

Policy of Management of Risks and Opportunities

Canacol Energy Ltd. and its subsidiaries have a system for managing operational, strategic, and emerging risks, as well as opportunities for the development of exploration, drilling, and hydrocarbon production. Its objective is to establish a comprehensive and systematic framework for identifying and managing those risks and opportunities that could positively or negatively impact the achievement of corporate objectives, responding in the best possible way to the challenges inherent to the business and the environment, maximizing opportunities, helping to establish strategies, and optimizing the efficient use of resources and decision-making, thereby contributing to continuous improvement and corporate sustainability.

This system promotes the integration of risk criteria into all the processes of the Company, along with the establishment of risk management indicators for all employees, areas, and processes within the organization. Risks and opportunities are categorized into the following classifications: Strategic, Tactic, Operational and Emerging, as applicable, based on the methodology outlined in the ISO 31000 standard.



The tracking and development of the risk and opportunity management system fall under the purview of the ESG department, reporting to the Executive Team. The Executive Team is tasked with continually reviewing policies and processes to identify, evaluate, and effectively govern Canacol's risk profile. Ensuring an efficient management of risks, the Board of Directors oversees, through its Audit and ESG Committees, the supervision of risks and opportunities. These committees play a crucial role in the oversight and orientation of the Company's risk management efforts.

For the implementation of the guidelines established in the risk and opportunity management system, Canacol has defined three lines of action:

- 1. First Line:** This corresponds to the vice presidencies, management, and/or highest authorities of each department, who are responsible for identifying, managing, and assuming the risks within their respective departments.
- 2. Second Line:** This is managed by the ESG Management and the Quality and Risk Coordination, whose role is to supervise risk management and ensure compliance with the established standards.
This line is also responsible for defining the necessary controls, monitoring their application, and keeping Senior Management informed.
- 3. Third Line:** This is carried out annually through an internal audit, which provides an independent evaluation of the effectiveness of risk management and compliance with processes across the organization.

The execution or application of the guidelines outlined in the risk and opportunity management system is the responsibility of each vice president, managerial office, and/or highest authority accountable for the specific process or sub-process. Canacol promotes measures for employees to actively engage in risk management processes. Quarterly, each process within the Company must conduct a tracking of the specific risks, verifying their assessment and the actions for treatment and mitigation. Additionally, in the event of changes in risk management documentation, all Canacol personnel receive training to ensure proper execution of the process for identifying and assessing risks and opportunities. These guidelines are detailed in document PPLN-01, Planning of Management of Risks and Opportunities.