers globally, and the best in Colombia.**

[Canacol Energy Ltd. ESG Risk Rating \(sustainalytics.com\)](https://www.sustainalytics.com)

## Energy consumption

302-1, 302-3

In our roadmap towards decarbonization, we are conscious of the major role that operations electrification plays, and we are proud to share that we generate electricity for our operational needs using our own gas production and renewable sources. Hence, we have not purchased non-renewable electricity, nor steam/heating/cooling or other non-renewable energy sources to provide our operational electricity needs. This practice is now in its fourth uninterrupted year of implementation.

**100% of our gas operations are in Córdoba and Sucre blocks.**

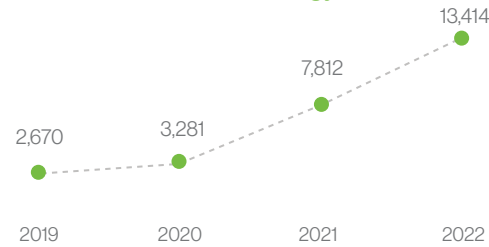
Our energy consumption statistics align with our strategy of transitioning to decarbonized operations. Our consumption of non-renewable energy has increased, a trend that parallels our expansion of operations and production growth. Of note, we increased the use of hydro-solar to 373 MWh in 2022 and have maintained our historical record of no diesel consumption in our operations.

We use solar panels to power our remote operational sites and low intensity infrastructure including lighting, instrumentation and monitoring, security applications, and air conditioning. Hydroelectricity is sourced for our Bogotá headquarters.

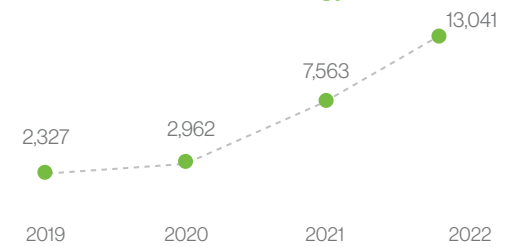
Our renewable and non-renewable energy consumption percentages show that we are at an early phase of renewable energy adoption. Our goal is to increase renewable usage as a key component of our decarbonization plan.

**Canacol embraces renewable energy applications with solar panels in our remote sites.**

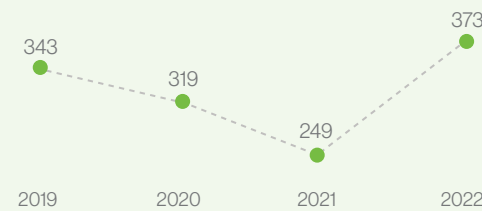
Total consumption of non-renewable and renewable energy (MWh)



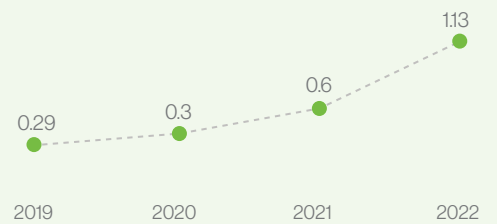
Total consumption of non-renewable energy (MWh)



Total consumption of renewable energy (MWh)



Energy intensity (KWh/BoE)



All calculations relevant to our energy performance indicators were conducted using direct measurement methods.

Total energy consumed	Units	2019	2020	2021	2022
Natural gas	MWh	2,670	3,281	7,812	13,041
Diesel	MWh	0	0	0	0
Hydro + Solar	MWh	343	319	249	373
Total consumption of non-renewable energy	MWh	2,327	2,962	7,563	13,041
Equivalent barrels	BoE	0	0	0	0

We use solar panels to power our remote operational sites and low intensity infrastructure including lighting, instrumentation and monitoring, security applications, and air conditioning. Hydroelectricity is sourced for our Bogotá headquarters.

Our renewable and non-renewable energy consumption percentages show we are at an early phase of renewable energy adoption. Our goal is to increase renewable usage as a key component of our decarbonization plan.

## Emissions

2.31, 305-1, 305-2, 305-4, 305-5, 305-7, EM-EP, SASB 110a.2, 2.3.7 TCFD, SASB EMEP-110a.1, SASB EM-EP-110a.2, SASB EM-EP-120a.1 GRI 111.5; GRI 111.6; GRI 111.8; GRI 11.2.3; GRI 11.3.2

Canacol's natural gas, which is almost pure methane (>99%), is a clean hydrocarbon fuel option in the energy transition matrix. Its combustion produces a lower emissions footprint than many alternatives due to its lack of significant quantities of condensate, light oil, carbon dioxide, sulfur, or other impurities.

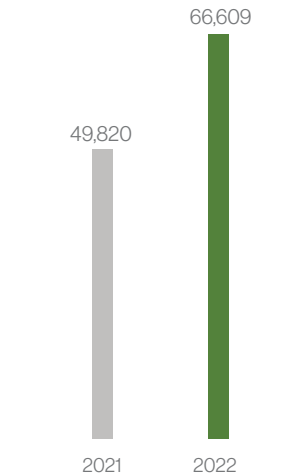
As Colombia's leading independent exploration and production natural gas company, we supply nearly 20% of the country's gas needs, releasing 66,631 ton CO<sub>2e</sub>/year which is only 0.028% of Colombia's total national emissions in 2022<sup>23</sup>, estimated at 299.31 million tons CO<sub>2e</sub>/year. Our GHG baseline complies with 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<sup>24</sup>.

Our GHG direct emissions inventory experienced an increase in 2022 derived from our growth in our natural gas production.

<sup>23</sup> For more information, please see Colombia: CO2 Country Profile - Our World in Data.  
<sup>24</sup> The Greenhouse Gas Protocol | World Resources Institute (wri.org)

## Emissions - Scope 1

### Scope 1 - total GHG emissions (ton CO<sub>2e</sub>)\*



(\*) The gases included in the calculation were: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFC.

### Scope 1 - Direct emissions per source, 2022

Activity	tonCO <sub>2e</sub> /year	Contribution
Stationary combustion	48,092	72.20%
Mobile fuel sources	159	0.24%
Fire extinguishers	0	0.00%
Refrigerants	204	0.31%
Fugitive emissions <sup>25</sup>	18,154	27.25%
Total GHG inventory	66,609	100%
<b>Total in tons of CO<sub>2e</sub></b>	<b>66,609</b>	

<sup>25</sup> Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy, with the 2019 updates, at [https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2\\_Volume2/V2\\_4\\_Ch4\\_Fugitive\\_Emissions.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_4_Ch4_Fugitive_Emissions.pdf)

Our biogenic emissions during 2022 were 11,97 ton CO<sub>2e</sub>/year.



**Yenny Rodríguez Hernández**  
 ESG Manager

*In 2006, I joined Canacol in my native country of Colombia, gaining over the years a holistic view on what it takes for an operator to be successful and at the same time sustainable. I am now convinced one is not feasible without the other, as success goes hand in hand with sustainability. In Canacol, we are focused on accelerating our decarbonization plan*

*as a key ESG strategy, and I am proud to lead these efforts. In addition, I am leading the company's activities in social investment, biodiversity, health and safety, enhancement of our value chain, and water and waste management.*

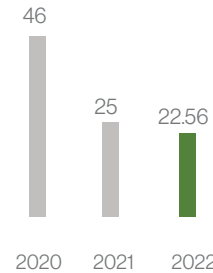
*Partnering with globally and nationally reputable associations like IPIECA, the Wildlife Conservation Society (WCS), SENA, and Equipares has been invaluable for networking, sharing best practices and innovations, and in positioning Canacol among the best working platforms for sustainability actions.*



### Emissions - Scope 2

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<sup>26</sup>.

#### Scope 2 - Total indirect GHG emissions (ton CO<sub>2e</sub>)



#### Scope 2 - Indirect emissions, electricity consumption 2022\*

	Unit	Electricity consumption	tonCO <sub>2e</sub> /year	Contribution
Electric power Bogota offices	kWh	200,751	22.56	100%
<b>Total</b>	<b>kWh</b>	<b>200,751</b>	<b>22.56</b>	<b>100%</b>

(\* The gas used for the calculation was CO<sub>2</sub>

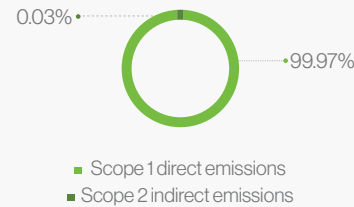
### Emissions – Scope 1 and Scope 2

The analysis of our GHG emissions intensity (scope 1 and scope 2) is now estimated through a third-party according to IPCC<sup>27</sup> guidelines. The increase of 2022 GHG emissions intensity is due to the expansion in our production.

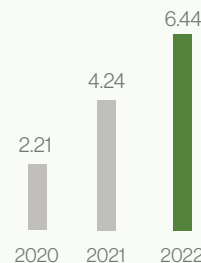
In 2022, following the roadmap established in the assessment of our carbon baseline, we prioritized key actions to curtail our emissions:

- Implementation of technologies to reduce venting and flaring and improved energy efficiency through operational and engineering solutions.
- Utilization of solar energy at well sites and satellite facilities.
- Advancing the feasibility studies for a 1.8 MW solar system to supply our primary plant.
- Constantly monitoring and inspecting our operational systems and facilities to detect and repair leaks through in-house and third-party processes.

#### Total emissions scopes 1 and 2, 2022 (percentage)



#### GHG emissions intensity scopes 1 + 2 (kg CO<sub>2e</sub>/BoE)



#### Scope 1 and scope 2 direct and indirect emissions, 2022

Scope	Activity	tonCO <sub>2e</sub> /year	Contribution
Direct emissions	Stationary combustion	48,092	72.18%
	Mobile fuel sources	159	0.24%
	Fire extinguishers	0.05	0.00%
	Refrigerants	204	0.31%
	Fugitive emissions	18,154	27.25%
<b>Subtotal direct emissions</b>		<b>66,609</b>	<b>99.97%</b>
Indirect emissions	Electric power Bogota offices	22	0.03%
<b>Subtotal indirect emissions</b>		<b>22</b>	<b>0.03%</b>
<b>Total emissions direct and indirect (scope 1 and scope 2)</b>		<b>66,631</b>	<b>100%</b>

<sup>26</sup> In 2022, we reduced the Scope 2 in 2.44 tonCO<sub>2e</sub>

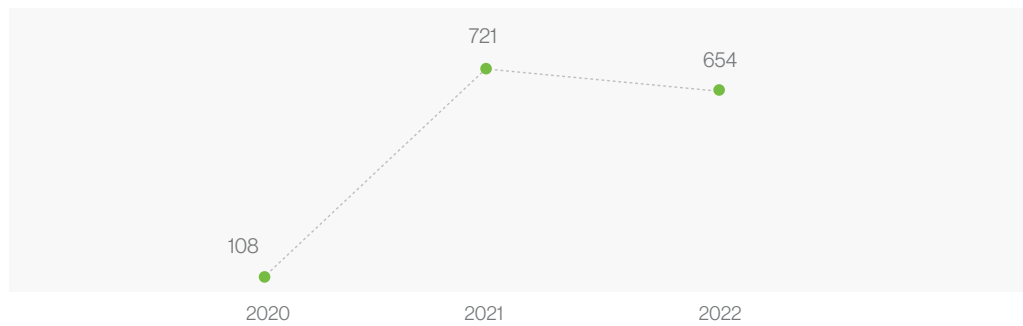
<sup>27</sup> IPCC is the Intergovernmental Panel on Climate Change, report 2006 and the subsequent 2019 refinement for National GreenHouse Gas Inventories.

Emissions CH<sub>4</sub>

CSA 2.3.9, SASB EM-EP 110a.1, EM-EP 110a.3

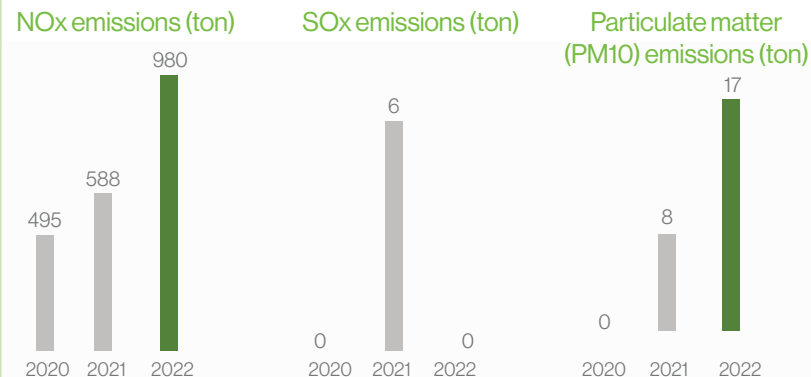
Our initiative to reduce CH<sub>4</sub> emissions by transitioning our operational facilities to solar power has already yielded positive results as evidenced by a downward trend in methane emissions.

Methane (CH<sub>4</sub>) emissions (ton), 2020 - 2022



In addition to monitoring our GHG emissions, we also track other significant air emissions, in particular Nitrogen oxides (NOx, excluding N<sub>2</sub>O), Sulfur oxide (SOx), and pollution related to particulate matter (PM10).

The increase in these contaminants in 2022 is related to the expansion of our operational production. Gross global emissions are also monitored by Canacol, and for scope 1, we monitor Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>) and Nitrous oxide (N<sub>2</sub>O). There is an increment in all these gases.



Gross global emissions of scope 1 GHG emissions into the atmosphere (tonCO<sub>2e</sub>)<sup>28,29</sup>

	2020	2021	2022
Carbon dioxide (CO <sub>2</sub> )	21,013	29,593	48,129
Methane (CH <sub>4</sub> )	3,034	20,182	18,253
Nitrous oxide (N <sub>2</sub> O)	10	15	24

<sup>28</sup> Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy, with the 2019 updates, at [https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2\\_Volume2/V2\\_4\\_Ch4\\_Fugitive\\_Emissions.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_4_Ch4_Fugitive_Emissions.pdf)  
<sup>29</sup> HFC emissions were 203.90 (ton CO<sub>2e</sub>)

## Environmental policy

The objective of Canacol's environmental policy is to guarantee compliance with relevant environmental laws and regulations and to reduce environmental impact. Our Sustainability Policy (HSEQ) embodies our public commitment to protect the environment, to mitigate potential impacts, and to manage the risks associated with our operations. The company verifies, audits, and certifies its Environmental Management System (EMS) currently applying the ISO 14001: 2015 Standard. The certification is granted by SGS after an annual evidence-based audit. Activities to promote and ensure ISO certification:

- Internal and contractor HSEQ (health, safety, and environmental quality) audits.
- An environmental addendum in all contracts including metrics and behaviors in environmental matters.
- Contractor environmental quality plans verifying that their management systems are aligned with Canacol's.
- Annual contractor environmental performance evaluations rewarding the best performance.

Canacol is responsible for developing the Environmental Management Plans (EMPs) associated with exploration and development activities and for communicating and reviewing the EIA (environmental impact assessment) results as well as contractual and regulatory obligations with community groups and local authorities. In 2022, two EIAs were completed and three additional EIA began. Each included identification and analysis of environmental risks and corresponding measures to prevent, mitigate, or compensate for related impacts.

Among the primary potential impacts identified are:

- Modification of the habitat of the hydrobiota and aquatic fauna
- Deterioration of the archaeological heritage
- Increase in airborne particulate matter
- Change in the perception of the visual quality of the landscape
- Generation of expectations in the population
- Change in the physical and biological characteristics of the soil

The EMPs are prepared based on the results of the EIAs as well as environmental license stipulations. Details of the area involved and specific management and monitoring measures to be applied are established for the projects and audited annually by the ANLA.





# Protecting biodiversity

Canacol's ambition is to positively affect biodiversity in our operational areas - protecting, restoring, and enhancing our ecosystems.

GRI 304-1, 302-4, 304-3, 204-4, - CSA 2.4.1  
SASB EM-EP-160a.1



## In 2022

Established nine productive agricultural units in biodiversity conservation agreements

Provided technical training and agricultural materials to four groups of the *Sena Emprande Rural (SER)* program

Established an agreement with the Wildlife Conservation Society (WCS)

Established seven agroforestry and three silvopastoral plots as exemplary models for good practices

Planted trees in 12 community tree-planting campaigns

Organized Canacol Environmental Days with 16 communities in six educational institutions, collecting 94.6 kg of batteries and 365 kg of used agrochemical containers

## Our commitment to biodiversity

Canacol is committed to protecting and enhancing biodiversity in ecosystems where we operate. Our goal is to achieve no net loss of biodiversity and to facilitate positive change. We adhere to strict biodiversity policies and do not conduct operations in designated world heritage or IUCN I-IV protected areas.<sup>30</sup> Prior to commencing operations, environmental assessments are carried out to identify protected and/or sensitive areas to avoid disturbance.

We collaborate with our external partners in fulfilling our biodiversity commitment and engage communities through three main initiatives: agro-productive units, communal plant nurseries, and the "SER" program to enable self-conservation agreements. The ten biodiversity conservation agreements previously signed enabled the establishment of nine productive agricultural units in 2022 promoting food security in exchange for conservation actions by our local collaborators.

In addition, we established ten demonstration plots; seven for agroforestry and three for silvopastoral cultivation. We also strengthened five community-managed nurseries with the support of *CVS*, *SENA*, and Colombian security forces. Our planting program successfully executed twelve campaigns in the Sucre and Córdoba departments planting 4,250 trees in conjunction with seven communities spanning four municipalities.

<sup>30</sup> To know more about Canacol's commitment to biodiversity, please visit our Sustainability Policy (HSEQ) [https://canacolenergy.com/site/assets/files/3758/sustainability\\_policy\\_hseq-1.pdf](https://canacolenergy.com/site/assets/files/3758/sustainability_policy_hseq-1.pdf)

## Scope of biodiversity activities

The blocks awarded to Canacol overlap with one AICA<sup>31</sup> and nine protected areas<sup>32</sup>:

- **AICA Serranía de las Quinchas** (overlaps on 411 ha of the VMM-49 block)
- **DRMI Ecosystem of Open and Shrub Savannahs and Associated Systems in the Municipality of Galeras** (overlaps on 999 ha of block SSJN7)
- **DRMI Complejo Cenagoso de Zapatosa** (overlaps on 341 ha of block VIM-33)
- **DRMI of the Minero river and its surrounding areas** (overlaps on 2,506 ha of the VMM49 block)
- **Serranía de los Yariguies DRMI** (overlaps on 48,323 ha of block VIM-10-1)
- **La Carranchina RNSC** (67 ha of the SSJN7 block and 52 ha of the VIM-5 block overlap)
- **Los Charcos RNSC** (overlaps on 247 ha of the SSJN7 block)
- **RNSC Las Pampas Porvenir** (overlaps on 163 ha of block VMM49)
- **RFPN Serranía de Coraza and Montes de María** (overlaps on 719 ha of the SSJN7 block)
- **RFPR Forest of Santa Inés** (overlaps on 27 ha of the VIM-5 block)

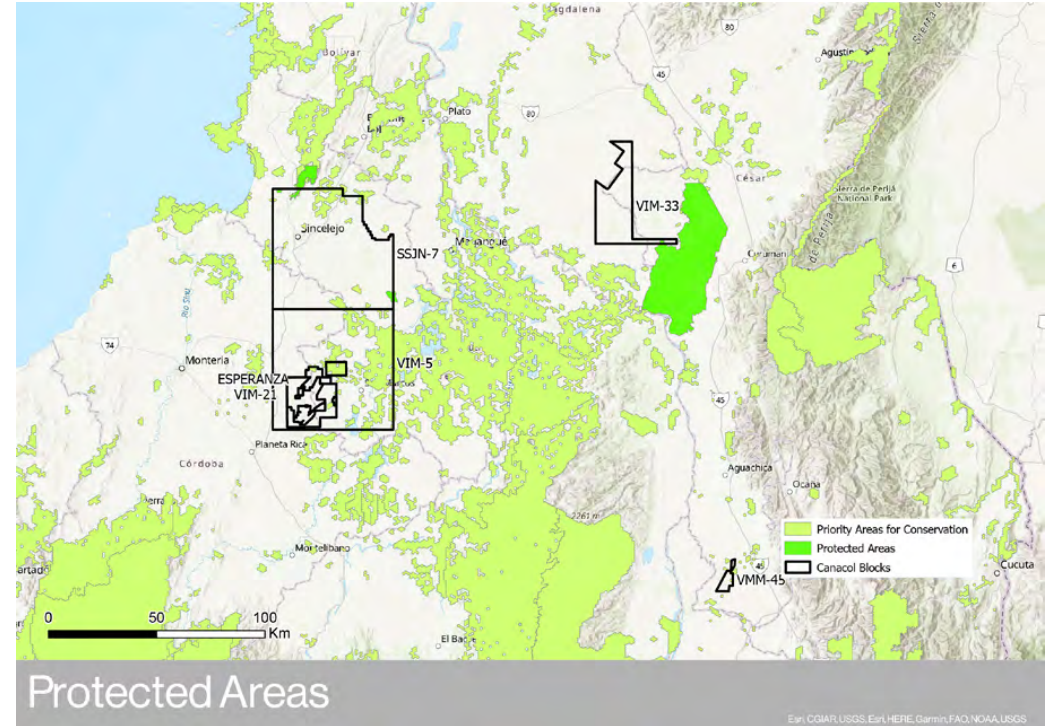
Additionally, the VIM-5 block overlaps with 24 areas identified as important for the conservation of biodiversity, the SSJN-7 block with 11, the VMM-3 block with 4, the Esperanza and VMM-49 blocks with 3, the VMM-2 and VMM-45 blocks with 2, and the VIM-44, VMM 10-1 and VMM-53 blocks with 1. Furthermore, adjacent to the blocks awarded to the company is an additional protected area, the RNSC Cabildo Verde II (near block VMM-53).

<sup>31</sup> AICA stands for Área Importante para la Conservación de las Aves y la Biodiversidad (Important Area for the Conservation of Birds and Biodiversity). It is a designation given to areas that are critical for the conservation of birds and biodiversity.

<sup>32</sup> All areas are category 6. For more information please consult: <https://www.dane.gov.co/files/investigaciones/pib/ambientales/Sima/119-Proporcion-areas-prottegidas-por-SINAP/Proporcion-de-area-prottegidas-por-el-SINAP.pdf>

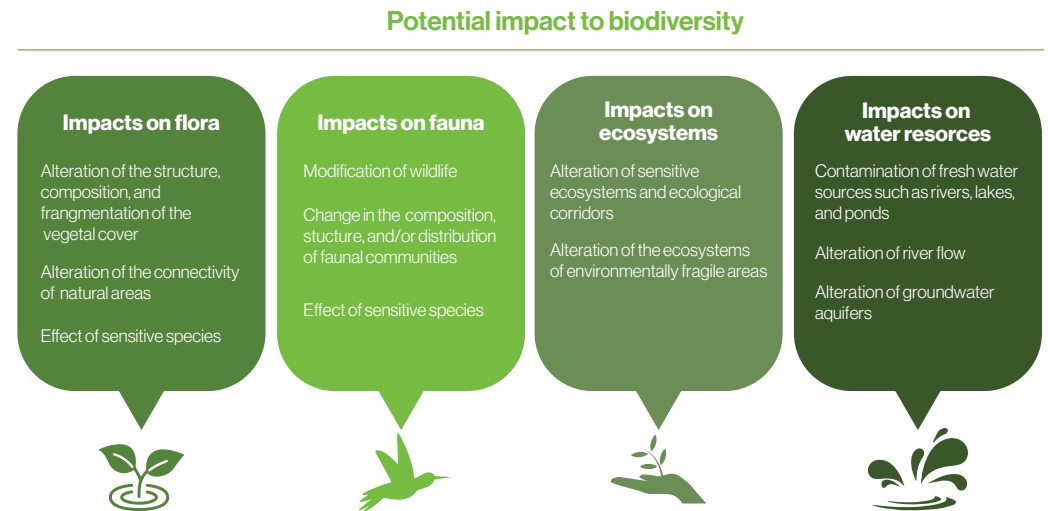
Colombia is the second-most biodiverse country in the world<sup>33</sup>. According to the 2019 Biodiversity Information System, there are 51,330 registered species<sup>34</sup> with more than 1,920 avians, 528 mammals, and 1,521 fish.

