



Human Rights Management Report 2022





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Message from the CEO

“In 2022, Canacol Energy Ltd. (the “Company” or “Canacol”) made progress in promoting, protecting, and respecting human rights. As a company, we recognize our important role in fostering a proactive culture of exemplary human rights practices, which has allowed us to achieve excellent results in this area.

The Company implemented its human rights policies incorporating the principles of the United Nations Global Compact, the Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights, among others. These policies promote equality, empathy, and solidarity among our diverse stakeholders.

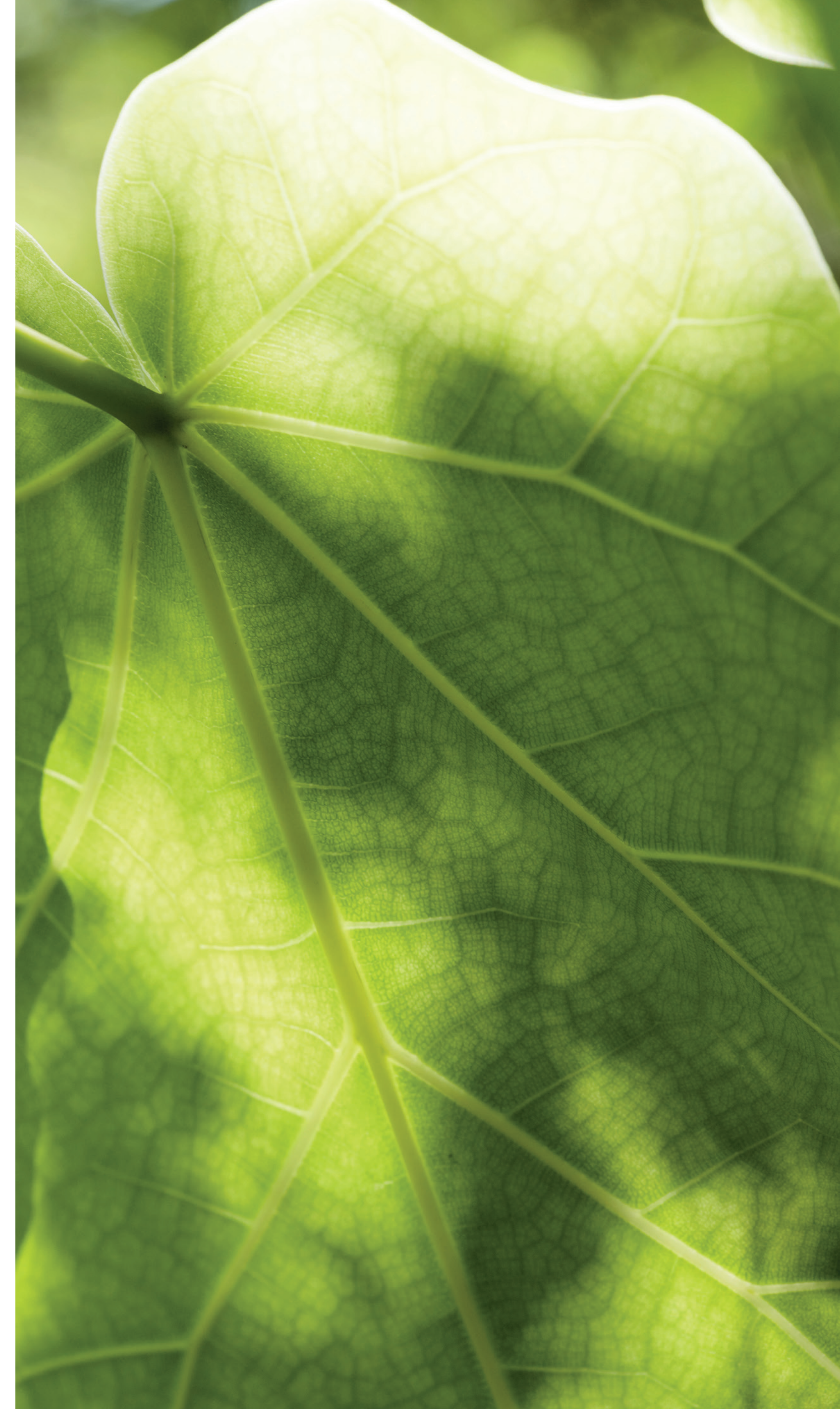
This year, we continued to extend our commitment to promoting and respecting human rights to our contractors, public force, local communities, and other stakeholders. We strove to raise awareness and ensure that these principles are understood and applied by all parties involved.