**Although the extent of Canacol's exploration blocks overlap with multiple protected areas, we consider these areas "off limits" and exclude them from our operations and plans.**



## Evaluation of biodiversity impacts and remediation strategies

In 2022, we analyzed the potential effects of our operations on biodiversity considering flora, fauna, ecosystems, and hydrobiological resources. Our findings enabled our specialists in environmental sciences, social investment, and engineering to craft mitigation strategies and to implement action plans.



<sup>33</sup> WWF. <https://www.worldwildlife.org/magazine/issues/winter-2017/articles/a-look-at-the-natural-world-of-colombia>.  
<sup>34</sup> Convention on Biological Diversity. <https://www.cbd.int/countries/profile/?country=co>.

Our analysis identified two primary potential biodiversity risks: 1) the alteration of the fauna associated with bodies of water, and 2) the modification of aquatic habitats. Additional minor scale risks were identified for terrestrial fauna and flora. Canacol mitigates these risks with the following actions:

- Executing conservation agreements
- Taking inventory of flora and fauna before commencing operations
- Signage identifying protected areas or species
- Rescue and transfer of vascular epiphytes (mosses, lichens, tree orchids)
- Prohibiting the felling of non-inventoried trees during civil works
- Temporary diversion of terrestrial fauna from immediate operational areas
- Prohibiting hunting and fishing at our operational sites

Our annual study of fauna resulted in the discovery of seven new species — *Elachistocleis pearsei* (Colombian plump frog); *Helicops danieli* and *Oxyrhopus petolarius* (two venomous snakes); *Tantilla semicincta* (a harmless snake); and *Anolis gaigei*, *Marisora aff. Falconensis* and *Ameiva bifrontata* (three lizards).

A focus of Canacol's annual multi-temporal fauna monitoring are umbrella species (those selected for making conservation-related decisions because they protect many other species directly or indirectly) comparing baseline presences through time to identify any negative changes.

The surveys include fieldwork and interviews with local experts and their findings shape our environmental management plans.

## Biodiversity Evaluation

Sites used for operational activities (#)	57
Total area of operational sites (ha)	81.4
Number of biodiversity impact assessments on operational sites executed in the last five years (#)	57
Total area of these sites (last five years) (ha)	81.4
Number of sites assessed that are very close to critical biodiversity areas (#)	0
Total area of evaluated sites near critical biodiversity areas (ha)	0
Number of sites with biodiversity management plan in the sites very close to critical biodiversity areas (#)	0
Land area covered by biodiversity management plans in sites in close proximity to critical biodiversity areas (ha)	0



*Elachistocleis pearsei*, is called Colombian plump frog. It is one of the frogs found in the fieldwork and fauna surveys conducted by Canacol in the critical biodiversity areas areas neighboring operational sites. This frog was not reported before in the fauna inventories for the region.



*Anolis gaigei*, one of the lizards found in the 2022 fauna scouting conducted by Canacol. This newly identified species is now listed as threatened by the IUCN (International Union for Conservation of Nature) Red List of Threatened Species. [IUCN Red List of Threatened Species](#)



*Oxyrhopus petolarius*, also called false coral snake, is one of the snakes found in the 2022 fauna scouting conducted by Canacol. Endemic to South America, this newly identified species is now listed as threatened by the IUCN (International Union for Conservation of Nature) Red List of Threatened Species. [IUCN Red List of Threatened Species](#)



A focus of Canacol's annual multi-temporal fauna monitoring are umbrella species (those selected for making conservation-related decisions because they protect many other species directly or indirectly) comparing baseline presences through time to identify any negative changes. The surveys include fieldwork and interviews with local experts and their findings shape our environmental management plans.

## Protection and reforestation projects

We engage in restoration and protection processes in our operational sites. In 2022, we restored more than 44 ha (108.7 acres) in three municipalities and protected 60 ha (148.3 acres).

Habitat protection projects – 2022 Departments Sucre and Córdoba	Units	2019	2020	2021	2022
Reforested areas	ha	0	0	53.5	44.5
Hours of reforestation maintenance labour - with 100% local workforce	Hours	3,240	3,260	3,240	4,800
Investment (compensation 1%)	USD	\$ 38,602	\$ 23,093	\$ 21,460	\$ 228,490

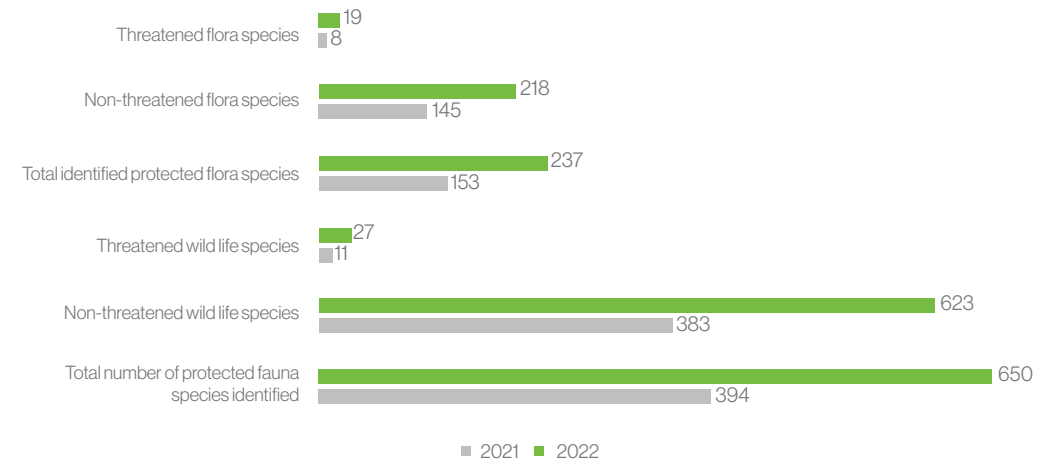
## Protection of natural areas

The company sponsors conservation agreements with landowners and trains them in sustainable forestry activities such as the development of forest orchards and silvopastoral projects.

Protected areas	Units	2019	2020	2021	2022
Protected areas	ha	0	0	60	60
Hours worked in area protection	Hours	0	0	100	59
Investment	USD	0	0	\$21,460	\$1,074 <sup>35</sup>

<sup>35</sup> In 2021, Canacol launched projects related to 60 hectares of protected areas. As a result, there was a difference in investment and hours worked in 2022, a year dedicated solely to maintenance activities.

## Biodiversity risk level, 2021 - 2022



## Conservation initiatives

The company reforested 44.5 ha in areas of environmental importance in 2022 and implemented its conservation strategy through four initiatives:

- 1 Provided agricultural technical assistance in cooperation with CORPOMOJANA to nine units
- 2 Shared best practices for the utilization of conservation and agricultural tools resulting in the establishment of five nurseries
- 3 Raised awareness on environmental topics and delivered materials for agricultural initiatives to four communities
- 4 Conducted monitoring and support on 10 lots — seven for agroforestry and three for silvopastoral projects

**This year Canacol restored more than 44 ha (108.7 acres) in 6 sites in 3 municipalities.**

Canacol ensures that it does not carry out activities in protected or critical habitat areas through the following measures:

- Environmental management zoning identifying areas of environmental importance and establishing them as non-intervention areas
- Programs to rescue and relocate fauna and flora prior to the start of civil works in any project and to divert fauna away from active operations
- Directional drilling where appropriate to maintain surface distance from sensitive ecosystems

Canacol promotes biodiversity through the following measures:

- Sponsoring conservation agreements with landowners whose properties contain areas of tropical dry forest harboring biodiversity.
- Promoting conservation of the region's flora and fauna through community training and workshops.
- Restoring damaged or depleted areas in compliance with ANH contractual commitments

The conservation agreements are prepared by specialist contractors and are approved by the National Authority for Environmental Licenses ANLA (in Spanish, Autoridad Nacional de Licencias Ambientales). The ANLA also conducts annual audits of each contract block to verify compliance with contractual environmental obligations and legislation. Canacol successfully passed all ANLA audits in 2022. As an additional achievement in 2022, we established an agreement with the Wildlife Conservation Society (WCS) to be executed in 2023 for the reforestation of 13 hectares in the La Carranchina Reserve.

## No oil spills

Canacol had no reportable oil spills in 2022. Oil spill data was audited by the ANLA and the National Hydrocarbons Agency (ANH). As a spill identification and prevention method, our wells, gathering systems, and plants are continuously monitored and a robust mechanical integrity and maintenance system is in place. In 2022, we had 17 Concerns, Requests, Complaints, and Claims (CCRC) related to environmental issues. All were effectively addressed and closed. None were related to oil spills.



### Karen A. Ordóñez

ESG and Environmental Affairs Specialist

*I am an environmental engineer, holding an MSc in Environmental Management, with experience in sustainability management in South America, Central America, and the Caribbean region, in a variety of industrial sectors. I am driven by my passion for preserving the natural environment, which was the main driver in my choice of career path and specialization.*

*I recently joined Canacol, and, as the Sustainability Specialist in the ESG Department, my main responsibilities are to lead the implementation of the decarbonization plan and monitoring of our Scopes 1, 2, and 3 emissions. I also serve as the main liaison for the activities Canacol advances for protecting and preserving the environment in terms of*

*water management, waste management, and biodiversity.*

*I look forward to support the decarbonization project of Canacol in 2023.*



# Reusing and repurposing our waste

Waste reduction is a priority for Canacol as part of our commitment to respect the environment.

GRI 306-1, 306-2, 306-3, 306-4, 306-5, -CSA 2.3.5, 2.3.8



## In 2022

Contracted with a certified waste-management consultant

Provided training for 100% of our workers and contractors on waste separation and handling

Recycled used lubricants and oily waste

Repurposed demolition materials for new construction

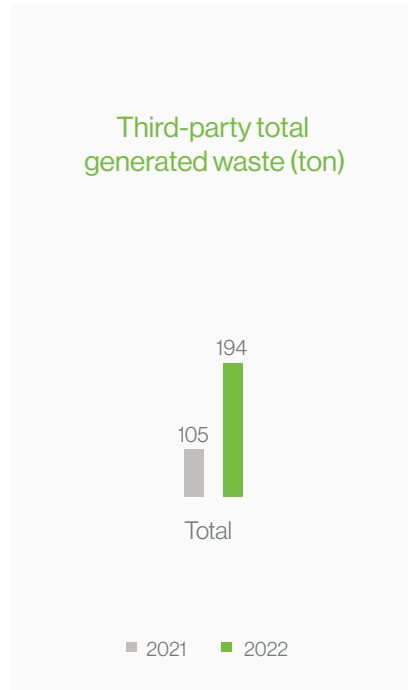
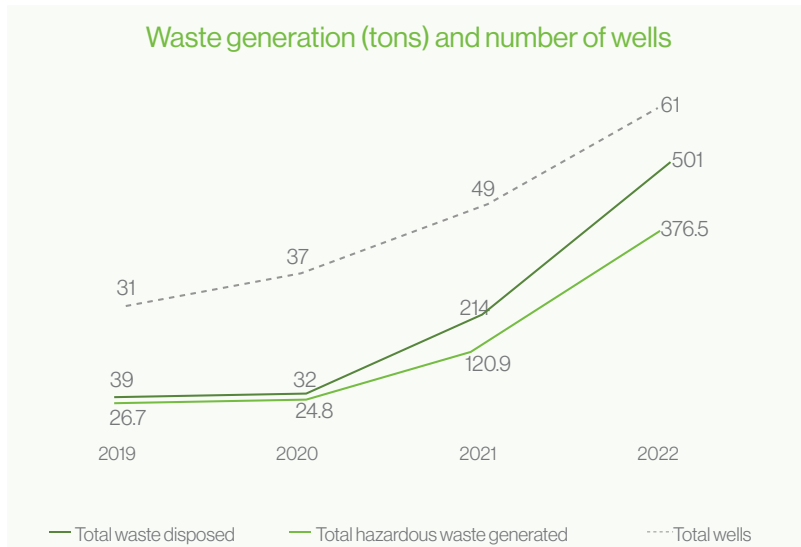
Monitored 100% of our contractors' waste-disposal compliance training on waste separation, recycling, repurposing, and reutilization

Repurposed hazardous waste, obtaining energy cogeneration through incineration

## Generated Waste

Canacol faces a challenge to reduce our waste streams as our investment activity level and operational scale continue to increase. We are seeking creative and innovative solutions to meet the challenge and to reduce waste streams below our historical benchmarks.

## Total generated waste

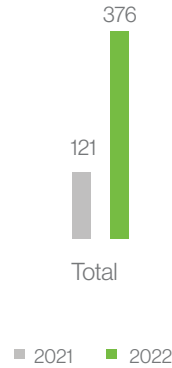




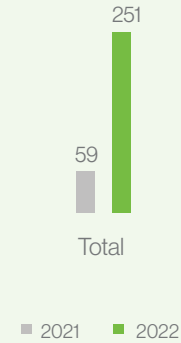
## Total hazardous generated waste

Canacol is actively seeking creative and innovative solutions to meet the challenge and to reduce waste streams below our historical benchmarks.

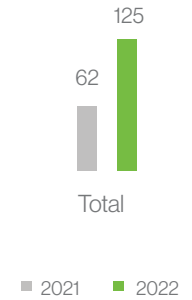
Total hazardous generated waste (ton)



Direct hazardous generated waste (ton)



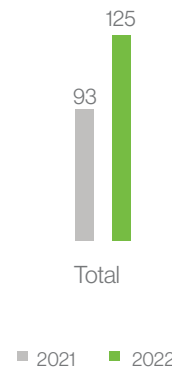
Third-party hazardous generated waste (ton)



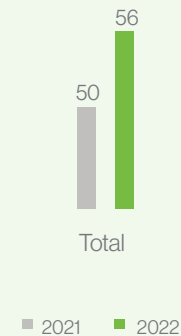
## Total non-hazardous generated waste

In 2022, we hired a reputable, certified, and technologically advanced waste-management contractor to focus on minimizing and/or eliminating waste streams and to dispose of the remaining waste in an eco-friendly manner. The program focus was also expanded to include additional segments of our value chain.

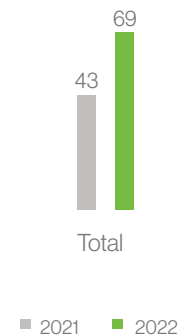
Total non-hazardous generated waste (ton)



Direct non-hazardous generated waste (ton)



Third-party non-hazardous generated waste (ton)

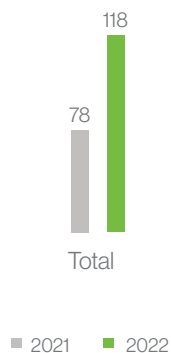


## Waste management

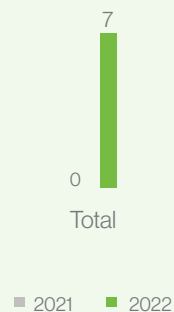
We implemented a variety of waste disposal methods, including recycling, reutilization, and landfills. We carefully monitored the waste volumes generated by both our company and third parties and required our contractors to adhere to the same waste management standards.

The disposal of oily drilling muds, cuttings and contaminated soil was carried out through bioremediation and subsequent reincorporation into landfarming. On the other hand, oily waters were treated by an authorized and certified contractor using modern wastewater treatment plants and subsequent discharge.

Non-hazardous waste sent to landfill (ton)



Non-hazardous recycled and reutilized waste (ton)



### Hazardous waste management, 2022 (tons) <sup>36</sup>



<sup>36</sup> For waste disposed of in other ways, oily sludges and contaminated soils were treated through bioremediation and subsequent reincorporation into landfarming. On the other hand, oily waters were treated by an authorized contractor via wastewater treatment plants and subsequent discharge. The total waste disposed (non-hazardous and hazardous residues) was 467 tons, with 118 non-hazardous and 349 hazardous tons.

## Non-hazardous waste by direct and non-direct activities (kg)

	2021	2022
<b>Direct activities</b>	<b>58,735</b>	<b>251,407</b>
Production	58,735	251,407
<b>Sub-contracted activities</b>	<b>62,161</b>	<b>125,121</b>
Drilling	60,636	114,138
Platform modifications	98	2,746
Civil works for improvement	0	1,146
Flow-line construction	117	1,287
Platform construction	1,310	4,962
Installation optimization	0	842
<b>Total</b>	<b>120,896</b>	<b>376,528</b>

Total Waste generation	Unit	2019	2020	2021	2022
Total waste disposed	ton	39	32	214	501
Waste management	%	0	46	18	11

Hazardous waste generation	Unit	2019	2020	2021	2022
Total waste disposed	Ton	0	61	121	377
Waste management	%	0	47	19	13

## Hazardous waste by direct and non-direct activities (kg)

	2021	2022
<b>Direct activities</b>	<b>49,626</b>	<b>55,776</b>
Production	49,626	55,776
<b>Sub-contracted activities</b>	<b>43,150</b>	<b>69,098</b>
Drilling	39,281	61,099
Platform modifications	313	131
Civil works for improvement	0	764
Flow-line construction	147	2,639
Platform construction	3,409	3,923
Installation optimization	0.00	542
<b>Total</b>	<b>92,776</b>	<b>124,874</b>

**In 2022, we added incineration/cogeneration to dispose of 6% (22.5 tons) of our total hazardous waste stream.**

The activities that generated the greatest amount of waste were our production and drilling operations. 2022 waste stream increases reflect increased operational activities (well construction, gathering system expansion).

We launched a more aggressive recycling initiative in 2022, improving our recycling rate to 6% and thus reducing our use of landfills.

To mitigate the growth of our waste streams we adopted disposal methods that generate value to promote adoption. An important first step was a program of incineration with cogeneration/energy recovery for hazardous waste materials – a total of 22.5 tons or 6% of our total hazardous waste.

An additional program utilized bio-remediation of oily sludge and contaminated soil via landfarming for disposal.



# How we use water

Canacol is committed to using water efficiently as part of our environmental goals.

GRI 303-1, 303-2, 303-3, 303-4, 303-5



## In 2022

Canacol does not operate in areas of water stress and carefully monitors water usage to optimize consumption, to prevent waste, and to minimize freshwater intake

Our operation does not extract water from surface sources

Neighboring communities are not affected by our use of water

We expand water availability for our neighbors by drilling potable water wells and constructing aqueducts

We recycled 21% of water in our operations

## Our water use strategy

As part of our environmental licensing process, we conduct hydrological studies to assess water availability. If required, we obtain permits from environmental authorities to capture water in specific locations and at designated times. Canacol systematically tracks and maps water use in our regions of operation utilizing a comprehensive water-management tool that factors local water stress, the World Resources Institute's Water Risk Atlas<sup>37</sup> and the Colombian Institute of Hydrogeology, Meteorology and Environmental Studies, IDEAM<sup>38</sup>. We have assessed water stress levels at our sites, determining we operate in low-stress areas.

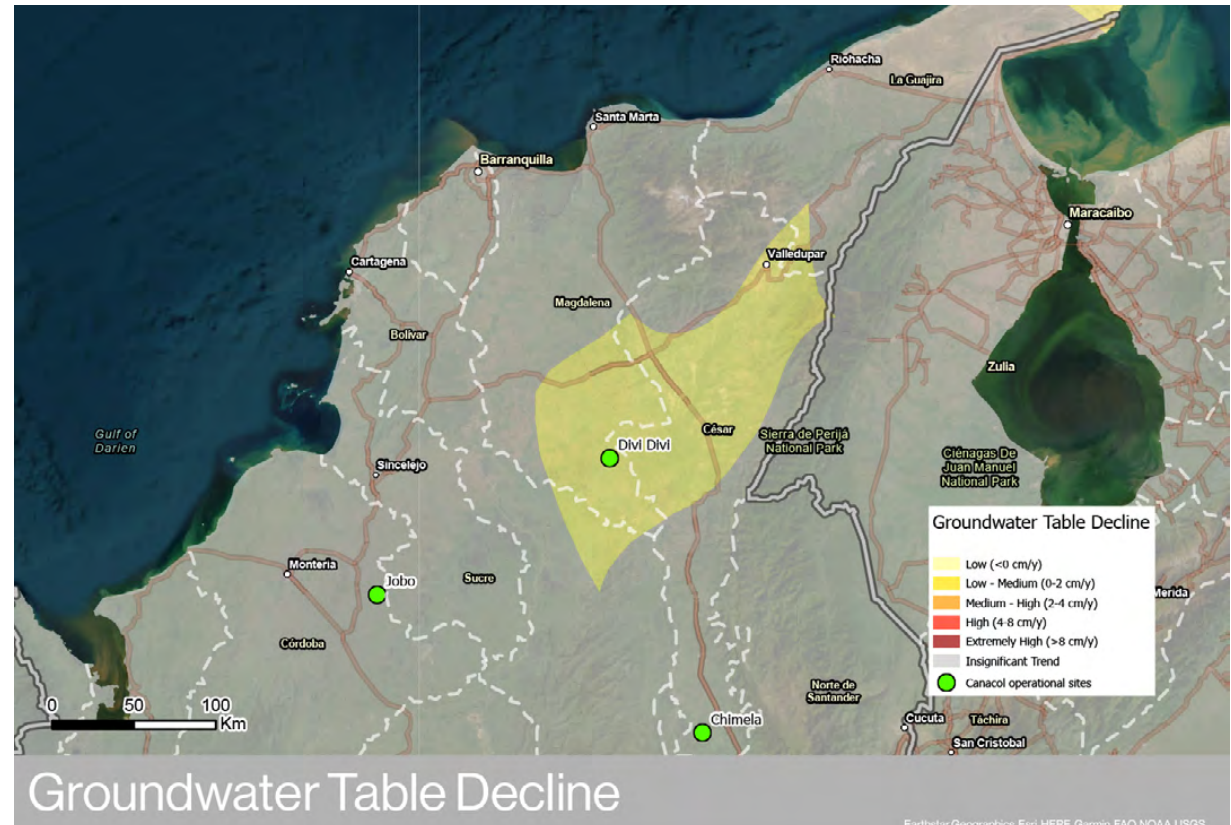
- **Water stress analysis<sup>39</sup>:** Our operational sites in the departments of Sucre and Córdoba (green dots on the map), show no decline of groundwater level or a low level of decline (in VIM-33).
- **Water stress analysis/overall water risk:** The departments of Córdoba and Sucre, where our operational sites are located (indicated by green dots) are ranked as low-medium risk.

**Canacol does not extract water from water stressed areas.**

<sup>37</sup> <https://www.wri.org/data/aqueduct-water-risk-atlas>

<sup>38</sup> IDEAM, the Colombian government agency responsible for the management of hydrological, meteorological, and environmental studies. [www.ideam.gov.co](http://www.ideam.gov.co)

<sup>39</sup> The data was taken from the Groundwater Table Decline map from the Water Risk Atlas database.

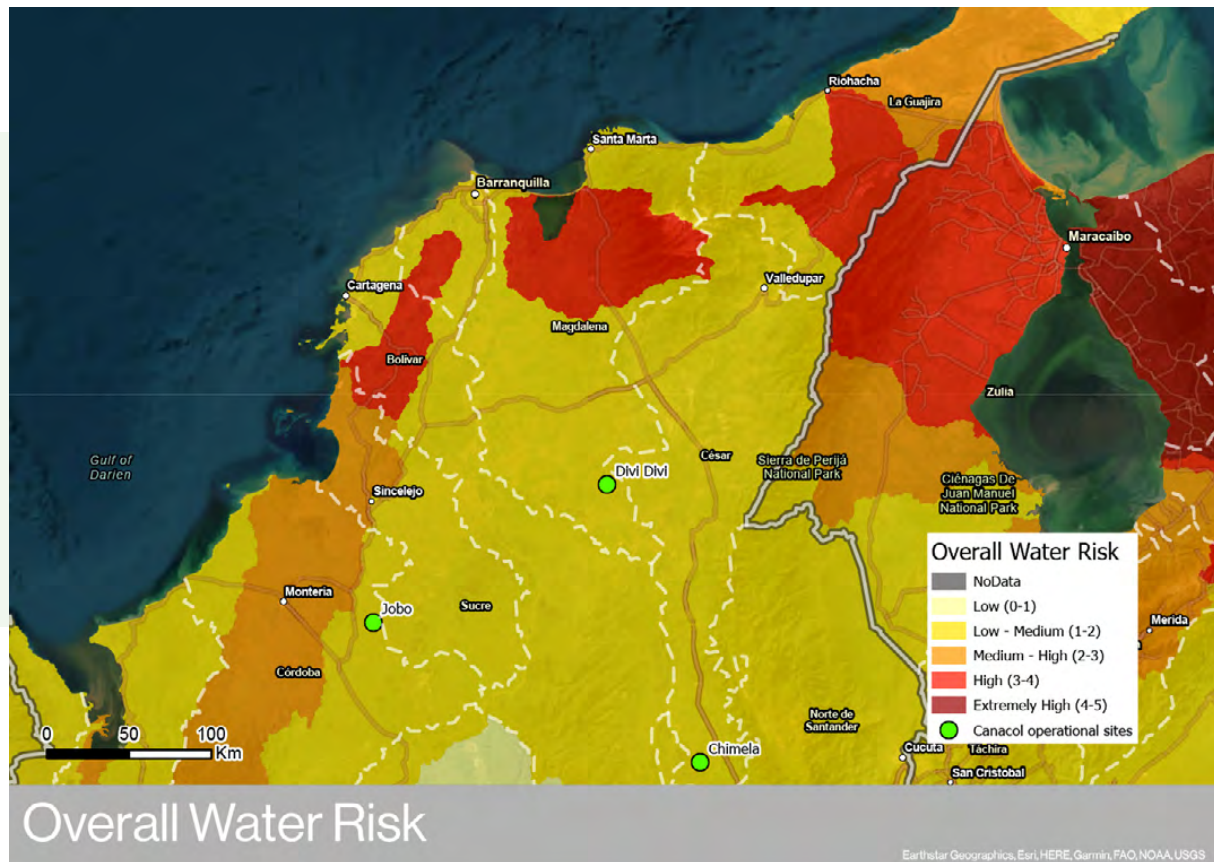


Groundwater Table Decline

Earthstar, Geographica, Esri, HERE, Garmin, FAO, NOAA, USGS

### Water-risk management

We manage water-related risks through a process of assessment, prevention, and planning. This is done to preserve aquifers, improve access to groundwater, and diminish or eliminate our need to extract surface water. During project planning stages, we conduct a thorough analysis of regional water availability and develop strategies for managing our sources of supply by prioritizing our intakes from recycling industrial water, collecting rainwater runoff, and purchases from third-party suppliers. We engage with communities lacking access to municipal water and drill wells or expand aqueducts to provide access to potable water.





## Water consumption according to extraction source

	Unit	2019	2020	2021	2022
<b>Supply:</b> Total supply of municipal water <sup>40</sup> (or other public water utilities)	ML	25.70	27.30	43.43	51.92
<b>Extraction:</b> Surface water <sup>41</sup> (lakes, rivers, etc.)	ML	1.70	1.70	0.00	0.00
<b>Extraction:</b> Groundwater <sup>42</sup>	ML	2.20	0.00	3.43	10.26
Rainwater	ML	0.00	0.00	0.75	0.92
Seawater	ML	0.00	0.00	0.00	0.00
<b>Discharge:</b> Water returned to the source of extraction with a quality like or better than that withdrawn (only applies to surface and groundwater)	ML	0.00	0.00	0.00	0.00
Sewage water	ML	0.00	0.00	13.99	18.09
Recycled water	ML	4.80	7.10	6.19	9.50
Total net consumption of fresh water <sup>43</sup>	ML	27.40	29.00	46.86	62.18
Equivalent barrels	BoE	0.00	0.00	0.00	0.00
Water consumption intensity	m <sup>3</sup> /BoE	0.00	0.00	0.00	0.00
Total cost of water paid	\$	0.00	0.00	174.130	0.00
Data coverage (in % of denominator)	%	0.00	100	100	100
Total percentage of water recycled and reused	%	17.00	24.48	13.21	15.28

<sup>40</sup> 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 (as described in the GRI Standard).

<sup>41</sup> Water that is naturally present on the Earth's surface as ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams (Water Security Reporting Guidance, 2018, CDP, as described in the GRI Standard).

<sup>42</sup> Aquifers. Water stored in a subsurface formation, from which it can be extracted (ISO 14046:2014), as described in the GRI Standard.

<sup>43</sup> At Canacol, we consider fresh water the addition of acquired or extracted volumes. Therefore, our 'total net consumption of fresh water', is derived from adding 'total supply of municipal water' and 'Extraction: groundwater' items in the table. In addition, 'total water consumption' includes 'Rainwater' and 'Recycled Water'.



## Water consumption according to use

Canacol optimizes water management and avoids waste. Tactics include:

- Recycling of water in drilling operations
- Reuse of rainwater for activities such as concrete formulation and hydrostatic testing of lines
- Reuse of treated water as dust control on unpaved roads and civil work sites
- Coordination with contractors for a more integrated water use and reuse strategy

Water consumption for operations rose from 46,860 m<sup>3</sup> to 62,175 m<sup>3</sup> (25%) in 2022, a result of increases in drilling activities, dust control for expanded civil works, and sales volume driven cooling of compression systems. In 2022, our total water discharge increased 39% to 2,610 m<sup>3</sup>, driven by a combination of overall usage increases and one-time occurrence in our exploratory drilling program requirements. None of Canacol's discharged water contained hydrocarbons. Injection water quality complies with Colombian environmental resolutions 1295 of 2019, 098 of 2008, and 1501 of 2017 including monitoring for substances of concern such as chlorides, fats, oils, BOD5, TSS, coliforms, and heavy metals.



Water consumption according to activity	Unit	2019	2020	2021	2022
Drilling	m <sup>3</sup>	0	0	37,121	44,454
Platform modifications	m <sup>3</sup>	0	0	129	1,892
Enhancement to infrastructure – civil works	m <sup>3</sup>	0	0	162	288
Flow-line construction	m <sup>3</sup>	0	0	111	1,334
Platform construction	m <sup>3</sup>	0	0	2,430	3,786
Production	m <sup>3</sup>	0	0	13,858	20,775
Installations optimization	m <sup>3</sup>	0	0	8	62
Total	m <sup>3</sup>	0	0	53,819	72,591

Water consumption according to use	Unit	2019	2020	2021	2022
Domestic use	m <sup>3</sup>	0	0	15,792	7,974
Industrial use	m <sup>3</sup>	0	0	38,027	64,617
Total	m <sup>3</sup>	0	0	53,819	72,591

Discharge	Unit	2019	2020	2021	2022
Soils	Thousands of cubic meters	0	0	2.47	2.61
Percentages in water	Unit	2019	2020	2021	2022
Percentage discharged	%	0	0	3.6	1
Injected percentage	%	0	0	96.4	99
Hydrocarbon content percentage in discharged water	%	0	0	0	0

### Total fresh water discharged, 2019 - 2022

	Unit	2019	2020	2021	2022
Third parties for treatment and subsequent discharge	Thousands of cubic meters	0	0	4.26	5.27
Road irrigation and infiltration system	Thousands of cubic meters	0	0	9.73	4.02
Water injected, treated and reinjected formation water	Thousands of cubic meters	0	0	67.44	47.17
<b>Total fresh water discharged</b>	Thousands of cubic meters			81.43	57.16

### Commercial impacts

Canacol did not have any water-related incidents with a financial impact greater than \$ 10,000. The company does not employ water-intensive hydraulic fracturing techniques. During its 2022 drilling campaign, Canacol increased its use of recycled water by 53% year over year. Goals regarding water consumption:

	Unit	2022
Total Net Freshwater Consumption Target	MMm <sup>3</sup>	0.062



# Advancing sustainability with the community

Canacol is committed to sharing its sustainability vision with neighboring communities and to improve their well-being and quality of life.

SASB Eam-EP-160a.1. SDG15



## Canacol's Agricultural Ecological Projects with SENA

Canacol's Agricultural Ecological Project in partnership with Servicio Nacional de Aprendizaje (SENA) provides local communities with self-sustaining practices to meet their needs and replaces their deforestation activities in protected areas.

Our strategy is to implement productive systems such as family gardens and chicken coops to reduce pressure on forested areas as well as to provide training on sustainable management.

We also developed, in partnership with the Córdoba Commerce, Industry, and Tourism Center and the SENA Rural Training Center, a self-sustaining program in the municipalities of Sahagun and Pueblo Nuevo to promote entrepreneurship and established nine sustainable production units.

In the community of Santiago Abajo, we supported an agricultural project benefiting mothers who organize vegetable gardens and raise hens to commercialize egg production, strengthening local food security.



**In 2022, Canacol sponsored agreements protecting 60 hectares of at-risk forest.**



# Our environmental management at Rancho Hermoso

Practical examples and success measures of our environmental caring.



We operate the Rancho Hermoso oil field through a participation agreement with Ecopetrol, which holds the environmental license as the primary contract holder with the ANH. Canacol is accountable for ensuring compliance with environmental regulations. Rancho Hermoso accounts for 2% of our production and is currently in its mature production phase. No new exploration or development projects are expected.

## Emissions

Emissions CH4  
CSA 2.3.9, SASB EM-EP  
110a.1, EM-EP 110a.3

In Rancho Hermoso, we monitor the emissions with detail and periodicity. The total of direct GHG emissions is 18,399.72 ton CO<sub>2e</sub>, 76% of which is due to stationary combustion for electric generation.

### Total energy consumption in Rancho Hermoso

	Unit	2019	2020	2021	2022
Total renewable energy consumed	GJ	0	0	0	0
Total renewable energy consumed	MWh	0	0	0	0
Total non-renewable energy consumed	GJ	0	0	0	45,733
Total non-renewable energy consumed	MWh	0	9,660	10,727	12,668

Emissions Scope	tonCO <sub>2e</sub> /año	Contribution	
<b>Scope 1 (Direct emissions)</b>	Stationary combustion	14,055.21	76.39%
	Mobile combustion	-	0.00%
	Extinguishers	0.01	0.00%
	HFC from A/C & Refrigeration	25.60	0.14%
	Fugitive emissions	4,318.90	23.47%
<b>Subtotal Scope 1</b>	<b>18,399.72</b>	<b>100%</b>	
<b>Total GHG emissions</b>	<b>18,399.72</b>	<b>100%</b>	

## Water

CSA 2.3.4, GRI 303-3,  
SASB EM-EP-140a.1,  
EM-EP-140a.2

Extraction of water from the catchment sources

Water withdrawals	Unit	2019	2020	2021	2022
Surface water <sup>44</sup>	ML	0	0	0	0
Underground water <sup>45</sup>	ML	0	2.2	1.58	2.88
Produced water	ML	0	0	0	0
Third party water <sup>46</sup>	ML	0	0	0.01	0.01
<b>Total water extraction</b>	ML	0	2.2	1.59	2.89
<b>Total water consumption</b>	ML	0	2.2	1.59	2.89

Fresh water discharge	Unit	2019	2020	2021	2022
Discharges to surface waters	ML	0	0	0	0
Groundwater discharges	ML	0	0	0	0
Dumping into marine waters	ML	0	0	0	0
Discharges to third party waters	ML	0	0.002	0.08	0.1
<b>Total discharges</b>	ML	0	0.002	0.08	0.1

<sup>44</sup> Water that 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).

<sup>45</sup> Water stored in a subsurface formation from which it can be extracted (ISO 14046:2014), taken from the GRI Standard.

<sup>46</sup> 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)

## 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 the National Environmental Licensing Authority and the National Hydrocarbons Agency (ANH).

**Rancho Hermoso is a prime example of how we care for the environment, and our sustainability focuses on water and waste management.**

## Waste

CSA 2.3.5, GRI 306.2

During the selection process for a waste management supplier, various regulatory and technical criteria were considered. These included the validity and coverage of environmental authorizations, adherence to hazardous waste transport regulations, the implementation of clean technologies and energy-efficient waste treatment methods, and proximity to projects and contingency coverage.

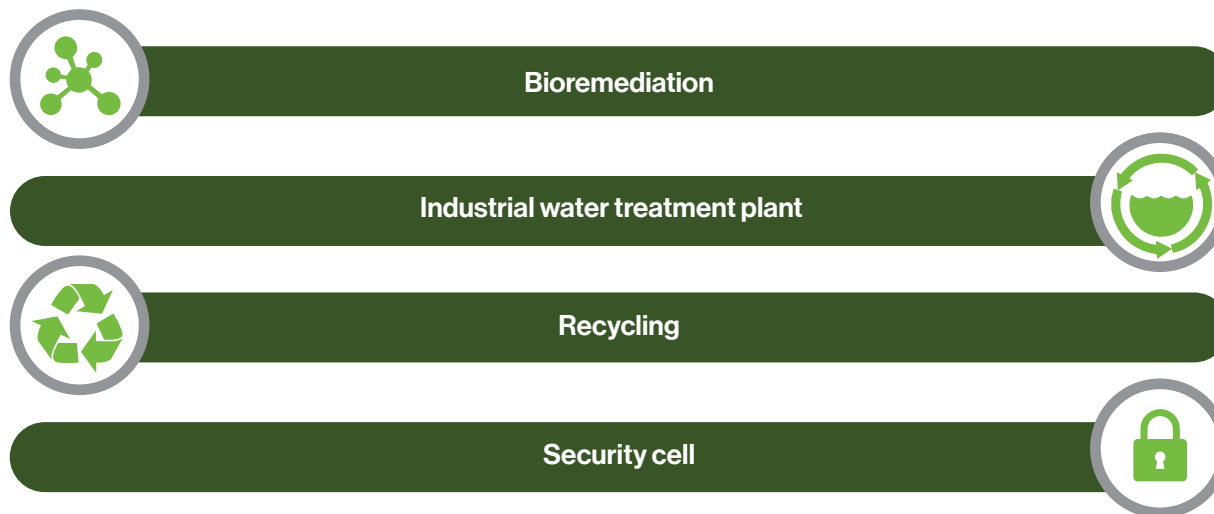
Non-Hazardous waste	Unit	2022
Reuse	Kg	0
Recycling	Kg	1,124
Composting	Kg	0
Recovery (including energy recovery)	Kg	0
Incineration (mass burning)	Kg	0
Deep well injection	Kg	0
Dump	Kg	3,073
On-site storage	Kg	0
Other	Kg	0
Total	Kg	4,197



In 2022, the selection process for waste disposal methods incorporated the search for alternatives that optimize waste reduction. For example, an agreement was established to refine used oils and reincorporate them as lubricants or fuel for ships. Additionally, we implemented recycling processes to reintegrate recyclable waste into production cycles.

The hazardous waste disposal treatment consists of several options and processes.

These are carried out through specialized third parties.



Hazardous waste	Unit	2022
Reuse	Kg	0
Recycling	Kg	0
Composting	Kg	0
Recovery (including energy recovery)	Kg	0
Incineration (mass burning)	Kg	0
Deep well injection	Kg	0
Dump	Kg	102,812
On-site storage	Kg	0
Other	Kg	384,624
<b>Total</b>	<b>Kg</b>	<b>487,436</b>

The image shows two workers, a woman on the left and a man on the right, both wearing white hard hats with the CANACOL ENERGY logo and safety glasses. They are dressed in light blue button-down shirts. The woman is also wearing dark jeans and has a Motorola walkie-talkie clipped to her belt. The man is wearing dark trousers and also has a walkie-talkie. They are standing in an industrial setting with large white cylindrical tanks in the background. One tank has the text 'TRANSPORTE DE GNL' and 'GNL' visible. A hazard diamond with the numbers 3, 4, 0, and W is also visible on the tank. The scene is lit with warm, golden light, suggesting late afternoon or early morning.

# Social Empowering our people

Human rights  
Harnessing diversity  
Investing in people  
Creating prosperity  
Contributing to the SDGs



# Empowering our people

Canacol strives to make a positive impact on people and to have our actions speak louder than our words. Our accomplishments in 2022 demonstrate our commitment to enhancing the well-being, prosperity, and health and safety of our employees, contractors, and the communities we serve. We flourish by doing the right thing for the right reasons.

Our success is anchored in our ability to attract and retain exceptional talent, to serve our stakeholders, and to respect and support the rural and Indigenous populations in our operating areas. We continually develop our workforce and promote an inspirational, transparent, and caring organizational culture, to catalyze the accomplishment of our objectives in the short, medium, and long term.

Canacol prioritizes diversity and inclusion while also respecting and nurturing our environment by celebrating the unique cultural, ethnic, gender, and age differences among our team members and communities. We protect the environment with a genuine commitment to a better and cleaner future for all.





# Human Rights

Respect for human rights is ingrained in our strategies and principles.

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 11.17.1



## In 2022

Operated with no human rights violations

Conducted human rights training for 100% of employees, direct contractors, and public workforce  
476 employees  
724 Tier-1 suppliers  
39 public force  
13.8 hours/year

Launched a human rights whistleblower hotline

Included human rights provisions in 100% of our contracts

- Updated of our human rights policy
- Enhanced due diligence processes in our operations, including joint-venture activities and suppliers engagements

Became a new member of the Voluntary Principles on Security and Human Rights Initiative and IPIECA

Human rights and the 2030 Agenda for Sustainable Development are inextricably connected. The 17 Sustainable Development Goals (SDGs) “seek to realize the human rights of all”, and more than 90% of the SDGs targets directly reflect elements of international human rights and labour standards.

Canacol's commitment to respecting human rights guides our operations and is manifested in our corporate policies, goals, and norms.

In 2022, Canacol successfully marked another year of no human rights violations, a record we have maintained since the inception of the company. We implemented a new due diligence process to identify, assess, and eliminate potential human rights breaches and violations. We also launched an independently managed whistleblower grievance system to enhance the reporting of potential infringements on human rights.

Our human rights training programs included 100% of our employees, direct contractors, and the private and public security forces who protect our personnel and physical assets.

Our proactive actions earned us an invitation to join the [Voluntary Principles Initiative](#), a membership-based, global, multi-stakeholder platform dedicated to sharing best practices in human rights. We also joined [IPIECA](#), the global oil and gas association dedicated to advancing environmental and social performance across the energy sector. We began our relationship with IPIECA by conducting activities focusing on human rights due diligence and supply-chain human rights management.

## Our approach

Canacol respects human rights in all facets of our operations and activities. Our commitment is embedded within our corporate [Code of Ethics and Business Conduct](#) as well as our [Human Rights Policy](#). Our approach follows the [United Nations' Guiding Principles for Business and Human Rights](#), the [Voluntary Principles on Security and Human Rights](#), and the [International Labour Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work and its follow-up](#) (declaration adopted in 1998, amended in 2022).

In addition to the ILO Declaration, we comply with and adhere to relevant international and national laws and treaties adopted or ratified by the government of Colombia. We invite you to become acquainted with Canacol's human rights framework.

We aim to have a positive influence on our employees, contractors, suppliers, and local communities. We vigorously condemn any violations of human rights and work towards raising awareness, implementing best standards, and preventing breaches in the respect for human rights.

We participate actively in human rights committees at the national and international levels and look to continually expand our actions and partnerships, which include:

- Social, Labour and Environmental Committee of the ACP (Colombian Petroleum Association).
- Social and Environmental Committee of Naturgas (Colombian Natural Gas Association).
- Colombian Committee on Human Rights, DEI, Environmental and Social Pact.
- IPIECA Human Rights, DEI, Environmental and Social Committee.

Voluntary Principles on Security and Human Rights Committee (new member in 2022).

## Our human rights practices

Canacol does not tolerate the employment of children or forced labour of any kind in our workforce. We have a process in place to promptly and effectively address any breaches or violations of human rights reported by our workforce, stakeholders, contractors, or local communities. It is noteworthy that throughout Canacol's operational history we have not received a single complaint pertaining to human rights.

We promote freedom of association to eliminate all forms of discrimination in employment and contracting as well as in our internal and community workflows. Our attention to and

prioritization of human rights issues is embodied in our Board of Directors procedures and corporate policies. Our actions and initiatives to protect human rights center around the five major risk areas for the oil and gas sector: labour rights, health and safety, communities, supply chain, and physical security. Our human rights framework, policies, awareness campaigns, and progress are summarized and contained in the Code of Conduct and Ethics for Contractors and Suppliers and Canacol's Human Rights Due Diligence Process.

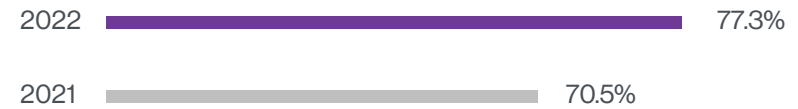
**In 2022, Canacol successfully marked another year of no human rights violations, a record we have maintained since the inception of the company.**

## Labour rights

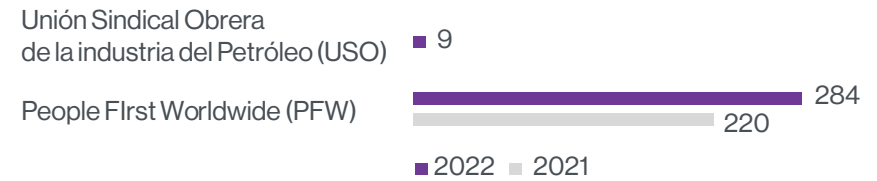
CSA Freedom of association UNGC Principle 3 GRI 2-30 GRI 11:13.2

The right of union affiliation is an integral element of human rights as recognized in international human rights law. Freedom of association is evidenced in our workforce with 77.3% of Canacol's employees affiliated with one of two labour unions: *People First Worldwide* (PFW) (96.93% of all unionized employees) and *Unión Sindical Obrera de la Industria del Petróleo (USO)* (3.07% of all unionized employees) in 2022. Both unions participate in Canacol's collective-bargaining processes<sup>47</sup>.

### Unionized employees, 2021-2022



### Canacol's unionized employees by union, 2021-2022



<sup>47</sup> Data includes direct employees located in Colombia.

### Claudia Lafaurie

Vice President Legal & General Counsel

*I lead the preparation, implementation, monitoring, and assessment of the legal framework for all activities of Canacol. I find my role both challenging and fascinating, as I must make sure we comply with the legal framework in several countries, for our current and future operations.*

*Canacol's policies and commitment to respect human rights throughout our operations and our value chain are inspirational in my work. I particularly like the project planning and implementation phases where we ensure alignment of Canacol's human rights policies with current international and national regulatory and policy frameworks.*

*I am proud of Canacol's commitment towards a better society and particularly as I see how our activities are developed respecting and promoting human rights while improving the well-being and prosperity of the communities neighboring our operational sites.*



## Good Labour Practices (GLP)

SASB EM-EP-210b1 CSA  
Supply chain management  
CSA ESG integration in  
SCM strategy GRI 308-1  
GRI 308-2 GRI 11:10.8 GRI  
11:2.3 GRI 11:10.9

Canacol's Good Labour Practices Performance audits include our employees, suppliers, and contractors. Clauses covering respect for and promotion of human rights are included in all contracts as well as in our Physical Security Addendum, Good Labour Practices Guide, and the Code of Conduct for Suppliers.