As agents of change, we are able to identify the risks and opportunities associated with our operations through a due diligence process. This allows us to prevent potential human rights violations and anticipate appropriate mitigation measures in the event they occur.

This effort was reflected by our performance in the Dow Jones Index, where we achieved an increase of 27 points in our human rights score in 2022. Over the past two years, thanks to our commitment and concerted actions, we have increased our score by 56 points, resulting in a total score of 84 points.

We reiterate our commitment to this mission and invite our Canacol family to embrace our diversity and dedicate our efforts to continue strengthening the culture of education and respect for human rights within the Company.”

Charle Gamba
CEO – Chief Executive Officer



Our commitment



Our commitment to human rights is based on the duty of companies to respect, protect, and remedy, utilizing the Guiding Principles on Business and Human Rights of the United Nations (UN). We also adhere to the commitments set forth by the United Nations Global Compact Initiative, the Universal Declaration of Human Rights, the Voluntary Principles on Security and Human Rights, and the conventions of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work. These guidelines serve as our compass in upholding human rights standards.

This commitment is applicable to our employees, contractors, and stakeholders, which is reflected in all our processes and documents.

In the year 2022, Canacol continued its programs of promoting and respecting human rights, mainly targeting: i) strengthening due diligence; (ii) fostering a culture of education and respect for human rights; and iii) ensuring the full observance of human rights by our employees, contractors, and stakeholders.

In this Management Report, we will present a summary of the main actions and efforts carried out in the field of human rights throughout 2022.



Human rights management



a. Evaluation and update of the components of due diligence

Canacol conducted a disaggregated evaluation of each one of the five components related to due diligence in human rights, namely: i) Institutional commitment; (ii) Identification of impacts; (iii) Management of impacts; (iv) Monitoring; and (v) Remediation. The purpose of this evaluation was to offer recommendations for enhancing risk and opportunity identification, evaluation of potential and/or existing impacts, and incorporating the results within the Integrated Management System. Through this diagnostic process, the Company gained valuable insights into gaps and opportunities, based on documentary evidence and records from the year 2022.

For the development of the evaluation, an instrument was designed in accordance with the standards and indicators of the United Nations Guiding Principles. The instrument incorporated quantifiable evaluation criteria to ensure its compatibility within the specifications of the management system's structural framework. A six-level scale was considered to determine the degree of development (formalization), providing a reference point for structuring the due diligence process and incorporating it into the process map.

The evaluation process was based on a documentary review, enabling the classification of each due diligence component based on their level of formalization. The instrument facilitated the analysis of different aspects of due diligence, including identification, management and remediation of impacts, performance monitoring, security, water, fair employment, ethnic minorities, and land management. Additionally, the evaluation encompassed the assessment of the supply chain and joint ventures, considering the evaluation indicators of the due diligence standards.

The results ratified the presence of formalized operational and support procedures within Canacol. These procedures have played a crucial role in ensuring the social license to operate and seamlessly integrate into our internal processes. Building on the development of the evaluation, we have updated the Human Rights Due Diligence Guide, emphasizing the remediation procedures and mitigation measures. The updated guide explicitly includes the due diligence aspects regarding local communities and migrant workers.



b. Update of the Human Rights Policy

The evaluation of the five components of due diligence allowed Canacol to ratify its institutional commitment. As a result, we updated the Human Rights Policy with a primary focus on strengthening the implementation of due diligence, expanding the regulatory framework, and incorporating different international instruments for the protection of human rights. Additionally, specific attention was given to groups requiring special protection such as women, people with disabilities, indigenous peoples, and migrant workers.

A set of indicators was also developed to monitor the implementation of the Human Rights Policy. These indicators facilitate an annual review that assesses the status of policy implementation and identifies the need for any necessary updates. This systematic monitoring serves as a fundamental support for the documentation and implementation of the formalized due diligence process.

Finally, it should be noted that the changes were communicated to employees and contractors, ensuring their awareness and understanding. The updated policy was included in the Integrated Management System and published on the Company's webpage. This approach ensures easy access to the information for all stakeholders.

c. Development of the Human Rights Remediation Procedure

In 2022, we introduced the Human Rights Remediation Procedure, which aims to provide clear guidelines for addressing negative impacts on human rights. This procedure specifically focuses on handling complaints and claims presented by stakeholders. Its purpose is to achieve effective remedies that counteract or transform these impacts into positive outcomes. The procedure has been integrated into the Company's management system, and it incorporates existing mechanisms in the Petitions, Complaints, and Claims System Manual.