Through diligent monitoring and annual audits of our GLP performance, we reinforce our corporate culture of compliance with voluntarily labour obligations as well as those required by law. We perform on-site audits and evidence-based reviews and engage in worker interviews to verify compliance. Our supplier's interaction platform includes a section that assesses their progress in the implementation of human rights policies. Any identified instances of non-compliance are diligently tracked until resolved. The 2022 GLP audit process yielded the following continuous improvement trends.

### Good Labour Practices (GLP) 2021-2022 <sup>48</sup>

	2021	2022
Percentage of contractors that demonstrated compliance with agreed labour and community legal aspects	90.8%	91.4%
Number of GLP controls	358	347
Number of assessed skilled and unskilled workers	5,609	5,842
Number of work hours in GLP processes	7,319	7,079
Percentage of companies compliant with labour and community agreements *	84.8%	84.4%
Percentage of companies with implementation plans for continuous improvement	98.3%	98.9%

(\*) This GLP indicator was recalculated in 2022 in reference to data published in our 2021 ESG Report. Now, it better reflects all Canacol's suppliers and contractors.

<sup>48</sup> Canacol assures that contractors and subcontractors associated with our operations respect the right of free association. Additionally, no relevant risks were related with this issue.

## Human rights management and training

SASB EM-EP-210a.3, GRI  
11:18.2 GRI 11:17.1

Canacol has an executive committee tasked with guiding all human rights-related actions of the company and ensuring that our values and policies are upheld across all facets of the organization—from the Board of Directors to every individual, employee and contractor. Canacol's human rights management report is publicly available and is reviewed, validated and confirmed annually.

In 2022, we updated our human rights policy compliance process specifying remediation and mitigation actions in case of violations, as a result of 2021 consultations with internal and external stakeholders. The updated policy ensures that human rights considerations are integrated into every facet of our operations.

During 2022 we conducted human rights training for 100% of employees, direct contractors, and the private and public security force members who protect our personnel and assets.

### Training in human rights, employees

Employees trained	476
Total training (hours)	482
Training by person (hours)	1.01

### Training in human rights, external

Public Force	39
Private Security	41
Contractors	724
Total third-party people trained in human rights	710





## Critical human rights assessment and training of our suppliers

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

Canacol's platform for service providers, contractors, and suppliers includes a section on human rights. In 2022, critical suppliers were evaluated regarding their human rights practices to detect and assess potential risks. We received 40 responses. Fifteen suppliers were assessed with medium or high human rights issues.

To proactively mitigate human rights issues and potential risks with our suppliers, we set and fulfilled an ambitious goal of training 100% of our workforce and contractors in human rights. This training program is fully aligned with our zero-tolerance policy on human rights violations. This concerted effort towards raising awareness through training marks significant progress in our commitment to the protection and respect of human rights.

## Physical security and human rights

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

Private and public security forces protect our workers, assets, and properties while being strategic partners to our success. At times, they may risk violating, knowingly or unknowingly, human rights through coercion, use of excessive force, power, and/or influence. During 2021 and 2022, we implemented a process for assessing human rights performance through a third-party expert. In this process, we identified 276 risks, 82 of which were related to the hydrocarbon sector. The hydrocarbon-sector risks were controlled in Canacol's operations through implementation of prevention and mitigation strategies.

In 2022, a new engagement procedure for the private and public security forces was prepared and implemented. This new tool outlines all procedures to be followed in the relationships from initial contact to monitoring and assessment of work interactions.

## Concerns, requests, complaints and claims (CRCC) are addressed and resolved

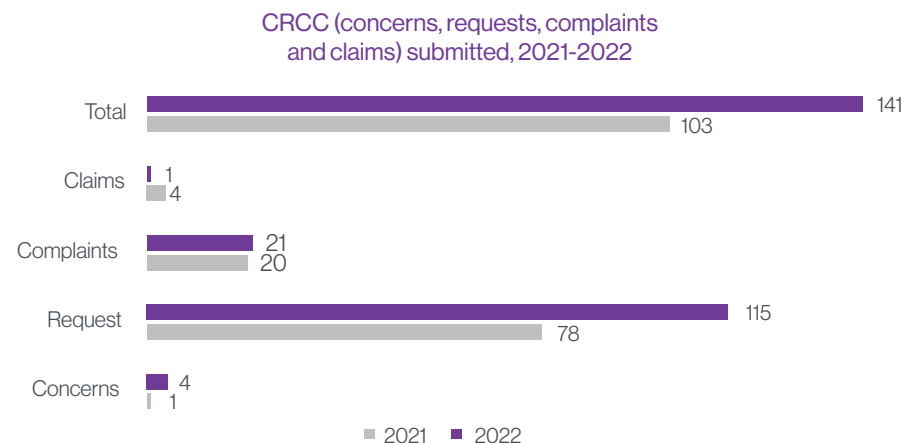
SASB EM-EP-510a.2, GRI 2-26 CSA Coverage CSA Corruption and bribery CSA Anti-trust practices CSA Reporting on breaches CSA Environmental breaches GRI 2-26 GRI 11:20.4 GRI 11:19.2

Our CRCC system provides open and available channels for all stakeholders to submit complaints and grievances including those related to human rights and security. This system also considers complaints raised by suppliers or community members either directly or outside of usual channels.

Our reporting mechanisms are provided on confidential channels (Intranet, email, and Ethics Hotline) that are governed under a non-retaliation framework and guidelines.



In 2022, the total number of CRCCs was 141, all of which were addressed and resolved. 115 of these CRCCs were requests, 21 were complaints, 4 were concerns, and 1 was a claim. All were fully resolved.



**No complaints or claims related to the company's physical security contractors were raised in 2022.**



## 2023 targets for human rights

- Establish a five-year plan for Canacol human rights initiatives.
- Train 100% of our contractors in human rights.
- Train 100% of our private and public security forces in human rights.
- Maintain collaboration with our international and Colombian human rights committees.
- Re-evaluate Canacol's human rights risks and opportunities.
- Raise awareness about human rights in the communities where we have operational sites with a special emphasis on Indigenous communities

To learn more:

[Canacol Energy LTD Human Rights Policy](#)

[Canacol Energy Human Rights Manual](#)

[Canacol Due Diligence in Human Rights](#)

# Harnessing diversity

We empower an inclusive workforce for advancing Colombia's energy sector by ensuring equity, enabling participation, and fostering innovation. SDG 5 • SDG 8 GRI 11.1.1 GRI 11.1.4



## In 2022

Launched Gender Equity Management System (GEMS)

Developed diversity, equity, and inclusion (DEI) strategy



Earned the Equipares Silver Award



Certified as "Great Place to Work" by GPTW international

Women are 37% of our workforce

Canacol is proud to be a gender diversity leader among Colombian independent energy-sector companies and to have earned recognition as one of the top companies worldwide in this respect. We value and promote diversity in our workforce as we are convinced diversity drives innovation and guides better decision-making. Our processes encourage the inclusion of under-represented groups and advance intentional efforts to ensure equity in our recruitment, selection, retention, and promotion of personnel.

We believe that DEI is fundamental to societal advancement and corporate success. We promote inclusion to our employees, contractors, and the communities in our operational sites. We require all contractors to disclose their DEI policies.

During 2022, Canacol reached important DEI milestones:

**DEI strategy:** We launched our DEI strategy and a complete set of guidelines that elevate our commitment to inclusion of all genders, ages, abilities, ethnicities, nationalities, and cultures.

### Gender Equity Management System (GEMS)

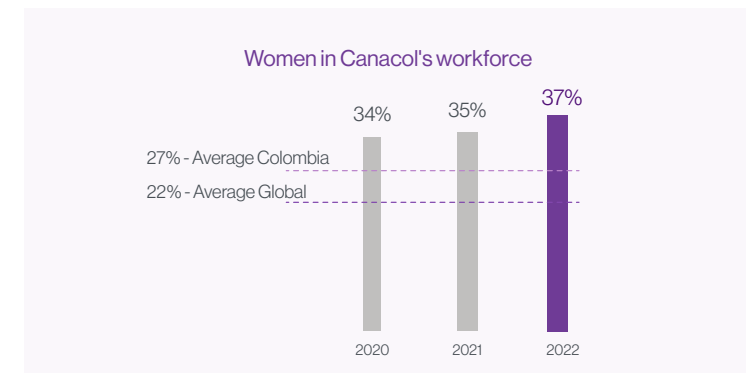
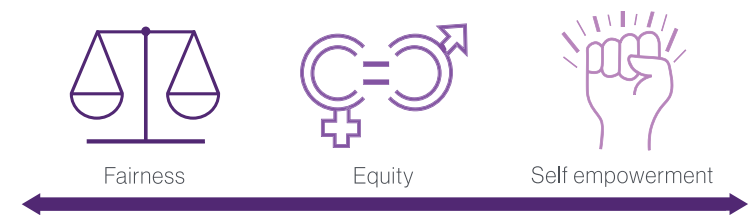
**(GEMS):** We implemented GEMS, our program to support the identification, monitoring, and remediation or elimination of gender gaps.

**Equipares Silver Seal:** Our DEI program earned the Silver level award by the Colombian Ministry of Labour and the United Nations Development Program. This program includes 81 companies and benefits 300,000 people, helping Colombia achieve excellence in gender parity.

### We maintained leadership in Colombia's oil sector in DEI

Approximately 37% of our workforce are women, a higher percentage than the global oil and gas industry average of 22%<sup>49</sup> and the Colombia national average of 27%<sup>50</sup>.

**100% DEI training:** All our employees and direct contractors received training in our DEI policy.



<sup>49</sup> Catalyst, 2022 report.  
<sup>50</sup> Asociación Colombiana de Petróleo, 2020.



## Our approach to diversity, equity, and inclusion

GRI 1111.5

Canacol is strengthening participation of women in junior and middle management positions via recruitment, equity, and promotion strategies. We have enhanced our training, selection, and promotion processes for management roles to develop more internal female leaders and to attract more external female candidates. We also have facilitated better work-life balance options, intensified health and safety support systems, and provided more remote-working options to facilitate fair and transparent career advancement.

We enforce a strict code of conduct and have a Workplace and Sexual Harassment Prevention Policy in place in all our operational areas and offices. We aim to provide an inclusive workplace for all, in which respect, equity, fairness, and self-empowerment are guiding principles.

**No reports of sexual harassment were received during 2022.**

### Number and percentage of employees by gender and region, 2022

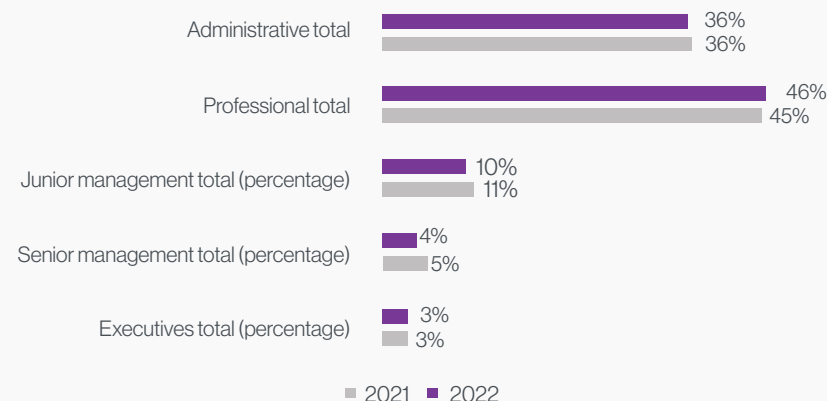
Country	Total	Women	Men
Canada	20	4%	13
Colombia	478	96%	299
<b>Total</b>	<b>498</b>	<b>100%</b>	<b>312</b>

We have an age-diverse workforce, with up to 20% of our employees under 30 years of age and 14% older than 50. We value the participation of workers of all ages in our workforce and in our contractors' workforces.

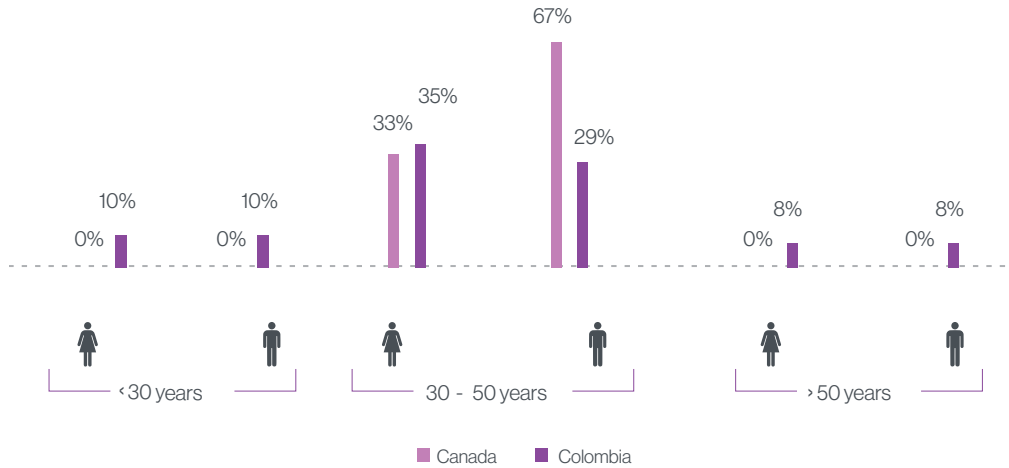
GRI 2-7 GRI 2-8 GRI 1110.2  
GRI 1111.5

Our leadership structure is lean, with only 3% of our total workforce in executive roles and 5% in senior management. Approximately 45% of Canacol's workforce are professionals in technical roles.

### Percentage of employees by job category (total)



New hires by age, gender and country - 2022 (percentage)



We are expanding our workforce, selecting, and hiring the best talent. In 2022, our new hires were concentrated in professional roles in the range of 30 - 50 years of age.

New employee hires by age, gender, and country

	< 30 years		30 - 50 years				> 50 years					
	Women		Men		Women		Men		Women		Men	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>Canada</b>	0	0%	0	0%	1	33%	2	67%	0	0%	0	0%
<b>Colombia</b>	5	10%	5	10%	17	35%	14	29%	4	8%	4	8%
<b>Total gender and age</b>	10%		10%		35%		31%		8%		8%	

We diligently monitor our turnover rates per age, gender and country. In 2022, our turnover rate for our Colombia workforce was only 9%. In 2022, the turnover rate in Canada was 30%.

Turnover per age, gender, and country

	Canada					
	< 30 years		30 - 50 years		> 50 years	
	Women	Men	Women	Men	Women	Men
<b>Gender and age</b>	-	-	2	-	1	3
<b>Total employees</b>	6					
<b>Turnover rate</b>	30%					
	Colombia					
	< 30 years		30 - 50 years		> 50 years	
	Women	Men	Women	Men	Women	Men
<b>Gender and age</b>	8	5	7	19	2	2
<b>Total employees</b>	43					
<b>Turnover rate</b>	9%					

Voluntary Turnover<sup>51</sup>

	< 30 years		30 - 50 years		> 50 years	
	Women	Men	Women	Men	Women	Men
	<b>Canada</b>					
<b>Resignation</b>	-	-	1	-	-	1
	10%					
<b>Colombia</b>						
<b>Resignation</b>	6	4	5	11	0	0
	5.44%					
<b>Total</b>	5.62%					

<sup>51</sup> 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.

## Executive information

Canacol's organizational structure is lean, with 15 executives distributed in Canada and Colombia. Noteworthy, we have 4 executives in the range of 30 to 50 years of age, four male and two female. Ten of our executives are located in Colombia, where our operational sites are located, and five in Canada and other countries.

Job category	2022						Total
	< 30 years		30 - 50 years		> 50 years		
	Women	Men	Women	Men	Women	Men	
Executives Canada and others	0	0	2	0	1	2	5
Executives Colombia	0	0	0	2	1	7	10
<b>Executives Total</b>	0	0	2	2	2	9	15

## Salary equity

CSA Labour practice indicators GRI 11.11.6 GRI 2-7 GRI 2-8 GRI 11.10.2 GRI 11.11.5

Canacol's compensation structure aligns with our corporate strategies and equity guidelines and considers neither demographic profiles nor tenure. Our compensation is competitive within the oil and gas sector and is based on an employee's technical, administrative, and/or managerial skills and performance. Promotions are granted solely on demonstrated performance. Canacol's job descriptions are updated regularly to reflect changing operational requirements, technologies, and procedures.

### Women/men salary ratios in Canacol, Colombia and Canada, 2022





## Our gender equity statistics

CSA Transparency and reporting

Promoting gender equity and equality is a fundamental aspect of enhancing the economic well-being of every individual and is central to Canacol's strategy. We believe that all employees, regardless of gender, should have equal opportunity to achieve their full potential. We are proud of our gender diversity statistics, particularly in leadership roles, where women account for 51% of our total managers in revenue generating roles.

**Women in Canacol represent 51% of the total managers in revenue generating roles.**

Another element that enhances fairness in gender equity and equality is the monitoring of salary averages by gender, organizational level, and region. Women's compensation in all segments of the payroll in Colombia is consistently higher than men's compensation. This differs significantly from international trends.

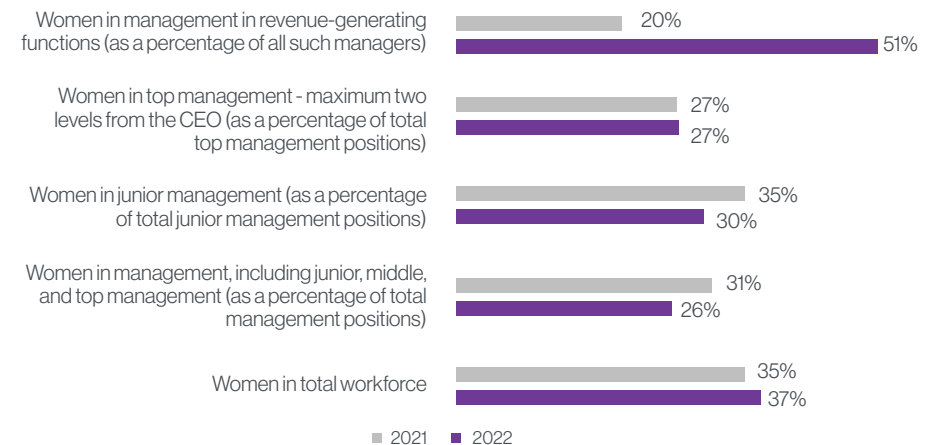
As a component of our "DEI Corporate Policy" and our "Human Talent Corporate Handbook," annual equal-pay analysis are performed to verify that equitable treatment is applied to all personnel. Gender pay gaps can be demotivating for employees, which is why Canacol places significant importance on monitoring processes related to compensation:

- **Selection:** Attracting the best talent.
- **Recruitment:** Offering competitive compensation packages.
- **Compensation:** Ensuring our salary and benefits packages are among the top tier of offerings for oil and gas companies in our region.
- **Development:** Offering customized technical, team skills, and leadership training as well as career ladder options to our workforce with customized plans per employee.
- **Wellness:** Providing flexible benefits to match employees' professional and personal needs.

### Women/men salary ratios in Canacol, Colombia and Canada, 2022 (USD)

	Average salary, women		Average salary, men		Ratio (average women's salary / average men's salary)	
	Canada	Colombia	Canada	Colombia	Canada	Colombia
Executive (base salary only)	\$ 256,000	\$ 131,904	\$ 321,000	\$ 313,572	0.80	0.42
Executive (base salary + other cash incentives)	\$ 508,000	\$ 249,408	\$ 714,000	\$ 598,740	0.71	0.42
Management (base salary only)	\$ 163,000	\$ 125,388	\$ 191,000	\$ 92,688	0.85	1.35
Management (base salary + other cash incentives)	\$ 243,000	\$ 198,372	\$ 329,000	\$ 156,168	0.74	1.27
Non-management	\$ 141,000	\$ 19,299	\$ 161,000	\$ 20,383	0.88	0.95

### Gender equity indicators 2021 - 2022



## Individual performance evaluation and well-being

CSA Type of individual performance appraisal GRI 11.10.3

The system for annual performance evaluation of employees is designed to minimize bias. The process includes employees' self-assessments, team assessments, 360° feedback, and regular and frequent discussions between supervisors and employees.

In 2022, more than 99% of all employees were assessed, with 33% of employees promoted internally.

### Performance evaluation, 2021-2022

		2021	2022
Performance evaluation per objectives: Systematic utilization of measurable objectives pre-agreed with supervisors	%	99.12	99.47
Multidimensional assessment of performance (such as 360 feedback on employees)	%	99.12	99.47
Formal comparative employee assessment among their category/rank/role <sup>52</sup>	%	99.12	99.47

Canacol engages with specialized consultants to analyze our compensation criteria, which are updated regularly with regional and international best practices. We monitor trends in motivational perks and benefits that energy sector workers aspire to receive. This allows us to maintain and enhance our high retention and workforce satisfaction levels.

Employee wellness and quality of life are important aspects of Canacol's culture. A variety of schedules and remote work options are available and customized to the individual's needs and job requirements.

<sup>52</sup> Data coverage: 95% employees in Colombia.

<sup>53</sup> Colombian employees excluding temporary contracts.

Canacol's non-salaried benefits demonstrate our commitment to employees' well-being and include health insurance, life insurance, flexible working schedules, remote work options, annual bonuses linked to corporate and individual performance, employee long-term saving funds, burial insurance, birthday gifts and time off, and supermarket/restaurant vouchers. This portfolio of benefits as well as additional flexible benefits is offered to employees, each of whom selects the mix that best suits their needs. The options are updated annually based on participation preferences and other employee feedback.

### Canacol wellness and quality of life benefits, 2022

Elements of wellness and quality of life benefits, 2022*	Benefitted employees	Ratio of employees to total workforce	Investment (USD)	Ratio of benefit cost to total benefits investment
Mandatory benefits by law <sup>53</sup>	284	74.93%	\$ 60,206	2.16%
Flexible Benefits: BENEFLEX	56	14.78%	\$ 20,301	7.30%
Union Benefits	293	77.31%	\$ 937,263	33.68%
Corporate benefits (bonus)	332	87.60%	\$ 1,582,091	56.86%

(\* These benefit packages apply only in Colombia. "Employees" exclude personnel under temporary contracts.

## Work climate in 2022

CSA Freedom of association UNGC Principle 3 GRI 2-30 GRI 11.13.2

We recognize the significance of our employees' perception of the work environment. It is crucial for us to maintain a motivated, productive, and effective workforce. We regularly conduct surveys to assess our work environment and monitor our employee satisfaction levels.

We periodically assess the work climate via employee surveys to measure employee satisfaction, well-being, and performance. In 2022, our goal was to expand the number of employees in our survey, moving away from the sampling practice used in previous years and embracing best practices. Polling all employees is more accurate, and our results now draw on the input of 91% of our employees. Our employee survey indicated 61.1% satisfaction with Canacol's work climate.



### Canacol Climate Survey, 2022

Number of employees invited to participate in the 2022 survey	392
Actual participants	357
Participation in the 2022 survey	91%
Work climate index (satisfaction)	61%

Based on the survey outcomes, a variety of human talent strategies are being implemented related to compensation, retention, and well-being.

- All employees, contractors, and suppliers are included in the annual cycle of performance management and are informed at the beginning of each year of the corporation's strategic goals and expected achievements/performance.
- The Human Talent Department coordinates Canacol's training plan, which encompasses technical development for the corporation's operational and administrative personnel.
- The training plan includes a robust leadership-development program. In 2022, 111 leaders participated in a six modules program.
- The Human Talent Department monitors voluntary turnover, resignations, employability indicators, and personnel market trends to foster Canacol's delivery of a value proposition for employees of all demographics. We support employees with work-family balance options, competitive remuneration (compensation of our employees is benchmarked related to national averages for the oil and gas sector), and training opportunities focused on professional advancement.