According to the Procedure, remediation measures are determined based on the nature of the impact, the degree of materialization, and the type of risk. The

identified alternatives are: (i) apologies; (ii) restitution; (iii) rehabilitation; (iv) financial and non-financial compensation; (v) punitive sanctions (criminal or administrative); (vi) injunctions; and (vii) guarantees of non-repetition. This Procedure aligns with the United Nations Guiding Principles on Business and Human Rights.

d. Development of the Security and Human Rights Procedure

In conjunction with the Physical Security Management, we have developed the Security and Human Rights Procedure. This Procedure aims to provide guidelines for the Company's engagement with entities responsible for public and private security within our operational area. Additionally, it establishes a clear process to address any instances of human rights violations committed by these security personnel while performing their duties.

Within the framework of this Procedure, guidelines were established to maintain the security of the Company's operations under a framework ensuring respect for human rights. Likewise, the steps for the relationship and support with the public force were identified and defined, and responsibilities were assigned to the members of the Company's security team.

This Procedure was socialized and shared with the members of the Physical Security Management, private security contractors, and members of the public force.



e. Matrix of risks, impacts, and opportunities in human rights

The evaluation of the components related to human rights due diligence facilitated the correlation of human rights risks and opportunities identified by all areas of Canacol in 2022. Through the evaluation, risks and opportunities related to human rights were identified, allowing the Company to prevent their occurrence and anticipate mitigation measures if necessary.

This exercise was socialized and validated with the representatives responsible for the operational and management processes involved. It serves as a foundational framework to incorporate the human rights aspect into the customized due diligence process. In this regard, discussions commenced with the planning and analysis area to integrate the process of associating human rights considerations into the Company's risk management formats.

In this respect, we have developed a procedure for the Identification and Management of Risks and Opportunities in Human Rights. This procedure is based on the United Nations Guiding Principles on Business and Human Rights and in coordination with the Company's Risk and Opportunity Planning Procedure. It provides clear guidelines for identifying and managing human rights-related risks and opportunities within our operations.

The matrix of risks, impacts, and opportunities in human rights allowed us to identify risks and opportunities in the development of Canacol's operations. The following conclusions are drawn from the assessment carried out in 2022:

Risks

- Of the total risks related to the Company's operation, approximately 40% have some kind of association or relevance to human rights.
- The physical security, exploration, social, and production areas account for 57% of the Company's human rights-related risks.
- The rights that have the most impact on the Company's operations, particularly due to the nature of the industry's activities, are as follows: 1) the right to freedom; 2) the right to security; 3) the right to health; and (4) the right to life.

- 58% of the risks associated with human rights are classified as medium risks.
- 56% of the company's human rights-associated risks have their origin in external factors.

Opportunities

- Of the total opportunities related to the Company's operations, approximately 15% are associated with human rights.
- Administrative management, physical security, ESG, and occupational health processes account for 57% of the Company's human rights-associated opportunities.
- The right to enjoy fair and favorable working conditions presents the greatest opportunities for enhancement and development by the Company.

It should be noted that both the risks and the opportunities associated with human rights are effectively managed in accordance with the established procedure. The legal area has prepared a control board to ensure proper monitoring and oversight. This practice will also be formalized within the due diligence process. Furthermore, all risks have an internal prevention and mitigation plan. These prevention and mitigation plans are periodically evaluated to ensure appropriate risk treatment and reduction of residual risk after implementing the necessary controls. Additionally, the Company has a Human Rights Remediation Procedure, as detailed in this Report.



f. Training and education activities

Within the framework of our commitment to human rights, we conducted training activities in 2022 for our diverse stakeholders, including employees, contractors, and the public force. These training and education sessions aimed to foster a culture of learning and respect for human rights within the Company. Furthermore, we strove to extend this culture across all areas of our employees' work.

Employees

Three virtual training exercises on current and relevant human rights issues were conducted for all company employees. The sessions included: i) Workplace Harassment; ii) Gender-Based Violence; and iii) Subjects of Special Constitutional Protection.