# Investing in people

We care for our employees, and we demonstrate this by following best practices in HSE and talent development.

SDG 5 • SDG 8 GRI 11.1.1 GRI 11.1.4



## In 2022

Provided 100% of our workforce with health and safety training

Logged 5 million workhours with 0 fatal accidents

Lowered all risk indicators in health and safety

Canacol is a recognized leader in advancing the well-being of our employees. We invest in our people by developing their skill sets and caring for their health and safety. We follow the highest standards in health and safety assurance for our employees and promote them among our contractors and in the local communities. We seek to instill pride among everyone connected with our company, conveying that health and safety are first-order priorities in our work and life.

We aim to meet the changing needs of society by responsibly managing our social impact and being a preferred employer and partner for collaboration and progress in Colombia and Canada. Our operations are characterized by a robust and constantly evolving partnership with our contractors, communities, and other external stakeholders. We foster strong and long term relationships founded on trust, recognizing that this approach has been critical for our success and the growth of shareholder value.

### Health and safety

SASB EM-EP-210b.1 CSA  
Supply chain management

Canacol is proud to support and protect employees and contractors via the implementation of high health and safety standards. Risk is monitored with a dedicated process, and remediation is applied when needed. One of our most important ESG strategies is to apply a preventive approach to occupational safety and to the physical and mental health of employees.

We fulfilled all of our 2022 goals related to health and safety, which included conducting awareness campaigns, providing training, and monitoring our performance and compliance indicators.

Our safety framework requires all employees to adhere to industry best standards of security, health monitoring,

safety, and incident prevention. Risk management and mitigation include mandatory processes of inspection, monitoring, and compliance. We deliver regular and exposure-based training for our workforce including certification programs for specific activities. We require our contractors to adhere to the same high health and safety standards that are applied in our operations. We provide training and certification to contractors and community members when relevant.

We are proud of our historical improvement in health and safety metrics. These achievements were made possible by the commitment of our workforce to following procedures and identifying and mitigating hazards.



Safety Results <sup>54</sup>	2019	2020	2021	2022
Fatalities, employees	0	0	0	0
Fatalities, contractors	1	0	0	0
Hours worked	2,918,379	1,931,258	3,351,136	4,870,054
Near-Miss, employees	25	11	2	5
Near-miss, contractors	-	-	13	3
Total Recordable Injury Frequency Rate (TRIFR), employees	1.25	0	1.26	1.86
Total Recordable Injury Frequency Rate (TRIFR), contractors	3.1	2.7	1.57	1.57
Lost-Time Injury Frequency Rate (LTIFR), employees	0	0	0	0.91
Lost-Time Injury Frequency Rate (LTIFR), contractors	0	2.74	1.17	0.80
Near miss frequency rate (NMFR), employees	-	-	-	4.54
Near miss frequency rate (NMFR), contractors	-	-	-	0.80

<sup>54</sup> Accident indicators are calculated with a constant of 1 million hours worked, or kilometers traveled in the case of vehicles

The training indicators for safety and occupational health in 2022 show a 100% compliance with the plan, which was to train all our employees and contractors. In the last three years, we maintained zero occupational illness trends and fatalities regarding our operations and Vehicle Incident Frequency Rate (VIFR) remained at zero.

### We maintained our historical trend of no occupational illnesses, no fatalities and no Vehicle Incident Frequency Rate (VIFR)

The implementation of the ISO 45001 standard has strengthened our safety culture approach, enhancing our knowledge and comprehension of internal and external risk factors. Our primary emphasis has been on establishing effective measures to address the risk factors that impact the physical and mental well-being of our workforce. Canacol's Occupational Health and Safety Management System (OHSMS) is fully aligned with the labor risk regulations established by the Colombian Ministry of Labour and undergoes regular monitoring to ensure its ongoing compliance and relevance.

## Industrial safety and occupational health

GRI 11.9.4; GRI 11.9.6; GRI 11.9.7; GRI 11.9.8;

476

Number of employees trained

4,668

Hours of training provided to employees

724

Number of contractors trained

10,702

Hours of training provided to contractors

9.80

Average hours of health, safety, and emergency response training per employee

14.78

Average hours of health, safety, and emergency response training per contractor

## Preventive support for health and safety

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

Our goal is to enhance the overall health and well-being of our employees and contractors by providing training, information, awareness campaigns, access to mental and physical exercise routines, and medical checkups. Our preventive and supportive care strategies can be categorized into three primary areas: mental health, physical health, and safety.

### Mental health

- Daily breaks for visual rest and activity
- Psychological support for employees and their families
- Sleep hygiene awareness campaigns
- Monthly health bulletins Video training
- Fatigue risk inspections Psycho-social risk analysis
- Remote working best-practice training

### Safety

- First aid training with the Colombian Red Cross
- Implementation of Safety Observation Cards (SOCs) in all areas in 2022
- Site safety inspections
- COPASST follow-up and assessments
- Update of the Operations and Legal Risk Assessment
- Bio-safety protocol

### Health

- Medical checkups for 100% of employees
- Six awareness and vaccination campaigns
- Symptoms management via online and in-person consultation
- Ambulance support
- Specialized support for healthy diets, physical training, mindfulness sessions
- Warm-up routines at operational sites
- Smoke- and drug-free policy
- Epidemiological surveillance
- Co-paid gym, personal trainer, and cardiovascular assessments
- "Health Week" campaign

## Caring about our talent

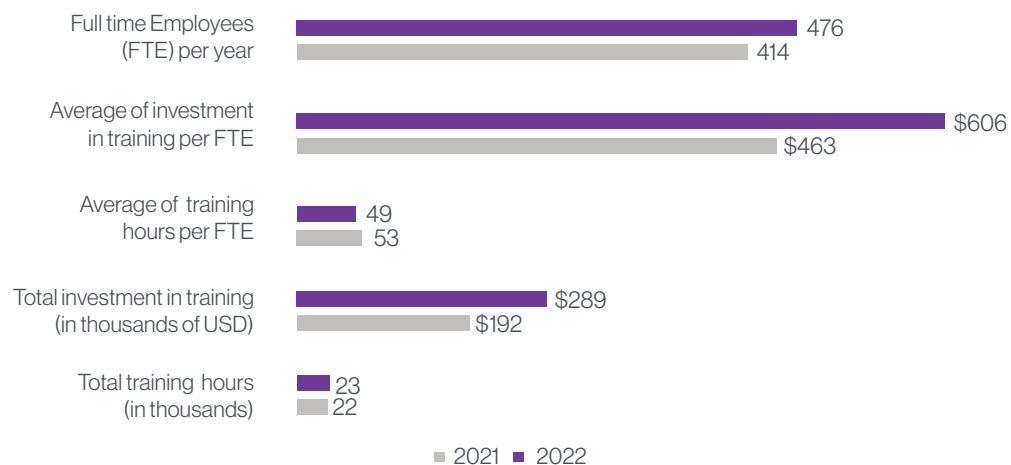
SASB HC 101-15  
CSA Training and development inputs GRI 11.10.6 GRI 11.11.7 GRI 11.7.3 GRI 11.11.4

We believe skill development and career planning are mandatory tools to successfully attract and retain employees. Our Professional Development Program (PDP) guarantees that all employees have a tailored development plan based on skills gaps and growth opportunities. We map their development programs to their aspirations as well as to Canacol's future business needs.

Canacol provides support services to help employees achieve work-life balance. We provide resilience strategies augmented by awareness campaigns including physical and mental techniques as well as mindfulness and time management training.

A corporate annual training matrix is defined and shared with employees in February of each year. This matrix includes the main technical and soft skills training identified for operational personnel, as well as mandatory training for the development of their technical role.

### Training and development, Colombia, 2021–2022



## Training and development

### Training and Development - Colombia<sup>55</sup>

	Unit	2021	2022
Total training hours	Hours	22,129	23,337
Total investment in training	USD	191,549	288,670
Average of training hours per FTE	Hours	53.45	49.03
Average of investment in training per FTE	USD	462.68	606.45
Full-time employees (FTE) per year	FTE	414	476

### Training and Development - Canada

	Unit	2021	2022
Average hours of training provided per employee	Hours	13.09	13.00
Percentage of full-time employees participating in the training program (Spanish classes)	%	32%	32%

### Training by gender and job category

	Unit	2021	2022
Executive – women	Hours	19	105.6
Senior management – women	Hours	185	202.6
Junior management – women	Hours	1,526	967.5
Professionals – women	Hours	4,493	4,315.5
Administration - women	Hours	2,668	2,174.2
Executive – men	Hours	117	51.5
Senior management – men	Hours	949	1,018
Junior management – men	Hours	2,497	2,774.2
Professionals – men	Hours	7,812	7,368.6
Administration – men	Hours	1,863	4,359.2

<sup>55</sup> Data coverage: 95% of employees in Colombia.



Our training program also includes technical and leadership development programs, that are delivered every year. In the technical areas we delivered a Gas Program accompanied by an Excel program (Intermediate and advanced levels), open to all technical employees.

For our leaders and leadership teams, we launched a development program customized for them, and paired it to the needs of our company.

In 2022, we completed 100% of the Industrial Health and Occupational Health Plan including training sessions, workplace evaluations, and employee health monitoring.

Development program	Description	Impact Indicators for our business	% of FTE full time employees in the program 2022
Gas program	<ul style="list-style-type: none"> <li>A technical program centered around gas topics, with 10 modules on natural gas fundamentals, upstream, midstream, and downstream, risk management and process safety.</li> <li>The program aims to develop Canacol's technical roles based on the company's needs.</li> </ul>	<p>More than 60% of the operational personnel were trained.</p> <p>More than 80% of the gas sales personnel were trained.</p>	27.3%
Leadership program	<ul style="list-style-type: none"> <li>A program aimed to improve managerial skills and abilities for individuals and groups that lead Canacol.</li> </ul>	More than 90% of the company's leaders were trained in this program.	23.3%

## Industrial Safety and Occupational Health Training

GRI 11.9.4, GRI 11.9.6, GRI 11.9.7, GRI 11.9.8

In 2022, we completed 100% of the Industrial Safety Occupational Health Plan including training sessions, workplace evaluations and employee health monitoring.

	Unit	2019	2020	2021	2022
Trained employees	#	0	0	1,955	350
Trained contractors	#	0	0	2,448	4
Full time employees	Hours	0	0	350	325
Employees under contract	Hours	0	0	730	30

# Creating prosperity

Energy brings prosperity. We include our communities and value chain as collaborators in our collective success.

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 - UNGC Principles 1 and 2 GRI 1114.1 GRI 1115.2 GRI 1115.3 GRI 1117.1 GRI 1117.3 GRI 1117.4



## In 2022

219 new jobs for unskilled labour  
 533 new jobs for skilled labour

100% community claims addressed and resolved  
 90% community satisfaction with our social-investment projects

126 social projects  
 22,300 community members benefitted  
 13 municipalities

Women Leaders and Entrepreneurs Program

Canacol has ambition to grow its reputation as a committed corporate citizen by improving the social and economic well-being of our local communities. Our social investment strategy centers around the communities and contractors in our areas of operation. To date we have implemented 126 projects benefitting 86 rural communities and 95 Indigenous communities. In 2022, we fostered open and direct communication with the communities in our operational sites through 211 meetings involving 2,927 participants.

## Our approach and governance for social investment

SASB EM-EP-210b.1  
 CSA Human Rights - Due diligence process CSA Indigenous peoples and cultural preservation GRI 1115.3  
 CSA Group-wide strategy GRI 1115.2

Canacol frames our social investment within our corporate values while aligning it to critical Sustainable Development Goals (SDGs) and Environmental, Social, and Governance standards. This approach aims to enhance the well-being of our communities and provide them with improved quality of life.

Social Investment Corporate Committee — Canacol has a management committee, chaired by our CEO, that oversees the design and execution of our Social Investment Program. This ensures conformance with corporate policies and procedures as well as the expectations of the Board of Directors. The Social Investment Corporate Committee met monthly in 2022 to monitor the program's progress. It's roles and primary guidance are as follows:

- **Strategic approach:** Focus on realistic and long term gains benefiting populations in 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.

We highly value and acknowledge the diverse cultures present at each of our operational sites and are attentive to their expectations. Our sustainability success depends on the support provided by the local communities. Therefore, our social investments and operational activities are carried out with a sincere commitment to benefit all stakeholders. We strive to maintain mutually beneficial relationships that protect the environment. Our 2022 activity in this realm included the following:

- Our social investment projects aligned with the 2030 Sustainable Development Agenda and International Sustainability Standards for the oil and gas sector, particularly the IPIECA SDG Roadmap<sup>56</sup>.
- All social investment projects are now aligned with municipal development plans and community priorities, which are clarified during pre-consultation processes.
- 12 community projects addressed gender issues.
- We continued to advance partnerships for creating prosperity for our rural and Indigenous communities our operational sites.

<sup>56</sup> International Petroleum Industry Environmental Conservation Association (IPIECA) is the oil and gas industry's leading global association for consulting on environmental and social performance



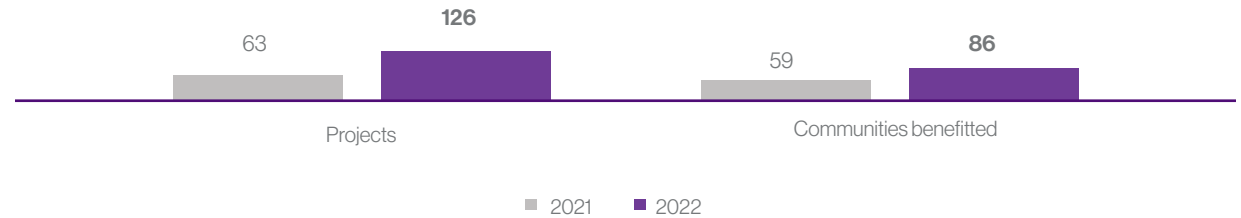
Canacol establishes relationships with all relevant stakeholders through various means including:

- 1 Assuring community and stakeholder engagement and collaboration in the delivery of the company's social investment
- 2 Identification of and consultation with interest groups
- 3 Information disclosure during project selection, prioritization, planning, and execution
- 4 Development of alliances to facilitate project approval and implementation
- 5 Coordination of local resources to optimize participation and project scope
- 6 Stakeholder involvement in project monitoring and feedback
- 7 Management of requests, complaints, and claims

**In 2022, we updated our “Corporate Social Investment Policy” to enhance the impact of our social projects. Canacol committed \$ 3.13M to advance social projects.**



### Social investment for projects and communities 2021-2022



### Canacol Social Investment 2021 - 2022

	2021		2022	
	Million USD	%	Million USD	%
Charitable contributions	-	0%	-	0%
Volunteer time contributions (during paid working hours)	-	0%	-	0%
In-kind donations	\$ 3.65	85%	\$ 2.65	85%
Management and administrative overhead <sup>57</sup>	\$ 0.64	15%	\$ 0.47	15%
<b>Total</b>	<b>\$ 4.29</b>		<b>\$ 3.13</b>	

### Social investment projects for rural communities

SASB EM-EP-210a.3  
 CSA Group-wide strategy  
 CSA Social impacts on communities  
 CSA Active community engagement  
 GRI 11:15.1

We follow clear guidelines to identify and prioritize projects for social investment.

In particular:

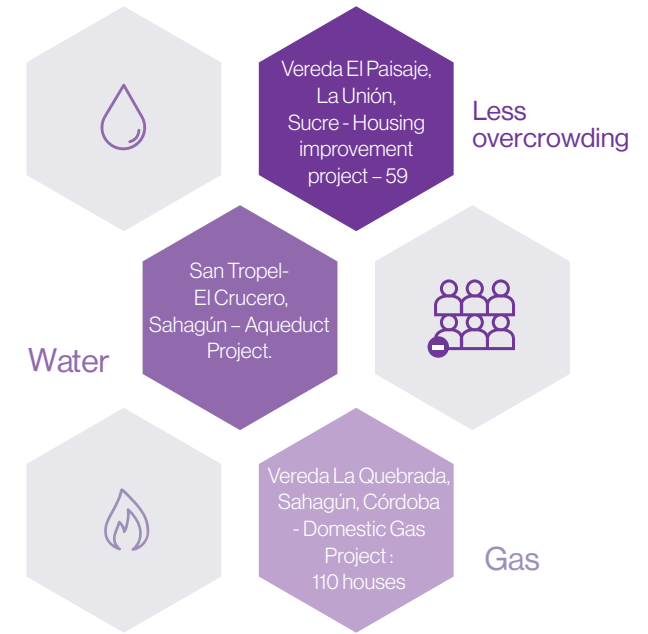
- The terms and conditions of our National Hydrocarbons Agency contracts
- Commitments mandated by applicable laws or regulations
- Corporate strategy and objectives outlined by Canacol's senior management
- Coordination with national, departmental, and municipal development plans
- Global agendas and the highest international sustainability standards such as the SDGs and IPIECA

<sup>57</sup> 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).



We focus on developing skills to empower communities to meet their own needs independent of Canacol's resource extraction activities. We prioritize projects that support improved health and safety conditions. In 2022, some successful projects that exemplified our approach were as follows:

- **San Tropel, El Crucero, Sahagún — Aqueduct Project:** A settlement project comprising **60 households** that improved access to potable water by 42% at a 44% lower cost; 85% of surveyed community leaders said this project greatly benefited their well-being.
- **Vereda La Quebrada, Sahagún, Córdoba — Domestic Gas Project:** **110 households** were connected to the domestic gas supply. The expansion resulted in a 20% reduction in the cost of gas service and improved reliability for those communities.
- **Vereda El Paisaje, La Unión, Sucre — Housing Improvement Project:** **59 households** positively impacted, 63% with new floors and 33% with new roofing materials. In addition, the expanded housing base reduced overcrowding by 50%.



Canacol works proactively to maintain and strengthen positive, transparent, and healthy ties with stakeholders, respecting the ethnic communities and Indigenous peoples.

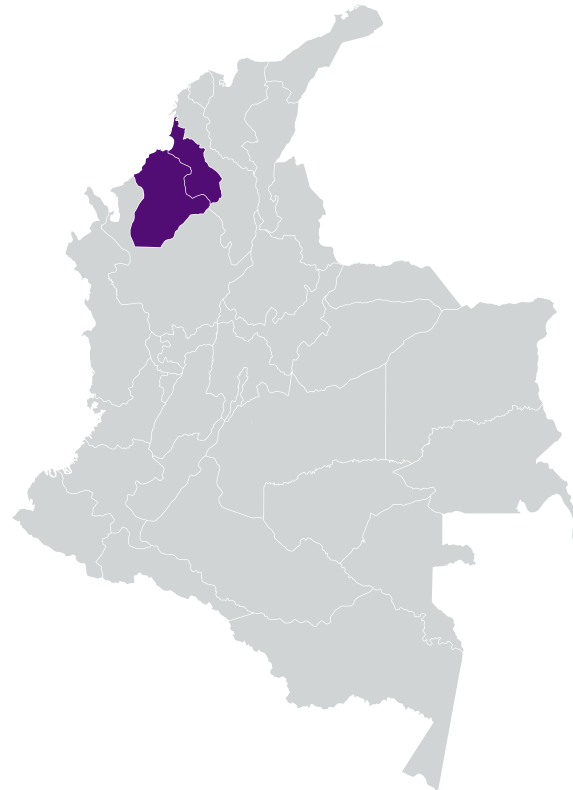
Communities near our operation sites:

Sucre Division

- Sampués
- San Benito Abad
- Caimito
- La Unión
- San Marcos

Córdoba Division

- Chinú
- Pueblo Nuevo
- Sahagún



The communities in which we operate are diverse including Indigenous, rural, and urban populations. To address their needs and concerns effectively, we conduct detailed consultation processes to understand their needs and priorities. We center our approach around skill development, access to health care, protecting the natural environment, and providing infrastructure and logistical support.

Meetings with local authorities and community leaders per block, 2022

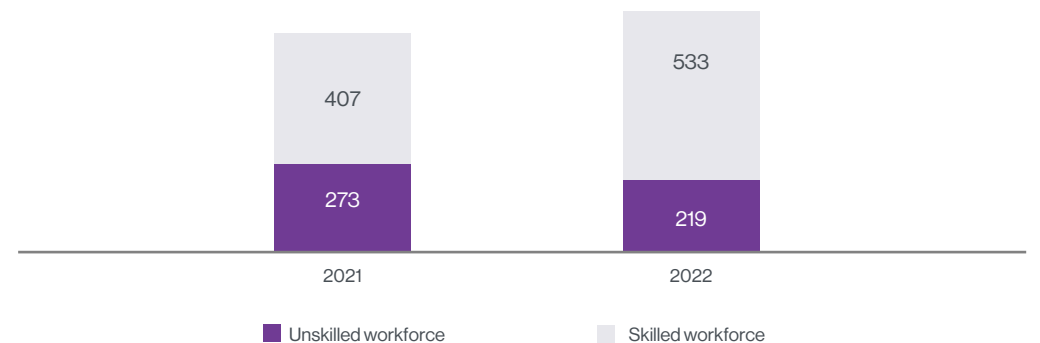
Blocks	Number of meetings	Participants
VIM 5	55	1,154
Esperanza	38	490
Rancho Hermoso	19	298
SSJN 7	26	237
VIM 21	13	171
VIM 19	30	205
VMM 49	30	372
<b>Total</b>	<b>211</b>	<b>2,927</b>

**Canacol creates job opportunities**

CSA Group-wide strategy  
GRI 11:15.2 SASB EM-EP-210b.2 GRI 2-8

Our social investment strategy emphasizes generating employment opportunities for our neighboring communities. We comply with the Colombian legislation as well as with the agreements with departmental and municipal governments and community leaders. In 2022, we had 533 skilled workers and 219 unskilled workers employed as direct and indirect contractors.

Contractors, 2021 - 2022



Skilled and Unskilled Hires, 2021 - 2022

Standard GRI 2-8 GRI 11.15.2	2021				2022			
	Skilled		Unskilled		Skilled		Unskilled	
Direct contracts	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
Local	309	85%	20	100%	358	82.5%	7	100%
Nonlocal	56	15%	0	0%	76	17.5%	0	0%
<b>Total</b>	<b>365</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>434</b>	<b>100%</b>	<b>7</b>	<b>100%</b>

Our social investment strategy is not intended to replace the role of the State, but rather to collaborate towards a common goal of fostering prosperity. The pillars of our strategy include participation, creation, efficiency, sustainability, transparency, respect, and innovation.



Preservation of Indigenous heritage

SASB EM-EP-210b.1 CSA Group-wide strategy GRI 11.15.2 SASB EM-EP-210b.1 CSA Human Rights - Due diligence process CSA Indigenous peoples and cultural preservation GRI 11.15.3 GRI 11.17.1 GRI 11.17.3 GRI 11.17.4

Respecting and promoting the rights of Indigenous populations is essential in the Sustainable Development Goals as well as in the global human rights legal frameworks and treaties. It is important to recognize and honor the cultural and spiritual significance that Indigenous peoples have for the environment and their lands. Building trust through open and honest dialogue and understanding is crucial in establishing long-lasting and mutually beneficial relationships with Indigenous communities.

Canacol respects, protects, and cherishes ethnic and cultural diversity, applying rules and practices that facilitate intercultural communication, economic integrity of Indigenous groups, and effective dialogue. We work proactively to maintain and strengthen positive, transparent, and relevant ties with our stakeholders, with particular focus on ethnic communities and Indigenous populations. Our operations are advanced in full alignment with pertinent Colombian legislation and international agreements.


Our pertinent policies and practices include the following:

- **Corporate social investment policy:** Describes mandatory and voluntary social investments, ensuring they are developed in accordance with our strategic initiatives and infrastructure development while ensuring compliance with contractual obligations with the National Hydrocarbons Agency (ANH) and other entities.
- **Social investment corporate committee's protocol:** Establishes the procedures for the approval of social investment projects as part of the Corporate Governance System.
- **Intercultural engagement and prior consultation protocol:** Determines the procedures for maintaining adequate communication and prior consultation with ethnic communities, respecting diversity, and ensuring cultural preservation.
- **Social responsibility and prior consultation addendum:** Establishes the guidelines our contractors and subcontractors must use to minimize social risks and strengthen relationships.
- **Indicator management system:** Measures the results of the executed projects and their social and environmental impact in the short, medium, and long term for each social investment category.
- **Archaeological surveys and management plans:** Canacol is committed to preserving the heritage of indigenous communities. In our planning and execution of civil work activities, we perform archaeological surveys and management plans if necessary to minimize and mitigate any potential disturbances. These plans involve national authorities as well as local community representatives to ensure the identification and preservation of archaeological sites.



## Successful consultation processes

- In 2022, 16 prior consultation processes with local communities were conducted in preparation for five projects set to commence in 2023: Fandango Norte, Development Area F2, Gas Pipeline Jobo - Medellín, VMM 49, and Porro Norte
- The three assessments and consultation processes carried out last year with the local Indigenous communities, led to the successful completion of three agreements in 2022. These initiatives enabled the successful completion of the Charango 3D seismic survey benefitting the three communities involved — Chorillo, La Esperanza, and Becarpigar.
- In 100% of our operational sites, we implement programs that involve conducting prior consultations and assessments of social projects with local communities and authorities.



**Policy**

- Updated our corporate policy for relocation of Indigenous and local communities
- Enhanced 16 pre-consultation processes



**Awareness**

- Held 211 meetings with local authorities, government representatives, national public workforces, and community leaders
- Conducted workshops and presentations to raise awareness about our operations



**Assessment**

- Engaged 15 indigenous communities
- Held one community council
- Advanced four ongoing projects in Indigenous communities

## Soy-based nutritional program — a successful Canacol social investment

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 SDG 1 SDG 4 SDG 6 SDG 8 SDG 13 SDG 15 • SDG 17 UNGC Principles 1 and 2 GRI 1114.1 GRI 1115.2 GRI 1115.3 GRI 1117.1 GRI 1117.3 GRI 1117.4

Canacol's approach to social investment includes several elements to ensure investment sustainability:

- Determination of the receptiveness as well as collaboration opportunities for the communities involved
- Alignment of the projects with community needs
- Tangible measurement of value-added results

Canacol's contribution to PNBS, a non-profit entity with more than 18 years of history in Colombia, is a leading example of our social-investment strategy. The program provides soy-based nutritional supplements to low-income communities that have high levels of malnourishment. The program already has more than 160 units installed throughout Colombia.

In 2022, Canacol helped install four new PNBS units:

- Vereda Barroblanco, Unión-Sucre
- Vereda Guamas – Pueblo Nuevo – Córdoba
- Vereda Troha Persinana San Marcos-Sucre
- Vereda Bocanegra La Unión- Sucre

More than 60 community members were trained in how to operate the units for bakery products and soy-based nutritional supplements. As of December 2022, 1,200 beneficiaries were served more than 100,000 meals; 75% of beneficiaries were children, 25% were senior citizens, and 25% were adult women. It is estimated that in 2023 the program will expand to more than 350,000 meals served.



**Francisco Díaz**  
Independent Director

*One of the activities that I cherish and pursue in my professional and personal journeys is my engagement in social investment, giving back to the community. The Soy Based Nutrition Program (PNBS – Programa Nutricional Basado en Soya, in Spanish) targets malnourished underprivileged communities in Colombia.*

*This program features self-sustaining systems in which 85% of what is produced is consumed by beneficiaries, while the remaining 15% is sold to the community. Sale proceeds in turn fund the raw materials to produce subsequent batches of product.*

*Canacol's generous donation of four new units to the PNBS serving 1,200 beneficiaries every day makes me very pleased. During 2022, these units served more than 100,000 meals and will scale up to 350,000 in 2023.*

## Women leaders and entrepreneurs: Canacol's program for women in rural communities

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  
 SDG 1 SDG 4 SDG 5 SDG 8  
 UNGC Principles 1 and 2  
 GRI 11141 GRI 1115.2 GRI 1115.3 GRI 11171 GRI 1117.3 GRI 1117.4

To enhance the well-being and economic standing of the rural women in our communities, Canacol implemented a leadership and entrepreneurship program under an agreement with the Quebec School of Entrepreneurs (EEQ), a not-for profit organization with activities in Canada and Latin America. The program includes training and support for socioeconomic ventures led or started by women living in rural areas in the municipalities of San Marcos, La Unión, and Caimito in the Department of Sucre, and Sahagún and Pueblo Nuevo municipalities, in the Department of Córdoba.

The ultimate purpose of this program is to improve the quality of life in our communities, tackling one of the most vulnerable components of society — women. Empowering women fuels thriving economies, spurring productivity and growth.

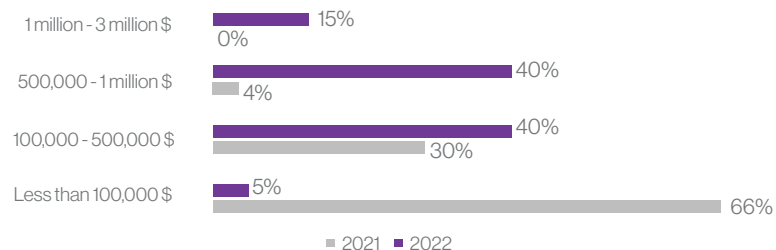
Two groups of women were included in this project:

- 27 entrepreneurs
- 17 leaders

Both groups received hybrid and customized training (online and in-person) from EEQ-Canacol instructors, aiming to enhance commercial and soft skills. The commercial training topics included basic accounting practices, presence and marketing on social media, and preparation of basic business plans. The soft skills training included communication, networking, negotiation, resilience, and other important topics for improving the entrepreneurial business initiatives of the participants in the program.



Women Leaders and Entrepreneurs Program  
 Participants by Total Sales



### Results of CANACOL-EEQ Women Leaders and Entrepreneurs Program

- All participants realized the importance of the gender-focused theme and considered it a fundamental element of women's empowerment. They now visualize themselves as agents of change in their communities.
- The leaders acquired skills including concepts and styles of leadership, decision-making, partnership models, and access to credit with the objective of fostering fair trade and productive associations.
- The entrepreneurs acquired the necessary personal, business, and management skills to implement and empower their enterprises, recognize limitations, seek assistance, set goals, and execute a plan of action, among others.
- The volume of total sales of their enterprises grew in every case.



### Caring for our supply chain

SASB EM-EP-210b.1 CSA  
Supply chain management  
CSA ESG integration in  
SCM strategy GRI 308-1  
GRI 308-2 GRI 1110.8 GRI  
1112.3 GRI 1110.9

The supply chain for oil and gas companies is a key element of our sustainability goals as it involves the full lifecycle of our products from extraction to disposal/ recycling. At Canacol we consider our value chain to be one of our greatest opportunities to be positive agents of change for Colombia.

We are proud to report that in 2022, 93.4% of goods and services were purchased locally.

#### Purchases

- 93.4% of all goods and services purchased locally, regionally, and nationally
- Monitoring of our suppliers
- National economic stimulus of \$200.4 M

#### Ethics

- ESG evaluation process implemented in 2022
- Code of Conduct for Suppliers launched

#### Local development

- Census of providers implemented
- Training programs developed

#### Nicolás Medina López

Supply Chain Coordinator

*I am a Specialist in Finance and Financial Management Services. I started working at Canacol in 2018 as Supply Chain Specialist and I am now the Supply Chain Coordinator, in charge of 724 direct suppliers, 36 of which we consider critical to our operations.*

*The supply chain of Canacol is comprised of a variety of providers based in Colombia and Canada. We acquire our services and goods locally in Colombia, up to an impressive 93.4%. My team and I apply Canacol's corporate guidelines of diversity to the suppliers across the value chain of our operations.*

*I am a friendly person, and value both creating and nurturing human connections. This has helped me in my role with the providers of our value chain. Canacol is a company that cares about inclusion, which facilitates my role, because we work with Canadian and Colombian suppliers and contractors, with different ethnicities and diverse cultures*

*and education and experience levels. I am proud to represent Canacol and to create win-win opportunities within our value chain.*





## Canacol's Supply Chain Code of Conduct

CSA Supplier code of conduct

Our Code of Conduct and Ethics for Contractors and Suppliers is anchored on the following principles:

- Respect for human rights
- Integrity
- Transparency and legality
- Occupational health and safety
- Environmental standards
- Confidentiality and data handling
- Guidelines for gifts
- Procedures for reporting violations to the code

## Our supply chain management strategy

UNGC Principles 1-10  
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 1110.8 GRI 1112.3 GRI 1110.9

Canacol's supply chain strategy is designed to be mutually beneficial and to align with the highest ESG standards. Canacol's supplier evaluation and selection processes are framed by ISO 14001 requirements as well as our Environmental Quality Plan. Suppliers are required to declare their plans to address potential environmental risks and social impacts with contingency plans, programs, procedures, and certifications. The requirements are detailed in contract addendums that are monitored and updated annually. In 2022, additional ESG criteria were integrated into our supplier selection and evaluation processes. These criteria included:

- Annual Lost-Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR) targets with quarterly and annual reporting
- No violations of human rights policy targets and adherence to Canacol's Code of Ethics and Business Conduct
- Initiatives pertinent to the promotion of DEI, gender equity, and reporting of gender diversity facts and statistics
- Governance aspects such as sustainability strategy, key performance indicators (KPIs), risk metrics, risk management systems, ESG compliance, and organizational structure

## Assessment and compliance of our value chain with ESG criteria

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 1110.8 GRI 1112.3 GRI 1110.9

Canacol's supply chain strategy is designed to be mutually beneficial and to align with our highest ESG Canacol values. We establish trust in our value chain through a rigorous selection process, assessing bidders for compliance with our standards and requirements. Our contractor and supplier assessment process covers technical, commercial, health and safety, environmental, quality, and governance aspects.

The selection of our contractors and suppliers is based on the scope of their activity in relation to our criticality map. We map our activities to four levels of criticality: strategic, tactical, transactional, and routine.

Our suppliers

Strategic

Tactical

Transactional

Routine



Organizational Structure

High-risk suppliers are critical to 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 rights, and environmental requirements with risk of human rights violations that could damage our reputation.

To manage and control sustainability risks with high-risk suppliers, we have implemented three key control measures:

- **Training programs:** Canacol offers enhancement programs to close gaps in knowledge or procedures of suppliers.
- **Performance evaluations:** On a project-by-project basis, we evaluate performance in ESG parameters to detect gaps and identify opportunities for improvement.
- **Service Quality Management (SQM) meetings:** Suppliers participate in periodic performance reviews.

**Thirty-six (36) of our suppliers are classified as strategic/critical. 71.3% of our purchases are from critical tier-1 suppliers**



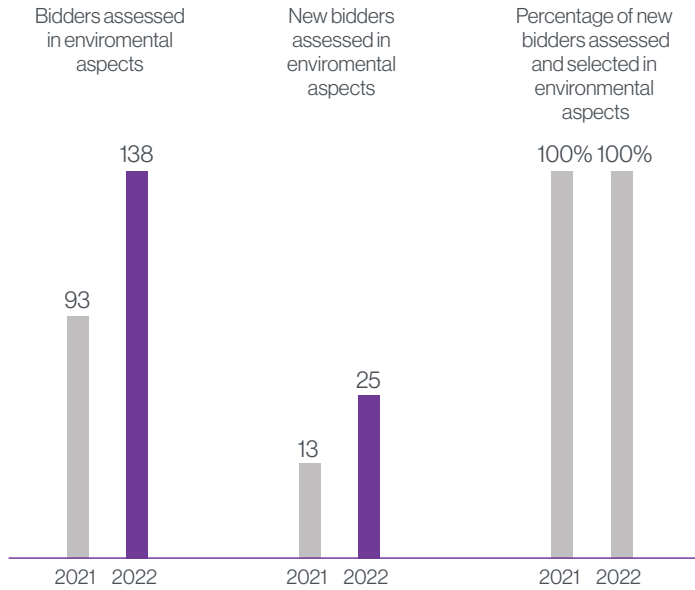
## Critical and non-critical suppliers

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 1110.8 GRI 1112.3 GRI  
1110.9

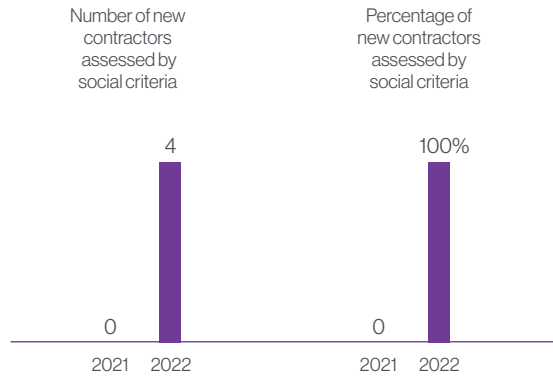
Suppliers Statistics	2020	2021	2022
<b>Number of tier 1 suppliers:</b> suppliers from whom purchases were made during the year	597	667	724
<b>Number of tier 1 suppliers</b> evaluated and classified as critical (classified as high risk)	14	22	36
<b>Percentage of tier 1 suppliers</b> evaluated and classified as critical (classified as high risk)	2.35%	3.30%	4.97%
<b>Percentage of purchases</b> from critical tier 1 suppliers)	58%	64.7%	71.3%
<b>Percentage of tier 1 suppliers</b> evaluated and classified as non-critical	2.3%	1.3%	0%
<b>Number of suppliers</b> for whom risk evaluations were performed	23	31	36
<b>Number of tier 1 suppliers</b> evaluated and classified as high-risk for social issues (labour practices, communities, suppliers, human rights), environmental issues, ethical conduct, and transparency	14	22	36
<b>Number of high-risk suppliers</b> (indirect suppliers)	0	0	0
<b>Purchases to tier 1 suppliers</b> (direct suppliers)	100%	100%	100%
<b>Purchase to other critical suppliers</b> (indirect suppliers)	0%	0%	0%

**In 2022, 100% of Canacol bidders and new suppliers were assessed and selected, taking into consideration high standards in ESG performance.**

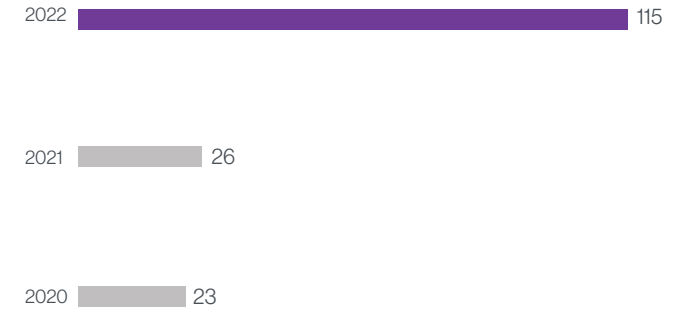
### 2022 contractors assessed by ESG criteria (environment)



### 2022 contractors assessed by ESG criteria (social)

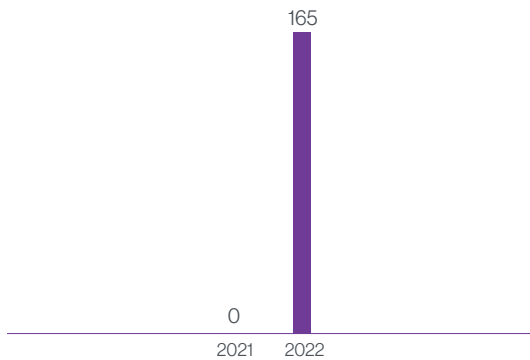


### Number of contractors assessed by social criteria, 2020 - 2022



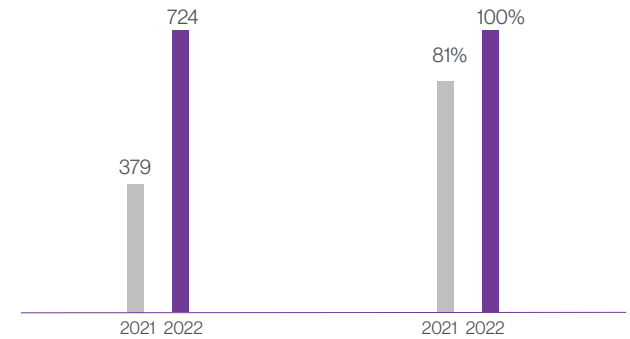
### 2022 contractors assessed by ESG criteria (quality standards)

Number of bidders assessed by quality standards, 2021 - 2022

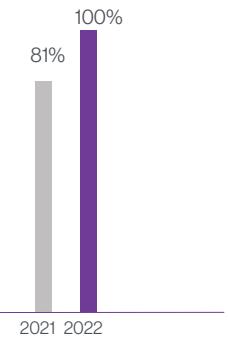


### 2022 contractors assessed by ESG criteria (corporate governance)

Number of contractors assessed and selected by compliance with AML, ATF/WMD  
Anti-Money Laundering and Anti-Terrorist Financing/Weapons of Mass Destruction



% of contractors assessed and selected based on compliance with AML, ATF/WMD  
Anti-Money Laundering and Anti-Terrorist Financing/Weapons of Mass Destruction





## Purchasing allocation (in millions of USD)

	2020	%	2021	%	2022	%
Local	\$ 3.0	1.6%	\$ 11.5	7.2%	\$ 12.0	5.6%
Regional	\$ 1.6	0.9%	\$ 2.1	1.3%	\$ 0.9	0.4%
National	\$ 168.1	90.9%	\$ 137.5	86.5%	\$ 187.5	87.4%
International	\$ 12.3	6.6%	\$ 7.8	4.9%	\$ 14.1	6.6%
<b>Total</b>	<b>\$ 185.0</b>	<b>100%</b>	<b>\$ 158.9</b>	<b>100%</b>	<b>\$ 214.5</b>	<b>100%</b>



## Our supply chain risk model and performance management program

CSA Transparency and reporting GRI 1110.8 GRI 1112.3 GRI 1110.9

Canacol designed a program to monitor suppliers' and contractors' performance, to identify improvement opportunities, and to enhance both performance and long term relationships with our strategic suppliers.

### Local Suppliers and Contractors Development Program

Our commitment to support our local communities and increase their access to prosperity is founded on three pillars: providing employment opportunities, offering goods and services, and social investment.

- **Suppliers census:** Canacol conducts an annual census of local suppliers and implements a development plan to enhance their involvement in our operations and related activities. In 2022, we conducted this census in collaboration with expert partners across the municipalities of our operational areas.
- **Socialization of Canacol's five-year ESG strategy:** Activities to raise awareness about Canacol's ESG strategy are conducted with all contractors.

- **Socialization of Canacol's Code of Conduct and Ethics for Contractors and Suppliers:** Awareness campaigns about our corporate code of ethics for contractors, suppliers, and service providers were conducted in 2022.

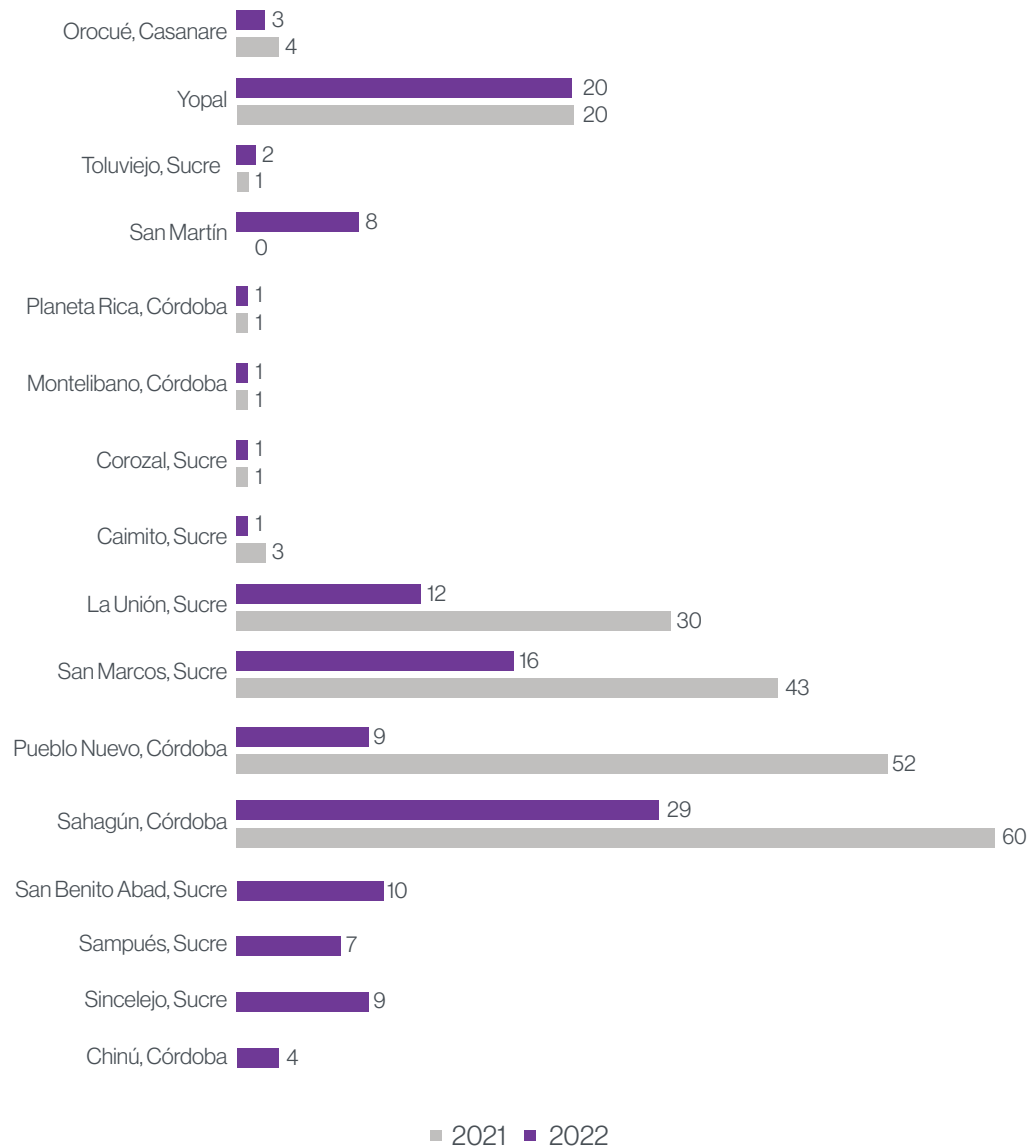
- **Internal courses on contract management:** In 2022, we continued the training program for our contract managers. This training program is designed to standardize, refresh, and update contract management skills of Canacol employees so their skills, information, and communication are optimal to enhance the relationships and achieve success in every facet of the contract. In 2022, 100% of contract managers were trained in our Contract Management Training Program.

- **Training program for suppliers:** We included topics in three main areas of mutual interest: ESG, health, and safety.