Training	Number of persons	Number of hours per person	Total hours
Workplace Harassment	99	1	99
Gender-Based Violence	93	1.5	140
Subjects of Special Constitutional Protection	94	1.5	141

Furthermore, it is mandatory for all company employees to undergo induction and re-induction courses periodically through the C+ Platform. These courses allow us to reinforce key content and corporate policies related to topics such as Diversity, Equity, and Inclusion (DEI) and the prevention and sanctioning of acts that lead to workplace harassment.¹

Training	Number of persons	Number of hours per person	Total hours
Workplace Harassment C+	226	0.7	158
Corporate Induction	155	1.6	248
Diversity, Inclusion, and Equity Program 2022	182	0.6	109
Corporate Re-induction 2022	8	0.6	5

¹: It is worth mentioning that 100% (476) of the company's direct employees were trained in human rights through the C+ platform.

Contractors

Five training exercises on human rights were conducted for the company's contractors. They covered topics such as: (i) Due Diligence in Human Rights; (ii) Canacol's Instruments in Human Rights; and (iii) Responsibility of Contractors in Human Rights. In total, 724 contractors (100%) were trained.

Furthermore, three special training exercises were conducted for private security contractors to train security personnel on specific human rights issues that are pertinent to their roles. During these training sessions, the following topics were covered: i) Socialization of the Company's Security and Human Rights Procedure; ii) Introduction to the Instruments employed by Canacol for the prevention and mitigation of human rights risks; and iii) Emphasis on the importance of the implementation of the United Nations Voluntary Principles on Security. In total, 41 members of the private security personnel were trained.

Public Force

Three training exercises were conducted with the public force. These exercises addressed the following topics: i) Human Rights and International Humanitarian Law; ii) Voluntary Principles; and iii) Security and Human Rights Procedures. In total, 39 members of the public force in Canacol's operational areas were trained.



g. Communication Campaign

In 2022, we continued the internal communication campaign, with the objective to inform and raise awareness among employees on issues related to human rights. Through this visual campaign, we strove to encourage our employees to promote and respect human rights.

As a part of the comprehensive implementation process of the due diligence components, promotion of the Company’s human rights policy, and ongoing education and training, a total of 24 graphic pieces were disseminated within the framework of this campaign. These graphic pieces specifically addressed various issues that are pertinent to human rights.

Communication Campaign on Human Rights 2022

Month	Matters Addressed	Month	Matters Addressed
January	<ul style="list-style-type: none"> • Overview of Human Rights activities • Security and Human Rights 	July	<ul style="list-style-type: none"> • Right to Equality • Right to Nationality
February	<ul style="list-style-type: none"> • Businesses and Human Rights • Due Diligence in Human Rights 	August	<ul style="list-style-type: none"> • Rights of Indigenous Peoples • Third Generation Rights
March	<ul style="list-style-type: none"> • Women Distinguished for their Commitment to Human Rights • Right to Equality and to Non-Discrimination 	September	<ul style="list-style-type: none"> • Right to Vote • Peace Building
April	<ul style="list-style-type: none"> • Right to Health • Duties of Parents Ensuring the Rights of Children 	October	<ul style="list-style-type: none"> • Importance of Mental Health as a Human Right • Eradication of Poverty
May	<ul style="list-style-type: none"> • Right to Decent Work • Ethnic and Cultural Diversity 	November	<ul style="list-style-type: none"> • Men Distinguished for their Commitment to Human Rights • Importance of Tolerance
June	<ul style="list-style-type: none"> • Right to Healthy Environment • Prevention of Child Labor 	December	<ul style="list-style-type: none"> • Inclusion Policies with respect to Population with Disabilities • Human Solidarity



In 2023, we will continue with this campaign to foster a culture of promotion and respect for human rights within the Company. The communication campaign in 2023 will focus on the 17 Sustainable Development Goals of the United Nations.

h. Human rights liaisons

As part of the change management process in 2021, human rights liaisons were appointed for each area within the Company. The objective of these liaisons is to support the human rights area in the implementation of the due diligence process and act as a catalyst for promoting commitment and respect for human rights. They are responsible for leading campaigns, activities, and initiatives carried out from the human rights area.

In 2022, the maturation of this initiative continued. Within the framework of its development, the human rights area initiated a training process for the liaisons to enhance their effectiveness in their respective role. Four training sessions were conducted, covering the following topics: i) Overview of Human Rights; ii) Human Rights Due Diligence; iii) Positive Impacts on Human Rights; and iv) Procedure for Management of Human Rights Risks and Opportunities.