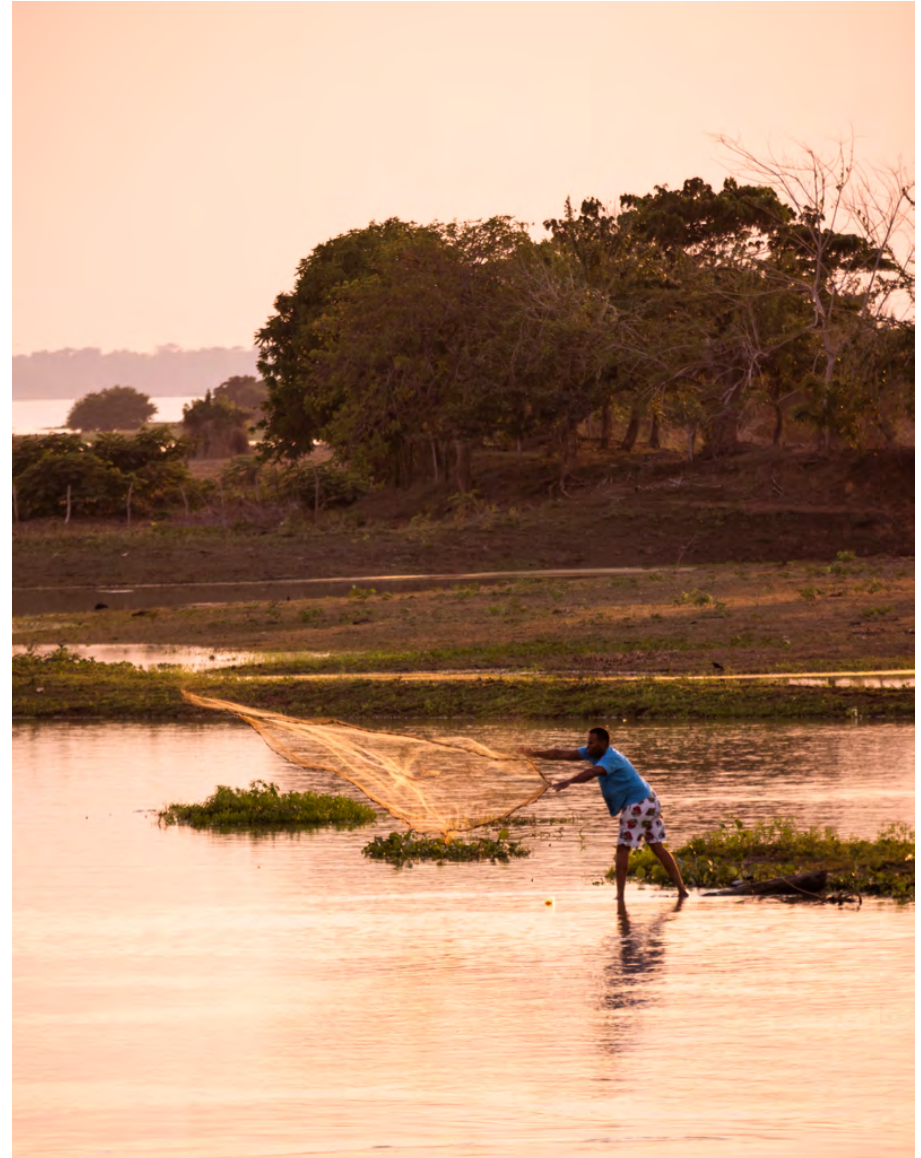
We encourage and require all our suppliers to attain the highest standards regarding human rights. With this goal, we have included key elements in Canacol's Supplier Code of Conduct:

- Environmental standards for supplier processes, products, and/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 and prohibition of anticompetitive and corrupt practices
- Sustainable procurement policies suppliers must follow with their subcontractors

## Suppliers and contractors per geographical area



In 2022, we held 42 SQM meetings with strategic suppliers.



# Contributing to the SDGs

Canacol strives to create a work environment that ensures everyone is motivated, safe, and is an active contributor to the SDGs

SASB EM-EP-210b.1 CSA  
Group-wide strategy GRI 1115.2



## In 2022

We mapped our ESG objectives and strategy to the UN 2030 Sustainable Development Agenda

Canacol became a member of IPIECA

Our SDG strategy was updated

Promoted the use of inclusive language with our contractors and suppliers by means of a new language guide

Launched a collaborative communication platform "Canacol Connection", for co-creation of content

Our ambition is to be a strategic collaborator in the attainment of the United Nations' 2030 Sustainable Development Agenda. We will focus on our role in Colombia's energy matrix transition, ensuring fairness, equity, and efficiency in delivering natural gas to millions of Colombians while preserving the country's energy self-sufficiency. We are committed to meet growing energy demand while reducing our CO2 emission intensity, decreasing our liquid and solid waste streams, improving air quality, and contributing to the development, well-being, and prosperity of our employees, neighboring communities, and Colombia.

## Our objectives for meeting the 2030 Sustainable Development Goals

- To maintain our standing as the largest independent gas producer in Colombia, growing from 20–25% market share to 30–35%, producing 330 MMcf/d in gas sales by EOY 2024
- To promote strategic projects that align our activities with the United Nations' Sustainable Development Goals and support our production growth plans
- To maintain and improve our leadership in carbon intensity per unit of production
- To uphold high standards in construction and operation of our wells and facilities
- To prioritize no environmental and operational accidents

The General Reporting Institute (GRI), following the guidelines of the Global Sustainability Standards Board (GSSB), establishes globally accepted standards for sustainability reporting which we have followed in this report. For the oil and gas sector, the relevant actions pertinent to advancing the SDGs as published by the GRI and

the IPIECA Roadmap for Sustainability guided our own mapping of key topics in our sustainability strategy. We are proud to share in this 2022 report a table that summarizes and highlights the mapping of our sustainability strategic objectives to the Sustainable Development Goals.

## Improving communication to reduce potential biases and help advance our commitment to sustainability

At Canacol we promote an inclusive, equitable and diverse work environment, in which all the people who are part of our team feel comfortable and respected. We know that by using inclusive language in our communications, we can reinforce our narratives and promote an organizational culture that encourages inclusion without bias based on race, religion, sexual orientation, political affiliation or disability status.

With these goals, we developed and shared an inclusive language guide with our collaborators, suppliers, and contractors, providing tools and examples of how to use a language that promotes inclusion in their daily work. In this way, we seek to foster a culture of tolerance and respect for differences with all parties involved in our value chain.

Regarding the management of our internal communications, Canacol prepared and distributed more than 1,000 pieces of information, making sure that all content and images were free of gender bias, sexist language, and discrimination. We continue our transformation with the new "Canacol Connection" intranet, a simple and connected platform for our collaborators. This tool integrates corporate information, content, relevant news, access to platforms, events and other resources in one place, promoting self-management and participatory communication.

Likewise, we have positioned our digital newsletter "Canacol Moment", as a new internal communication channel in which collaborators actively participate in the creation of content. With this, spaces are created for mutual recognition, the creation of relationships and the visibility of the different areas.



Canacol's Sustainability Strategic Objectives mapped to the United Nations 17 Sustainable Development Goals (SDGs)



Strategic Objective	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17
<b>Human rights</b> Prevent and control direct, indirect, real, and potential impacts on human rights (especially of employees and neighbouring communities), supervise providers (including those of physical security), and apply complaint and redress mechanisms.	●	●	●			●		●		●						●	●
<b>Management of human talent and organizational culture</b> Attract and retain the best human talent through competitive compensation and benefits, training processes that foster leadership and development, and an organizational culture based on respect for human rights.	●			●	●			●		●							
<b>Diversity, equity, and inclusion</b> Creation of inclusive, egalitarian, and equitable working conditions where all people feel respected and valued.				●	●					●						●	
<b>Industrial safety and occupational health</b> Preventive approach to manage industrial safety and the physical and mental health of employees and contractors.	●			●	●			●		●							
<b>Emissions, liquid and solid waste</b> Align our operations with policies of zero waste, circular economy, and protection/preservation of the environment.			●				●				●	●	●				
<b>Operational practices</b> Ensure our operations preserve and protect the environment, consider climate adaptation, and ingrain best practices related to minimizing waste and augmenting recycling, repurpose, and reutilization of resources.			●			●	●	●	●		●			●	●		
<b>Sustainable management of the supply chain</b> Strengthen our suppliers through the establishment of high environmental, social, governance, and quality standards, while we develop their capabilities.				●				●				●					
<b>Local development</b> Hire labour, make purchases, and execute social-investment projects in the regions where we operate.			●	●	●							●					
<b>Relations with communities and local authorities</b> Promote timely and assertive relationships based on respect for human rights, transparency, and compliance; build mutual trust and launch positive initiatives aligned with local and regional development plans.	●	●	●		●						●					●	
<b>Ethics, compliance, and transparency</b> Make decisions based on legality, ethical behavior, and corporate compliance to prevent any form of corruption, and assume responsibilities.												●				●	●
<b>Corporate governance and comprehensive risk management</b> Promote the participation of government bodies and senior management in decisions related to our ESG Strategy with a view to aligning it with market expectations and risk management with a preventive approach. This includes, but is not limited to, the reduction of high-impact accidents, emergencies with environmental and social effects, and cyber security risks.										●		●				●	





Governance  
**A transparent  
and ethical  
business**

Leadership  
Risk management  
Cyber security  
Ethics, integrity, and corporate management



# Leadership

Canacol's leadership and best governance practices drive our success.

CSA Board effectiveness; CSA Non-executive; Chairman/Lead director  
GRI 102-38; CSA 1.1.15



## In 2022

Annual bonus plan based on specific corporate and individual targets

Executive incentive compensation (Performance Share Units) tied to multi-year performance metrics

Updated our Executive and Board of Directors Incentive Compensation Clawback Policy

Updated our Share Ownership Policy for executive officers

Established 2023 targets for Board of Directors gender diversity

In 2022, Canacol's Board of Directors successfully executed its agenda, completing significant milestones of the company's ESG and decarbonization strategies. Accomplishments included the implementation of the first phase of our 2021–2026 ESG strategy, alignment of our procurement strategy with ESG best practices, and development of a diversity, equity, and inclusion (DEI) strategy.

Canacol's Board of Directors follows our corporate governance practice policies providing a robust framework for achieving our business objectives and ESG goals. To optimize our achievements in the areas of finance, environment, society, and governance, the board and senior management have established measurable goals and guidelines and effective control mechanisms.

## Excellence in corporate governance

Canacol's governance system provides strong monitoring of the company's performance, ensures our regulatory compliance, and facilitates timely decision-making and transparent information disclosure. This approach generates value, enhances competitiveness and sustainability, and safeguards the interests of our shareholders and stakeholders. Our corporate governance practices and policies follow the guidelines and standards of the Canadian Securities Administrators, including those relating to audit committees and financial information certification. The company's Governance and Nominating Committee is responsible for maintaining exceptional corporate governance.

- Our Board of Directors operates under a one-tier system led by an independent chairman.
- We have a Board of Directors' Independence Statement.
- The Board has implemented a Board Diversity Policy with specific targets.
- Our Board of Directors' independence rate is 88%.
- All eight of our board members have extensive experience in the oil and gas industry.
- We conduct regular evaluations to assess the effectiveness of our Board of Directors and their alignment with the long term interests of our shareholders.
- We conduct both independent evaluations and self-assessments of the Board of Directors' performance, with the most recent independent evaluation completed in May 2023.
- Board members are elected or re-elected on an annual basis.

- We have a majority voting policy in place for the Director election process.
- We have a Director Retirement Policy.
- We have established and refined our Chief Executive Officer evaluation and succession-planning processes.
- Our Audit Committee, Compensation Committee and Governance and Nominating Committee are fully composed of independent members of the Board of Directors
- Average attendance for our Board members was 97.5% in 2022.





## Canacol Board of Directors

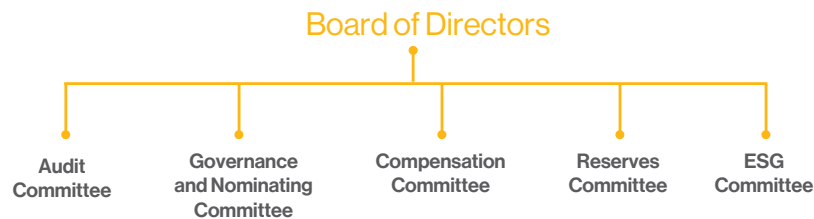
### Profile of the Board of Directors

- The average tenure of current board members is 8.1 years.
- Board members range in age from 39 to 67.
- Five of the seven board members have expertise in risk management.
- One board member has extensive experience in information technology and cyber security.
- We issue a detailed report on our Board of Directors on a yearly basis for the Annual General Meeting of Shareholders of Canacol Energy Ltd., and we post it publicly online.

### Key Experience and Expertise

Board member	Director since	Age	Independent	Industry knowledge	Financial	Risk management	Leadership /CEO	Corporate governance	Capital markets	Compensation	Technology knowledge
Michael Hibberd	2008	67	Yes	●	●	●	●	●	●	●	
Ariel Merenstein	2020	39	Yes	●	●	●		●	●		
Charle Gamba	2008	58	No	●	●	●	●	●	●	●	
David Winter	2009	65	Yes	●			●	●		●	
Francisco Díaz	2015	61	Yes	●	●	●		●	●		
Gonzalo Fernández- Tinoco	2018	60	Yes	●	●	●	●	●			●
Juan Argento	2021	51	Yes	●	●			●	●		
Gustavo Gattass	2023	47	Yes	●	●			●	●	●	

## Committees that steer success



Committees	Accountabilities
Audit Committee	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Review the integrity of financial reporting processes (internal and external)</li> <li>• Cyber security</li> <li>• Internal control</li> <li>• Compliance</li> </ul>
Compensation Committee	<ul style="list-style-type: none"> <li>• Feedback from third-party consultants</li> <li>• Executive Incentive Compensation Clawback Policy</li> <li>• Share Ownership Policy for Executive Officers</li> <li>• Share Ownership Policy for Non-Executive Directors</li> <li>• Annual short term incentive grants and salary adjustments</li> <li>• Restricted Share Unit (RSU), Deferred Share Unit (DSU), and Performance Share Unit (PSU) plan allocation</li> <li>• Succession planning</li> <li>• Diversity, equity, and inclusion</li> </ul>
Corporate Governance and Nominating Committee	<ul style="list-style-type: none"> <li>• Board performance</li> <li>• CEO evaluation</li> <li>• Board diversity</li> <li>• Anti-hedging Policy</li> <li>• Director nomination</li> </ul>
Reserves Committee	<ul style="list-style-type: none"> <li>• Monitoring the company's reserves and operating results</li> <li>• Regulatory compliance</li> </ul>
ESG Committee	<ul style="list-style-type: none"> <li>• ESG Strategy</li> <li>• ESG disclosure</li> <li>• Health and safety</li> <li>• Sustainability</li> <li>• Climate governance</li> </ul>

#### Age

- 35 - 49: 2
- 50 - 59: 2
- 60 - 69: 4

#### Ethnicity

- White: 37,5%
- Latino: 62,5%

#### Tenure

- 0 - 4 years: 3
- 5 - 9 years: 2
- 10 -14 years: 3

## Our ESG Committee

The ESG Committee consists of four independent board members appointed by the Board of Directors. The Committee meets quarterly, and its Chairman is available at the Annual General Meeting to address potential shareholder concerns.

The ESG Committee's primary roles and responsibilities include:

- Integrating the ESG Strategy into Canacol's corporate values, business plan, and annual objectives to promote accountability, compliance, and a culture of transparency.
- Reviewing and approving ESG policies, plans, and practices.
- Ensuring that adequate procedures are available and employed to identify and manage ESG risks.
- Monitoring ESG performance and staying current with evolving regulations, standards, and best practices to ensure alignment and compliance.
- Reviewing and approving the qualifications, independence statements, commitments, compensation, and performance of third-party entities selected for ESG Integrated Report verification.
- Reviewing and approving Canacol's annual ESG Integrated Report.

The ESG Committee reviews Canacol's ESG Strategy and activities annually and on an interim basis should legislative changes or the business environment require it. The Committee also conducts annual self-evaluations to assess its performance. Committee members receive regular ESG training to maintain their expertise in ESG matters.

While there is currently no female representation on our Board of Directors, we are committed to achieving 10-20% female representation by the end of 2023, and are actively engaged in the recruitment process, with the help of an external consultant, to identify an appropriate candidate.

## Executive compensation plan

The components of our executive compensation are: (a) base salary; (b) short term incentive compensation comprised of cash bonuses; and (c) long term incentive compensation comprised of Restricted Share Units (RSUs) and Performance Share Units (PSUs). The program is designed to align long term executive compensation with shareholder interests, to link achievement of business objectives and financial results with compensation, and to attract and retain highly qualified executives.

Long term alignment is achieved with a combination of PSUs and RSUs. The PSUs have metrics over three years and vest at the end of the three-year period. The RSUs are linked to annual corporate and individual goals and vest over two years. More details are made publicly available in our annual Management Information Circular.

The current compensation plan for our CEO includes a performance-based structure that links variable compensation to specific performance metrics in five target areas: Operational, Gas Contracts, Financial, ESG, and Strategy.

## Our executive compensation in 2022

The KPIs for the executive compensation in 2022 have been designed to align with Canacol's objectives and were approved by the Board of Directors. We have included a performance goal tied to the company's sustainability score that carries a weighting factor of 10-20%.

	Targets					Payout Levels			
	Weighting	Threshold	Target	High	Result	Threshold	Target	High	Payout Level
<b>Operational</b>									
Gross 2P Reserve Additions (BCF)	10-40%	110	130	153	112	50	100	150	50%
<b>Financial</b>									
EBITDA (\$M)	20-40%	185	210	230	214	50	100	150	110%
<b>ESG</b>									
Sustainability Score	10-20%	62	63	64	68	50	100	150	150%
<b>Strategic</b>									
Productive Capacity (mmscf/d)	0-20%	202	230	240	230	50	100	150	100%
General and Administrative (\$M)	0-10%	32	29	27	28	50	100	150	125%
Financing	0-30%	Discretionary				50	100	150	150%
M&A/Growth	0-20%	Discretionary				50	100	150	120%

## Management ownership

Canacol is a publicly traded company, with its common stock listed on the Toronto Stock Exchange, the OTCQX in the United States, and the Colombia Stock Exchange. Canacol has a mandatory stock ownership policy for its executive officers which requires them to acquire and hold common shares equal to twice their annual base salary.

Position	Name(s)	Base salary multiple
Chief Executive Officer	Charle Gamba	3.3 x base salary
Average across other Executive Committee members owning shares	Ravi Sharma, Jason Bednar, Anthony Zaidi, Tracy Whitmore	1.4 x base salary





# Risk management

At Canacol, effective risk management contributes to unlocking new opportunities and achieving sustainable growth.

GRI 2-2; GRI 304-3 – CSA 2.4; SASB EM-EP-160a.1 SASB EM-EP-210a.3; SASB EM-EP-540a.2; CSA Risk and crisis management; CSA Risk governance; CSA Risk culture



## In 2022

Trained 100% of employees in risk-management practices

Incorporated risk criteria into our project development and approval processes

Included risk management as a KPI for all employees

Disseminated risk-management updates on our website on a quarterly basis

Maintained oversight of corporate risks (Audit Committee)

Published first annual emerging risks report

## Risk and crisis management

By proactively identifying and mitigating risks, Canacol seeks to minimize negative impacts, to safeguard our stakeholders and the environment, and to enhance long term value creation. Canacol reviews its risk management, business continuity, and disaster recovery plans annually including training and simulated incidents.

## Risk governance

The Board of Directors and its Audit and ESG Committees are responsible for overseeing risk management. The Audit Committee reviews policies and processes to identify, assess, and effectively manage business risks. The risk management function is maintained as an independent entity from the day-to-day business to ensure objectivity and effectiveness.

## Risk management process

Canacol's risk management methodology adheres to the ISO 31000 standard, which comprises a five-step cyclical process. The process is carefully managed, monitored, and communicated to stakeholders. It is focused on achieving defined objectives through informed decision-making.

We continually evaluate and update our process considering lessons learned and other mechanisms that enable improvement, ensure objectivity, and effectiveness.



We conduct regular risk reviews across our operations (field and offices). Annually, we identify and disclose potential risks and conduct both an internal and an external audit of our risk management process.



## Emerging risks

Our risk management framework includes identifying, monitoring, and evaluating emerging risks regularly, and developing and implementing appropriate mitigation strategies as necessary.

## Risk culture

In 2022, we achieved the following risk culture milestones:

- Trained 100% of employees in risk management practices.
- Incorporated risk criteria into our project development and approval processes.
- Included risk management as a KPI for all employees.
- Disseminated risk management updates on our website on a quarterly basis.
- Reviewed and assessed potential risks that may impact our business continuity and field operations.
- Followed a multiyear work plan that is organized by area and follows the risks identified in our ESG priorities.
- Prioritized the identification and treatment of potential risks to our operations.

**In 2022, Canacol issued its first report on emerging risks, which is available on our website.**



# Cyber security

Information technology is crucial for Canacol's growth and success. CSA Information security/cyber security and system availability; CSA Information security/cyber security governance; CSA Security measures; CSA Process and infrastructure



## In 2022

Canacol's practices are fully aligned with ISO IEC 27001:2013 Information Security Standard

Conducted proactive ethical hacking exercises, phishing campaigns, and credential audits

Conducted preliminary reviews and tests in preparation of the second phase of the disaster recovery plan

Included the Security Awareness Program as a component of annual individual performance reviews

Included the acceptance signature as a part of the Information Security Policy in employees' corporate onboarding and update processes

Provided IT culture and cyber security training to 100% of staff and critical contractors

Canacol makes efforts and investments seeking to keep a secure IT/OT environment; proving our dedication to maintaining the highest information security standards. Additionally, Canacol conducted a thorough review and updated our disaster-recovery plan for 2022-2023 to cover digital assets and processes. Canacol also has taken measures to ensure that all infrastructure supporting its operations meets data-center security standards.

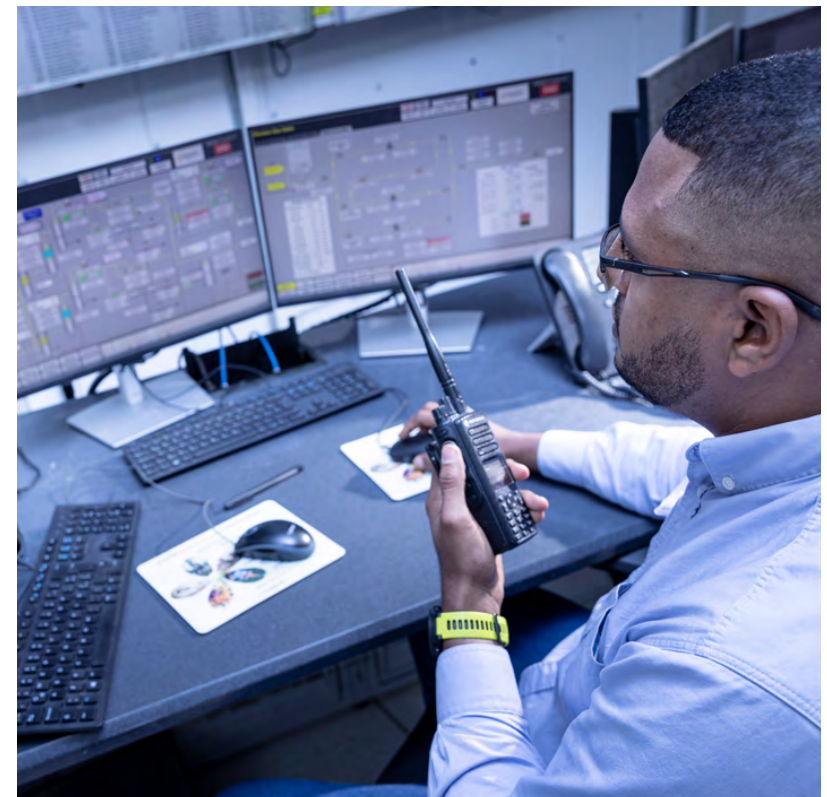
Our efforts to ensure the highest level of cyber security also include employee education and training. The company has integrated a Security Awareness Program into annual individual performance reviews and has provided IT culture and cyber security training to all staff and critical contractors. To further enhance employee awareness, Canacol conducts proactive ethical hacking exercises, training on phishing, and campaigns on credential audits. The acceptance signature is now a part of the Information Security Policy in employees' corporate onboarding.

The Audit Committee has responsibility for overseeing IT security, and it receives regular updates on security matters from management, including formal discussions, on a timely basis.

At Canacol, we prioritize the security of our data, systems, and processes through a proactive approach that leverages real-time threat detection, vulnerability assessments, internal audit tools, and advanced technology to prevent cyber-attacks such as malware, ransomware, and phishing. Our security practices are aligned with the ISO 27001 standard, and we maintain a zero-tolerance policy for any illegal behavior that violates our Information Security Policy.

In response to the increasing frequency and sophistication of cyber-attacks, we have developed our Security Awareness Program to include quarterly training and targeted modules for positions or processes at heightened risk. We also conduct periodic ethical hacking tests and follow up on any identified vulnerabilities to mitigate potential consequences for our company. Additionally, we collaborate with our suppliers to ensure a coordinated approach to IT security.

In 2022, our information-security management systems underwent external audits and independent third-party vulnerability analysis, including simulated hacker attacks.







Analysis, detection and response (XDR technologies)

Antispam and antivirus tools

Information security awareness program

Ethical hacking tests

Analysis and treatment of vulnerabilities in information systems

Yearly awareness campaigns on cyber security

Delivery of security tips and publication on a virtual billboard



Canacol's practices are fully aligned with ISO IEC 27001:2013



**Carlos Eslava**

IT Manager

*As Canacol's IT Manager, I am responsible for overseeing the company's IT operations and ensuring that our technology aligns with the company's overall strategy. This includes managing our IT infrastructure, implementing new technologies, and ensuring the security of our data.*

*One of the biggest challenges we face is keeping up with the rapid pace of the technology changes. This means staying on top of new developments and being able to quickly adapt to changes.*

*I am excited for the future as big data analytics, machine learning, automation, and the internet of things among many others will be key in helping us to transition to a more sustainable future.*

# Ethics, integrity, and corporate management

At Canacol, we believe that having a strong foundation in ethics and integrity is essential to achieving success in business.

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-530a.1; CSA Codes of business conduct; UNGC Principle 10  
GRI 304-3 - CSA 2.4.1 SASB EM-EP-160a.1 ISO 9001:2015 (quality), ISO 14001:2015 (environment) e ISO 45001:2018 (safety and Health at work).  
IPIECA GOV-2 C1, GOV-2 C2, GOV-2 C3, GOV-2 C4, GOV-2 A1, GOV-2 A2, GOV-2 A3, GOV-2 A4, GOV-2 A5.



## In 2022

Operated with no reported ethical breaches

Trained 100% of employees in our Code of Ethics and Business Conduct

Trained 100% of our suppliers in our Code of Conduct and Ethics for Contractors and Suppliers

Trained 100% of our employees in anti-corruption policies

## Ethical framework

Canacol proudly demonstrated its commitment to corporate citizenship by becoming a member of the United Nations Global Compact's. Our business practices are aligned with the Compact's 10 principles in the areas of human rights, labour, environment, and anti-corruption.



Human Rights



Labour



Environment



Anti-corruption



Our corporate governance policies include:

- Transparency and Business Ethics Program Manual
- Comprehensive Self-Management System for Prevention of Risks (SAGRILAFI Manual)
- Anti-Money Laundering and Anti-Terrorism Financing Policy
- Wrongdoing Reporting Policy
- Anti-Corruption Policy
- Donations, Contributions, and Sponsorships Policy

In 2022, we remained committed to promoting ethical behavior and compliance with our company's standards through our training programs on codes of ethics and business conduct. We are proud to report that 100% of our employees, contractors, and suppliers completed the training in Canacol's Code of Ethics and Business Conduct.



**100% employees trained in Canacol's Code of Ethics and Business Conduct**



**100% of suppliers trained in Canacol's Code of Conduct and Ethics for Contractor and Suppliers**

We maintain a Code of Ethics and Business Conduct for employees and a Code of Ethics and Conduct for Contractors and Suppliers. These codes outline the principles that all parties are expected to follow while performing duties. They promote best practices and foster compliance with our standards.

We continued to train our workforce in anti-corruption policies and procedures, demonstrating our commitment to ethical best practices. Our efforts resulted in the training of 100% of our 476 employees.

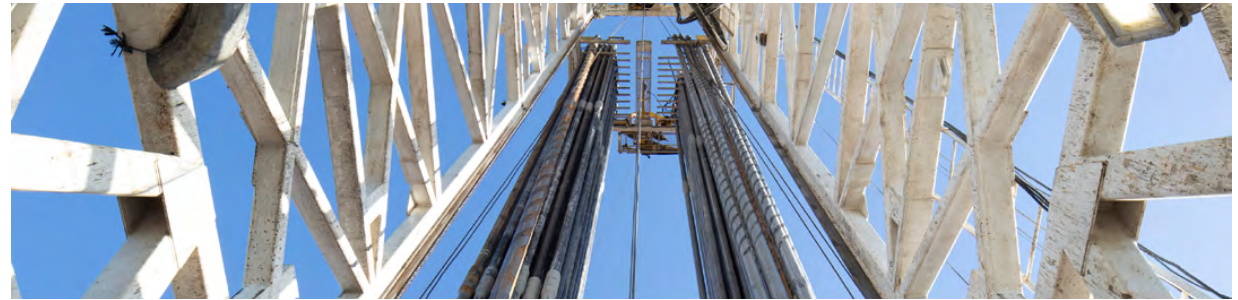
## Reporting ethical breaches

We demand integrity, accountability, and timely reporting from our leaders, employees, and contractors.

Canacol has a proven track record of upholding the highest standards of ethical conduct. We remain committed to maintaining this exemplary record through ongoing training, communication, and accountability measures.

In 2022, we recorded:

**No corruption or bribery cases**  
**No discrimination or harassment**  
**No breaches of customers privacy data**  
**No conflicts of interest**  
**No money laundering or insider trading**



## Canacol's transparency framework

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 (TBEP) at Canacol establishes standards of conduct and implements controls to prevent money laundering, terrorism financing, corruption, and transnational bribery. It exceeds local, regional, and international regulations and best practices and promotes a culture of ethical integrity.

The TBEP applies to all departments and processes and encompasses all stakeholders. It is based on three pillars: Transformation Starts at Home; Canacol Makes the Difference; and We are all Compliance Officers. The program adheres to various codes and standards.

The TBEP adheres to various codes and standards including SASB EM-EP-510a.2, CSA Codes of Conduct, CSA Corruption and Bribery, CSA Systems/Procedures, and GRI 2-23, 2-24, 2-25, and 2-27.

In 2022, we updated our employment contracts to include compliance obligations and to establish a framework for enforcing sanctions when required. Our policies and manuals, including those for shareholders, investors, managers, employees, suppliers, and other entities and individuals with whom we do business, were also 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** — Pertains to Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), and the Financing of the Proliferation of Weapons of Mass Destruction (WMD).

**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 relationships with our competitors.





In addition, we have embraced the international conventions adopted in Colombia to fight corruption and bribery:

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

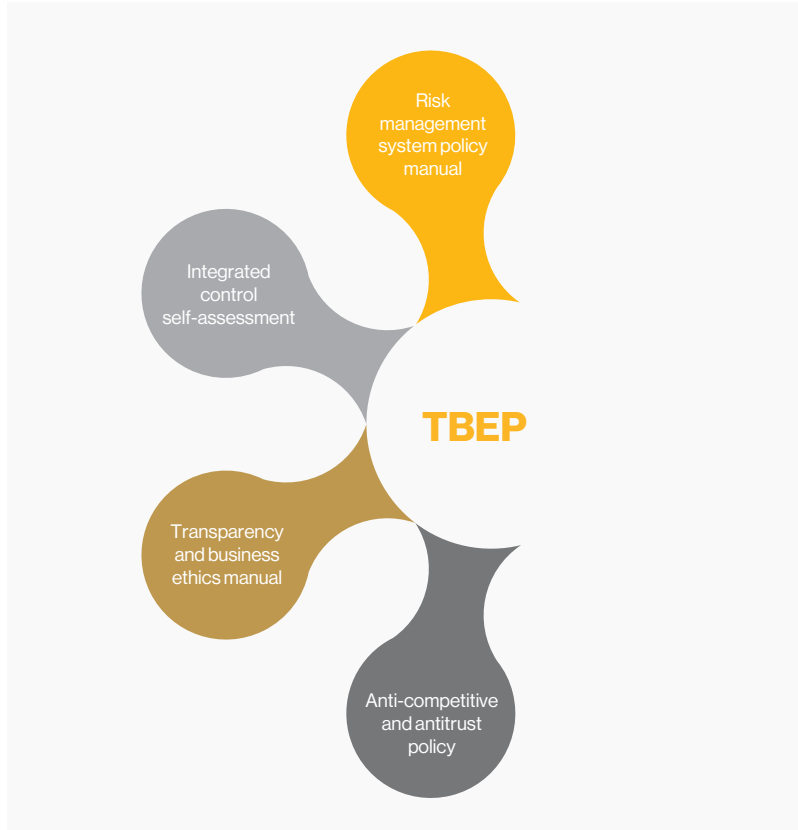
Law of Transparency and Access to Public Information

Law 1712 of 2014 and Law 1778 of February 2, 2016, Regulating Transnational Bribery

Law 412 of 1997 approving the InterAmerican 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



## Operational transactions assessed for risks related to corruption

We engaged in a complete assessment of the operational transactions of Canacol, and of our 10,520 operations, none were identified as having any significant corruption risk.

**10,520 total operations**

**10,520 operations assessed**

**100% of operations were assessed as having no significant corruption risk**

## Donations and contributions

CSA Influence policy; CSA Contributions and other spending GRI 11.22.2

We ensure compliance with legal regulations and requirements for donations and contributions to third parties or related parties through our Donations, Contributions and Sponsorships Policy.

Our donations, contributions, and sponsorships are aligned with our social investment strategy and directed towards supporting local nonprofit organizations and communities. This includes areas such as productive and business development, human development, community strengthening, institutional strengthening, support for ethnic minorities, and the environment. We also provide funding to support humanitarian responses during emergencies.

Donations, contributions, and sponsorships, 2019–2022  
(Thousands of \$)

	2019	2020	2021	2022
Lobbying, interest representation, or similar	221.7	1,529.9	483.1	513.5
Local, regional, or national political campaigns / organizations / candidates	-	50.1	-	-
Trade associations or tax-exempt groups (e.g., think tanks)	1,408.5	966.4	500.4	47.1
Other (e.g., spending related to ballot measures or referenda)	-	-	-	-
<b>Total donations, contributions, and sponsorships</b>	<b>1,630.2</b>	<b>2,546.4</b>	<b>983.5</b>	<b>560.6</b>

## Lobbying and trade associations — climate alignment

Canacol joined the Natural Gas Sector Alliance: Road to Carbon Neutrality, a trade association comprising affiliates such as the Colombian Natural Gas Association (NATURGAS), the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. Canacol's membership extends to all jurisdictions where we operate. Furthermore, we are also a member of NATURGAS, which supports our goals to develop partnerships for the decarbonization of Colombian gas sector operations, offer training to develop the talent needed for an effective energy transition, and develop strategies leading to green energy projects.

In 2022, Canacol joined IPIECA to align its decarbonization efforts with industry standards. We remain committed to reducing carbon emissions and achieving carbon neutrality in accordance with Colombian national plans, the Paris Agreement, and the United Nations' 2030 Agenda for Sustainable Development. Moving forward, we will reassess our affiliations with trade associations and lobbying organizations to ensure alignment with our sustainability objectives, particularly regarding decarbonization goals.

**Natural gas is a clean and affordable energy source for Colombia.**

## Tax strategy

We follow governance best practices to demonstrate our commitment to transparency and ethical behavior. This includes regular reviews and validation of Canacol's tax strategy by both the Board of Directors and the Executive Committee, summarized in our Approach to Tax Policy.

Canacol's tax strategy is based on five principles – the respect of jurisdictional law and OECD guidelines, tax responsibility, transparency, relationships with authorities, and the minimization of risk. These principles seek to protect the interests of investors by managing the Company's tax affairs in a transparent way. The taxes the Company pays are essential for the economic and social impact in the countries where Canacol operates.

Canacol reports to its external stakeholders, including investors and authorities, on our tax practices and amounts paid to ensure transparency and to foster public trust. Moreover, Canacol discloses accurate and complete information on our transactions and as a matter of policy does not use artificial corporate structures to hide activities.

## Canacol tax strategy

- 01 Respect of jurisdictional law and OECD guidelines
- 02 Tax responsibility
- 03 Relationships with authorities
- 04 Minimization of risk
- 05 Transparency

## Taxes paid

Tax (million of dollars)	Canada 2022	Switzerland 2022	Colombia 2022
Revenues from third-party sales	-	-	386.4
Revenues from intra-group transactions with other tax jurisdictions	\$12.6	\$8.4	\$0.0
Profit/loss before tax	-\$35.2	\$0.0	\$101.3
Tangible assets other than cash and cash equivalents	\$3.0	0	\$928.7
Corporate income tax paid on a cash basis	-	-	\$35.5
Corporate income tax accrued on profit/loss	-	-	\$111.2
Total employee remuneration	\$8.4	\$0.0	\$24.3
Taxes collected from customers on behalf of a tax authority	-	-	\$1.7
Industry-related and other taxes or payments to governments	-	-	\$1.2

## Tracy Whitmore

Vice President of Tax and Corporate Affairs

As Vice President of Tax and Corporate Affairs, my role involves overseeing the company's tax strategy and compliance with all relevant regulations. In addition, I manage interactions with external stakeholders, including government agencies, media outlets, the public, and potential investors.

I am proud to be involved in Canacol's governance initiatives as transparency and accountability are a major priority in our business. I am also an active collaborator in advancing our commitment as responsible citizens, ingraining sustainability into Canacol's goals and activities.

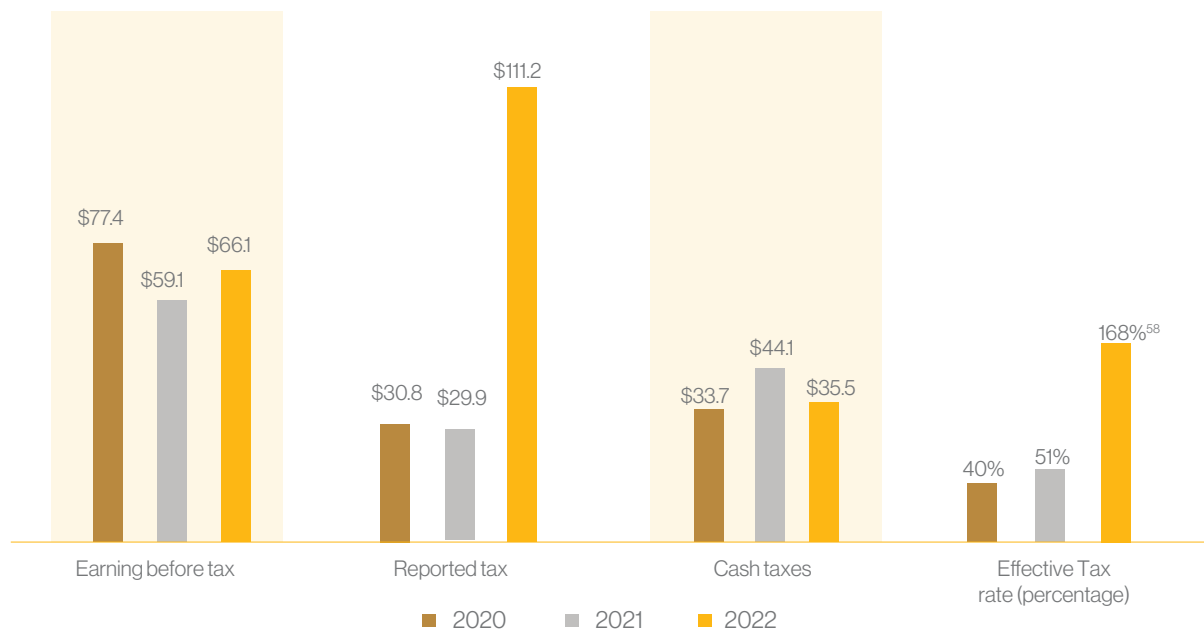
Furthermore, I am particularly enthusiastic about our operations in Colombia, a country determined to progress towards a clean energy future, in which Canacol's production of natural gas will play a key role.

Canacol is a company that deeply cares about advancing sustainability and this can be seen through the teamwork across departments to achieving the company's ESG goals.





## Effective Tax Rate (millions of dollars)



<sup>58</sup> In 2022, Canacol completed a corporate restructuring which resulted in a one time capital gains tax charge thus increasing the effective tax rate.

## Engaging with shareholders and stakeholders

We believe that maintaining open and frequent communication with our shareholders is essential to fostering trust and maintaining long term relationships. As a producer of natural gas, we have a unique position in the market that offers significant advantages to other energy sources. Keeping our shareholders regularly informed about our business performance, strategy, and plans is crucial to ensuring that they are equipped to make informed decisions. This open communication also allows us to receive valuable feedback from our shareholders and incorporate their perspectives into our decision-making processes. We engage in frequent and open encounters with current and potential shareholders and attend multiple international meetings and forums per year.

## Corporate governance practices

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

Our management systems follow the best international standards. We are certified in the following management-performance frameworks and guidelines:

- ISO 9001:2015 — Quality Management System Standard
- ISO 14001:2015 — Environmental Management System Standard
- ISO 45001:2018 — Occupational Health and Safety Management System Standard

## Our commitment to HSEQ

Canacol has procedures for minimizing potential risks and supporting continuous improvement. Our Board of Directors and senior management have approved an HSEQ Sustainability and Information Security Policy, and we conduct an annual review of our comprehensive management system. We also utilize a tool to identify and monitor opportunities for improvement.

We conduct regular internal audits as well as certification audits by specialized consultants as well as HSEQ audits for our strategic allies. Our comprehensive management review allows us to monitor the performance of our management systems and to identify opportunities for improvement.

In 2022, we reinforced our dedication to quality by providing training programs based on the ISO 9001 standard as well as ISO 27001: 2013 training and leadership courses for our quality team. We utilize a matrix to identify the requirements of internal and external stakeholders. Our environmental accountability is demonstrated through our certification in the ISO 14001: 2015 standard for environmental management.

# Deloitte.

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## LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION INCLUDED IN CANACOL GROUP INTEGRATED REPORT ESG 2022

To the Administration of Canacol Group

*Limited assurance report on selected sustainability information included in Canacol Group Integrated Report ESG 2022.*

We have carried out limited assurance work on the selected information detailed in Annex A (hereinafter, information subject to assurance), included in the Integrated Report ESG 2022 of Canacol Group for the year ended December 31, 2022. This assurance engagement was carried out by a multidisciplinary team that includes assurance professionals and sustainability and environmental specialists.

Our limited assurance engagement was performed only in relation to the selected sustainability information included in Annex A. Our assurance report does not extend to prior period information or other information included in the Integrated Report ESG 2022, or other information related to the Integrated Report ESG 2022 that may contain images, audio or video.

### Criteria

The criteria used by the management of Canacol Group to prepare the information subject to assurance included in the Integrated Report ESG 2022 were established considering the concepts, requirements and principles set forth in the Global Reporting Initiative ("GRI") standards, which are detailed in Annex A attached.

Management's responsibilities for the information subject to assurance included in the Integrated Report ESG 2022

Management is responsible for the preparation of the assurance information included in the Integrated Report ESG 2022 in accordance with the criteria established in the GRI standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of assurance information that is free from material misstatement, whether due to fraud or error.

Inherent limitations of the assurance engagement

The selected sustainability information 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 preparing the selected information the entity makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

# Deloitte.

Our Independence and Quality Control

We have complied with the ethical and independence requirements of the professional Code of Ethics for Public Accountants 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 Management ("ISQM") 1 and, therefore, maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable law and regulatory requirements.

Responsibility of independent professionals

Our responsibility is to express a limited assurance conclusion on the integrated report based on the procedures we have conducted and the evidence we have obtained. We carry out our limited assurance work in accordance with the **International Standard on Assurance Engagements 3000 (ISAE 3000) revised**, Assurance Engagement Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IASSB). This standard requires planning and conducting work to obtain limited assurance about whether selected integrated report information is free from material error.

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

Given the circumstances of the engagement, we have carried out the following procedures:

- a. Through inquiries, we obtained an understanding of control environment and relevant information systems of Canacol Group, but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor did we test their operating effectiveness.
- b. Understanding of the tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.
- c. Substantive testing on a selective random basis of sustainability information indicated by the company, to determine the standards and indicators subject to limited assurance and corroborate that the data have been measured, recorded, collected and reported appropriately through:
  - i. Inspection of policies and procedures established by the Company.
  - ii. Inspection of supporting documents of internal and external origin.
  - iii. Recalculations.
  - iv. Comparisons of the contents presented by the Administration with those established in the criteria section of this report.

Annex A details the sustainability performance standards and indicators included in the scope of our work.



**Deloitte.**

Our limited assurance engagement was made only with respect to the sustainability standards and performance indicators included in Annex A, for the year ended December 31, 2022; and we have not conducted any procedures with respect to prior years, projections and future targets, or any other items included in the Integrated Report ESG 2022 for the year ended December 31, 2022 and therefore do not express a conclusion thereon.

Limited assurance engagement involves assessing the appropriateness, in the circumstances, of the company's use of the criteria as a basis for preparation the Integrated report selected information; assess all risks of material errors in reporting sustainability information subject to assurance due to fraud or error; responding to assessed risks as necessary in the circumstances; and evaluating the overall presentation of the Integrated Report ESG 2022 information. The scope of limited assurance work is substantially less than that of reasonable assurance work in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to assessed risks. Therefore, we do not express a reasonable assurance conclusion as to whether the company's integrated reporting information selected has been prepared in all material respects, in accordance with the provisions of the criteria section of this report.


We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion of limited assurance.

**Conclusion of Limited Assurance**

Based on the work carried out described in this report, the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the information subject to assurance included in Annex A of the Canacol Group for the year ended December 31, 2022, have not complied in all material aspects, in accordance with the Criteria section of this report.

**Restriction of Use of Report**

Our report is issued solely for the purpose 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 sections and to the sustainability and identified information and does not extend to any other financial and non-financial information included in Canacol Group integrated report for the year ended December 31, 2022, nor to its financial statements, taken as a whole.



SANDRA MILENA VILLABONA L.  
Partner

Bogotá, June 20, 2023

**Deloitte.****ANNEX A**

The GRI Standards, defined by the Company's Management as the information subject to limited assurance, are detailed below.

These evaluation criteria are an integral part of our independent limited assurance report on the information subject to assurance included in the Integrated Report ESG 2022 of Canacol Group for the year ended December 31, 2022.

GRI Standard	Description
GRI 205-1 (2016)	Operations assessed for risks related to corruption
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-3 (2016)	Energy intensity
GRI 303-3 (2018)	Water withdrawal
GRI 303-4 (2018)	Water discharge
GRI 303-5 (2018)	Water consumption
GRI 304-1 (2016)	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions
GRI 305-5 (2016)	Reduction of GHG emissions
GRI 305-7 (2016)	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
GRI 306-3 (2020)	Waste generated
GRI 306-5 (2020)	Waste directed to disposal
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 (2018)	Work-related injuries
GRI 403-10 (2018)	Work-related ill health
GRI 404-1 (2016)	Average hours of training per year per employee
GRI 404-2 (2016)	Programs for upgrading employee skills and transition assistance programs
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 407-1 (2016)	Operations and suppliers in which the right to freedom of association and collective bargaining may be at Risk
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







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