Additionally, periodic meetings were held to develop the implementation of the commitments and coordinate the progress made. One of our objectives was to form a multidisciplinary human rights team that leverages the experiences and practices of the liaisons. This team will work towards fostering a culture of human rights, preventing the materialization of risks, and maximizing the implementation of human rights opportunities.

i. Independent hotline

In 2021, a whistleblower line was set up for all issues related to human rights, ethics and compliance, and protection of personal data.

In 2022, the human rights area focused on enhancing the whistleblower line as an independent, anonymous, confidential, and secure channel. The objective was to provide employees, customers, contractors, and stakeholders with a means to report possible actions or violations of human rights that could affect the interests of Canacol and its stakeholders.

During 2022, a campaign was promoted to make this whistleblower line known to all employees through the different training exercises, platforms, and through a communication campaign that was carried out in conjunction with the internal communications team. Within the framework of this objective, efforts were made to increase the visibility of the whistleblower line through featuring it on the Company's webpage for easy access.

It should be noted that the whistleblower line is managed by Resguarda, an independent company responsible for receiving and forwarding the complaints to the appropriate individuals within the Company. The designated personnel responsible for handling the complaints have the necessary tools and access to the platform to effectively initiate and manage the information and evidence collection process.

j. Corporate Members of the Voluntary Principles Initiative

In 2022, we were accepted as a corporate member of the Voluntary Principles Initiative. The Voluntary Principles is a multilateral initiative that promotes the application of a set of principles that guide companies to provide and ensure the security of their operations while respecting human rights and improving the quality of life of communities.

The initiative is composed of governments, non-governmental organizations, and companies in the sectors of extraction, collection, and development of natural resources and energy.



Canacol's motivation for applying to the Voluntary Principles Initiative stems from our commitment to continuously improving internal processes related to security and human rights. By becoming a member of this initiative, the Company aims to obtain greater recognition and visibility from external stakeholders for the Company's ongoing efforts in these areas.

k. Human Rights commitment of our contractors

Our commitment extends to our contractors, whom we encourage to join us in our efforts to uphold human rights. We expect them to perform their functions in accordance with our established human rights principles and manuals.

As an example of this, we have developed a special section in the supplier platform. This section enables us to assess the status of their human rights policies and collaborate on action plans to enhance human rights within their organization. Additionally, a human rights criterion was included to monitor critical contractors within the platform.

Furthermore, clauses on respect and promotion of human rights have been included in the contracts with suppliers, the Company's Physical Security Addendum, the Guide to Good Labor Practices, and the Code of Ethics and Conduct for Suppliers.

l. Other actions

During 2022, Canacol actively participated in the three working sessions of the Human Rights and Hydrocarbons Group led by the National Hydrocarbons Agency and the Ministry of Mines and Energy.

Canacol also participated in sessions offered by the Global Compact Initiative in which the human rights area was trained in human rights remediation mechanisms, among other topics relevant for the sector.

In December 2022, the second session of Children's Rights was held in the municipality of Sahagún with the participation of the children of our employees. During the event we carried out didactic activities with families to promote care and respect for the rights of children as well as the duties of parents in the protection of these rights. As a result, the parents were given a diploma certifying their commitment.

Furthermore, as part of the Company's Solidarity Campaign, we organized visits to foundations for children and for the elderly. During these visits, we emphasized the significance of respecting and protecting human rights.

Within the framework of the Equipares Silver Seal Certification, we conducted meetings with the Human Talent and ESG areas to implement effective initiatives that contributed to the bridging of gender gaps. To promote gender equality, we launched co-responsibility campaigns, targeting our employees, emphasizing the importance of a balanced distribution of household tasks between genders. Additionally, we organized workshops to encourage and promote the use of inclusive language within the Company.



Conclusions

Considering the aforementioned, we would like to highlight the main achievements of 2022:

- We increased our Corporate Sustainability Assessment score by 27 points over the previous year. We currently have a score of 84 points.
- We were accepted as a corporate members of the Voluntary Principles Initiative.
- We developed and implemented the Human Rights Remediation Procedure.
- We developed and implemented the Security and Human Rights Procedure.
- We developed and implemented the Procedure for Identification and Management of Risks and Opportunities in Human Rights.

- We updated the Human Rights Policy.
- We updated the Human Rights Due Diligence Guide.
- We strengthened the Human Rights Promotion Campaign through the communication strategy and human rights training exercises for employees and stakeholders.

For Canacol it is a top priority to ensure the respect and promotion of human rights in its business. In 2023, we will continue to undertake various actions to further enhance business due diligence, institutional commitment, and our culture of education and respect of human rights.

